

REDEVELOPMENT AGENCY

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

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CITY OF
VENTURA
CALIFORNIA

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REDEVELOPMENT AGENCY

**ANNUAL
FINANCIAL
REPORT**

YEAR ENDED JUNE 30, 2010

Redevelopment Agency of the City of San Buenaventura
Basic Financial Statements
For the year ended June 30, 2010

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REDEVELOPMENT AGENCY

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YEAR ENDED JUNE 30, 2010

December 22, 2010

Redevelopment Agency Members and the Citizens of the City of San Buenaventura:

We are pleased to submit the Annual Financial Statements of the Redevelopment Agency of the City of San Buenaventura (Agency) for the fiscal year ended June 30, 2010.

Agency Accomplishments in Fiscal Year 2009-2010

As a critical element of the City's Economic Development Strategy, the Agency continued its work to further the Downtown Redevelopment Project Area's renaissance into a healthy, vibrant 24-7 community. In March 2007, the City officially adopted a new Downtown Specific Plan titled "AuthentiCity". The plan guides the Agency's work and sets a strategy for continued progress over the next 10 years, emphasizing Ventura's history, culture, and unique character to make Downtown the city's authentic heart of community and commerce.

Over the past 12 months, one of the significant catalytic projects for Downtown's renaissance has been the Working Artists Ventura (WAV) development. The WAV is a \$67 million state-of-the-art community designed for artists and creative businesses and also includes a 15 unit supportive/transitional housing complex for transitional homeless families and emancipated youth. This component of the development called Supportive Housing Opportunities in Residential Environment or "SHORE" also includes an array of supportive services including counseling. The WAV has 54 affordable live/work lofts for artists and commercial space specifically tailored to complement the project. Thirteen luxury condominiums (aptly named Crest of the WAV) top-off the WAV and remain for sale or as potential rental properties. The entire project was built to the highest standards of green building technology. Construction and occupation of SHORE was completed first, with residents moving in by the end of October 2009. Final construction of the project was completed in December 2009, with WAV artists moving in.

Although construction projects are moving slowly due to economic times, the Agency continues to further its goals to infill and redevelop underutilized downtown properties. Toward that end, the Agency entered into an exclusive negotiating agreement with adjoining property owners in Block 35 (boundaries of California Street/Santa Clara Street/Oak Street/Main Street). The Agency also received proposals for a development on California and Main and is expected to enter into an exclusive negotiating agreement for that project in the near future.

The Agency also focused on reinvigoration of the Beachfront Promenade. Following the acquisition of the Harbor Boulevard parking garage and a study to cap the 101 Freeway, the City/Agency received an Owner Participation Proposal for a future master planned development opportunity known as "Edgewater"; and, an exclusive negotiating agreement is in process. This

project, currently in planning stages, may in turn spark the envisioned 101 Freeway Capping project, as well. Although an incredibly complex undertaking, a 101 Freeway Capping project -- with CalTrans and potential Federal cooperation -- might achieve a number of the City's economic development goals: including linking a thriving Downtown with a picturesque Beachfront Promenade; tying transit connections to a multi-modal center; activating the pier and promenade with new recreational and retail uses; and, relocating the California Street off ramp to better serve the Downtown Redevelopment Project Area.

The Agency, as a temporary Downtown property owner, continues to contribute to the Downtown Property Based Improvement District (PBID) administered by the Downtown Ventura Partners (DVP). The PBID creates a cash flow for the maintenance and enhancement of Downtown and in partnership with the DVP, the Agency will continue to implement a Downtown retail/office strategy to strengthen and diversify the area's economic base.

The Agency's principle goal continues to be the creation of a "Ventura Main Street" that will position Downtown as the City's community, entertainment and commerce center, a premier place to live, work, and play.

BASIS OF ACCOUNTING AND FUND GROUPINGS

The accounting records of the Agency are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. The Agency maintains funds in accordance with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types are maintained by the Agency:

- Debt Service Fund for the repayment of principal and interest on Agency long-term debt.
- Merged Low and Moderate Income Housing Capital Projects Fund to account for the 20 percent set-aside of Redevelopment Project Area Property Tax Increment for purposes of increasing, improving, and preserving the City of San Buenaventura's supply of low- and moderate-income housing.
- Capital Projects Fund to account for the economic revitalization and redevelopment of the City through acquisition and development of property in those areas of the City determined to be in a declining condition and designated as Redevelopment Project Areas.

The financial section of this report has been prepared to show the results of the financial administration, financial condition, and operation of the Agency. This report includes the financial statements for all funds.

FINANCIAL HIGHLIGHTS

Tax Increment Revenue

Downtown Redevelopment Project Area tax increment revenue (gross tax increment less affordable housing set-aside, property tax administration and pass through payments) decreased 3.71% in fiscal year 2009-2010. The decrease in revenue occurred due to on-going pass through calculations associated with AB1389 and the Supplemental Educational Revenue Augmentation Fund (SERAF).

In spite of the economic downturn, continued revitalization efforts have included funding of three new affordable housing development projects that were approved by the Agency Board over the last few years. In turn, these projects will stimulate private reinvestment, property renovation, retail sales growth, and increased tourism. The ultimate outcome will be increased gross tax increment.

The following compares the Gross Tax Increment for fiscal year 2009-2010

Valuation Year	2005	2006	2007	2008	2009
Fiscal Year Receipt	05-06	06-07	07-08	08-09	09-10
Total for the Year	\$2,686,766	\$2,988,728	\$3,527,287	\$3,584,809	\$ 3,558,045

General Long-Term Debt

On June 1, 2003, the Agency issued \$8,000,000 in Tax Allocation Bonds. In September 2008, the Agency approved a Financing Plan and in December, 2008 the Agency issued \$8,785,000 in Tax Allocation Bonds. Both Tax Allocation Bonds were to provide funds to (1) repay certain advances made by the City of San Buenaventura to the Agency; (2) fund a Reserve Account for the Bonds; and (3) pay costs of issuance of the Bonds. In FY 09-10, a debt service principal and interest payment in the amount of \$513,595 was made on the existing 2003 tax allocation bond. The principal and interest remaining on the 2003 tax allocation bond as of June 30, 2010, was \$9,190,937. Principal and interest payments on the 2008 tax allocation bond began in FY 09-10 with the first payment of \$908,531. The principal and interest remaining on the 2008 tax allocation bond as of June 30, 2010 is \$19,166,504. Long-term debt balance also includes a \$1.5 million CalHFA HELP loan. The outstanding Line of Credit balance at June 30, 2010 was \$5,771,750.

For the current fiscal year, the ratio of tax increment revenue to maximum annual debt service was 1.98. The ratio is calculated by dividing the non-housing tax increment revenue, after deduction of property tax administration and pass through payments, by the maximum annual debt service on the tax allocation bonds.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, creditors, and investors, with a general overview of the Agency's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Jay Panzica, Chief Financial Officer, P.O. Box 99, Ventura, California 93002-0099, (805) 654-7812, or via e-mail at jpanzica@cityofventura.net.

If you have questions regarding Agency programs, contact Jeffrey Lambert, Community Development Director, P.O. Box 99, Ventura, California, 93002-0099, (805) 658-4723, or via e-mail at jlambert@cityofventura.net.

Respectfully submitted:



Jeffrey Lambert
Community Development Director



Sidney L. White
Economic Development & Revitalization
Manager



REDEVELOPMENT AGENCY

ANNUAL
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YEAR ENDED JUNE 30, 2010

**INDEPENDENT
AUDITOR'S
REPORT**



The Board of Directors of the
Redevelopment Agency of the City of San Buenaventura

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities and each major fund of the Redevelopment Agency of the City of San Buenaventura (Agency), a component unit of the City of San Buenaventura, California, as of and for the year ended June 30, 2010, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1(F) to the basic financial statements, effective July 1, 2009, the Agency adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2010 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit

The Agency has not presented the management's discussion and analysis that Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying introductory section, major fund budgetary comparison schedules listed as supplementary information in the table of contents and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The major fund budgetary comparison schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Macias Fini & O'Connell LLP

Certified Public Accountants
Los Angeles, California

December 22, 2010



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YEAR ENDED JUNE 30, 2010



REDEVELOPMENT AGENCY

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YEAR ENDED JUNE 30, 2010

**BASIC FINANCIAL
STATEMENTS**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Redevelopment Agency of the City of San Buenaventura
Statement of Net Assets
June 30, 2010

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and investments	\$ 590,760
Due from other governments	48,857
Due from others	77,409
Due from City	283,758
Assets held for resale	540,880
Total current assets	<u>1,541,664</u>
Noncurrent assets:	
Restricted cash and investments	1,370,702
Deferred charges	343,486
Notes receivable	5,851,171
Total noncurrent assets	<u>7,565,359</u>
Total assets	<u>9,107,023</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	152,248
Interest payable	361,714
Due to City	790,346
Long term debt - due within one year	305,000
Total current liabilities	<u>1,609,308</u>
Noncurrent Liabilities:	
Advances from the City	6,897,219
Long term debt - due in more than one year	16,240,000
Total noncurrent liabilities	<u>23,137,219</u>
Total liabilities	<u>24,746,527</u>
NET ASSETS (DEFICIT)	
Restricted	
Low and Moderate Income Housing	2,903,534
Debt Service	1,370,752
Unrestricted (deficit)	<u>(19,913,790)</u>
Total net assets (deficit)	<u>\$ (15,639,504)</u>

See Accompanying Notes to Basic Financial Statements.

Redevelopment Agency of the City of San Buenaventura
Statement of Activities
For the year ended June 30, 2010

Functions / Programs	Governmental Activities	
	Expenses	Net (Expense) Revenue and Changes in Net Assets
Governmental activities:		
Community development	\$ 2,921,208	\$ (2,921,208)
Interest and fiscal charges	1,390,033	(1,390,033)
Total primary government	\$ 4,311,241	(4,311,241)
General revenues:		
Taxes and fees		3,558,045
Investment earnings		119,114
Miscellaneous		13,189
Total general revenues		3,690,348
Change in net assets		(620,893)
Net assets (deficit) - beginning of year		(15,018,611)
Net assets (deficit) - end of year		\$ (15,639,504)

See Accompanying Notes to Basic Financial Statements.



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FUND FINANCIAL STATEMENTS

Redevelopment Agency of the City of San Buenaventura
Balance Sheet
Governmental Funds
June 30, 2010

	Major Funds			Total Governmental Funds
	Debt Service	Merged Low and Moderate Income Housing Capital Projects	Merged Capital Projects	
ASSETS				
Cash and investments	\$ -	\$ -	\$ 590,760	\$ 590,760
Restricted cash and investments	1,370,702	-	-	1,370,702
Due from other governments	-	10,164	38,693	48,857
Due from others	50	77,359	-	77,409
Due from City	-	283,758	-	283,758
Notes receivable	-	3,351,171	2,500,000	5,851,171
Assets held for resale	-	-	540,880	540,880
Total assets	\$ 1,370,752	\$ 3,722,452	\$ 3,670,333	\$ 8,763,537
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 28,572	\$ 123,676	\$ 152,248
Due to City	-	790,346	-	790,346
Total liabilities	-	818,918	123,676	942,594
Fund balances:				
Restricted for:				
<i>Cash and investments</i>	1,370,752	-	-	1,370,752
<i>Land Held for Resale</i>	-	-	540,880	540,880
<i>Loans and Notes Receivable</i>	-	3,351,171	2,500,000	5,851,171
<i>Housing & Community Development</i>	-	54,927	505,777	560,704
Unassigned	-	(502,564)	-	(502,564)
Total fund balances	1,370,752	2,903,534	3,546,657	7,820,943
Total liabilities and fund balances	\$ 1,370,752	\$ 3,722,452	\$ 3,670,333	\$ 8,763,537

See Accompanying Notes to Basic Financial Statements.

Redevelopment Agency of the City of San Buenaventura
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2010

Total Fund Balances - Total Governmental Funds	\$ 7,820,943
Amounts reported for governmental activities in the Statement of Net Assets were different because:	
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet.	(361,714)
Other assets used in governmental activities do not consume current financial resources and therefore are not reported in the governmental fund. Unamortized bond issuance	343,486
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.	<u>(23,442,219)</u>
Net Assets (Deficit) of Governmental Activities	<u>\$ (15,639,504)</u>

See Accompanying Notes to Basic Financial Statements.

Redevelopment Agency of the City of San Buenaventura
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2010

	Major Funds			Total Governmental Funds
	Debt Service	Merged Low and Moderate Income Housing Capital Projects	Merged Capital Projects	
REVENUES				
Taxes	\$ -	\$ 711,609	\$ 2,846,436	\$ 3,558,045
Intergovernmental	-	1,578	6,310	7,888
Use of money and property	248	96,358	22,508	119,114
Other	-	-	5,301	5,301
Total revenues	248	809,545	2,880,555	3,690,348
EXPENDITURES				
Personal services	-	17,020	84,903	101,923
Contractual service	-	182,888	546,201	729,089
Debt service:				
Principal retirement	767,547	-	-	767,547
Interest	882,927	21,745	476,845	1,381,517
Pass-through payments	-	-	921,402	921,402
SERAF payments	-	1,152,029	-	1,152,029
Other	-	196	16,569	16,765
Total expenditures	1,650,474	1,373,878	2,045,920	5,070,272
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,650,226)	(564,333)	834,635	(1,379,924)
OTHER FINANCING SOURCES (USES)				
Advance from City	-	-	53,594	53,594
Transfers in	1,641,210	-	-	1,641,210
Transfers out	-	-	(1,641,210)	(1,641,210)
Total other financing sources (uses)	1,641,210	-	(1,587,616)	53,594
Net change in fund balances	(9,016)	(564,333)	(752,981)	(1,326,330)
FUND BALANCES				
Beginning of year	1,379,768	3,467,867	4,299,638	9,147,273
End of year	\$ 1,370,752	\$ 2,903,534	\$ 3,546,657	7,820,943

See Accompanying Notes to Basic Financial Statements.

Redevelopment Agency of the City of San Buenaventura
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Government-Wide Statement of Activities
For the year ended June 30, 2010

Net Change in Fund Balances - Total Governmental Funds	\$ (1,326,330)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Some expenses reported in the Statement of Activities did not require the use of current financial resources and therefore were not reported as expenditures in governmental funds.	
The following amount represented the change in accrued interest from the prior year.	3,328
Proceeds of advances was an other financing source in governmental funds, but the advances increased long-term liabilities in the Government-Wide Statement of Net Assets.	(53,594)
Other assets used in governmental activities do not consume current financial resources and therefore are not reported in the governmental fund.	
Change in unamortized bond issuance costs	(11,844)
Repayment of bond principal and advances from the City were expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets.	<u>767,547</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (620,893)</u></u>

See Accompanying Notes to Basic Financial Statements.

Redevelopment Agency of the City of San Buenaventura
Notes to the Basic Financial Statements
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Redevelopment Agency of the City of San Buenaventura, California, (Agency) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Agency's accounting policies are described below.

A. Description of Reporting Entity

The Agency is a blended component unit of the City of San Buenaventura (City). The City Manager acts as the Agency's Executive Director and the City Council acts as the governing board, which exerts significant influence over its operations. Accordingly, the financial operations of the Agency have also been included in the Comprehensive Annual Financial Report issued by the City of San Buenaventura.

The Agency was created by City Council Resolution No. 5260, adopted on August 28, 1961. The Agency Board members were appointed by the City Council. On February 23, 1972, by Ordinance No. 1709, the City Council disbanded the separate Agency Board and declared that Council Members would serve as the Agency Board. The Agency was established pursuant to the Community Development Law of the State of California as codified in Part I of Division 24 of the State of California Health and Safety Code. As such, the Agency acts as a legal entity, separate and distinct from the City, even though the City Council serves as the Agency's Board.

The actions of the Agency are binding and its appointed representatives routinely transact business, including the incurrence of long-term debt, in the Agency's name. The Agency is broadly empowered to engage in the general economic revitalization and redevelopment of the City through acquisition and development of property in those areas of the City determined to be in a declining condition and designated as Redevelopment Project Areas.

B. Basis of Accounting/Measurement Focus

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government - wide Financial Statements

The Agency's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental activities for the Agency. For the most part, the effect of interfund activity has been removed from these statements.

These basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Agency's assets and liabilities, including long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then use unrestricted resources as they are needed.

Redevelopment Agency of the City of San Buenaventura
Notes to the Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting/Measurement Focus, Continued

Certain types of transactions are reported as program revenues for the Agency in three categories:

- ◆ Charges for services
- ◆ Operating grants and contributions
- ◆ Capital grants and contributions

The Agency does not have any program revenues at June 30, 2010.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net assets presented in the government-wide financial statements. The following is a list of major funds:

Debt Service Fund - To account for the accumulation of resources and payment of long-term debt principal and interest by the Redevelopment Agency.

Merged Low and Moderate Income Housing Capital Projects Fund - To account for the 20 percent set-aside of Redevelopment Project Area Property Tax increment for purposes of increasing, improving, and preserving the City of San Buenaventura's supply of low and moderate income housing.

Merged Capital Projects Fund - To account for the economic revitalization and redevelopment of the City through acquisition and development of City property determined to be in a declining condition and designated as Redevelopment Project Areas.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Agency, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

C. Cash and Investments

The Agency pools its available cash with the City for investment purposes. The City considers pooled cash and investment amounts with original maturities of three months or less to be cash equivalents.

Redevelopment Agency of the City of San Buenaventura
Notes to the Basic Financial Statements
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash and Investments, Continued

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The Agency does not own specifically identifiable securities in the City Pool. See the City's basic financial statements for the year ended June 30, 2010, for additional disclosure on cash and investments.

D. Assets Held for Resale

Assets held for resale are carried at the lower of cost or the net realizable value, only determined upon the execution of a disposition and development agreement. An amount equal to the carrying value of land is reserved in fund balance.

E. Property Taxes

Property taxes are levied based on a fiscal year (July 1 - June 30). The property tax assessments are formally due on November 1 and February 1, and become delinquent after December 10 and April 10, respectively. Taxes become a lien on the property effective January 1 of the preceding year.

F. Fund Balances

Effective July 1, 2009, the Agency adopted the provisions of GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definition*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Agency has evaluated the use of its Debt Service and Capital Projects Funds under the criteria set forth in GASB Statement 54 and has determined that there is no change needed.

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classification based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable Fund Balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance - includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Redevelopment Agency of the City of San Buenaventura
Notes to the Basic Financial Statements
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Fund Balances, Continued

Committed Fund Balance - includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the Agency taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

Assigned Fund Balance - includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) City Council or (b) a body (a budget, finance committee, or City Manager and Chief Financial Officer) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) other than the General Fund that are not classified as nonspendable, restricted, or committed.

Unassigned Fund Balance - the residual classification for the General Fund and includes all amounts not contained in the other classifications.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

G. Net Assets

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets. The Agency has no capital assets at June 30, 2010.

Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, constitutional provisions. At fiscal year-end June 30, 2010, the restricted net assets balance was \$4,274,286 for governmental activities.

Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

Redevelopment Agency of the City of San Buenaventura
Notes to the Basic Financial Statements
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Use of Estimates

The preparation of the basic financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

I. Budgetary Information

Through the budget, the Agency Board sets the direction of the Agency, allocates its resources and establishes its priorities. The Annual Budget assures the efficient and effective use of the Agency's economic resources, as well as establishing that the highest priority objectives are accomplished.

The Annual Budget serves from July 1 to June 30 and is a vehicle to accurately and openly communicate these priorities to the community, businesses, vendors, employees and other public agencies. Additionally, it establishes the foundation of effective financial planning. The budget provides resource planning and controls that permit the evaluation and adjustment of the Agency's performance.

The Agency follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. In May, the Executive Director submits to the Agency Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. In June, public hearings are conducted to obtain citizen comments.
- c. The budget is legally enacted through passage of a resolution.
- d. The Executive Director may authorize transfers of budget amounts within a fund; however, any transfers in excess of \$50,000 and any revisions that increase the total budgeted expenditures of any fund must be approved by the Agency Board. Expenditures may not legally exceed budgeted appropriations at the fund level without Agency Board approval.

Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted expenditures reported are as amended by supplemental appropriations of the Agency Board. Project-length financial plans, as well as annual budgets, are adopted for all capital project funds.

Redevelopment Agency of the City of San Buenaventura
Notes to the Basic Financial Statements
For the year ended June 30, 2010

2. CASH AND INVESTMENTS

A. Cash and Investments

The Agency's portion of available cash is not specifically identifiable, as it pools its available cash with the City for investment purposes. The City's investment policy, therefore, applies to the pooled investment portfolio of the City and the Agency, and encompasses all monies under the direct oversight of the Chief Financial Officer/Treasurer. Provisions on how bond/certificates of participation assets are invested, while directed by the City, are provided for within the trust indenture of each debt issue. The Trustee issues monthly reports on the investment activity and cash assets related to each debt issue and the assets from this reporting are included in the monthly Treasury Cash Management/Investment Report. The City's portfolio will not be invested in securities that mature more than five years from the date of purchase, with the sole exception that bond and financing "Reserve Funds" held with a Trustee may be invested in securities with maturities exceeding five years. To the extent practicable, maturity of such investments shall coincide with expected use of the reserve monies. The weighted average maturity of the City's portfolio at June 30, 2010 was 3.4 years. The City's pool is unrated. See the City's basic financial statements for the year ended June 30, 2010, for additional disclosure on cash and investments. As of June 30, 2010, two investments were held by bond trustee: 1) \$520,324 was held in Dreyfus money market mutual fund; 2) \$850,378 was held in federated money market mutual fund. Both money market mutual funds were rated Aaa by Moody's and AAAM by S&P.

3. NOTES RECEIVABLE

At June 30, 2010, notes receivable consisted of the following:

	Balance			Balance
	7/1/2009	Additions	Deletions	6/30/2010
Disposition and development agreement - 1997	\$ 500,000	\$ -	\$ -	\$ 500,000
Homebuyer Assistance Program	22,600	-	-	22,600
CHFA HELP Program Loan	18,814	-	(2,643)	16,171
Working Artists Community	3,500,000	-	-	3,500,000
Affordable Housing Development:				
Soho Associates LP	-	406,000	-	406,000
El Patio LP	-	306,400	-	306,400
Azahar Place Associates LP (CEDC)	-	1,100,000	-	1,100,000
	\$ 4,041,414	\$ 1,812,400	\$ (2,643)	\$ 5,851,171

Redevelopment Agency of the City of San Buenaventura

Notes to the Basic Financial Statements

For the year ended June 30, 2010

3. NOTES RECEIVABLE, Continued

Disposition and Development Agreement - 1997 - The Agency entered into a disposition and development agreement in October 1997 to loan \$500,000 to a limited liability company to construct certain improvements on property within the Agency's Downtown Redevelopment Project Area (Ventura Multiplex). The loan is secured by a deed of trust and bears no interest. The total amount is due in October of 2012; however, the note can be forgiven upon the occurrence of certain events. The outstanding amount due to the Agency as of June 30, 2010, was \$500,000. Required events have been met and loan will be forgiven and reconveyance issued in FY 2010-11.

Homebuyer Assistance Program - The Agency entered into an agreement on September 13, 1999, to loan \$100,000 from the Low and Moderate Housing Set-Aside funds and applied it toward the City's Homebuyer Assistance Program. The outstanding amount due to the Agency as of June 30, 2010, was \$22,600.

CHFA HELP Loan

The primary goal of CHFA help loan program is for rental rehabilitation or seismic improvements of multifamily housing units in designated target areas. The Agency provided three percent interest rate, fully amortizing loans for property rehabilitation to landlords for 15 to 30 years. Participating landlords agreed to fix maximum rents at Fair Market Rents established for the HUD Section 8 Program during the term of the HELP Loan. Eligible developments must be occupied by a minimum of 51 percent low-income households, adjusted for family size, as defined by HUD, at the initiation of negotiations between the landlord and the Agency. The outstanding amount as of June 30, 2010, was \$16,172. This program is no longer active except for existing loans.

Working Artists Community

In January 2008, the Agency loaned \$1.5 million in proceeds from a CalHFA HELP loan to the WAV (Working Artists of Ventura) Apartments Partners at 3 percent simple interest for a term of 30 years (annual payments of \$77,598 commencing May 1, 2010). On February 1, 2008, the Agency entered into a construction agreement with WAV Apartments Partners to acquire property and build affordable housing designed for artists. As part of this agreement, the Agency loaned \$2,000,000 at 5% simple interest to the WAV Apartments Partners for construction to be repaid the earlier of March 1, 2012 or thirty days after the sale or transfer of the last unit. The outstanding amount due to the Agency as of June 30, 2010, was \$3.5 million.

Affordable Housing Development

Soho Associates LP - The Agency entered into a Loan Agreement on May 1, 2010 to loan \$550,000 to a limited partnership to assist with the acquisition and development on an affordable housing project located outside the Downtown's Redevelopment Project Area. The loan is to be disbursed over the course of three fiscal years (fiscal year 2009-10 \$406,000; fiscal year 2010-11 \$72,000 and fiscal year 2011-12 \$72,000) from the Low and Moderate Housing Set-Aside Funds. The loan is secure by a deed of trust bearing simple interest at 3 percent commencing on the date of the initial disbursement. The term expires 55 years after the date of recordation of the Affordability Covenant against the Property. Payments are due on May 1st of each year. Payments of the outstanding principal and accrued interest shall be equal to the Agency's pro-rata share of Residual Receipts.

Redevelopment Agency of the City of San Buenaventura
Notes to the Basic Financial Statements
For the year ended June 30, 2010

3. NOTES RECEIVABLE, Continued

The project is funded in conjunction with a City HOME funds loan for a total of \$450,000 disbursed over three fiscal years (fiscal year 2009-10 \$350,000; fiscal year 2010-11 \$50,000 and fiscal year 2011-12 \$50,000).

El Patio LP - The Agency entered into a Loan Agreement on December 17, 2009 to loan \$392,000 to a limited partnership to assist with the rehabilitation of property within the Agency's Downtown Redevelopment Project Area. The loan is to be disbursed over the course of four fiscal years (fiscal year 2009-10 \$306,400; fiscal year 2010-11 \$28,550; fiscal year 2011-12 \$28,550 and fiscal year 2012-13 \$28,500) from the Low and Moderate Housing Set-Aside Funds. The loan is secured by a deed of trust bearing simple interest at 3 percent commencing on the date of the initial disbursement. The term expires 55 years after the date of recordation of the Affordability Covenant against the Property. Payments are due on September 30th of each year. Payments of the outstanding principal and accrued interest shall be equal to the Agency's pro-rata share of Residual Receipts.

The project is funded in conjunction with a City HOME - Community Housing Development Organization (CHDO) funds loan for a total of \$408,000 disbursed over fiscal year 2009-10.

Azahar Place Associates LP (CEDC) - The Agency entered into an Owner Participation Agreement on February 16, 2010 to loan \$1,700,000 to a limited partnership to assist with the acquisition and development on an affordable housing project located outside the Downtown's Redevelopment Project Area. The loan is to be disbursed over the course of three fiscal years (fiscal year 2009-10 \$1,100,000; fiscal year 2010-11 \$300,000 and fiscal year 2011-12 \$300,000) from the Low and Moderate Housing Set-Aside Funds. Financial assistance is in the form of two loans: Acquisition \$1,100,000 and Development \$600,000 both secured by separate deeds of trust bearing simple interest at 3 percent commencing on the date of the initial disbursement. The term expires 55 years after the Completion of Construction. Payments are due on September 30th of each year. Payments of the outstanding principal and accrued interest shall be equal to the Agency's pro-rata share of Residual Receipts.

The project is funded in conjunction with a City HOME funds loan for a total of \$1,300,000 disbursed over three fiscal years (fiscal year 2009-10 \$900,000; fiscal year 2010-11 \$200,000 and fiscal year 2011-12 \$200,000).

4. ASSETS (LAND) HELD FOR RESALE

The amount recorded as assets held for resale and the corresponding fund balance reserved as of June 30, 2010, was \$540,880.

5. ADVANCES FROM THE CITY

The long-term advances consisted of the following:

	<u>Balance 7/1/2009</u>	<u>Addition</u>	<u>Deletion</u>	<u>Balance 6/30/2010</u>
Line of Credit	\$ 7,066,172	\$ 53,594	\$ (222,547)	\$ 6,897,219

Redevelopment Agency of the City of San Buenaventura
Notes to the Basic Financial Statements
For the year ended June 30, 2010

5. ADVANCES FROM THE CITY, Continued

The advances between the Agency and the City have been established through a cooperation agreement, first approved in 1980, describing the operation support provided to the Agency and the terms and conditions for repayment of City loans or advances. In June 1992 and May 1997, a restated and amended cooperation agreement was adopted for the purpose of restructuring the financial aspects of the relationship. In 2004, an amended cooperation agreement was adopted to establish predictable revenue stream into the General Fund and accumulation of project funds for the Agency.

The 2004 amended agreement calls for: (1) the Agency to reimburse the City with interest payments of \$500,000 to \$707,765 through May 15, 2010, beginning May 15, 2005 with interest accruing at five percent on the total amount of principal owed by the agency to the City beginning July 1, 2004; (2) the Agency to reimburse the City with principal installments of \$23,530 to \$554,315 through May 15, 2028, beginning May 15, 2010, and to reimburse the City with a principal installment of \$7,250,000 on June 30, 2009 through a new issuance of Tax Allocation Bonds; (3) in the event there is insufficient tax increment to make a debt payment, the Agency may request to defer that portion that cannot be paid in the current year to an upcoming year, any request shall be presented to City Council at a regular meeting, on or before June 30 of that year, and; (4) in the event the tax increments exceeds expenditures, including debt service and interest, the City and Agency agree to reconsider the debt schedule during the budget development to ensure that the accumulation of project funds does not adversely impact the General Fund.

The City may elect to re-loan funds to the Agency, on an as-needed basis, through a line of credit, as described in the agreement. The outstanding line of credit balance at June 30, 2010, was \$5,771,750.

6. TRANSFERS

During fiscal year 2009-2010, \$1,641,210 was transferred from the Agency Merged Capital Projects Funds to the Agency Debt Service Fund to meet debt service obligations.

7. LONG-TERM DEBT

The summary of changes in long-term debt for governmental activities for the year ended June 30, 2010, is as follows:

	Balance			Classification		
	July 1, 2009	Additions	Deletions	Balance June 30, 2010	Amounts Due Within One Year	Amounts Due in More than One Year
Governmental Activities:						
Tax Allocation Bonds - 2003	\$ 6,805,000	\$ -	\$ (260,000)	\$ 6,545,000	\$ 270,000	\$ 6,275,000
Tax Allocation Bonds - 2008	8,785,000	-	(285,000)	8,500,000	35,000	8,465,000
CalHFA HELP Loan - 2008	1,500,000	-	-	1,500,000	-	1,500,000
	\$ 17,090,000	\$ -	\$ (545,000)	\$ 16,545,000	\$ 305,000	\$ 16,240,000

Redevelopment Agency of the City of San Buenaventura
Notes to the Basic Financial Statements
For the year ended June 30, 2010

7. LONG-TERM DEBT, Continued

2003 Tax Allocation Bonds in the amount of \$8,000,000 were issued on June 1, 2003. The Bonds were issued to provide funds for: (1) repay certain advances made by the City of San Buenaventura to the Agency; (2) fund a Reserve Account for the Bonds; and (3) pay costs of issuance of the Bonds. The Bonds are due in annual principal installments of \$205,000 to \$495,000 through 2028. Interest rates range from 2.00 percent to 4.25 percent and debt service is payable semi-annually on February 1 and August 1. Funding sources for the repayment of debt are tax revenue allocated to the Agency from the project area. The total amount outstanding as of June 30, 2010, was \$6,545,000.

The 2003 Tax allocation bonds are special obligations of the Agency, which are secured by an irrevocable pledge of tax revenues payable to the City of San Buenaventura. The principal and interest remaining on the bonds is \$9,190,937, payable through August 2028. For the current year, principal and interest payment was \$513,595.

2008 Tax Allocation Bonds in the amount of \$8,785,000 were issued on December 18, 2008. The Bonds were issued to provide funds to (1) repay certain advances made by the City of San Buenaventura to the Agency; (2) fund a Reserve Account for the Bonds; and (3) pay costs of issuance of the Bonds. The Bonds are due in annual principal installments of \$35,000 to \$695,000 through 2039. Interest rates range from 3.00 percent to 8.00 percent and is payable semi-annually on February 1 and August 1. Funding sources for the repayment are tax revenue allocated to the Agency from the project area. The total amount outstanding as of June 30, 2010, was \$8,500,000.

The 2008 Tax allocation bonds are special obligations of the Agency, which are secured by an irrevocable pledge of tax revenues payable to the City of San Buenaventura. The principal and interest remaining on the bonds is \$19,166,504, payable through August 2039. For the current year, principal and interest were \$908,531.

Total incremental property tax revenues for all bonds was \$3,558,045.

The Agency entered into a loan agreement on December 21, 2007 with the California Housing Finance Agency (CALHFA) to borrow \$1.5 million at a 3.5 percent interest rate for a term of 10 years for the WAV (Working Artists of Ventura) project. Payment of principal and all simple interest is due on the tenth anniversary of the agreement.

The annual debt service requirements for the 2003 Tax Allocation Bonds outstanding at June 30, 2010, were as follows:

Year Ending			
June 30	Principal	Interest	Total
2011	\$ 270,000	\$ 246,464	\$ 516,464
2012	275,000	238,457	513,457
2013	285,000	230,058	515,058
2014	290,000	221,070	511,070
2015	300,000	211,295	511,295
2016-2020	1,670,000	885,052	2,555,052
2021-2025	2,030,000	520,997	2,550,997
2026-2029	1,425,000	92,544	1,517,544
Total	\$ 6,545,000	\$ 2,645,937	\$ 9,190,937

Redevelopment Agency of the City of San Buenaventura
Notes to the Basic Financial Statements
For the year ended June 30, 2010

7. LONG-TERM DEBT, Continued

The annual debt service requirements for the 2008 Tax Allocation Bonds outstanding at June 30, 2010, were as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 35,000	\$ 618,513	\$ 653,513
2012	60,000	616,419	676,419
2013	90,000	612,931	702,931
2014	165,000	606,669	771,669
2015	225,000	596,638	821,638
2016-2020	1,750,000	2,708,331	4,458,331
2021-2025	1,435,000	2,149,934	3,584,934
2026-2030	1,755,000	1,562,469	3,317,469
2031-2035	1,405,000	929,800	2,334,800
2036-2040	1,580,000	264,800	1,844,800
Total	\$ 8,500,000	\$ 10,666,504	\$ 19,166,504

8. RELATED PARTY TRANSACTIONS

The City provides technical, administrative, and other support services to the Agency. Payments for such services by the Agency are based on direct cost of the particular services rendered to the Agency and on apportionment of indirect costs based on the City cost allocation plan. The total cost of the services during the fiscal year was \$240,651.

9. POSTEMPLOYMENT BENEFITS

The postemployment benefits described in the following paragraphs related to the City in which the Redevelopment Agency is a component unit. Information relating to the City applies to the Agency because the pension is maintained by the City for all employees of the City includes those of the component units as a whole. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office located at 400 P Street, Sacramento, California 95814.

10. SUBSEQUENT EVENT

SERAF

On July 24, 2009, the State Legislature passed Assembly Bill (AB) 4-26x, which requires redevelopment agencies statewide to deposit a total of \$2.05 billion of property tax increment in county "Supplemental" Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State's Proposition 98 obligations to schools. The SERAF revenue shift of \$2.05 billion will be made over two years, \$1.7 billion in fiscal year 2009-2010 and \$350 million in fiscal year 2010-2011. The SERAF would then be paid to school districts and the county offices of education which have students residing in redevelopment project areas, or residing in affordable housing projects financially assisted by a redevelopment agency, thereby relieving the State of payments to those schools. The Agency's share of this revenue shift was \$1,152,029 million in fiscal year 2009-2010 and will be approximately \$237 thousand in fiscal year 2010-2011. By March 1 of each respective fiscal year, the legislative body shall either report to the County Auditor-Controller how the redevelopment agency intends to fund its SERAF obligation or that the legislative body intends to fund the SERAF obligation on behalf of the redevelopment agency pursuant to Section 33692 of the Health and

Redevelopment Agency of the City of San Buenaventura
Notes to the Basic Financial Statements
For the year ended June 30, 2010

10. SUBSEQUENT EVENT, Continued

Safety Code (HSC).redevelopment agency intends to fund its SERAF obligation or that the legislative body intends to fund the SERAF obligation on behalf of the redevelopment agency pursuant to Section 33692 of the Health and Safety Code (HSC). The Agency informed the County Auditor-Controller that it would be responsible for the payment. Payments are to be made by May 10 of each respective fiscal year. Pursuant to HSC Section 33690(c), a redevelopment agency may borrow from monies contained in its Low and Moderate Income Housing Fund. All borrowed funds must be fully repaid by June 30, 2015. The Agency funded the SERAF payment due in May 2010 with a loan from the Low/Mod Housing Fund and intends to fund the amount due in May 2011 similarly.

The California Redevelopment Association (CRA) is the lead petitioner on a lawsuit to invalidate ABX4-26, similar to 2009's successful lawsuit challenging the constitutionality of AB 1389. CRA filed the current lawsuit on October 20, 2009. The lawsuit asserted that the transfer of property tax increment to the SERAF is not permitted under Article XVI, Section 16 of the California Constitution. CRA is appealing a May 2010 Sacramento Superior Court decision which upheld the legality of Assembly Bill X4-26. The first \$1.7 billion payment was paid by redevelopment agencies to county auditors on May 10, 2010. The Appeal seeks repayment of those funds by the State and a prohibition of the second payment of \$350 million due in 2011.



REDEVELOPMENT AGENCY

**ANNUAL
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REPORT**

YEAR ENDED JUNE 30, 2010

SUPPLEMENTARY INFORMATION

Redevelopment Agency of the City of San Buenaventura
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund balance, July 1	\$ 1,379,768	\$ 1,379,768	\$ 1,379,768	\$ -
Resources (inflows):				
Use of money and property	20,100	20,100	248	(19,852)
Transfers from other funds	1,411,026	1,411,026	1,641,210	230,184
Amount available for appropriations	1,431,126	1,431,126	1,641,458	210,332
Charges to appropriations (outflows):				
Debt service:				
Principal retirement	545,000	545,000	767,547	(222,547)
Interest and other charges	886,126	886,126	882,927	3,199
Total charges to appropriations	1,431,126	1,431,126	1,650,474	(219,348)
Excess of resources over (under) charges to appropriations	-	-	(9,016)	(9,016)
Fund balance, June 30	\$ 1,379,768	\$ 1,379,768	\$ 1,370,752	\$ (9,016)



REDEVELOPMENT AGENCY

ANNUAL
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YEAR ENDED JUNE 30, 2010

**STATISTICAL
INFORMATION**

San Buenaventura Redevelopment Agency
Annual Continuing Disclosure Requirements
\$8,000,000 2003 Tax Allocation Bonds & \$8,785,000 2008 Tax Allocation Bonds
For the year ended June 30, 2010

Merged San Buenaventura Redevelopment Project Historical Assessed Valuation and Tax Increment Revenue								
Fiscal Year	Assessed Valuation	Incremental Assessed Valuation	Gross Tax Increment Revenue	County Admin. Charge 0.25%	Payments to Taxing Entities	Housing Set-Aside	Net Tax Increment Revenue	Percentage of Change in Net Tax Increment Revenue
2000-01	\$ 196,604,171	\$ 113,112,179	\$ 1,237,305	\$ 3,093	\$ 47,856	\$ 246,138	\$ 940,218	-9.30%
2001-02	218,510,923	134,989,659	1,536,024	3,840	76,624	306,186	1,149,374	22.25%
2002-03	236,160,038	152,579,909	1,636,510	4,091	98,335	329,644	1,204,440	4.79%
2003-04	259,373,166	182,124,453	1,935,314	4,838	152,509	387,063	1,390,904	15.48%
2004-05	291,161,189	213,912,476	2,463,949	6,160	203,214	492,790	1,761,785	26.66%
2005-06	327,214,684	249,965,971	2,686,766	6,717	175,971	537,353	1,966,725	11.63%
2006-07	359,820,521	282,571,808	2,988,729	7,472	264,938	597,745	2,118,574	7.72%
2007-08	406,483,409	329,234,696	3,527,287	8,818	370,395	705,457	2,442,617	15.30%
2008-09 ⁽¹⁾	423,435,780	339,554,008	3,584,809	8,962	452,859	716,962	2,406,027	-1.50%
2009-10 ⁽¹⁾	424,805,457	340,704,809	3,558,045	8,895	520,667	711,609	2,316,874	-3.71%

Debt Service Coverage Statement

Calculation of the ratio of Tax Increment Revenue available to pay debt service on the Bonds to
Maximum Annual Debt Service using Tax Increment Revenue for FY 2009-10

· Maximum annual debt service (FY 2010-11):	\$1,169,976
· 2009-10 Net Tax Increment Revenue:	\$2,316,874
· Debt service coverage: ⁽²⁾	1.98

⁽¹⁾ FY2008-2009 & FY2009-2010 Due to on-going AB 1389 calculations and concurrence with County of Ventura Auditor-Controller's Office, the following items are estimates until computations are finalized: Incremental Assessed Valuation, Gross Tax Increment, Payments to Taxing Entities and Tax Revenues.

⁽²⁾ The ratio is calculated by dividing the non-housing tax increment revenue (after deduction of property tax administration and pass through payments) by the maximum annual debt service on the tax allocation bonds.

San Buenaventura Redevelopment Agency
Annual Continuing Disclosure Requirements, Continued
\$8,000,000 2003 Tax Allocation Bonds
For the year ended June 30, 2010

Merged San Buenaventura Redevelopment Project
Top Ten Taxable Secured Taxpayers
Based Upon 2009-10 Assessed Valuation

Property Owner	Land Use	Fiscal Year 2009-10 Secured Assessed Value	Parcels	Percentage of Total ⁽¹⁾
Ventura Beach Ventures LLC	Hotel	\$28,938,102	1	6.81%
Lost Arrow Corp.	Office	12,836,802	7	3.02%
Olson 737-Ventura 4 LLC	Mixed Use	10,924,200	1	2.57%
Pacific Prime Properties	Apartments	10,166,142	1	2.39%
WAV Partners	Mixed Use	8,040,460	1	1.89%
Ventura Inn LLC	Motel	7,973,983	1	1.88%
Ventura Properties Lessor	Apartments	7,838,894	3	1.85%
Mission Plaza LLC	Shopping Center	6,695,900	5	1.58%
Matilija Investment Prop LLC	Office/Retail	6,430,034	2	1.51%
Ventura Terrace	Apartments/ Office	5,909,923	6	1.39%
Total		\$ 105,754,440	28	24.89%

¹ Fiscal Year 2009-2010 total assessed valuation: \$424,805,457

Source: County of Ventura Tax Rolls



REDEVELOPMENT AGENCY

ANNUAL
FINANCIAL
REPORT

YEAR ENDED JUNE 30, 2010

**INDEPENDENT
AUDITOR'S REPORT
ON COMPLIANCE**

The Board of Directors of the
Redevelopment Agency of the City of San Buenaventura

Independent Auditor’s Report on Internal Control Over Financial reporting and on Compliance (Including the Provisions Contained in the Guidelines for Compliance Audits of Redevelopment Agencies) and Other matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited the financial statements of the governmental activities and each major fund of the Redevelopment Agency of the City of San Buenaventura (Agency), a component unit of the City of San Buenaventura, California as of and for the year ended June 30, 2010, which collectively comprise the Agency’s basic financial statements and include an explanatory paragraph regarding the adoption of Governmental Accounting Standards Board Statement (GASB) No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and have issued our report thereon dated December 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Agency’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Agency’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency’s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions include those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies* issued by the State Controller's Office, Division of Accounting and Reporting. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Directors and management of the Agency and the State Controller's Office, Division of Accounting and Reporting and is not intended to be and should not be used by anyone other than these specified parties.

Macias Fini & O'Connell LLP

Certified Public Accountants
Los Angeles, California

December 22, 2010



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CALIFORNIA

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