

AGENDA REPORT**G1**

TO: Karen P. Brust, City Manager 

FROM: Cindy Russell, Chief Financial Officer/City Treasurer

SUBJECT: Consideration of the Community Redevelopment Agency Second Quarter Financial Report for the Period from July 1, 2011, through December 31, 2011, (**City Council Urgent Strategic Priority No. 6**)

RECOMMENDATION:

By motion, review the Fiscal Year 2011/12 Second Quarter Financial Report, and receive and file.

SITUATION:**Summary and Recommendation:**

The City of San Juan Capistrano Financial Services Department prepares a comprehensive quarterly financial report for the City and the Community Redevelopment Agency. The Second Quarter Financial Report contains information on resources and expenditures for the first six months of the fiscal year, which is the period from July 1, 2011, through December 31, 2011. During the second quarter of Fiscal Year 2011/12, the Agency's activities were limited to those under contract as of June 29, 2011, the date Assembly bills X1 26 and 27 (Redevelopment Restructuring Act) were signed as part of the State's budget package. Therefore, those expenditures for general on-going operations and projects have been less than anticipated. The Agency's major source of revenue is property tax increment from the County which continued to be received as usual through December 31, 2011. This revenue is on target for Fiscal Year 2011/12. No adjustments are proposed for the Agency as its operations ended on January 31, 2012. The Successor Agency and Housing Authority will be preparing budgets for the wind-up of the former redevelopment affairs, and on-going housing operation, respectively.

Staff recommends, the Successor Agency Board of Directors receive and file the Second Quarter Financial Report for the former San Juan Capistrano Community Redevelopment Agency.

Background:

The Agency's quarterly financial information is a segment of the larger comprehensive quarterly financial report. Attachment 1 to this report is the Agency's portion of the Fiscal Year 2011/12 Second Quarter Financial Report summary information and narrative. Attachment 2 to this report is the detailed financial information by fund which is Appendix D to the Fiscal Year 2011/12 Second Quarter Financial Report. The report includes the Fiscal Year 2011/12 adopted budget as well as the amended budget which includes "continuing appropriations" on certain operating budgets and capital improvement projects that were not completed or under contract in the prior year. Additionally, as part of this mid-term report, adjustments to the projected revenues and expenditures of the Agency are proposed for City Council consideration. A summary of all continuing appropriations and budget adjustments from July 1, 2011, to December 31, 2011, can be found in Appendix E to the Second Quarter Financial Report for Fiscal Year 2011/12.

Administration Fund (Attachment 2 – Page 1)

For Fiscal Year 2011/12 revenues through December 31, 2011, are at 20% of budget. Expenditures are at 32% of budget in the Administration Fund. Given the minimal activities due to the Redevelopment Agency Legislation, these levels are as expected. Beginning February 1, 2012, the Successor Agency will account for any on-going revenues, such as rents as well as the costs of winding down the Agency's affairs through the Administration Fund.

Affordable Housing Set-Aside and Rental Housing Funds (Attachment 2 – Pages 2 and 3)

Overall, revenues to date for these funds are on track. Property tax revenues through December 31, 2011, are at 55% and are as expected. Rents are at 50% and 45%, respectively and are as expected. Expenditures through December 31, 2011, are between 38% and 45% and are as expected.

Beginning February 1, 2012, the San Juan Capistrano Housing Authority began depositing all rents from affordable rental property and rental subsidy programs as well as any payments received on outstanding loans receivable related to affordable housing. This program income is available to provide for the cost of operations of the rental housing and/or provide programs. These amounts will continue to be accounted for through these funds. Rental subsidy payments and program support contracts are considered enforceable obligations and can be paid by the Successor Agency from funds on deposit and future tax increment.

Debt Service Funds (Attachment 2 – Page 4 and 5)

Current year revenues through December 31, 2011, are at 53% of budget and are estimated to be \$7.4 million, including transfers from the set-aside fund to cover workforce housing related debt service by year end. Total current year expenditures are estimated to be approximately \$7.6 million and are 24% spent through December 31, 2011.

Beginning February 1, 2012, the Agency will continue to receive tax increment through the County of Orange every six months based on the Recognized Obligations Payment Schedule (ROPS) required to be submitted for each six month period. Tax increment on deposit in the debt service funds will be used to liquidate its obligations as well as any revenues received from the disposition of the assets of the Agency. The Successor Agency would receive tax increment funding for any remaining obligations.

Capital Improvement Fund (Attachment 3)

Total project costs as of December 31, 2011, were \$388,595. These costs were related to enforceable contractual obligations or project management costs and are allowed under ABX1 26. Funding for these costs was provided from bond proceeds and tax increment on deposit at June 30, 2011.

Beginning February 1, 2012, the capital improvement fund will be used to account for the remaining contractually obligated project costs. Any remaining tax increment funds would be transferred to the debt service funds to be used to liquidate outstanding obligations.

COMMISSION/BOARD REVIEW AND RECOMMENDATIONS:

Not Applicable.

FINANCIAL CONSIDERATIONS:

Overall, the Agency's financial picture is as anticipated based on projected revenues and expenditures. As of June 30, 2011, the Agency was still holding bond proceeds and tax increment available for projects and future debt service payments. Until clarification is provided it is uncertain how bond proceeds would be administered under the legislation. As for tax increment, any amounts on deposit in the capital improvement and debt service funds, to the extent not contractually obligated would be used for the repayment of long-term obligations.

Affordable Housing

As of June 30, 2011, the Agency had approximately \$6.6 million in affordable housing bond proceeds on deposit. Of that amount, approximately \$290,000 had been allocated to the design portion of the affordable housing project, The Groves. Additionally, this fund had approximately \$5.8 million in tax increment funds on deposit for future projects as well as approximately \$5.2 million in outstanding loans receivable that will now be repaid to the Housing Authority over a long horizon.

Non-Housing Funds

As of June 30, 2011, the Agency had approximately \$2.6 million in non-housing bond proceeds on deposit in the Capital Improvement fund as well as \$2.6 million in tax increment funding identified for future project costs. Any tax increment funding not contractually obligated would be transferred to the debt service fund for the payment of outstanding obligations. The debt service fund had \$2.64 million in funds on deposit on June 30, 2011, available for the payment of future debt service payments.

Amounts owed to the City

One of the provisions of the redevelopment agency legislation is that cities that have made loans to their redevelopment agencies cannot recover these amounts unless the loan was made within the first two years of the agency's existence. Currently, the City has \$3.4 million recoverable loans (made prior to July 1985) and \$5.3 million in unrecoverable loans (made after July 1985) outstanding, under ABX1 26.

On February 2, 2012, the California Assembly introduced Assembly Bill (AB) 1585 as an urgency measure that would amend the Redevelopment Dissolution Statute to clarify that former Redevelopment Agency Housing Funds go to the Housing Authority, and it would also stipulate that agreement between the former Redevelopment Agency and the City could be recognized obligations, provided that the Successor Agency's Oversight Board makes a finding that the loans were for legitimate redevelopment agency purposes and had economic substance, and were based on reasonable repayment terms.

NOTIFICATION:

None.

RECOMMENDATION:

By motion, review the Fiscal Year 2011/12 Second Quarter Financial Report, and receive and file.

Respectfully submitted,



Cindy Russell
Chief Financial Officer/City Treasurer

Attachments:

1. Community Redevelopment Agency Section of the Fiscal Year 2011/12 Second Quarter Financial Report.
2. Appendix C to the Fiscal Year 2011/12 Second Quarter Financial Report – Community Redevelopment Agency Operating Fund Statements.
3. Community Redevelopment Agency Capital Improvement Fund Statement.
4. Legislation Affecting California Redevelopment Agencies.

Community Redevelopment Funds

The Community Redevelopment Agency (CRA) issues debt to fund projects within the project area. Incremental increases in property values within the Agency generate tax increment, which is then used to repay the debt. Eighty percent of the tax increment is used for agency projects, while 20% is set-aside for affordable housing purposes. A detailed financial summary of the CRA funds can be found in Appendix D.

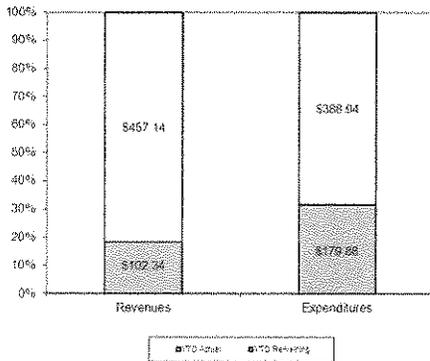
Recent legislation affecting California Redevelopment Agencies

ABX1 26 dissolved the Community Redevelopment Agency as of February 1, 2012. On January 10, 2012, the City Council elected to serve as the Successor Agency of the Redevelopment Agency to wind down its affairs. Additionally, on January 17, 2012, the City Council adopted a resolution creating the San Juan Capistrano Housing Authority and designating the Authority as the successor agency to assume the housing assets and functions of the Agency. The Successor Agency will be responsible for maximizing asset values and dispose of assets to pay-off all obligations. Enforceable obligations remaining would be covered by tax increment revenues, to the extent required, distributed by the County to pay these obligations only. One of the provisions of the legislation is that cities who have loaned their redevelopment agencies funds cannot recover the amounts on loans made after the first two year of the agency's existence. Currently, the City has \$3.4 million recoverable loans and \$5.3 million in unrecoverable loans, under ABX1 26 outstanding. On February 2, 2012, the California Assembly introduced Assembly Bill (AB) 1585 as an urgency measure that would amend the Redevelopment Dissolution Statute to clarify that former Redevelopment Agency Housing Funds go to the Housing Authority, and it would also stipulate that agreement between the former Redevelopment Agency and the City could be recognized obligations, provided that the Successor Agency's Oversight Board makes a finding that the loans were for legitimate redevelopment agency purposes and, had economic substance, and were based reasonable repayment terms.

Although, the operations of the Agency were minimal during the first six months of the year, this report provides information regarding the results of operations through December 31, 2011. Since December 31, 2011, the City has begun the closeout the Agency's records as of January 31, 2012 and has taken over the Agency's affairs as the Successor Agency to the former redevelopment agency. The draft Recognized Obligation Payment Schedule (ROPS) for the period January 1, 2012 through June 30, 2012 has been prepared to cover obligations due during this period. The ROPS has been submitted to the Orange County Auditor-Controller's office as well as the State Controller's Office and Department of Finance and is ready for consideration by the Oversight Board. Next steps include the certification of the ROPS by the Auditor-Controller, and the Department of Finance, as well as the preparation of a budget for the wind down the affairs of the Agency.

The Administration Fund provides for all ongoing operations of the Agency including legal costs, maintenance of Agency-owned properties, and staff time related to CRA activities. Administrative costs are funded by rents, interest revenues, and current year tax increment transferred from the debt service fund. Revenues through are at 20% of budget. Expenditures are at 32% of budget. This fund will be used by the Successor Agency to track all costs associated with its activities.

Community Redevelopment - Administration Fund Q2
(thousands)

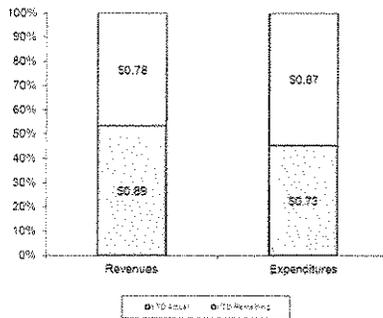


Community Redevelopment - Administration Fund Q2

	Amended Budget	Actual to Date	Percent	Revised Budget
Total Revenues	\$524,478	\$102,340	20%	\$ 559,478
Total Expenditures	\$ 568,822	\$179,878	32%	\$ 568,822
Revenues Over/(Under) Expenses	(\$44,344)	(\$77,538)		(\$9,344)
Available Fund Balance, July 1	57,218	\$57,218		57,218
Fund Balance, End of Period	\$12,874	(\$20,320)		\$47,874

The Affordable Housing Set Aside Fund was established pursuant to California Redevelopment law requiring 20% of tax increment for the funding of low and moderate income housing. This fund provides for all revenues and expenditures associated with the 24 Agency-owned rental units. Revenues are at 53% of budget and expenditures are at 45% of budget as only 2 debt service payments are made annually. Debt service and interest payments are made semi-annually while principal is paid annually in August.

Comm Redevelopment - Affordable Housing Fund Q2 (millions)



Community Redevelopment - Affordable Housing Set Aside Fund Q2

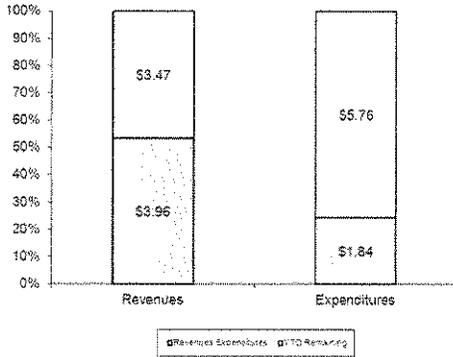
	Amended Budget	Actual to Date	Percent	Revised Budget
Total Revenues	\$1,663,153	\$886,653	53%	\$1,663,153
Total Expenditures	\$1,600,792	\$727,676	45%	\$1,600,792
Revenues Over/(Under) Expenses	\$62,361	\$158,977		\$62,361
Repayment of Loans/Use of Bond Proceeds	\$344,940			\$344,940
Available Fund Balance, July 1*	5,911,744	5,911,744		5,911,744
Fund Balance, End of Period	6,319,045	6,070,721		6,319,045

* - Excludes bond proceeds available of \$ 6.3 million projected at June 30

The Debt Service Fund contains the major expenditure component for the San Juan Capistrano Community Redevelopment Agency. Total current year expenditures are estimated to be approximately \$7.6 million and are 24% spent through December 31. Planned expenditures include the repayment of loans, including interest between the Agency, and the Sewer Enterprise Fund of \$250,000 and repayment of General Fund Loans of \$200,000.

Current year revenues through September 30 are at 53% of budget and are estimated to be \$7.4 million, including transfers from the set-aside fund to cover workforce housing related debt service by year end. The Agency's tax increment revenues and reserves are sufficient to meet the current and future years' obligations, including the repayment of Sewer Enterprise and General Fund loans. Additionally, the Agency's pledged tax increment revenues are sufficient to provide the required debt service coverage.

Community Redevelopment - Debt Service Q2
(millions)



Community Redevelopment - Debt Service Q2

	Amended Budget	Actual to Date	Percent	Revised Budget
Total Revenues	\$7,430,620	\$3,955,828	53%	\$7,430,620
Total Expenditures	\$7,606,256	\$1,844,613	24%	\$7,606,256
Revenues Over/(Under) Expenses	(\$175,636)	\$2,111,215		(\$175,636)
Repayment of Loans	(66,534)			(66,534)
Available Fund Balance, July 1	\$642,966	\$642,966		\$642,966
Fund Balance, End of Period*	\$400,796	\$2,754,181		\$400,796

Appendices

- A. General and Other Operating Funds Detailed Financial Summaries
- B. CIP Expenditure Summary - By CIP Category and Fund Statements, including CRA
- C. CRA Operating Funds Detailed Financial Summaries
- D. Budget Adjustments by Fund July 1, 2011 through September 30, 2011 - City and CRA
- E. Status Summary of City Council's Urgent Strategic and Additional Strategic Priorities

Community Redevelopment Agency
ADMINISTRATION FUND FY 2011/2012 SECOND QUARTER FINANCIAL REPORT
JULY 1, 2011 THROUGH DECEMBER 31, 2011

Description	Adopted Budget 2011/12	Amended Budget 2011/12	YTD Actual 2011/12	Percent Realized 2011/12	Proposed Increase (Decrease)	Revised Budget 2011/12	Prior Year YTD Actual 2010/11	Inc/Dec From P/Y
PROJECTED REVENUE AND OTHER SOURCES								
Interest Income	\$ 478	\$ 478	\$ 22,692	4747%	\$ 20,000	\$ 20,478	\$ 16,119	41%
Rental Income	24,000	24,000	21,500	90%	15,000	39,000	9,000	139%
Transfer In - Debt Service Fund	500,000	500,000	58,148	12%	-	500,000	-	**
TOTAL - PROJECTED REVENUES AND OTHER	\$ 524,478	\$ 524,478	\$ 102,340	20%	\$ 35,000	\$ 559,478	\$ 25,119	307%
ESTIMATED EXPENDITURES AND OTHER USES								
Director's Salaries	\$ 4,000	\$ 4,000	\$ 1,380	35%	\$ -	\$ 4,000	\$ 1,440	-4%
Advertising/Public Notices	800	800	-	0%	-	800	8	-100%
Engineering/Design Services				0%		-		**
Professional Services	88,380	86,080	36,571	42%	-	86,080	81,374	-55%
Utilities	3,820	3,820	1,551	41%	-	3,820	-	**
Office Supplies/Postage	550	550	52	9%	-	550	16	224%
Stationery/Printed Material	150	150	-	0%	-	150	-	**
Maintenance	3,900	3,900	-	0%	-	3,900	-	**
Mileage Reimbursements	100	100	57	57%	-	100	-	**
Training/Meetings				0%		-		**
Subscription/Dues	4,000	6,300	1,980	31%	-	6,300	465	326%
Administrative Charges	463,122	463,122	138,288	30%	-	463,122	165,688	-17%
Transfer Out - Debt Service	-	-	-	0%	-	-	-	**
TOTAL - ESTIMATED EXPENDITURES AND OTHER USES	\$ 568,822	\$ 568,822	\$ 179,878	32%	\$ -	\$ 568,822	\$ 248,991	-28%
REVENUE OVER (UNDER) EXPENDITURES	\$ (44,344)	\$ (44,344)	\$ (77,538)		\$ 35,000	\$ (9,344)	\$ (223,872)	
CONTRIBUTIONS FROM (TO) RESERVES								
Contingency Reserve	\$ -	\$ -			\$ -	\$ -		
CHANGE IN AVAILABLE FUND BALANCE	\$ (44,344)	\$ (44,344)			\$ 35,000	\$ (9,344)		
AVAILABLE FUND BALANCE, JULY 1	47,767	57,218			-	57,218		
AVAILABLE FUND BALANCE, JUNE 30	\$ 3,423	\$ 12,874			\$ 35,000	\$ 47,874		
FUND BALANCE, JUNE 30	\$ 3,423	\$ 12,874			\$ 35,000	\$ 47,874		
RESERVES								
AVAILABLE FUND BALANCE, JUNE 30	\$ 3,423	\$ 12,874			\$ 35,000	\$ 47,874		

Community Redevelopment Agency
AFFORDABLE HOUSING SET-ASIDE FUND FY 2011/2012 SECOND QUARTER FINANCIAL REPORT
JULY 1, 2011 THROUGH DECEMBER 31, 2011

Description	Adopted Budget 2011/12	Amended Budget 2011/12	YTD Actual 2011/12	Percent Realized 2011/12	Proposed Increase (Decrease)	Revised Budget 2011/12	Prior Year YTD Actual 2010/11	Inc/Dec From P/Y
PROJECTED REVENUE AND OTHER SOURCES								
Tax Increment	\$ 1,541,957	\$ 1,541,957	\$ 849,574	55%	\$ -	\$ 1,541,957	\$ 293,273	190%
Interest Income	57,196	57,196	4,812	8%	\$ -	\$ 57,196	65,141	-93%
Residential Rental Income	64,000	64,000	32,268	50%	\$ -	\$ 64,000	-	**
TOTAL - PROJECTED REVENUE AND OTHER SOURCES	\$ 1,663,153	\$ 1,663,153	\$ 886,653	53%	\$ -	\$ 1,663,153	\$ 358,413	147%
ESTIMATED EXPENDITURES AND OTHER USES								
Advertising/Public Notices	\$ 1,015	\$ 1,015	\$ -	0%	\$ -	\$ 1,015	\$ 113	-100%
Engineering/Design Services				0%		0		**
Legal/Professional Services	11,000	11,000	-	0%	-	11,000	6,955	-100%
Training/Meetings	2,200	2,200	47	2%	-	2,200	-	**
Administrative Charges	78,936	78,936	36,083	46%	-	78,936	49,377	-27%
Rental Subsidy Program	276,115	276,115	134,014	49%	-	276,115	197,644	-32%
Transfers Out-Debt Service	940,586	940,586	557,533	59%	-	940,586	586,331	-5%
Transfer Out-Capital Projects		290,940	-	0%	-	290,940	-	**
TOTAL - ESTIMATED EXPENDITURES AND OTHER USES	\$ 1,309,852	\$ 1,600,792	\$ 727,676	45%	\$ -	\$ 1,600,792	\$ 840,419	-13%
REVENUE OVER (UNDER) EXPENDITURES	\$ 353,301	\$ 62,361	\$ 158,977		\$ -	\$ 62,361	\$ (482,000)	
CONTRIBUTIONS FROM (TO) RESERVES								
Loans to/Payoff of Affordable Housing Loans	54,000	54,000			-	54,000		
Bond Proceeds Reserve	-	290,940			-	290,940		
CHANGE IN AVAILABLE FUND BALANCE	\$ 407,301	\$ 407,301			\$ -	\$ 407,301		
AVAILABLE FUND BALANCE, JULY 1	5,442,299	5,911,744				5,911,744		
AVAILABLE FUND BALANCE, JUNE 30	\$ 5,849,600	\$ 6,319,045			\$ -	\$ 6,319,045		
FUND BALANCE, JUNE 30	\$ 11,643,478	\$ 17,965,369			\$ -	\$ 17,965,369		
RESERVES								
LT Receivable - Affordable Housing Projects	5,516,552	5,329,423.71			-	5,329,424		
Bond Proceeds Reserve	277,326	6,316,901			-	6,316,901		
AVAILABLE FUND BALANCE, JUNE 30	\$ 5,849,600	\$ 6,319,045			\$ -	\$ 6,319,045		

Community Redevelopment Agency
AFFORDABLE RENTAL HOUSING FUND FY 2011/2012 SECOND QUARTER FINANCIAL REPORT
JULY 1, 2011 THROUGH DECEMBER 31, 2011

Description	Adopted Budget 2011/12	Amended Budget 2011/12	YTD Actual 2011/12	Percent Realized 2011/12	Proposed Increase (Decrease)	Revised Budget 2011/12	Prior Year YTD Actual 2010/11	Inc/Dec From P/Y
PROJECTED REVENUE AND OTHER SOURCES								
Rental Income	\$ 164,000	\$ 164,000	\$ 73,642	45%	\$ -	\$ 164,000	\$ 105,820	-30%
TOTAL - PROJECTED REVENUES AND OTHER SOURCES	\$ 164,000	\$ 164,000	\$ 73,642	45%	\$ -	\$ 164,000	\$ 105,820	-30%
ESTIMATED EXPENDITURES AND OTHER USES								
Property Mgmt & Programs	\$ 98,940	\$ 98,940	\$ 47,077	48%	\$ -	\$ 98,940	\$ 42,536	11%
Utilities				0%		-		
Maintenance	19,050	19,050	12,394	65%	-	19,050	24,247	-99%
Capital Outlay	59,000	59,000	7,861	13%	-	59,000	43,498	-82%
TOTAL - ESTIMATED EXPENDITURES AND OTHER USES	\$ 176,990	\$ 176,990	\$ 67,331	38%	\$ -	\$ 176,990	\$ 110,281	62%
REVENUE OVER (UNDER) EXPENDITURES	\$ (12,990)	\$ (12,990)	\$ 6,311		\$ -	\$ (12,990)	\$ (4,461)	
CONTRIBUTIONS FROM (TO) RESERVES								
Set-aside for future Repair/Maintenance	\$ (186,297)	\$ (186,297)			\$ -	\$ (186,297)		
CHANGE IN AVAILABLE FUND BALANCE	\$ (199,287)	\$ (199,287)			\$ -	\$ (199,287)		
AVAILABLE FUND BALANCE, JULY 1	341,076	347,714				347,714		
AVAILABLE FUND BALANCE, JUNE 30	\$ 141,789	\$ 148,427			\$ -	\$ 148,427		
FUND BALANCE, JUNE 30	\$ 381,789	\$ 388,427			\$ -	\$ 388,427		
RESERVES								
Repair/Maintenance Existing Housing Stock	240,000	240,000			-	240,000		
AVAILABLE FUND BALANCE, JUNE 30	\$ 141,789	\$ 148,427			\$ -	\$ 148,427		

Community Redevelopment Agency
DEBT SERVICE SINKING FUND FY 2011/2012 SECOND QUARTER FINANCIAL REPORT
JULY 1, 2011 THROUGH DECEMBER 31, 2011

Description	Adopted Budget 2011/12	Amended Budget 2011/12	YTD Actual 2011/12	Percent Realized 2011/12	Proposed Increase (Decrease)	Revised Budget 2011/12	Prior Year YTD Actual 2010/11	Inc/Dec From P/Y
PROJECTED REVENUE AND OTHER SOURCES								
Interest	20,000	20,000	788	4%	-	20,000	45,748	-98%
TOTAL - PROJECTED REVENUES AND OTHER SOURCES	\$ 20,000	\$ 20,000	\$ 788	4%	\$ -	\$ 20,000	\$ 45,748	-98%
ESTIMATED EXPENDITURES AND OTHER USES								
Principal Payments - Kinoshita				0%				
Principal Payments - F & M Bank (LRR)				0%				**
Transfer to Debt Service Fund				0%				**
Transfer to Capital Improvement Fund				0%				**
TOTAL - ESTIMATED EXPENDITURES AND OTHER USES	\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	**
REVENUE OVER (UNDER) EXPENDITURES	\$ 20,000	\$ 20,000	\$ 788		\$ -	\$ 20,000	\$ 45,748	
CONTRIBUTIONS FROM (TO) RESERVES								
Set-aside for Future Debt Service								
CHANGE IN AVAILABLE FUND BALANCE	\$ 20,000	\$ 20,000			\$ -	\$ 20,000		
AVAILABLE FUND BALANCE, JULY 1	2,000,000	2,021,126				2,021,126		
AVAILABLE FUND BALANCE, JUNE 30	\$ 2,020,000	\$ 2,041,126			\$ -	\$ 2,041,126		
FUND BALANCE, JUNE 30								
RESERVES	2,020,000	2,041,126				2,041,126		
Reserve for Debt Service								
AVAILABLE FUND BALANCE, JUNE 30	\$ 2,020,000	\$ 2,041,126	\$ -		\$ -	\$ 2,041,126		

Community Redevelopment Agency
DEBT SERVICE FUND FY 2011/2012 SECOND QUARTER FINANCIAL REPORT
JULY 1, 2011 THROUGH DECEMBER 31, 2011

Description	Adopted Budget 2011/12	Amended Budget 2011/12	YTD Actual 2011/12	Percent Realized 2011/12	Proposed Increase (Decrease)	Revised Budget 2011/12	Prior Year YTD Actual 2010/11	Inc/Dec From P/Y
PROJECTED REVENUE AND OTHER SOURCES								
Tax Increment	\$ 6,167,829	\$ 6,167,829	\$ 3,398,295	55%	\$ -	\$ 6,167,829	\$ 1,230,014	176%
Interest Income	23,739	23,739	-	0%	-	23,739	7,947	-100%
City of SJC-Interest Accrued	298,466	298,466	-	0%	-	298,466	-	**
Transfer in-Affordable Housing Set-aside	940,586	940,586	557,533	59%	-	940,586	586,331	-5%
TOTAL - PROJECTED REVENUES AND OTHER SOURCES	\$ 7,430,620	\$ 7,430,620	\$ 3,955,828	53%	\$ -	\$ 7,430,620	\$ 1,824,292	117%
ESTIMATED EXPENDITURES AND OTHER USES								
17.1% Pass Thru Payment	\$ 1,318,400	\$ 1,318,400	\$ -	0%	\$ -	\$ 1,318,400	\$ -	**
Developer Participation	305,000	305,000	-	0%	-	305,000	-	**
CUSD Pass Thru Payments	1,532,951	1,532,951	-	0%	-	1,532,951	-	**
SOCCD Pass-Thru	160,042	160,042	-	0%	-	160,042	-	**
AB1389 Pass Thru	197,200	197,200	-	0%	-	197,200	-	**
Bond Principal	820,000	820,000	820,000	100%	-	820,000	780,000	5%
Note Principal	250,000	250,000	61,123	24%	-	250,000	-	**
Loan Principal	279,750	279,750	-	0%	-	279,750	-	**
Bond Interest	1,175,921	1,175,921	561,116	48%	-	1,175,921	615,053	-9%
Note Interest	620,000	620,000	258,718	42%	-	620,000	473,634	-45%
Loan Interest	433,716	433,716	66,259	15%	-	433,716	-	**
Bond Administration	13,276	13,276	18,979	143%	-	13,276	9,932	91%
Transfers Out-Admin Fund	500,000	500,000	58,418	12%	-	500,000	-	**
TOTAL - ESTIMATED EXPENDITURES AND OTHER USES	\$ 7,606,256	\$ 7,606,256	\$ 1,844,613	24%	\$ -	\$ 7,606,256	\$ 1,878,618	-2%
REVENUE OVER (UNDER) EXPENDITURES	\$ (175,636)	\$ (175,636)	\$ 2,111,215		\$ -	\$ (175,636)	\$ (54,327)	
CONTRIBUTIONS FROM (TO) RESERVES								
Cash with Fiscal Agent								
Long-term receivables	35,000	35,000				35,000	35,000	
Long-term loans to City	-	(101,534)				\$ (101,534)		
CHANGE IN AVAILABLE FUND BALANCE	\$ (140,636)	\$ (242,170)			\$ 35,000	\$ (242,170)		
AVAILABLE FUND BALANCE, JULY 1	599,306	642,966				642,966		
AVAILABLE FUND BALANCE, JUNE 30	\$ 458,670	\$ 400,796			\$ 35,000	\$ 400,796		
FUND BALANCE, JUNE 30	\$ 2,270,071	\$ (6,399,072)			\$ 35,000	\$ (6,399,072)		
RESERVES								
Cash with Fiscal Agent	1,774,618	1,774,618				1,774,618		
Long-term receivables	36,783	36,783				36,783		
Long-Term Loans to City		(8,611,269)				(8,611,269)		
AVAILABLE FUND BALANCE, JUNE 30	\$ 458,670	\$ 400,796			\$ 35,000	\$ 400,796		

City of San Juan Capistrano
FUND 28 COMMUNITY REDEVELOPMENT CAPITAL FUND FY 2011/2012 SECOND QUARTER FINANCIAL SUMMARY
JULY 1, 2011 THROUGH DECEMBER 31, 2011

Description	Adopted 2011/12	Amended 2011/12	YTD Actual 2011/12	Percent Realized 2011/12	Proposed Increase (Decrease)	Revised Budget 2011/12	Prior Year YTD Actual 2010/11	Inc/Dec From P/Y
BEGINNING FUND BALANCE*	\$ 2,942,955	\$ 5,222,215	\$ 5,222,215	100%	\$ -	\$ 5,222,215	-	**
TOTAL FUNDS AVAILABLE	\$ 2,942,955	\$ 5,222,215	\$ 5,222,215	0%	\$ -	\$ 5,222,215	\$ -	**
ESTIMATED EXPENDITURES AND OTHER USES								
9905-DeI Obispo/Cam Cap City	\$ -	\$ 85,896	\$ 877	1%	\$ -	\$ 85,896	\$ -	**
9906-J.Serra Road/Rch Viejo Road Intersect Imp	-	436,590	334,056	77%	-	436,590	-	**
9908-Paseo de Verdugo	-	1,248,000	-	0%	-	1,248,000	590	**
9911-Downtown Master Plan	-	37,154	44,222	119%	-	37,154	66,254	**
9913-El Adobe Plaza/Union Bank	-	74,647	7,384	10%	-	74,647	-	**
10901-Ortega Sidewalk Widening	-	219,000	-	0%	-	219,000	-	**
10906-The Groves	-	290,940	2,056	1%	-	290,940	1,605	28%
TOTAL EXPENDITURES	\$ -	\$ 2,392,227	\$ 388,595	16%	\$ -	\$ 290,940	\$ 68,450	468%
ENDING FUND BALANCE	\$ 2,942,955	\$ 2,829,988	\$ 4,833,620				\$ (68,450)	-7161.57%

* - Beginning Fund Balance adjusted from projected to actual.

Legislation Affecting California Redevelopment Agencies

On June 29, 2011, the Governor of the State of California signed Assembly bills X1 26 and 27 as part of the State's budget package (Redevelopment Restructuring Act). ABX1 26 (Dissolution Act) required each redevelopment agency to suspend (effective July 1, 2011) nearly all activities except to implement existing contracts, meet already-incurred obligation, preserve its assets and prepare for the impending dissolution. ABX1 27 (Voluntary Payment Act) provided a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program requiring the Agency to make annual payments on the County Auditor Controller in order to remain in business.

On August 16, 2011, the City Council adopted Ordinance 989 to re-establish the Agency under ABX1 27. Ordinance 989 became effective 30 days after the adoption (September 15, 2011), however, was not implemented pending the outcome of litigation in the matter of California Redevelopment Association et al. vs. Matosantos (Case No. S194861). During the summer and fall of 2011, the Agency was required to identify its "enforceable obligations" based on contractual obligations in place as of June 28, 2011. These enforceable obligations include all long-term debt obligations, obligations under executed project contracts and on-going operational and program costs with existing contracts.

On December 28, 2011, the California Supreme Court upheld the constitutionality of ABX1 26 and declared ABX1 27 to be unconstitutional, abolishing redevelopment agencies as of January 31, 2012.

On January 10, 2012, the City Council elected to serve as the Successor Agency of the Redevelopment Agency to wind up its affairs. Additionally, on January 17, 2012, the City Council adopted a resolution creating the San Juan Capistrano Housing Authority and designating the Authority as the successor agency to assume the housing assets and functions of the Agency. The Successor Agency will be responsible to maximize asset values and dispose of assets to pay-off all obligations. Enforceable obligations remaining would be paid for from funds on deposit with the former redevelopment agencies, amounts generated from the disposition of asset, and future tax increment revenues, to the extent required. The City as the Successor Agency will close out the Agency's activities as of January 31, 2012, and begin the wind-up of its affairs. Staff will continue to monitor the situation closely and provide updates to the Agency Board of Directors and City Council as they are available.

On February 2, 2012, the California Assembly introduced Assembly Bill (AB) 1585 as an urgency measure that would amend the Redevelopment Dissolution Statute to clarify that former Redevelopment Agency Housing Funds go to the Housing Authority, and it would also stipulate that agreement between the former Redevelopment Agency and the City could be recognized obligations, provided that the Successor Agency's Oversight Board makes a finding that the loans were for legitimate redevelopment agency purposes and, had economic substance, and were based on reasonable repayment terms.