CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

(A Component Unit of the City of Camarillo, California)

BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

FOR FISCAL YEAR ENDED JUNE 30, 2011

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of the
Camarillo Community Development Commission
Camarillo, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Camarillo Community Development Commission (the CDC), a component unit of the City of Camarillo, California (the City), as of and for the fiscal year ended June 30, 2011, which collectively comprise the CDC's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the CDC'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 basic 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 CDC'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 CDC as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the CDC adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB Statement No. 59, *Financial Instruments Omnibus*, effective July 1, 2010.

As explained in note 11, the California State Legislature has enacted legislation that is intended to provide for the dissolution of redevelopment agencies or continuance of redevelopment agencies under new laws in the State of California. The effects of this legislation are uncertain pending the result of certain lawsuits that have been initiated to challenge the legislation by outside parties including the Camarillo Community Development Commission. Additionally, during the fiscal year the CDC took several actions including the repayment of loans from the City, the transfer of properties held for resale and capital assets to the City of Camarillo; see notes 4, 7 and 8 for additional details.

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2011, on our consideration of the CDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 36, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CDC's basic financial statements. The accompanying supplementary information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information 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.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 8, 2011

The discussion and analysis of the Camarillo Community Development Commission's (CDC) financial performance provides an overall review of the CDC's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the CDC's financial performance as a whole. Readers should review management's discussion and analysis in conjunction with the basic financial statements to enhance their understanding of the CDC's financial performance.

The financial section of this report has been prepared to show the results of the financial administration, financial condition, and operations of the CDC.

A. FINANCIAL HIGHLIGHTS

- At June 30, 2011, the CDC's net assets (excess of assets over liabilities) were $(44.9) million.
- During the fiscal year ended June 30, 2011, the CDC's total net assets decreased by $47.2 million.
- The CDC's governmental funds reported combined ending fund balances of $16.5 million, a decrease of $48.9 million in comparison with the prior fiscal year.

B. OVERVIEW OF FINANCIAL STATEMENTS

The Government-Wide financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the CDC's assets and liabilities, including capital assets and 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.

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 Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the 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 CDC maintains funds in accordance with generally accepted accounting principles set forth by the GASB and other rule-making entities.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

Net assets are a good indicator of the CDC's financial position. For the fiscal year ended June 30, 2011, net assets of the CDC were $(44.9) million, which is a decrease of $47.2 million from the prior year.

The following is the condensed Statement of Net Assets for the fiscal years ended June 30, 2011 and 2010.

Camarillo Community Development Commission's Net Assets
As of June 30, 2011 and 2010

	2011	2010
Current and other assets	$ 18,889,318	$ 69,882,945
Capital assets	1,500	10,961,149
Total assets	18,890,818	80,844,094
Current liabilities	2,013,714	4,370,005
Long-term liabilities outstanding	61,751,990	74,186,361
Total liabilities	63,765,704	78,556,366
Net assets		
Invested in capital assets, net of related debt	1,500	10,961,149
Restricted	6,554,730	19,896,550
Unrestricted	(51,431,116)	(28,569,971)
Total net assets	$ (44,874,886)	$ 2,287,728

Capital assets decreased $11.0 million due to a combination of $16.4 million transfer to the City of Camarillo, plus $5.2 million Springville Interchange Construction, and $172.3 thousand depreciation on the existing assets for the fiscal year. For more information see Note 4 in the Notes to the Financial Statement.

Long-term debt decreased $12.4 million due to an $11.5 repayment of the City of Camarillo advance and $1.2 million in scheduled principal repayments offset by amortizations of discounts, premiums and losses on refunding of previously issued debt.

Of the CDC's total net assets of $(44.9) million, unrestricted net assets (deficit) were $(51.4) million. The deficit net assets of $44.9 million are attributed to the nature of redevelopment in that the Camarillo Corridor Project is required to have debt in order to receive tax increment. The deficit is expected to be eliminated by future tax increment revenue.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Statement of Activities

The following is the Statement of Activities and Changes in Net Assets for the fiscal years ended June 30, 2011 and 2010.

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2011 and 2010

	2011	2010
Revenues:		
Property tax increment	$ 7,492,218	$ 6,639,159
Interest, net of fair value	43,531	111,700
Net transfer to City of Camarillo	(48,216,007)	-
Total Revenues and Transfers	(40,680,258)	6,750,859
Expenses:		
Community services	133,491	140,440
Community development	513,054	1,222,807
Pass-through payments to other agencies	1,924,713	1,705,206
Supplemental Educational Revenue Augmentation Fund	359,518	1,746,229
Interest on long-term debt	3,551,580	3,662,393
Total Expenses	6,482,356	8,477,075
Change in Net Assets	$ (47,162,614)	$ (1,726,216)

Net Assets of the CDC decreased by $47.2 million as a result of a transfer to the City of Camarillo.

Tax increment revenue increased by $853.1 thousand, or 12.8 percent, in fiscal year 2010-11 from $6.6 million in the previous fiscal year. The secured property tax portion of the total tax increment revenue increased $844.6 thousand, or 17.5 percent, from the previous year's secured tax. This was due primarily to a one-time negative adjustment by the County in fiscal year 2009-10 in the amount of approximately $625 thousand which related to a court ruling between the Oxnard Redevelopment Agency and the County of Ventura. The unsecured property tax portion of the total tax increment revenue increased $272.8 thousand, or 22.4 percent, due to increase in improvements. The supplemental property tax portion decreased $264.4 thousand, or 44.8 percent, from the previous year's supplemental taxes due to lower housing market activity and resale assessed values. Pass-through payments to other agencies are based on a percentage of tax increment revenue and increased $219.5 thousand or 12.9 percent. Supplemental Educational Revenue Augmentation Fund is determined by State mandate each year and decreased $1.4 million or 79.4 percent.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Statement of Activities, Continued

Net investment income decreased $68.2 thousand, or 61.0 percent, from the prior fiscal year due to lower rate of return combined with lower cash balances due to the $16.2 million transfer of unspent bond proceeds and other assets that have been committed toward capital projects that are currently in process, to the City of Camarillo and the $11.5 million repayment of the City Advance. This decrease was further impacted by a year-end negative "net adjustment to fair value" of $10 thousand in order to reflect market values of investments held at June 30, 2011 in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

D. FUND FINANCIAL STATEMENT ANALYSIS

Under the fund financial statements, the CDC reports a decrease in fund balances of $48.8 million and the total fund balance at June 30, 2011 was $16.5 million, of which $16.2 million is restricted for debt services and low/moderate housing expenses and $275 thousand is non-spendable. Restricted category represents amounts that are restricted for specific purposes stipulated by external resources provider, constitutionally or though enabling legislation. Non-spendable includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Total governmental funds expenditures for the fiscal year were $24.5 million, which included $538.1 thousand in community services and community development costs, $1.9 million in pass-through payments to other agencies, $360 thousand paid to the Supplemental Educational Revenue Augmentation Fund, $5.5 million in capital outlay, and $16.2 million in long-term debt service payments and related costs.

Major events and significant activities included the following:

- The CDC repaid the advance of $11.5 million from the City of Camarillo.
- The CDC transferred $48.5 million in capital assets, land held for resale, and unspent bond proceeds and other assets to the City of Camarillo. For more information see Note 14 in the Notes to the Financial Statement.

Overall, amendments between the original and the final budget resulted in a net decrease in fund balance of $24.7 million or 252.5 percent. The budget for other financing sources (uses) decreased $13.4 million due to the transfer to City of Camarillo. The budgeted expenditures increased $12.1 million primarily due to repayment of the advance from the City of Camarillo, an increase in capital outlay of $2.9 million, a decrease of $1.4 million in community development and a decrease of $1.4 million in community services.

E. CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets Including Infrastructure

Capital assets including infrastructure of the CDC are those assets that are used in the performance of the CDC's functions. At June 30, 2011, net capital assets totaled $1,500, relating to a low/moderate housing project that incurred preliminary expenses, which is recognized in the government-wide financial statements.

The following is a summary of the CDC's capital assets as of June 30, 2011 and 2010.

Camarillo Community Development Commission's
Capital Assets
(net of depreciation)

	2011	2010
Land	$ -	$ 1,417,798
Buildings	-	7,181,418
Furniture and fixtures	-	228,048
Construction in progress	1,500	2,133,885
Total Capital Assets	$ 1,500	$ 10,961,149

(For more information see Note 4 in the Notes to the Financial Statements.)

Long-Term Debt

The CDC's long-term obligations as of June 30, 2011 and 2010 were as follows:

Camarillo Community Development Commission's
Outstanding Long-Term Debt

	2011	2010
Tax allocation bonds	$ 62,721,990	$ 63,913,361
Advances from other entities	-	11,508,000
Total Outstanding Long-term Debt	$ 62,721,990	$ 75,421,361

F. ECONOMIC FACTORS

During its deliberation to adopt a budget for the fiscal year ending June 30, 2012, the Governor of the State of California signed Assembly Bills (AB) X1-26 and X1-27 that provided for the elimination of redevelopment agencies in the State of California. Under AB X1-26, redevelopment agencies will be dissolved. Under AB X1-27 redevelopment agencies will be allowed to continue operation at reduced funding levels if certain voluntary payments are made to the County Auditor-Controller to replace a portion of the State's funding of a public school system.

Both legislations are under litigation and the nature and extent of the future operations of redevelopment agencies in the State of California are dependent upon the outcome of said litigation. For more information see Note 11 in the Notes to Financial Statement.

G. REQUEST FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, creditors and investors with a general overview of the CDC's finances and to show the CDC's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Camarillo Community Development Commission, Finance Department, 601 Carmen Drive, California 93010.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

STATEMENT OF NET ASSETS

JUNE 30, 2011

	Governmental Activities
ASSETS	
Current Assets:	
Cash and investments	$ 4,674,900
Restricted cash and investments	11,557,326
Receivables:	
Accounts, net	17,199
Interest	7,805
Notes	275,000
Total Current Assets	16,532,230
Noncurrent Assets:	
Deferred charges	2,357,088
Capital assets:	
Non-depreciable	1,500
Total Capital Assets	1,500
Total Noncurrent Assets	2,358,588
Total Assets	18,890,818
LIABILITIES	
Current Liabilities:	
Accounts payable	28,133
Wages payable	398
Compensated absences	2,000
Interest payable	1,013,183
Long-term debt - due within one year	970,000
Total Current Liabilities	2,013,714
Noncurrent Liabilities:	
Long-term debt - due in more than one year	61,751,990
Total Liabilities	63,765,704
NET ASSETS	
Invested in capital assets	1,500
Restricted for:	
Debt service	1,610,357
Special projects and programs	4,944,373
Total Restricted	6,554,730
Unrestricted (Deficit)	(51,431,116)
Total Net Assets	$ (44,874,886)

The accompanying notes are an integral part of these financial statements.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

		Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Net Governmental Activities
Functions/Programs					
Community services	$ 133,491	$ -	$ -	$ -	$ (133,491)
Community development	513,054	-	-	-	(513,054)
Pass through payments to other agencies	1,924,713	-	-	-	(1,924,713)
Supplemental Educational Revenue Augmentation Fund	359,518	-	-	-	(359,518)
Interest on long-term debt	3,551,580	-	-	-	(3,551,580)
Total Governmental Activities	$ 6,482,356	$ -	$ -	$ -	(6,482,356)

General Revenues (Expenses):	
Taxes:	
Property tax increment	7,492,218
Interest	53,537
Net increase (decrease) in the fair value of investments	(10,006)
Transfer from the City of Camarillo	327,763
Transfer to the City of Camarillo	(48,543,770)
Total General Revenues and Transfers	(40,680,258)
Change in Net Assets	(47,162,614)
Net Assets at Beginning of Year	2,287,728
Net Assets at End of Year	$ (44,874,886)

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2011

	Low and Moderate Income Housing Special Revenue Fund	Debt Service Fund	Capital Project Fund	Total Governmental Funds
ASSETS				
Cash and investments	$ 4,660,345	$ 14,555	$ -	$ 4,674,900
Restricted cash and investments	8,933,786	2,623,540	-	11,557,326
Receivables:				
Accounts, net	3,621	13,578	-	17,199
Interest	7,805	-	-	7,805
Notes	275,000	-	-	275,000
Total Assets	$ 13,880,557	$ 2,651,673	$ -	$ 16,532,230
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ 28,133	$ -	$ 28,133
Wages payable	398	-	-	398
Compensated absences	2,000	-	-	2,000
Total Liabilities	2,398	28,133	-	30,531
FUND BALANCE				
Nonspendable	275,000	-	-	275,000
Restricted	13,603,159	2,623,540	-	16,226,699
Total Fund Balance	13,878,159	2,623,540	-	16,501,699
Total Liabilities and Fund Balance	$ 13,880,557	$ 2,651,673	$ -	$ 16,532,230

The accompanying notes are an integral part of these financial statements.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

JUNE 30, 2011

Fund Balances of Governmental Funds		$ 16,501,699
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		1,500
Bond issuance costs are expensed in the government funds and amortized over the life of the debt issuance in the Government-Wide Statements.		2,357,088
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.		(1,013,183)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds Payable	$ (63,425,000)	
Bond Premiums	(36,042)	
Bond Discounts	358,402	
Deferred Loss on Refunding	380,650	
		(62,721,990)
Net Assets of Governmental Activities		$ (44,874,886)

The accompanying notes are an integral part of these financial statements.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	Low and Moderate Income Housing Special Revenue Fund	Debt Service Fund	Capital Project Fund	Total Governmental Funds
REVENUES				
Property tax increment	$ 1,499,771	$ 5,992,447	$ -	$ 7,492,218
Interest	42,218	-	11,319	53,537
Net increase/(decrease) in the fair value of investments	(10,006)	-	-	(10,006)
Total Revenues	1,531,983	5,992,447	11,319	7,535,749
EXPENDITURES				
Current:				
Community services	17,617	115,874	-	133,491
Community development	-	-	404,606	404,606
Pass through payments to other agencies	-	1,924,713	-	1,924,713
Supplemental Educational Revenue Augmentation Fund	-	359,518	-	359,518
Capital outlay	-	-	5,522,709	5,522,709
Debt service:				
Principal	-	12,743,000	-	12,743,000
Interest	-	3,434,405	-	3,434,405
Total Expenditures	17,617	18,577,510	5,927,315	24,522,442
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,514,366	(12,585,063)	(5,915,996)	(16,986,693)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	12,501,850	13,152	12,515,002
Transfers out	(658,200)	(13,152)	(11,843,650)	(12,515,002)
Transfers from City of Camarillo	-	14,555	313,208	327,763
Transfers to City of Camarillo	-	(1,042,114)	(31,127,746)	(32,169,860)
Total Other Financing Sources (Uses)	(658,200)	11,461,139	(42,645,036)	(31,842,097)
Net Change in Fund Balance	856,166	(1,123,924)	(48,561,032)	(48,828,790)
Fund Balance, Beginning of Year	13,021,993	3,747,464	48,561,032	65,330,489
Fund Balance, End of Year	$ 13,878,159	$ 2,623,540	$ -	$ 16,501,699

The accompanying notes are an integral part of these financial statements.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2011

Net Change in Fund Balances - Total Governmental Funds	$ (48,828,790)
Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:	
Cost of assets capitalized less disposals	5,524,209
Depreciation expense	(108,448)
Governmental funds do not report the amortization of bond issuance costs. However, the statement of activities does recognize amortization.	(67,923)
Increases in long-term liabilities provide current financial resources to governmental funds as other financing sources. This revenue is not recognized in the government-wide financial statements. In addition, governmental funds do not report the amortization of discounts, premiums or losses on refunding of debt related to the issuance of debt whereas these amounts are deferred and amortized in the statement of activities.	
Debt Issuance Cost, net of current year amortization	(17,026)
Amortization of Premium on 2004 Tax Allocation Refunding Bonds	(634)
Amortization of Discount on 2006 Tax Allocation Parity Bonds	(1,849)
Amortization of Discount on 2006A Housing Set-Aside Tax Allocation Bonds	(1,806)
Amortization of Discount on 2009 Tax Allocation Parity Bonds	(8,054)
Amortization of Loss on refunding	(31,286)
Repayments of long-term liabilities requires the use of current financial resources of governmental funds. This expense is not recognized in the government-wide financial statements.	
Principal expense	1,235,000
Repayment of Advance Payable	11,508,000
Transfer of capital assets from CDC to the City of Camarillo	(16,375,410)
Interest expenditures are recognized when paid in the governmental funds. Interest expense is recognized when incurred in the government-wide Statement of Activities. This amount represents the difference between interest paid and interest incurred.	11,403
Change in Net Assets of Governmental Activities	$ (47,162,614)

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Camarillo Community Development Commission (the CDC), a component unit of the City of Camarillo (the City), have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applicable to government units. 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 CDC's accounting policies are described below.

A. Description of the Reporting Entity

The CDC was activated on June 12, 1997, by the City pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Redevelopment Law." The CDC is an integral part of the reporting entity of the City. The funds of the CDC have been included within the scope of the basic financial statements of the City because the City Council acts as the Board of Directors of the CDC and is able to impose its will on the CDC. Therefore, the City is considered to be the primary government and the CDC is a component unit.

The CDC adopted the Redevelopment Plan for the Camarillo Corridor Project (Redevelopment Plan) on June 12, 1996. Generally, the CDC's goals for the Camarillo Corridor Project are to alleviate blighted conditions which constitute physical and economic liability requiring redevelopment in the interests of health, safety and general welfare of the people of the community; to promote economic development within the project area; and to provide affordable housing opportunities in the community.

The Redevelopment Plan will guide all future redevelopment project programs and activities within the boundaries of the Camarillo Corridor Project. The Camarillo City Council, assisting in the coordination and consideration of the various programs, created a Citizens' Advisory Committee consisting of 25 members of the business community within the redevelopment area to review and make recommendations to the CDC prior to projects actually being considered for implementation. The project area includes the old Ventura Boulevard area and general commercial areas and industrial section of Dawson Drive to ensure that these commercial areas will remain competitive and productive for many years to come.

B. Basis of Accounting and Measurement Focus

The accounts of the CDC 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 CDC's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of governmental activities for the CDC.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

B. Basis of Accounting and Measurement Focus, (Continued)

Government - Wide Financial Statements, (Continued)

These basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the CDC's assets and liabilities, including capital assets, as well as infrastructure assets, and 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.

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

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

The CDC had no program revenues for the fiscal year ended June 30, 2011.

Interfund transfers have been eliminated as prescribed by GASB Statement No. 34 in regards to interfund activities.

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 net assets as presented in these statements to the net assets presented in the government-wide financial statements. The CDC has presented all major funds that met the applicable criteria.

The CDC reports the following major governmental funds:

The *Low and Moderate Income Housing Special Revenue Fund* is used to account for the receipt of 20 percent of the gross tax increment allocation, which is restricted for use on projects that increase or preserve the supply of low and moderate income housing in accordance with Health and Safety Code Section 33334.

The *Debt Service Fund* is used to account for the accumulation of resources for and the payment of principal and interest on the CDC's debt and other long-term obligations.

The *Capital Projects Fund* is used to account for all project expenditures, including acquisition of properties, cost of site improvements, and other costs within the project area.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

B. Basis of Accounting and Measurement Focus, (Continued)

Governmental Fund Financial Statements, (Continued)

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 presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the 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 for those revenues subject to accrual (earned and collected within 60 days after year-end) are recognized when earned and available. The primary revenue sources, which have been treated as susceptible to accrual by the CDC, are property tax and interest revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed and revenue is recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

C. Cash, Cash Equivalents, and Investments

The CDC 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.

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 City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pooled funds in Structured Notes and Asset-backed Securities. In addition, these Structured Notes and Asset-backed Securities are subject to market risk as to change in interest rates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

D. Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the CDC's policy is to apply restricted net assets first.

E. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

F. Capital Assets

Capital assets, which include land, buildings, improvements, furniture and fixtures, are reported in the Government-Wide Financial Statements. All purchased capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated (contributed) fixed assets are valued at their estimated fair market value on the date received.

The CDC's policy has set the capitalization threshold for reporting capital assets at the following:

General Capital Assets	$ 5,000

For all capital assets, depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings and improvements	30 to 40 years
Furniture and fixtures	8 to 15 years

The accumulated depreciation is defined as the total depreciation from the date of construction/acquisition to the current date on a straight-line method using industry accepted life expectancies for each asset type. The book value is computed by deducting the accumulated depreciation from the original cost.

G. Interest Payable

In the government-wide financial statements, interest payable on long-term debt is recognized as the liability is incurred for governmental fund types.

In the fund financial statements, governmental fund types do not recognize the interest payable when the liability is incurred. Rather, interest expense is simply recorded when it is due or paid.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

H. Long-Term Obligations

Government-Wide Financial Statements - Long-term debt and other long-term obligations are reported as liabilities in the primary government governmental activity.

Fund Financial Statements - The fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

I. Net Assets

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

Invested in Capital Assets - 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.

Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

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."

J. Fund Balances

Effective July 2010, the CDC implemented 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 fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based on primarily on the extent to which the CDC is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2011, fund balance for governmental funds is made up 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

J. Fund Balances, (Continued)

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

In circumstance 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.

	Redevelopment Special Revenue	Redevelopment Debt Service	Redevelopment Capital Projects	Total Governmental Funds
Fund balances:				
Nonspendable	$ -	$ -	$ -	$ -
Long-term notes receivable	275,000	-	-	275,000
Subtotal	275,000	-	-	275,000
Restricted for:				
Debt service	-	2,623,540	-	2,623,540
Low/Mod housing	13,603,159	-	-	13,603,159
Subtotal	13,603,159	2,623,540	-	16,226,699
Total Fund Balances	$ 13,878,159	$ 2,623,540	$ -	$ 16,501,699

Revenues

The CDC's primary source of revenue is property taxes. Property taxes allocated to the CDC are computed in the following manner:

- The assessed valuation of all property in the Camarillo Corridor Project area is determined on the date of adoption of the Redevelopment Plan by a designation of a fiscal year assessment role.

- Property taxes related to any incremental increase in assessed values after the adoption of a Redevelopment Plan are allocated to the CDC; all taxes on the "frozen" assessed valuation of the property are allocated to the County and other districts receiving taxes from the project area.

The CDC has no power to levy and collect taxes. Any legislative property tax reduction would lower the amount of tax revenues that would otherwise be available to pay the principal and interest on bonds or loans from the City. Conversely, any increase in the tax rate or assessed valuation or any elimination of present exemptions would increase the amount of tax revenues that would be available to pay principal and interest on bonds or loans from the City.

The CDC is also authorized to finance the Redevelopment Plan from other sources, including assistance from the City, the State and federal governments, interest income and issuance of debt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

K. 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.

L. New GASB Pronouncements

Effective in the Current Year:

GASB Statement No. 54 - In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement were incorporated into the presentation of the financial statements for June 30, 2011. The composition and classification of the various component amounts that comprise the fund balance differ from prior year presentations.

GASB Statement No. 59 - In June 2010, GASB issued Statement No. 59, *Financial Instrument Omnibus*. The objective of this statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This statement was effective July 1, 2010 and did not significantly impact the financial statements of the CDC.

Effective in the Future Periods:

GASB Statement No. 61 – In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. The objective of this statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This statement is not effective until June 30, 2013. The CDC has not determined its effect on the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

L. New GASB Pronouncements, (Continued)

GASB Statement No. 62 - In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective in fiscal year 2012-2013. This statement incorporates certain accounting and financing reporting guidance into GASB's authoritative literature, included in the following pronouncements issued on or before Nov. 30th, 1989, which do not conflict with or contradict GASB pronouncements:

- Financial Accounting Standards Board (FASB) Statements and Interpretations
- Accounting Principles Board Opinions
- Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure

This statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, eliminating the election for enterprise funds and business-type activities to apply post-November 30, 1989, FASB statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, governments can apply post-November 30, 1989, FASB pronouncements that do not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The CDC has not determined its effect on the financial statements.

GASB Statement No. 63 - In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The provisions of Statement 63 are effective for financial statements for periods beginning after December 15, 2011, with earlier application encouraged. The CDC has not determined its effect on the financial statements.

GASB Statement No. 64 - In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The provisions of Statement 64 are effective for financial statements for periods beginning after June 15, 2011, with earlier application encouraged. The City has determined this statement will not have a significant impact on the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

M. Deferred Charges

Gross bond issuance cost, including underwriters' discounts, totaled $2,357,088 and are reported as deferred charges in the Statement of Net Assets, net of accumulated amortization. Amortization is taken over the life of the debt issued and included in interest expense unless otherwise noted.

N. Budgetary Information

The CDC adopts an annual budget prepared on the modified accrual basis of accounting for all governmental fund types. The Executive Director is required to prepare and submit to the CDC Board of Directors the annual budget of the CDC and administer it after adoption. Any revisions that alter the total appropriations must be approved by the Board of Directors. All annual appropriations lapse at fiscal year-end except for unexpended purchase orders or contracts and unexpended appropriations for capital projects. Total expenditures may not legally exceed total appropriations.

O. Land Held for Resale

Land held for resale represents property acquired in the redevelopment process and is recorded at the lower of cost or net realizable value. The property consists of land with improvements, acquired to further the Redevelopment Plan. When this property is resold, the gain or loss on the sale will be recognized when the transactions are consummated.

NOTE 2 – CASH AND INVESTMENTS

The CDC had the following cash and investments at June 30, 2011:

Cash and investments (pooled with the City of Camarillo)	$	4,674,900
Restricted cash and investments		11,557,326
Total Cash and Investments	$	16,232,226

The CDC follows the practice of pooling cash and investments with the City of Camarillo for all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on a quarterly basis to the various funds based on average daily cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

At June 30, 2011, all cash and investments of the CDC were pooled with the City of Camarillo and since they are not represented by specific identifiable investments securities, investment policies and associated risk factors applicable to the CDC's cash and investments are those of the City of Camarillo and are included in the City's basic financial statements. Restricted cash and investments were held by fiscal agent in accordance with the provisions of bond indentures.

NOTE 2 – CASH AND INVESTMENTS, (CONTINUED)

Investments Authorized by the California Government Code

The table below identifies the investment types that the City is authorized by State statutes and in accordance with the City's Investment Policy to invest in the following. (*This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the CDC*).

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	75%	None
U.S. Agency Securities	5 years	75%	20%
Negotiable Certificates of Deposit	2 years	15%	None
Money Market Mutual Funds	5 years	5%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None

Investments Authorized by Debt Agreements

Investments of debt proceeds held by fiscal agent are governed by provisions of the debt covenants rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investments allowed by the government code but also include defeasance obligations, investment agreements and pre-refunded municipal obligations. These provisions do not specify maximum maturities on concentration of risk limitations.

Authorized Investment Type	Maximum Investment in One Issuer
U.S. Treasury Obligations	None
U.S. Agency Securities	None
Nonnegotiable Certificates of Deposit	None
Negotiable Certificates of Deposit	None
Investment Agreements	None
Repurchase Agreements	None
Forward Purchase Agreements	None
Money Market Mutual Funds	None
Local Agency Investment Fund (LAIF)	None

NOTE 2 – CASH AND INVESTMENTS, (CONTINUED)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The CDC does not maintain an investment policy to manage its exposure to interest rate risk. However, the CDC acquires a combination of short and long term investments consistent with the provision of debt covenants for cash flow as necessary to meet capital and debt service obligations. As of June 30, 2011, the CDC's investments consist of the following:

		Investment Maturities (in Years)				
Investment Type	Fair Value	Less than 1	1 to 2	2 to 3	3 to 4	4 or more
Equity in City Pool	$ 4,674,900	$ 2,175,231	$ 1,466,049	$ 856,909	$ 176,711	$ -
Money Market Mutual Fund	11,557,326	11,557,326	-	-	-	-
Total Cash and Investments	$ 16,232,226	$ 13,732,557	$ 1,466,049	$ 856,909	$ 176,711	$ -

Disclosures Relating to Credit Risk

State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSRO's). It is in the City's policy to limit its investments in these investment types to the top rating issued by NRSRO's, including ratings by Standard & Poor's, and Moody's Investors Services. At June 30, 2011, the CDC's credit risks, expressed on a percentage basis, are as follows:

Investment Type	S&P Rating	Moody's Rating	Investments
Equity in City Pool	Not Rated	Not Rated	29%
Money Market Fund	AAA	AAA	71%
Total			100%

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

NOTE 2 – CASH AND INVESTMENTS, (CONTINUED)

Fair Value of Investments

Accounting pronouncement GASB Statement No. 31 generally applies to investments in external investments pools, investments purchased with maturities greater than one year, mutual funds, and certain investment agreements. Generally, governmental entities need to report the fair value changes for these investments at year-end and record these gains or losses on their income statement.

Methods and assumptions used to estimate fair value: The City maintains investment accounting records on amortized cost and adjusts those records to fair value on an annual basis. The CDC investment custodian provides market values on each investment instrument on a monthly basis. The investments held by the CDC are widely traded in the financial markets, and trading values are readily available from numerous published sources. Unrealized gains and losses are recorded on an annual basis, and the carrying value of its investments is considered fair value.

NOTE 3 – INTERFUND TRANSACTIONS

The CDC had the following transfers in the Fund Financial Statements as of June 30, 2011:

Transfer In	Transfer Out			
	Debt Service Fund	Low and Moderate Income Housing	Capital Project	**Total**
Debt Service Fund	$ -	$ 658,200	$ 11,843,650	$ 12,501,850
Capital Project Fund	13,152	-	-	13,152
	$ 13,152	$ 658,200	$11,843,650	$12,515,002

The $13,152 transfer was recorded to provide funds for capital projects.

The $12,501,850 transfer was recorded to provide funds for repayment of debt.

NOTE 4 – CAPITAL ASSETS

As a response to the recent changes in legislation which may affect California redevelopment agencies, significant amount of capital assets were transferred from the CDC to the City. The following is a summary of capital assets for governmental activities, including the transfers to the City at book value, for the fiscal year ended June 30, 2011:

	Balance June 30, 2010	Additions	Deletions	Transfer to City	Balance June 30, 2011
Non-depreciable assets:					
Land	$ 1,417,798	$ -	$ -	$ (1,417,798)	$ -
Construction in progress	2,213,549	5,524,209	-	(7,736,258)	1,500
	3,631,347	5,524,209	-	(9,154,056)	1,500
Depreciable assets:					
Buildings and improvements	7,217,584	-	-	(7,217,584)	-
Furniture and fixtures	284,483	-	-	(284,483)	-
	7,502,067	-	-	(7,502,067)	-
Less accumulated depreciation	(172,265)	(108,448)	-	280,713	-
Depreciable assets, net	7,329,802	(108,448)	-	(7,221,354)	-
Total capital assets, net	$ 10,961,149	$ 5,415,761	$ -	$ (16,375,410)	$ 1,500

Depreciation expense of $108,448 is recorded in the Community Development function for the year ended June 30, 2011.

NOTE 5 – LONG-TERM DEBT

The following is a summary of long-term debt transactions for the fiscal year ended June 30, 2011.

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011	Amount Due Within One Year
Governmental Activities:					
2004 CDC Tax Allocation Refunding Bonds	$ 20,500,000	$ -	$ (445,000)	$ 20,055,000	$ 455,000
Premium on 2004 CDC Bonds	35,408	634	-	36,042	-
Deferred Loss on Refunding	(411,936)	-	31,286	(380,650)	-
Advances from the City of Camarillo	11,508,000	-	(11,508,000)	-	-
2006 Tax Allocation Parity Bonds	16,265,000	-	(135,000)	16,130,000	140,000
Discount on 2006	(59,047)	-	1,849	(57,198)	-
2006A Housing Set-Aside Tax Allocation Bonds	5,090,000	-	(20,000)	5,070,000	20,000
Discount on 2006A	(56,604)	-	1,806	(54,798)	-
2006A-T Taxable Housing Set-Aside Tax Allocation Bonds	5,315,000	-	(105,000)	5,210,000	115,000
2009 Tax Allocation Parity Bonds	17,490,000	-	(530,000)	16,960,000	240,000
Discount on 2009 Bonds	(254,460)	-	8,054	(246,406)	-
	$ 75,421,361	$ 634	$ (12,700,005)	$ 62,721,990	$ 970,000

NOTE 5 – LONG-TERM DEBT, (CONTINUED)

Tax Allocation Refunding Bonds Series 2004 - Original Issue $22,500,000

On September 1, 2004, the Camarillo Community Development Commission issued $22,500,000 in Tax Allocation Refunding Bonds to advance refund the CDC's previously issued $7,175,000 Tax Allocation Bonds, to fund certain redevelopment projects within the Camarillo Corridor Project Area, to fund a reserve account for the Bonds, and to pay costs of issuance of the Bonds. Interest is payable beginning March 1, 2005, and semiannually on each March 1 and September 1. The interest rate of this debt at the date of issue ranges from 2.75 percent to 5.125 percent. The certificates mature serially beginning September 1, 2005 through September 1, 2036.

The annual debt service requirements to maturity for these Tax Allocation Refunding Bonds at June 30, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 455,000	$ 885,006	$ 1,340,006
2013	470,000	870,661	1,340,661
2014	485,000	855,139	1,340,139
2015	500,000	838,636	1,338,636
2016	515,000	821,124	1,336,124
2017-2021	2,885,000	3,796,337	6,681,337
2022-2026	3,520,000	3,140,175	6,660,175
2027-2031	4,385,000	2,251,716	6,636,716
2032-2037	6,840,000	1,074,750	7,914,750
	$ 20,055,000	$ 14,533,544	$ 34,588,544

Tax Allocation Parity Bonds Series 2006 - Original Issue $16,805,000

On November 10, 2006, the Camarillo Community Development Commission issued $16,805,000 in Tax Allocation Parity Bonds, to fund certain redevelopment projects within the Camarillo Corridor Project Area, to purchase a surety as an additional deposit to the debt service reserve account, and to pay costs incurred in connection with the issuance, sale, and delivery of the Bonds. Interest is payable beginning March 1, 2007, and semi-annually on each March 1 and September 1. The interest rate of this debt at the date of issue ranges from 4.00 to 5.00 percent. The certificates mature serially beginning September 1, 2007 through September 1, 2041.

NOTE 5 – LONG-TERM DEBT, (CONTINUED)

The annual debt service requirements to maturity for these Tax Allocation Parity Bonds at June 30, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 140,000	$ 710,338	$ 850,338
2013	145,000	704,637	849,637
2014	155,000	698,637	853,637
2015	160,000	692,338	852,338
2016	165,000	685,837	850,837
2017-2021	940,000	3,308,009	4,248,009
2022-2026	1,160,000	3,088,653	4,248,653
2027-2031	1,430,000	2,811,187	4,241,187
2032-2036	1,770,000	2,462,938	4,232,938
2037-2041	7,955,000	1,474,738	9,429,738
2041-2042	2,110,000	94,950	2,204,950
Total	$ 16,130,000	$ 16,732,262	$ 32,862,262

Housing Set-Aside Tax Allocation Bonds Series 2006A - Original Issue $5,110,000

On November 10, 2006, the Camarillo Community Development Commission issued $5,110,000 in Housing Set-Aside Tax Allocation Bonds, to fund certain low and moderate income housing projects and programs, to fund a reserve account for the Bonds, including the purchase of a surety and to pay costs of issuance of the Bonds. Interest is payable beginning March 1, 2007, and semiannually on each March 1 and September 1. The interest rate of this debt at the date of issue ranges from 4.50 to 4.60 percent. The certificates mature serially beginning September 1, 2009 through September 1, 2041.

The annual debt service requirements to maturity for these Housing Set-Aside Tax Allocation Bonds at June 30, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 20,000	$ 229,150	$ 249,150
2013	25,000	228,115	253,115
2014	25,000	226,965	251,965
2015	25,000	225,815	250,815
2016	25,000	224,665	249,665
2017-2021	155,000	1,103,085	1,258,085
2022-2026	190,000	1,063,640	1,253,640
2027-2031	240,000	1,014,190	1,254,190
2032-2036	940,000	928,712	1,868,712
2037-2042	3,425,000	483,498	3,908,498
Total	$ 5,070,000	$ 5,727,835	$ 10,797,835

NOTE 5 – LONG-TERM DEBT, (CONTINUED)

Taxable Housing Set-Aside Tax Allocation Bonds Series 2006A-T - Original Issue $5,715,000

On November 10, 2006, the Camarillo Community Development Commission issued $5,715,000 in Taxable Housing Set-Aside Tax Allocation Bonds, to fund certain low and moderate income housing projects and programs, to fund a reserve account for the Bonds, including the purchase of a surety and to pay costs of issuance of the Bonds. Interest is payable beginning March 1, 2007, and semiannually on each March 1 and September 1. The interest rate of this debt at the date of issue ranges from 5.26 to 5.91 percent. The certificates mature serially beginning September 1, 2007 through September 1, 2034.

The annual debt service requirements to maturity for these Taxable Housing Set-Aside Tax Allocation Bonds at June 30, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$115,000	$ 297,249	$ 412,249
2013	120,000	291,069	411,069
2014	125,000	284,625	409,625
2015	130,000	277,919	407,919
2016	140,000	270,817	410,817
2017-2021	815,000	1,226,216	2,041,216
2022-2026	1,075,000	955,511	2,030,511
2027-2031	1,430,000	592,903	2,022,903
2032-2035	1,260,000	135,339	1,395,339
	$ 5,210,000	$ 4,331,648	$ 9,541,648

Tax Allocation Parity Bonds Series 2009 - Original Issue $17,490,000

On December 23, 2009, the Camarillo Community Development Commission issued $17,490,000 in Tax Allocation Parity Bonds, 1) to finance certain redevelopment activities of the Camarillo Community Development Commission within or of benefit to the CDC's Camarillo Corridor Project area, 2) make a deposit to a reserve account for the Bonds, and 3) to pay the costs of issuing the Bonds. Interest on the Bonds is payable semi-annually on each March 1 and September 1, commencing on March 1, 2010. The interest rate of this debt at the date of issue ranges from 2.00 to 6.00 percent. The certificates mature serially beginning September 1, 2010 through September 1, 2041.

NOTE 5 – LONG-TERM DEBT, (CONTINUED)

The annual debt service requirements to maturity for these Tax Allocation Parity Bonds at June 30, 2011, are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 240,000	$ 942,962	$ 1,182,962
2013	250,000	935,613	1,185,613
2014	255,000	928,037	1,183,037
2015	265,000	918,913	1,183,913
2016	275,000	906,737	1,181,737
2017-2021	1,590,000	4,306,181	5,896,181
2022-2026	2,055,000	3,830,931	5,885,931
2027-2031	2,665,000	3,196,762	5,861,762
2032-2036	4,365,000	2,302,963	6,667,963
2037-2042	5,000,000	1,109,550	6,109,550
Total	$ 16,960,000	$ 19,378,649	$ 36,338,649

Advances from the City of Camarillo

On August 25, 1999, the CDC received an advance from the City in the amount of $1,431,000. The note is payable in annual increments commencing on June 30, 2001 and interest on the note is payable annually at a rate of 7 percent per annum from the date of the note until the date of the final payment or until all sums due have been repaid. On July 27, 2005, the outstanding balance of this advance was consolidated into one promissory note totaling $11,320,200.

On June 25, 2003, the CDC received an advance from the City in the amount of $4,150,000. The note was payable on or before June 30, 2010, and interest on the note is payable annually at a rate of 5 percent per annum from the date of the note until the date of the final payment or until all sums due have been repaid. On July 27, 2005, the outstanding balance of this advance was consolidated into one promissory note totaling $11,320,000.

On June 23, 2004, the CDC received an advance from the City in the amount of $5,000,000. The note is payable on or before June 30, 2014, and interest on the note is payable annually at a rate of 4 percent per annum from the date of the note until the date of the final payment or until all sums due have been repaid. On July 27, 2005, the outstanding balance of this advance was consolidated into one promissory note totaling $11,320,000.

On July 27, 2005, the CDC received an advance from the City in the amount of $1,500,000 and consolidated all other existing advances into one promissory note totaling $11,320,000. The note is payable on or before June 30, 2025, and interest on the note is payable annually at a rate of 5 percent per annum from the date of the note until the date of the final payment or until all sums due have been paid. The CDC has repaid the loan in its entirety to the City; see Note 8 for more detail.

As of June 30, 2010, the balance outstanding of the consolidated note was $11,508,000.

NOTE 6 – TAX INCREMENT REVENUE PLEDGED

The CDC has pledged tax increment revenues to repay the 2004 CDC Tax Allocation Refunding Bonds, 2006 Tax Allocation Parity Bonds, 2006A Housing Set-Aside Tax Allocation Bonds, the 2006A Taxable Housing Set-Aside Tax Allocation Bonds and the 2009 Tax Allocation Parity Bonds. The aggregate amount of the bonds outstanding at June 30, 2011 was $63,425,000.

The bonds are payable solely from the tax increment generated by increased property taxes in the Redevelopment project area. Tax increment is projected to produce 125 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds totals $124,747,411, payable through 2042. For the current year, the total principal and interest paid and gross total tax increment revenues were $4,333,756 and $7,492,218 ($5,207,987 net of pass-throughs to other entities and the Supplemental Educational Revenue Augmentation Fund), respectively.

NOTE 7 – TRANSFER LAND HELD FOR RESALE FROM CDC TO THE CITY

Along with certain capital assets, the Land Held for Resale in the CDC Capital Project fund was also transferred to the City in current fiscal year. Conveying the properties to the City pursuant to Section 33220(g) of the Health and Safety Code would allow for the potential redevelopment of these properties within local control and in accordance with the redevelopment plans. Land Held for Resale was transferred at a value that is the lower of historical cost or estimated net realizable value.

Land Held for Resale:

Project	Acquisition Date	Value
AQ-0305	08/19/04	$ 6,504,624
AQ-0802	06/11/08	4,388,945
AQ-0901	12/15/08	3,299,531
AQ-1001	02/12/10	706,954
AQ-1002	05/05/10	1,019,003
Total Transfer to the City of Camarillo		$ 15,919,057

NOTE 8 – REPAYMENT OF CDC LOAN TO THE CITY

On January 26, 2011, the City Council authorized the transfer of capital assets, land held for resale, and remaining proceeds from debt issuance from the CDC to the City; the City also adopted Council Resolution No. 2011-16 to accept the repayment of consolidated 2005 promissory note in the amount of $11,320,000 from the CDC.

The acceptance of the loan repayment as of January 26, 2011 from the CDC provided the City an additional estimated $575,400 in interest revenues.

NOTE 9 – DEFICIT NET ASSETS

The unrestricted net assets had a deficit balance of $44,874,886 at June 30, 2011 because long-term debt is in excess of capital assets owned by the CDC. The CDC issues debt for construction and/or acquisition of assets, which it then turns over to the City or to private parties within the redevelopment project area. The debt will be repaid with the future property tax increment revenues and the provisions of Assembly Bill X1-26 and X1-27 as further described in Note 13.

NOTE 10 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following fund had expenditures in excess of the budgets in the following amounts for the year ended June 30, 2011:

Debt Service Fund	$ 22,507

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The CDC is presently involved in certain matters of litigation that have arisen in the normal course of conducting CDC business. CDC management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the CDC. Additionally, CDC management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

The CDC has contracts in place for several capital projects. However, due to the pending changes in the legislation that may affect California Redevelopment Agencies, all commitment for these projects have been suspended as of June 30, 2011.

During its deliberation to adopt a budget for the fiscal year ending June 30, 2012, the Governor of the State of California signed Assembly Bills X1-26 and X1-27 that provided for the elimination of redevelopment agencies (RDA's) in the State of California. Under this legislation, redevelopment agencies will be dissolved with the funding previously assigned to them through property taxes to be re-directed to make up part of the short-fall in the funding of the State's budget for fiscal year 2011-2012 and future fiscal years.

This legislation still allows for the continued operation of the redevelopment agencies at reduced funding levels if certain voluntary payments are made to the County Auditor-Controller to replace a portion of the State's funding of the public school system. For the agencies that elect not to make such payments, no new projects, obligations, or activities can be legally permitted to initiate after July 1, 2011; though any existing obligations can still be fulfilled as scheduled.

In accordance with Assembly Bill X1-26, RDAs around the State would be required to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. AB X1-27 provides a mean for redevelopment agencies to preserve its existence by operating under a Voluntary Alternative Redevelopment Program; in such case, the City would adopt an ordinance agreeing to use any available funds not otherwise obligated for other uses to make certain payments to the County Auditor Controller for annual payments starting in fiscal year 2011-2012.

NOTE 11 – COMMITMENTS AND CONTINGENCIES, (CONTINUED)

AB X1-26 directed the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. The Camarillo City Council and CDC Board authorized the transfer of assets under the Community Development Commission to the City's General Fund through Resolution No. 2011-2 on January 26, 2011. In accordance with AB X1-26, if the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency.

In the event that AB X1-26 is upheld, the receivable recognized by funds of the City that had previously loaned or advanced funds to the redevelopment agency would become uncollectible with loss recognized to the City. Additionally, the City would be impacted by the elimination of reimbursements previously paid to the City by the redevelopment agency for shared administrative services.

This legislation is the subject of certain lawsuits that challenge its constitutionality. On July 18, 2011, the League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn AB X1-26 and 27 on the grounds that they violated the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of AB X1-27 and most of AB X1-26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012." A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of AB X1-26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule ("EOPS") by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule ("ROPS") by September 30, 2011. Enforceable obligations include bonds, loans and payments required by the Federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted purposes set forth in AB X1-26.

The Camarillo Community Development Commission adopted Resolution 2011-11 on August 24, 2011 approving an Enforceable Obligation Payment Schedule (EOPS) pursuant to Health & Safety Code Section 34169(g). An amended Resolution 2011-11A was approved on September 28, 2011 for a revised EOPS and to adopt the initial Recognized Obligation Payment Schedule (ROPS) pursuant to Health & Safety Code Section 34169(h) and 34177(1)(1).

The City of Camarillo has indicated that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event AB X1-26 and 27 are upheld as constitutional. The initial payment by the City is estimated to be $1,695,797 with one half due on January 15, 2012 and the other half due on May 15, 2012. Thereafter, an estimated $410,171 will be due for fiscal year 2012-2013. The amounts to be paid after fiscal year 2012-2013 are increased at an estimated rate of 2% annually. The semi-annual payments will be due on January 15 and May 15 of each year and would increase and decrease with changes in the tax increment. Failure to make these payments would require agencies to be terminated under the provisions of AB X1-26.

NOTE 11 – COMMITMENTS AND CONTINGENCIES, (CONTINUED)

The nature and extent of the future operation of redevelopment agencies in the State of California are dependent upon the outcome of litigation surrounding the actions of the State. In the event that AB X1-26 and 27 are specifically found by the State Supreme Court to be unconstitutional, there is a possibility that future legislative acts may create new challenges to redevelopment agencies' ability to continue in view of the California State Legislature's declared intent to eliminate RDAs and to reduce their funding. As of the June 30, 2011, no conclusion can be drawn on this entire situation.

As of June 30, 2011, in the opinion of CDC management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the CDC.

NOTE 12 – SUPPLEMENTAL EDUCATIONAL REVENUE AUGMENTATION FUNDS (SERAF)

On July 24, 2009, the State Legislature passed Assembly Bill (AB) 26 4x, 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 is made over two years, $1.7 billion in prior fiscal year 2009-2010 and $350 million in current 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 CDC made a payment of $1,746,229 in fiscal year 2009-2010, and made a current year payment of $359,518. Payments are to be made by May 10 of each respective fiscal year and are being accounted for by the CDC as expenditure in the line item "Supplemental Educational Revenue Augmentation Fund."

NOTE 13 – SUBSEQUENT EVENTS

On August 24, 2011, the CDC adopted Resolution 2011-11 approving an Enforceable Obligation Payment Schedule (EOPS) pursuant to Health & Safety Code Section 34169(g). Subsequently, September 28, 2011, the CDC adopted Resolution 2011-11A approving a revised EOPS and to adopt the initial Recognized Obligation Payment Schedule (ROPS) pursuant to Health & Safety Code Section 34169(h) and 34177(1)(1). The passing of these resolutions indicating that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the CDC, in the event State Assembly Bills X1-26 and X1-27 are upheld as constitutional.

NOTE 14 – RELATED PARTY TRANSACTIONS

As described in Note 4, 7, 8, and 11, the CDC transferred assets and repaid promissory notes to the City during the fiscal year noted as follows:

Repayment of advances	$ 11,320,000
Transfers of:	
Capital assets	$ 16,375,410
Land held for resale	15,919,057
Unspent bond proceeds and other assets	16,249,303
	$ 48,543,770

REQUIRED SUPPLEMENTARY INFORMATION

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
LOW AND MODERATE INCOME HOUSING SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property tax increment	$ 1,305,807	$ 1,305,807	$ 1,499,771	$ 193,964
Interest	54,800	54,800	42,218	(12,582)
Net increase (decreases) in the fair value of investments	-	-	(10,006)	(10,006)
Total Revenues	1,360,607	1,360,607	1,531,983	171,376
EXPENDITURES				
Current:				
Community services	3,020,165	1,603,383	17,617	1,585,766
Total Expenditures	3,020,165	1,603,383	17,617	1,585,766
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,659,558)	(242,776)	1,514,366	1,757,142
OTHER FINANCING USES				
Transfers out	(658,200)	(658,200)	(658,200)	
Total Other Financing Uses	(658,200)	(658,200)	(658,200)	
Net Change in Fund Balance	(2,317,758)	(900,976)	856,166	1,757,142
Fund Balance, Beginning of Year	13,021,993	13,021,993	13,021,993	-
Fund Balance, End of Year	$ 10,704,235	$ 12,121,017	$ 13,878,159	$ 1,757,142

SUPPLEMENTARY INFORMATION

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

EXCESS SURPLUS CALCULATION
LOW AND MODERATE INCOME HOUSING FUND

JUNE 30, 2011

	Low and Moderate Housing Funds - All Project Areas July 1, 2010	
Opening Fund Balance		$ 13,021,993
Less Unavailable Amounts:		
Unspent Bond Proceeds	$ (10,658,444)	
Loans receivable	(275,000)	
		(10,933,444)
Available Low and Moderate Income Housing Funds		$ 2,088,549
Limitation (greater of $1,000,000 or four years set-aside)		
Set-Aside for last four years		
2006-2007	969,376	
2007-2008	1,372,827	
2008-2009	1,412,303	
2009-2010	1,326,504	
Total	$ 5,081,010	
Base Limitation	$ 1,000,000	
Greater Amount		$ 5,081,010
Computed Excess Surplus		None

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL REDEVELOPMENT DEBT SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property tax increment	$ 5,284,793	$ 6,151,673	$ 5,992,447	$ (159,226)
Interest	32,700	32,700	-	(32,700)
Total Revenues	5,317,493	6,184,373	5,992,447	(191,926)
EXPENDITURES				
Current:				
Community services	103,200	103,200	115,874	(12,674)
Pass through payments to other agencies	1,734,900	1,915,080	1,924,713	(9,633)
Supplemental Educational Revenue Augmentation Fund	359,173	359,173	359,518	(345)
Debt service:				
Principal	1,235,000	12,743,000	12,743,000	-
Interest	3,098,900	3,434,550	3,434,405	145
Total Expenditures	6,531,173	18,555,003	18,577,510	(22,507)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,213,680)	(12,370,630)	(12,585,063)	(214,433)
OTHER FINANCING SOURCES (USES)				
Transfers in	658,200	12,501,850	12,501,850	-
Transfers out	-	(13,152)	(13,152)	-
Transferred from City of Camarillo	-	-	14,555	14,555
Transferred to City of Camarillo	-	(578,265)	(1,042,114)	(463,849)
Total Other Financing Sources (Uses)	658,200	11,910,433	11,461,139	(449,294)
Net Change in Fund Balance	(555,480)	(460,197)	(1,123,924)	(663,727)
Fund Balance, Beginning of Year	3,747,464	3,747,464	3,747,464	-
Fund Balance, End of Year	$ 3,191,984	$ 3,287,267	$ 2,623,540	$ (663,727)

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL COMMUNITY REDEVELOPMENT CAPITAL PROJECTS FUND

FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Interest	$ 89,350	$ 10,007	$ 11,319	$ 1,312
Total Revenues	89,350	10,007	11,319	1,312
EXPENDITURES				
Current:				
Community development	1,848,485	404,454	404,606	(152)
Capital outlay	2,575,000	5,523,632	5,522,709	923
Total Expenditures	4,423,485	5,928,086	5,927,315	771
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,334,135)	(5,918,079)	(5,915,996)	2,083
OTHER FINANCING SOURCES (USES)				
Transfers in	-	13,152	13,152	-
Transfers out	(2,575,000)	(11,843,650)	(11,843,650)	-
Transferred from City of Camarillo	-	313,208	313,208	-
Transferred to City of Camarillo	-	(31,603,219)	(31,127,746)	475,473
Total Other Financing Sources (Uses)	(2,575,000)	(43,120,509)	(42,645,036)	475,473
Net Change in Fund Balance	(6,909,135)	(49,038,588)	(48,561,032)	477,556
Fund Balance, Beginning of Year	48,561,032	48,561,032	48,561,032	-
Fund Balance, End of Year	$ 41,651,897	$ (477,556)	$ -	$ 477,556

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Of the Camarillo Community Development Commission
Camarillo, California

We have audited the financial statements of the governmental activities and each major fund of the Camarillo Community Development Commission (the CDC), a component unit of the City of Camarillo, California (the City) as of and for the fiscal year ended June 30, 2011, which collectively comprise the CDC's basic financial statements, and have issued our report thereon dated December 8, 2011. Our report refers to the CDC's adoption of the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB Statement No. 59, *Financial Instruments Omnibus*, effective July 1, 2010. Additionally, our report refers to certain footnote disclosures relating to the impact of recent legislation for California Redevelopment Agencies, the repayment of a loan from the City, the transfer of land held for resale, bond proceeds, and capital assets to the City of Camarillo. 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

Management of the CDC is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing out audit, we considered the Camarillo Community Development Commission'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 the CDC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the CDC'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the CDC'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 was not designed to identify all deficiencies in internal control over financial reporting 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.

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Compliance and other matters

As part of obtaining reasonable assurance about whether the CDC'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. 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 and use of the Board of Directors, management of the Camarillo Community Development Commission, and the State Controller and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 8, 2011

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON CALIFORNIA REDEVELOPMENT AGENCIES, AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE *GUIDELINES FOR COMPLIANCE AUDITS OF CALIFORNIA REDEVELOPMENT AGENCIES* AS INTERPRETED IN THE *SUGGESTED AUDITING PROCEDURES FOR ACCOMPLISHING COMPLIANCE AUDITS OF CALIFORNIA REDEVELOPMENT AGENCIES*

To the Board of Directors
Of the Camarillo Community Development Commission
Camarillo, California

Compliance

We have audited the Camarillo Community Development Commission's (the CDC) compliance with the California Health and Safety Code as required by Section 33080.1 for the year ended June 30, 2011. Compliance with the requirements referred to above is the responsibility of the CDC's management. Our responsibility is to express an opinion on the CDC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Guidelines for Compliance Audits of California Redevelopment Agencies, June 2011*, issued by the State Controller and as interpreted in the *Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies, August 2011* issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the CDC has occurred. An audit includes examining, on a test basis, evidence about the CDC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the CDC's compliance with those requirements.

In our opinion, the CDC complied, in all material respects, with the compliance requirements referred to above that are applicable for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the CDC is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the CDC's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the CDC's internal control over compliance.

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A *deficiency in internal control* over compliance 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 noncompliance on a timely basis. A *material weakness in internal control* over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance.

We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of Board members, management of the Camarillo Community Development Commission and the State Controller and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 8, 2011

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2011

None reported.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

JUNE 30, 2011

None reported.