CAMARILLO COMMUNITY DEVELOPMENT COMMISSION
Camarillo, California

BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

FOR FISCAL YEAR ENDED JUNE 30, 2007

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

TABLE OF CONTENTS

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Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

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 (the City), as of and for the fiscal year ended June 30, 2007, 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 examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic 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, 2007, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2007 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 6 and 29, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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.

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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, are 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
November 30, 2007

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2007

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, 2007. The intent of this discussion and analysis is to look at the CDC's financial performance as a whole. Readers should also review the basic financial statements, as well as the prior years' report ended June 30, 2006, to enhance their understanding of the CDC's financial performance. This is the fifth year of implementing a new reporting format in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34.

The financial section of this report has been prepared to show the results of the financial administration, financial condition, and operations of the CDC. The combined financial statements in this report have been audited by the firm of Vavrinek, Trine, Day & Company, LLP, whose opinion is included in this report.

BASIS OF ACCOUNTING AND FUND GROUPINGS

The 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 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 present 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.

FINANCIAL DISCUSSION

The following is the condensed Statement of Activities and Changes in Net Assets for the fiscal years ended June 30, 2007 and 2006.

Camarillo Community Development Commission's Net Assets
As of June 30, 2007 and 2006, as restated

	2007	2006
Current and other assets	$ 56,302,219	$ 29,234,661
Capital assets	6,915,369	2,732,482
Total Assets	63,217,588	31,967,143
Current liabilities	3,222,744	919,071
Long-term liabilities outstanding	59,038,117	32,468,296
Other liabilities		
Total Liabilities	62,260,861	33,387,367
Net Assets:		
Invested in capital assets, net of related debt	6,915,369	2,732,482
Restricted	8,855,220	15,184,263
Unrestricted (deficit)	(14,813,862)	(19,336,969)
Total Net Assets	$ 956,727	$ (1,420,224)

Net Assets of the Camarillo Community Development Commission increased by $2,376,951 primarily due to increased property tax increment, interest earnings including the year end fair value adjustment of investments, and a decrease in community service program costs. Capital assets increased $4,182,887 or 153.1% primarily from the capitalization of Ventura Boulevard Streetscape construction expenditures incurred. Long term debt increased by $25,650,750, or 81.8%, due to the issuance of the 2006 Tax Allocation Parity and Housing Series Bonds.

Camarillo Community Development Commission's Changes in Net Assets
As of June 30, 2007 and 2006, as restated

	2007	2006
Revenues:		
Taxes	$3,877,505	$2,936,978
Interest, net of fair value	1,403,890	718,577
Total Revenues	$5,281,395	$3,655,555
Expenses:		
Community services	30,857	1,505,933
Community development	509,062	515,463
Interest on long-term debt	2,364,525	1,547,493
Total Expenses	2,904,444	3,568,889
Increase in net assets	2,376,951	86,666

Under the fund financial statements, the CDC reports an increase in fund balances of $24,526,612 and the total fund balance at June 30, 2007 was $52,663,188, of which $7.9 million is reserved or committed. Reservations represent amounts that are either not available for appropriation or have been formally committed to a specific use.

The net tax increment revenue increased by $940,527, or 32.0%, in fiscal year 2006-07 to $3.877 million from the previous fiscal year. The secured property tax portion of the total tax increment revenue increased $515,010 or 15.4% over the previous year's secured tax. The supplemental property taxes increased $295,352 or 175.4% over the previous year's supplemental taxes. There was no reduction in the net tax increment revenue for a payment to the State of California's Education Revenue Augmentation Fund (ERAF). During the previous year the CDC was required to make the final of four annual ERAF payments in the amount of $239,043. The net overall increase in tax increment revenues is primarily attributable to a change in assessed value which is affected when property is sold and reassessed at the new sales price. With the significant growth in property values over the last few years, the assessed values have grown at an unusually high rate.

Net investment income increased $685,313, or 95.4%, from the prior fiscal year primarily due to an increase in funds available for investment as the result of a $22.7 million bond sale. An additional impact resulted from an increase in interest rates on investments from an annual average of 2.69 percent to 4.54 percent. These positive increases were further enhanced by a year-end positive "net adjustment to fair value" of $183,378.

Total governmental funds expenditures for the fiscal year were $8,255,599, which included $218,818 for city administrative charges; $314,013 in community services and development costs, $4,189,975 in capital outlay, and $3,532,793 in debt service payments and bond issuance costs. Other financing sources include $27.6 million in bond proceeds from the new 2006 parity and housing bond series.

Major events and significant long-term debt activities included the following:

- The CDC issued three series of bonds in November 2006: a parity series in the amount of $16.8 million to fund various capital projects; a non-taxable Housing Set-aside series in the amount of $5.1 million; and a taxable Housing Set-aside series in the amount of $5.7 million.

- The CDC began construction of Ventura Boulevard Phase III improvements to the easterly portion of the Old Town Streetscape Project including paving, landscaping, sidewalks, lighting and entry monuments. Construction of the Phase III improvements is expected to be completed by November 2007.

Amendments between the original and the final budget resulted in increased estimated revenues of $302,700 or 7.2% and a net increase in Other Financing Sources, bond proceeds, of $29.1 million. The increases were offset by budgetary increases in expenditures of $1.3 million. The CDC Debt Service Fund reflected an overall positive variance, (Revenues over Expenditures) of $357,509 due to the increased property tax increment revenue. The Capital Projects Fund also reflected a positive budget variance of $4,565,766 primarily due to the delay in construction of the capital projects.

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, CA 93010.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CAMARILLO COMMUNITY DEVELOPMENT COMMISSION
STATEMENT OF NET ASSETS

JUNE 30, 2007

	Governmental Activities
ASSETS	
Current Assets:	
Cash and investments	$ 10,169,069
Restricted cash and investments	33,371,981
Receivables:	
Accounts, net	11,148
Interest	113,095
Notes	275,000
Land held for resale	6,507,751
Total Current Assets	50,448,044
Noncurrent Assets:	
Restricted cash and investments	3,745,824
Deferred charges	2,108,351
Capital assets:	
Non-depreciable	6,645,587
Depreciable, net	269,782
Total Capital Assets	6,915,369
Total Assets	63,217,588
LIABILITIES	
Current Liabilities:	
Accounts payable	1,171,632
Wages payable	538
Retentions payable	357,265
Compensated absences	1,245
Interest payable	758,609
Long-term debt - due within one year	933,455
Total Current Liabilities	3,222,744
Noncurrent Liabilities:	
Long-term debt - due in more than one year	59,038,117
Total Liabilities	62,260,861
NET ASSETS	
Invested in capital assets, net of related debt	6,915,369
Restricted for:	
Debt service	400,424
Special projects and programs	8,454,796
Total Restricted	8,855,220
Unrestricted (Deficit)	(14,813,862)
Total Net Assets	$ 956,727

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

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2007

		Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Net Governmental Activities
Functions/Programs					
Community services	$ 30,857				$ (30,857)
Community development	509,062				(509,062)
Interest on long-term debt	2,364,525				(2,364,525)
Total Governmental Activities	$ 2,904,444				(2,904,444)

General Revenues:	
Taxes:	
Property tax increment	3,877,505
Interest	1,220,512
Net increase (decrease) in the fair value of investments	183,378
Total General Revenues	5,281,395
Change in Net Assets	2,376,951
Net Assets at Beginning of Year	(1,420,224)
Net Assets at End of Year	$ 956,727

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

FUND FINANCIAL STATEMENTS

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CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2007

	Low and Moderate Income Housing Special Revenue Fund	Debt Service Fund	Capital Project Fund	Total Governmental Funds
ASSETS				
Cash and investments	$ 1,658,441	$ 2,213,086	$ 6,297,542	$ 10,169,069
Restricted cash and investments	10,440,568	1,159,033	25,518,204	37,117,805
Receivables:				
Accounts, net		11,148		11,148
Interest	15,387	17,259	80,449	113,095
Notes	275,000			275,000
Land held for resale			6,507,751	6,507,751
Total Assets	$ 12,389,396	$ 3,400,526	$ 38,403,946	$ 54,193,868
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable		2,229	1,169,403	1,171,632
Wages payable	538			538
Retentions payable			357,265	357,265
Compensated absences	1,245			1,245
Total Liabilities	1,783	2,229	1,526,668	1,530,680
FUND BALANCE				
Reserved for:				
Notes receivable	275,000			275,000
Debt service		1,159,033		1,159,033
Land held for resale			6,507,751	6,507,751
Unreserved reported in:				
Special Revenue Funds	12,112,613			12,112,613
Debt Service Funds		2,239,264		2,239,264
Capital Projects Funds			30,369,527	30,369,527
Total Fund Balance	12,387,613	3,398,297	36,877,278	52,663,188
Total Liabilities and Fund Balance	$ 12,389,396	$ 3,400,526	$ 38,403,946	$ 54,193,868

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, 2007

Fund Balances of Governmental Funds		$ 52,663,188
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.		6,915,369
Bond issuance costs are expensed in the government funds and amortized over the life of the debt issuance in the Government-wide Statements.		2,108,351
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.		(758,609)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Loans from the City of Camarillo	(11,180,000)	
Bonds Payable	(49,345,000)	
Bond Premiums	(79,090)	
Bond Discounts	126,724	
Deferred Loss on Refunding	505,794	
		(59,971,572)
Net Assets of Governmental Activities		$ 956,727

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

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

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

FOR THE YEAR ENDED JUNE 30, 2007

	Low and Moderate Income Housing Special Revenue Fund	Debt Service Fund	Capital Project Fund	Total Governmental Funds
REVENUES				
Property tax increment		$ 3,877,505		$ 3,877,505
Interest	$ 133,922	269,501	$ 817,089	1,220,512
Net increase in the fair value of investments	42,027	15,001	126,350	183,378
Total Revenues	175,949	4,162,007	943,439	5,281,395
EXPENDITURES				
Current:				
Community services	14,802	16,055		30,857
Community development			501,974	501,974
Capital outlay			4,189,975	4,189,975
Debt service:				
Principal		435,000		435,000
Interest		1,870,454		1,870,454
Cost of issuance		1,227,339		1,227,339
Total Expenditures	14,802	3,548,848	4,691,949	8,255,599
EXCESS (DEFICIENCY) REVENUES OVER (UNDER) EXPENDITURES	161,147	613,159	(3,748,510)	(2,974,204)
OTHER FINANCING SOURCES (USES)				
Transfers in	11,293,569	145,000	16,101,455	27,540,024
Proceeds from bond issuance		27,630,000		27,630,000
Discount on debt issue		(129,184)		(129,184)
Transfers out	(145,000)	(27,395,024)		(27,540,024)
Total Other Financing Sources	11,148,569	250,792	16,101,455	27,500,816
Net Change in Fund Balance	11,309,716	863,951	12,352,945	24,526,612
Fund Balance, Beginning of Year	1,077,897	2,534,346	24,524,333	28,136,576
Fund Balance, End of Year	$ 12,387,613	$ 3,398,297	$ 36,877,278	$ 52,663,188

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, 2007

Net Change in Fund Balances - Total Governmental Funds	$ 24,526,612
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	4,189,975
Depreciation expense	(7,088)
Governmental funds do not report the amortization of bond issuance costs. However, the statement of activities does recognize amortization.	(55,632)
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.	
Proceeds from issuance of bonds	(27,630,000)
Discount on Debt	129,184
Debt Issuance Cost	1,227,339
Amortization of Premium on 2004 Tax Allocation Refunding Bonds	31,516
Amortization of Discount on 2006 Tax Allocation Parity Bonds	(1,256)
Amortization of Discount on 2006A Housing Set-Aside Tax Allocation Bonds	(1,204)
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	435,000
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.	(436,209)
Change in Net Assets of Governmental Activities	$ 2,376,951

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

NOTES TO FINANCIAL STATEMENTS

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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, 1997. 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

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, 2007.

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% 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 *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.

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenues are recorded when received in cash, except for revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the CDC, are property tax, sales tax, franchise taxes, special assessments, intergovernmental revenues and other taxes. 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.

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 inter fund loans).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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.

The Governmental Accounting Standards Board (GASB) Statement No. 34 requires the inclusion of infrastructure capital assets in local governments' basic financial statements. The CDC did not have any infrastructure capital assets at June 30, 2007.

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Net Assets

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

Invested in Capital Assets Net of Related Debt - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

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 – Reservations and Designations

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. 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 and 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

L. 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.

M. New GASB Pronouncements

GASB Statement No. 45 – In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. This statement is not effective until June 30, 2009. The Commission has not determined its effect on the financial statements.

GASB Statement No. 48 – In September 2006, the GASB issued Statement No. 49, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues. This statement addresses accounting and financial reporting standards for transactions where governments exchange an interest in their expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. This statement establishes criteria and reporting standards regarding the exchange as either a sale or collateralized borrowing, resulting in a liability. This statement is not effective until June 30, 2008. The Commission has not determined its effect on the financial statements.

GASB Statement No. 49 – In November 2006, the GASB issued Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. This statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. This statement is not effective until June 30, 2009. The Commission has not determined its effect on the financial statements.

GASB Statement No. 50 – In May 2007, the GASB issued Statement No. 50, Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27. This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. This statement is not effective until June 30, 2008. The Commission has not determined its effect on the financial statements.

GASB Statement No. 51 – In June 2007, the GASB issued Statement No. 51, Accounting and Financial Reporting for Intangible Assets. This statement establishes accounting and financial reporting standards for many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. This statement is not effective until June 30, 2010. The Commission has not determined its effect on the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. Deferred Charges

Bond issuance cost, including underwriters' discounts, totaled $2,108,351 for the year ended June 30, 2007 and are reported as deferred changes in the Statement of Net Assets. Amortization is taken over the life of the debt issued and included in interest expense unless otherwise noted.

O. 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.

P. 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, 2007:

Cash and investments (pooled with the City of Camarillo)	10,169,069
Restricted cash and investments	37,117,805
Total Cash and Investments	$ 47,286,874

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, 2007 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.

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 Commission*).

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%	None
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 that 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 Commission does not maintain an investment policy to manage its exposure to interest rate risk. However, the Commission 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, 2007, the Commission'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
Federal Farm Credit Banks	3,245,671	3,245,671				
Federal Home Loan Banks	6,828,388	6,330,108	498,280			
Federal Home Loan Mortgage Corporation	5,779,751	4,496,983	1,282,768			
Fannie Mae	4,433,034	3,595,752	837,282			
Guaranteed Investment Contract	10,277,544	9,150,050				1,127,494
US Treasury Securities	1,540,000	1,540,000				
Equity in City Pool	10,169,069	10,169,069				
Money Market Fund	5,013,417	5,013,417				
Total Cash and Investments	$47,286,874	43,541,050	2,618,330			1,127,494

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 raters Standard & Poor's, and Moody's Investors Services. At June 30, 2007, the City's credit risks, expressed on a percentage basis, are as follows:

Investment Type	S&P Rating	Moody's Rating	Investments
Federal Farm Credit Banks	AAA	AAA	7%
Federal Home Loan Banks	AAA	AAA	14%
Federal Home Loan Mortgage Corporation	AAA	AAA	12%
Fannie Mae	AAA	AAA	9%
Guaranteed Iinvestment Contract	Not Rated	Not Rated	22%
US Treasury Securities	AAA	AAA	3%
Equity in City Pool	Not Rated	Not Rated	22%
Money Market Fund	AAA	AAA	11%
Total			100%

NOTE 2 – CASH AND INVESTMENTS, Continued

Concentration of Credit Risk

The CDC maintains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Agency investments are as follows:

Issuer	Investment Type	Reported Amount
FSA Capital Management Services LLC	Guaranteed Investment Contract	$ 9,150,050
MBIA Inc.	Guaranteed Investment Contract	1,127,494
Federal Farm Credit Banks	U.S. Agency Securities	3,245,671
Federal Home Loan Banks	U.S. Agency Securities	6,828,388
Federal Home Loan Mortgage Corporation	U.S. Agency Securities	5,779,751
Fannie Mae	U.S. Agency Securities	4,433,034

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).

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 CDC 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. The fair value change in investments for the year came to an amount that was not material for presentation in the financial statements.

NOTE 3 – INTERFUND TRANSACTIONS

The CDC had the following transfers in the Fund Financial Statements as of June 30, 2007:

Transfer In	Transfer Out: Debt Service Fund	Transfer Out: Low and Moderate Income Housing	Total
Debt Service Fund		$ 145,000	$ 145,000
Low and Moderate Income Housing	$ 11,293,569		11,293,569
Capital Project Fund	16,101,455		16,101,455
	$ 27,395,024	$ 145,000	$ 27,540,024

The $11,293,569 transfer was recorded to deposit the required 20% property tax increment set-aside into the Low and Moderate Income Housing Special Revenue Fund, and 20% of the net proceeds on the new issuance of debt on the 2006A Housing Set-Aside Tax Allocation Bonds and the 2006A-T Taxable Housing Set-Aside Tax Allocation Bonds.

The $16,101,455 transfer was recorded to deposit net proceeds on the new issuance of in the capital project fund.

The $145,000 transfer was recorded to provide funds for bond debt service.

NOTE 4 – CAPITAL ASSETS

The following is a summary of capital assets for governmental activities for the fiscal year ended June 30, 2007:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Non-depreciable assets:				
Land	$ 348,765			$ 348,765
Construction in Progress	2,106,848	$ 4,189,974		6,296,822
	2,455,613	4,189,974		6,645,587
Depreciable assets:				
Buildings and improvements	50,000			50,000
Furniture and fixtures	271,827			271,827
	321,827			321,827
Less accumulated depreciation	(44,958)	(7,087)		(52,045)
Depreciable assets, net	276,869	(7,087)		269,782
Total capital assets, net	$ 2,732,482	$ 4,182,887		$ 6,915,369

Depreciation expense of $7,087 is recorded in the Community Development function for the year ended June 30, 2007.

Construction in progress consists of various capital projects. Once these projects are completed the asset is transferred and maintained by the City of Camarillo.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

NOTE 5 – LONG-TERM DEBT

The following is a summary of long-term debt transactions for the fiscal year ended June 30, 2007.

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Amount Due Within One Year
Governmental Activities:					
2004 CDC Tax Alloction Refunding Bonds	$ 22,080,000		$ 365,000	$ 21,715,000	$ 385,000
Premium on 2004 CDC Bonds	110,606		31,516	79,090	23,432
Less Deferred Charges	(537,080)		(31,286)	(505,794)	(31,286)
Advances from the City of Camarillo	11,250,000		70,000	11,180,000	70,000
2006 Tax Allocation Parity Bonds		$ 16,805,000		16,805,000	285,000
Discount on 2006		(65,958)	1,256	(64,702)	(1,885)
2006A Housing Set-Aside Tax Allocation Bonds		5,110,000		5,110,000	
Discount on 2006A		(63,226)	1,204	(62,022)	(1,806)
2006A-T Taxable Housing Set-Aside Tax Allocation Bonds		5,715,000		5,715,000	205,000
	$ 32,903,526	$ 27,500,816	$ 437,690	$ 59,971,572	$ 933,455

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

On September 13, 2004, the Camarillo Development Commission issued $22,500,000 in Tax Allocation Refunding Bonds to advance refund the Commission'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% to 5.125%. 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, 2007, are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	$ 385,000	$ 953,310	$ 1,338,310
2009	405,000	933,319	1,338,319
2010	425,000	913,631	1,338,631
2011	445,000	897,950	1,342,950
2012	455,000	885,007	1,340,007
2013-2017	2,505,000	4,187,976	6,692,976
2018-2022	2,995,000	3,681,365	6,676,365
2023-2027	3,675,000	2,982,641	6,657,641
2028-2032	4,590,000	2,038,684	6,628,684
2033-2037	5,835,000	757,875	6,592,875
Total	$ 21,715,000	$ 18,231,758	$ 39,946,758

NOTE 5 – LONG-TERM DEBT, Continued

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

On November 7, 2006, the Camarillo 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 semiannually 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%. The certificates mature serially beginning September 1, 2007 through September 1, 2041.

The annual debt service requirements to maturity for these Tax Allocation Parity Bonds at June 30, 2007, are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	$ 285,000	$ 734,438	$ 1,019,438
2009	125,000	726,238	851,238
2010	130,000	721,138	851,138
2011	135,000	715,838	850,838
2012	140,000	710,338	850,338
2013-2017	795,000	3,459,740	4,254,740
2018-2022	985,000	3,266,471	4,251,471
2023-2027	1,205,000	3,038,645	4,243,645
2028-2032	1,490,000	2,747,312	4,237,312
2033-2037	1,850,000	2,383,752	4,233,752
2038-2041	9,665,000	1,126,015	10,791,015
Total	16,805,000	19,629,925	$ 36,434,925

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

On November 10, 2006, the Camarillo 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%. The certificates mature serially beginning September 1, 2009 through September 1, 2041.

NOTE 5 – LONG-TERM DEBT, Continued

The annual debt service requirements to maturity for these Housing Set-Aside Tax Allocation Bonds at June 30, 2007, are as follows:

Year Ending June 30,	Principal	Interest	Total
2008		$ 231,450	$ 231,450
2009		231,450	231,450
2010	$ 20,000	230,990	250,990
2011	20,000	230,070	250,070
2012	20,000	229,150	249,150
2013-2017	130,000	1,128,960	1,258,960
2018-2022	160,000	1,095,840	1,255,840
2023-2027	200,000	1,054,670	1,254,670
2028-2032	250,000	1,002,920	1,252,920
2033-2037	1,395,000	875,873	2,270,873
2038-2041	2915000	340422.5	3,255,423
Total	$ 5,110,000	$ 6,651,795	$ 11,761,795

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

On November 10, 2006, the Camarillo 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 4.50% to 4.60%. The certificates mature serially beginning September 1, 2007 through September 1, 2034.

NOTE 5 – LONG-TERM DEBT, Continued

The annual debt service requirements to maturity for these Taxable Housing Set-Aside Tax Allocation Bonds at June 30, 2007, are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	$ 205,000	$ 321,445	$ 526,445
2009	95,000	313,555	408,555
2010	100,000	308,426	408,426
2011	105,000	303,035	408,035
2012	115,000	297,249	412,249
2013-2017	660,000	1,387,552	2,047,552
2018-2022	860,000	1,178,184	2,038,184
2023-2027	1,140,000	891,498	2,031,498
2028-2032	1,515,000	506,044	2,021,044
2033-2034	920,000	70,920	990,920
Total	$ 5,715,000	$ 5,577,908	$ 11,292,908

Advance Refunding

In September 2004, the Commission issued $22,500,000 in Camarillo Community Development Commission Tax Allocation Refunding Bonds, Series 2004. These bonds were issued to refund the remaining balance of $6,345,000 of the Camarillo Community Development Commission Tax Allocation Bonds, Series 1999.

The proceeds from the Commission's refundings have been placed in irrevocable escrow accounts overseen by independent bank fiscal agents. Such proceeds are generally invested in U.S. Treasury Securities, which, together with interest earned thereon, are intended to provide amounts sufficient for future payments of interest, principal, and redemption premium on the refunded bonds. These refunded bonds have not been included as Commission outstanding long-term debt since establishing the irrevocable trust thereon satisfied the Commission's obligation.

As of June 30, 2007, the total amount of defeased debt outstanding but removed from the Commission's Statement of Net Assets aggregated $5,965,000.

Advances from the City of Camarillo

On August 25, 1999, the Commission 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% 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.

NOTE 5 – LONG-TERM DEBT, Continued

On June 25, 2003, the Commission received an advance from the City in the amount of $4,150,000. The note is payable in on or before June 30, 2010, and interest on the note is payable annually at a rate of 5% 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 Commission received an advance from the City in the amount of $5,000,000. The note is payable in on or before June 30, 2014, and interest on the note is payable annually at a rate of 4% 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 Commission received an advance from the City in the amount of $1,500,000 and consolidated all other existing advance into one promissory note totaling $11,320,200. The note is payable in on or before June 30, 2025, and interest on the note is payable annually at a rate of 5% per annum from the date of the note until the date of the final payment or until all sums due have been paid. The balance outstanding at June 30, 2007 was $11,180,000.

NOTE 6 – DEFICIT NET ASSETS

The unrestricted net assets had a deficit balance of $14,813,862 and a total net assets of $956,727 at June 30, 2007 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 future property tax increment revenue.

NOTE 7 – 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. The remaining commitment for these projects total approximately $2.1 million.

As of June 30, 2007 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.

REQUIRED SUPPLEMENTARY INFORMATION

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CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

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

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Interest	$ 83,150	$ 49,150	$ 133,922	$ 84,772
Net increase in the fair value of investments			42,027	42,027
Total Revenues	83,150	49,150	175,949	126,799
EXPENDITURES				
Current:				
Community services	13,063	15,263	14,802	461
Capital outlay		450,000		450,000
Total Expenditures	13,063	465,263	14,802	450,461
REVENUES OVER EXPENDITURES	70,087	(416,113)	161,147	577,260
OTHER FINANCING USES				
Transfers in	843,200	11,293,570	11,293,569	(1)
Transfers out		(145,000)	(145,000)	
Total Other Financing Uses	843,200	11,148,570	11,148,569	(1)
Net Change in Fund Balance	913,287	10,732,457	11,309,716	577,259
Fund Balance, Beginning of Year	1,855,400	629,487	1,077,897	448,410
Fund Balance, End of Year	$ 2,768,687	$ 11,361,944	$ 12,387,613	$ 1,025,669

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, 2007

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property tax increment	$ 3,372,800	$ 3,581,500	$ 3,877,505	$ 296,005
Interest	226,250	266,250	269,501	3,251
Net increase in the fair value of investments			15,001	15,001
Total Revenues	3,599,050	3,847,750	4,162,007	314,257
EXPENDITURES				
Current:				
Community services	12,800	21,050	16,055	4,995
Debt service:				
Principal	435,000	435,000	435,000	
Interest	1,538,550	1,875,050	1,870,454	4,596
Cost of issuance		1,261,000	1,227,339	33,661
Total Expenditures	1,986,350	3,592,100	3,548,848	43,252
REVENUES OVER (UNDER) EXPENDITURES	1,612,700	255,650	613,159	357,509
OTHER FINANCING SOURCES (USES)				
Transfers in		145,000	145,000	
Proceeds from bond issuance		27,630,000	27,630,000	
Discount on debt issue		(129,200)	(129,184)	16
Transfers out	(843,200)	(27,395,025)	(27,395,024)	1
Total Other Financing Sources (Uses)	(843,200)	250,775	250,792	17
Net Change in Fund Balance	769,500	506,425	863,951	357,526
Fund Balance, Beginning of Year	2,314,849	1,005,651	2,534,346	1,528,695
Fund Balance, End of Year	$ 3,084,349	$ 1,512,076	$ 3,398,297	$ 1,886,221

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SUPPLEMENTARY INFORMATION

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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, 2007

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Interest	$ 533,800	$ 621,800	$ 817,089	$ 195,289
Net increase in the fair value of investments			126,350	126,350
Total Revenues	533,800	621,800	943,439	321,639
EXPENDITURES				
Current:				
Community development	901,444	831,444	501,974	329,470
Capital outlay	8,303,519	8,104,632	4,189,975	3,914,657
Total Expenditures	9,204,963	8,936,076	4,691,949	4,244,127
REVENUES UNDER EXPENDITURES	(8,671,163)	(8,314,276)	(3,748,510)	4,565,766
OTHER FINANCING SOURCES (USES)				
Transfers in		16,101,455	16,101,455	
Transfers out	(1,500,000)			
Total Other Financing Sources (Uses)	(1,500,000)	16,101,455	16,101,455	
Net Change in Fund Balance	(10,171,163)	7,787,179	12,352,945	4,565,766
Fund Balance, Beginning of Year	18,145,590	18,309,630	24,524,333	6,214,703
Fund Balance, End of Year	$ 7,974,427	$26,096,809	$36,877,278	$ 10,780,469

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

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 *AUDIT GUIDELINES FOR CALIFORNIA REDEVELOPMENT AGENCIES* AND *GOVERNMENT AUDITING STANDARDS*

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

We have audited the basic 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, 2007, and have issued our report thereon dated November 30, 2007. We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the CDC'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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the CDC's financial statements that is more than inconsequential will not be prevented or detected by the CDC's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 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. Such provisions included those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment* Agencies, issued by the State Controller and as interpreted in the *Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment* Agencies, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. 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
November 30, 2007