

**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, 2009**

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

BASIC FINANCIAL STATEMENTS

JUNE 30, 2009

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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, 2009, 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 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, 2009, 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 17, 2009, 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 31, 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.

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.

Vavrinch, Train, Dwyer & Co., LLP

Rancho Cucamonga, California
November 17, 2009

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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, 2009. 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. 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 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 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.

GOVERNMENT WIDE FINANCIAL DISCUSSION

The following is the condensed Statement of Activities and Changes in Net Assets for the fiscal years ended June 30, 2009 and 2008.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**Camarillo Community Development Commission's Net Assets
As of June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 53,772,792	\$ 53,699,448
Capital assets	<u>9,105,059</u>	<u>9,047,515</u>
Total Assets	<u>62,877,851</u>	<u>62,746,963</u>
Current liabilities	1,451,086	2,555,015
Long-term liabilities outstanding	<u>57,412,821</u>	<u>58,283,731</u>
Total Liabilities	<u>58,863,907</u>	<u>60,838,746</u>
Net Assets:		
Invested in capital assets, net of related debt	9,105,059	9,047,515
Restricted	18,673,057	13,843,347
Unrestricted (deficit)	<u>(23,764,172)</u>	<u>(20,982,647)</u>
Total Net Assets	<u>\$ 4,013,944</u>	<u>\$ 1,908,215</u>

Net Assets of the Camarillo Community Development Commission were \$4,013,944, an increase of \$2,105,729. A detailed explanation can be found on page 5.

Capital assets increased \$57,544 due to a combination of \$74,278 additional Ventura Boulevard Improvements, less \$16,734 depreciation on the existing assets for the fiscal year.

Long-term debt decreased \$754,386 due to \$775,000 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 \$4,013,944, unrestricted net assets (deficit), were \$(23,764,172). The deficit net assets of \$23,764,172 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.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**Camarillo Community Development Commission's Changes in Net Assets
As of June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Revenue:		
Taxes	\$ 5,259,760	\$ 5,227,547
Interest, net of fair value	548,948	2,012,502
Other	117,727	-
Total Revenues	<u>5,926,435</u>	<u>7,240,049</u>
Expenses:		
Community services	125,450	453,150
Community development	1,211,729	475,016
Transfer to the City of Camarillo	-	2,500,000
Interest on long-term debt	2,483,527	2,860,395
Total Expenses	<u>3,820,706</u>	<u>6,288,561</u>
Increase in Net Assets	<u>\$ 2,105,729</u>	<u>\$ 951,488</u>

Net Assets of the Camarillo Community Development Commission increased by \$2,105,729 as a result of revenues exceeding expenses with no transfers occurring during the year.

The net tax increment revenue increased by \$32,213, or .62%, in fiscal year 2008-09 to \$5.3 million from the previous fiscal year. The secured property tax portion of the total tax increment revenue decreased \$62,347 or 1.2% from the previous year's secured tax. With the stagnant growth in property values over the last year, the secured assessed values have declined slightly. The unsecured property tax portion of the total tax increment revenue increased \$501,157 or 74.6% due to commercial capital equipment additions. The supplemental property tax portion decreased \$241,429 or 27.9% from the previous year's supplemental taxes due to lower housing market activity and resale assessed values. However, a corresponding increase of \$165,168 in "Pass-through" payments to Other Public Agencies reduced the total net tax increment revenue for the fiscal period.

Net investment income decreased \$1.5 million, or 72.7%, from the prior fiscal year due to lower rates of return combined with lower cash balances due to the \$3.3 million land held for resale acquisition. This decrease was further impacted by a year-end negative "net adjustment to fair value" of \$78,875.

Other revenue of \$117,727 received in 2008-09 represents a one-time contribution from Caltrans for improvements at the 101 Freeway and Lewis Road.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

FUND LEVEL FINANCIAL DISCUSSION

Under the fund financial statements, the CDC reports an increase in fund balances of \$996,651 and the total fund balance at June 30, 2009 was \$51,594,936, of which \$15.9 million is reserved or committed. Reservations represent amounts that are either not available for appropriation or have been formally committed to a specific use.

Total governmental funds expenditures for the fiscal year were \$4,929,784, which included \$820,173 for City administrative charges; \$500,272 in community services and development costs, \$74,278 in capital outlay, and \$3,535,061 in debt service payments and related costs.

Major events and significant activities included the following:

- ◆ The CDC purchased approximately 12 acres south of relocated Ventura Boulevard at a cost of \$3.3 million and is recorded as "Land Held for Resale."

Overall, amendments between the original and the final budget resulted in increased estimated revenues of \$328,350 or 5.5%, and a net increase in Other Financing Uses, Transfers Out, of \$138,700. These budgeted increases were offset by budgeted capital outlay expenditures increases of \$3.5 million related to the purchase of land held for resale.

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, 2009

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and investments	\$ 9,555,834
Restricted cash and investments	27,674,402
Receivables:	
Accounts, net	44,638
Interest	57,313
Notes	275,000
Land held for resale	14,193,100
Total Current Assets	<u>51,800,287</u>
Noncurrent Assets:	
Deferred charges	1,972,505
Capital assets:	
Non-depreciable	8,508,854
Depreciable, net	596,205
Total Capital Assets	<u>9,105,059</u>
Total Noncurrent Assets	<u>11,077,564</u>
Total Assets	<u>62,877,851</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	88,448
Wages payable	588
Retentions payable	99,998
Compensated absences	16,317
Interest payable	374,825
Long-term debt - due within one year	870,910
Total Current Liabilities	<u>1,451,086</u>
Noncurrent Liabilities:	
Long-term debt - due in more than one year	57,412,821
Total Liabilities	<u>58,863,907</u>
NET ASSETS	
Invested in capital assets, net of related debt	9,105,059
Restricted for:	
Debt service	1,085,423
Special projects and programs	17,587,634
Total Restricted	<u>18,673,057</u>
Unrestricted (Deficit)	<u>(23,764,172)</u>
Total Net Assets	<u>\$ 4,013,944</u>

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, 2009

Functions/Programs	Expenses	Program Revenues		Net Governmental Activities
		Charges for Services	Operating Contributions and Grants	
Community services	\$ 125,450			\$ (125,450)
Community development	1,211,729			(1,211,729)
Interest on long-term debt	2,483,527			(2,483,527)
Total Governmental Activities	\$ 3,820,706	\$ -	\$ -	\$ (3,820,706)
General Revenues:				
Taxes:				
Property tax increment				5,259,760
Interest				627,823
Net increase (decrease) in the fair value of investments				(78,875)
Other				117,727
Total General Revenues				<u>5,926,435</u>
Change in Net Assets				2,105,729
Net Assets at Beginning of Year				<u>1,908,215</u>
Net Assets at End of Year				<u><u>\$ 4,013,944</u></u>

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

FUND FINANCIAL STATEMENTS

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

**BALANCE SHEET
GOVERNMENTAL FUNDS**

JUNE 30, 2009

	Low and Moderate Income Housing Special Revenue Fund	Debt Service Fund	Capital Project Fund	Total Governmental Funds
ASSETS				
Cash and investments	\$ 3,105,143	\$ 1,749,669	\$ 4,701,022	\$ 9,555,834
Restricted cash and investments	10,656,758	1,460,248	15,557,396	27,674,402
Receivables:				
Accounts, net		44,638		44,638
Interest	15,893	13,046	28,374	57,313
Notes	275,000			275,000
Land held for resale			14,193,100	14,193,100
Total Assets	\$ 14,052,794	\$ 3,267,601	\$ 34,479,892	\$ 51,800,287
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable		\$ 9,397	\$ 79,051	\$ 88,448
Wages payable	\$ 588			588
Retentions payable			99,998	99,998
Compensated absences	914		15,403	16,317
Total Liabilities	1,502	9,397	194,452	205,351
FUND BALANCE				
Reserved for:				
Notes receivable	275,000			275,000
Debt service		1,460,248		1,460,248
Land held for resale			14,193,100	14,193,100
Unreserved reported in:				
Special revenue funds	13,776,292			13,776,292
Debt service funds		1,797,956		1,797,956
Capital projects funds			20,092,340	20,092,340
Total Fund Balance	14,051,292	3,258,204	34,285,440	51,594,936
Total Liabilities and Fund Balance	\$ 14,052,794	\$ 3,267,601	\$ 34,479,892	\$ 51,800,287

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, 2009

Fund Balances of Governmental Funds		\$ 51,594,936
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.		9,105,059
Bond issuance costs are expensed in the government funds and amortized over the life of the debt issuance in the Government-wide Statements.		1,972,505
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.		(374,825)
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	\$(10,960,000)	
Bonds Payable	(47,845,000)	
Bond Premiums	(41,295)	
Bond Discounts	119,342	
Deferred Loss on Refunding	443,222	
		<u>(58,283,731)</u>
Net Assets of Governmental Activities		<u>\$ 4,013,944</u>

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, 2009

	Low and Moderate Income Housing Special Revenue Fund	Debt Service Fund	Capital Project Fund	Total Governmental Funds
REVENUES				
Property tax increment		\$ 5,259,760		\$ 5,259,760
Interest	\$ 181,170	80,819	\$ 365,834	627,823
Miscellaneous			117,727	117,727
Net increase/(decrease) in the fair value of investments	(19,088)	4,947	(64,734)	(78,875)
Total Revenues	<u>162,082</u>	<u>5,345,526</u>	<u>418,827</u>	<u>5,926,435</u>
EXPENDITURES				
Current:				
Community services	18,935	106,515		125,450
Community development			1,194,995	1,194,995
Capital outlay			74,278	74,278
Debt service:				
Principal		775,000		775,000
Interest		2,760,061		2,760,061
Total Expenditures	<u>18,935</u>	<u>3,641,576</u>	<u>1,269,273</u>	<u>4,929,784</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>143,147</u>	<u>1,703,950</u>	<u>(850,446)</u>	<u>996,651</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,412,304	640,100	1,400,000	3,452,404
Transfers out	(640,100)	(2,812,304)		(3,452,404)
Total Other Financing Sources	<u>772,204</u>	<u>(2,172,204)</u>	<u>1,400,000</u>	
Net Change in Fund Balance	915,351	(468,254)	549,554	996,651
Fund Balance, Beginning of Year	13,135,941	3,726,458	33,735,886	50,598,285
Fund Balance, End of Year	<u>\$ 14,051,292</u>	<u>\$ 3,258,204</u>	<u>\$ 34,285,440</u>	<u>\$ 51,594,936</u>

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, 2009

Net Change in Fund Balances - Total Governmental Funds \$ 996,651

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	74,278
Depreciation expense	(16,734)

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.

Amortization of Premium on 2004 Tax Allocation Refunding Bonds	14,363
Amortization of Discount on 2006 Tax Allocation Parity Bonds	(1,885)
Amortization of Discount on 2006A Housing Set-Aside Tax Allocation Bonds	(1,806)
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	775,000
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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. 365,071

Change in Net Assets of Governmental Activities

\$ 2,105,729

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

NOTES TO FINANCIAL STATEMENTS

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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, 2009.

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 *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.

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.

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.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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 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.

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).

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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
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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, 2009.

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.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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. 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.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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

Effective in the Current Year:

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. The Commission has implemented this statement during the current fiscal year.

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. The Commission implemented this statement during the current fiscal year.

GASB Statement No. 55 -- In March 2009, The GASB issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to incorporate the hierarchy of general accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. The Commission has implemented this statement during the current fiscal year.

GASB Statement No. 56 -- In March 2009, The GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. The Commission has implemented this statement during the current fiscal year.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Effective in the Future Periods:

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.

GASB Statement No. 53 – In June 2008, The GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement is intended to improve how state and local governments report information about derivative instruments –financial arrangements used by governments to manage specific risks or make investments-in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009, with earlier application encouraged. The Commission has determined this statement will not have a significant impact on the financial statements.

GASB Statement No. 54 -- In March 2009, The 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. This statement is not effective until June 30, 2011. The Commission has not determined its effect on the financial statements.

N. Deferred Charges

Gross bond issuance cost, including underwriters' discounts, totaled \$1,972,505 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.

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.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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, 2009:

Cash and investments (pooled with the City of Camarillo)	\$ 9,555,834
Restricted cash and investments	<u>27,674,402</u>
Total Cash and Investments	<u><u>\$ 37,230,236</u></u>

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, 2009, 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.

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%	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

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

NOTE 2 – CASH AND INVESTMENTS, Continued

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

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, 2009, the Commission’s investments consist of the following:

Investment Type	Fair Value	Investment Maturities (in Years)				
		Less than 1	1 to 2	2 to 3	3 to 4	4 or more
Equity in City Pool	\$ 9,555,835	\$ 7,754,568	498,902	843,648	392,244	66,473
Money Market Fund	27,674,402	27,674,402				
Total Cash and Investments	<u>\$ 37,230,237</u>	<u>\$ 35,428,970</u>	<u>\$ 498,902</u>	<u>\$ 843,648</u>	<u>\$ 392,244</u>	<u>\$ 66,473</u>

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

NOTE 2 – CASH AND INVESTMENTS, Continued

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, 2009, the City's credit risks, expressed on a percentage basis, are as follows:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Moody's Rating</u>	<u>Investments</u>
Federal Home Loan Banks	AAA	AAA	5%
Federal Home Loan Mortgage Corporation	AAA	AAA	7%
Fannie Mae	AAA	AAA	5%
Guaranteed Investment Contract	Not Rated	Not Rated	3%
US Treasury Securities	AAA	AAA	5%
Equity in City Pool	Not Rated	Not Rated	22%
Money Market Fund	AAA	AAA	53%
Total			<u>100%</u>

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.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

NOTE 3 – INTERFUND TRANSACTIONS

The CDC had the following transfers in the Fund Financial Statements as of June 30, 2009:

Transfer In	Transfer Out		
	Debt	Low and Moderate	Total
	Service Fund	Income Housing	
Debt Service Fund		\$ 640,100	\$ 640,100
Low and Moderate Income Housing	\$ 1,412,304		1,412,304
Capital Project Fund	1,400,000		1,400,000
	<u>\$ 2,812,304</u>	<u>\$ 640,100</u>	<u>\$ 3,452,404</u>

The \$1,412,304 transfer was recorded to deposit the required 20% property tax increment set-aside into the Low and Moderate Income Housing Special Revenue Fund.

The \$1,400,000 transfer was recorded to provide funds for capital projects.

The \$640,100 transfer was recorded to provide funds for repayment of debt.

NOTE 4 – CAPITAL ASSETS

The following is a summary of capital assets for governmental activities for the fiscal year ended June 30, 2009:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Non-depreciable assets:				
Land	\$ 348,765	\$ 1,069,033		\$ 1,417,798
Construction in progress	8,423,400	74,278	\$ (1,406,622)	7,091,056
	<u>8,772,165</u>	<u>1,143,311</u>	<u>(1,406,622)</u>	<u>8,508,854</u>
Depreciable assets:				
Buildings and improvements	50,000	337,589		387,589
Furniture and fixtures	284,483			284,483
	<u>334,483</u>	<u>337,589</u>		<u>672,072</u>
Less accumulated depreciation	(59,133)	(16,734)		(75,867)
Depreciable assets, net	<u>275,350</u>	<u>320,855</u>		<u>596,205</u>
Total capital assets, net	<u>\$ 9,047,515</u>	<u>\$ 1,464,166</u>	<u>\$ (1,406,622)</u>	<u>\$ 9,105,059</u>

Depreciation expense of \$16,734 is recorded in the Community Development function for the year ended June 30, 2009.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

NOTE 5 – LONG-TERM DEBT

The following is a summary of long-term debt transactions for the fiscal year ended June 30, 2009.

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Amount Due Within One Year
Governmental Activities:					
2004 CDC Tax Allocation Refunding Bonds	\$ 21,330,000		\$ 405,000	\$ 20,925,000	\$ 425,000
Premium on 2004 CDC Bonds	55,658		14,363	41,295	5,887
Deferred Loss on Refunding	(474,508)		(31,286)	(443,222)	(31,286)
Advances from the City of Camarillo	11,110,000		150,000	10,960,000	225,000
2006 Tax Allocation Parity Bonds	16,520,000		125,000	16,395,000	130,000
Discount on 2006	(62,817)		(1,885)	(60,932)	(1,885)
2006A Housing Set-Aside Tax Allocation Bonds	5,110,000			5,110,000	20,000
Discount on 2006A	(60,216)		(1,806)	(58,410)	(1,806)
2006A-T Taxable Housing Set-Aside Tax Allocation Bonds	5,510,000		95,000	5,415,000	100,000
	<u>\$ 59,038,117</u>	<u>\$ -</u>	<u>\$ 754,386</u>	<u>\$ 58,283,731</u>	<u>\$ 870,910</u>

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, 2009, are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 425,000	\$ 913,631	\$ 1,338,631
2011	445,000	897,950	1,342,950
2012	455,000	885,006	1,340,006
2013	470,000	870,661	1,340,661
2014	485,000	855,139	1,340,139
2015-2019	2,680,000	4,005,252	6,685,252
2020-2024	3,240,000	3,427,551	6,667,551
2025-2029	4,010,000	2,638,028	6,648,028
2030-2034	5,045,000	1,570,659	6,615,659
2035-2037	3,670,000	281,250	3,951,250
Total	<u>\$ 20,925,000</u>	<u>\$ 16,345,127</u>	<u>\$ 37,270,127</u>

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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, 2008, 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, 2008 through September 1, 2041.

The annual debt service requirements to maturity for these Tax Allocation Parity Bonds at June 30, 2009, are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 130,000	\$ 721,138	\$ 851,138
2011	135,000	715,838	850,838
2012	140,000	710,338	850,338
2013	145,000	704,638	849,638
2014	155,000	698,638	853,638
2015-2019	865,000	3,387,240	4,252,240
2020-2024	1,070,000	3,181,714	4,251,714
2025-2029	1,310,000	2,930,444	4,240,444
2030-2034	1,625,000	2,611,141	4,236,141
2035-2039	4,765,000	2,091,306	6,856,306
2040-2041	6,055,000	416,814	6,471,814
Total	<u>\$ 16,395,000</u>	<u>\$ 18,169,249</u>	<u>\$ 34,564,249</u>

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, 2008, 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.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

NOTE 5 – LONG-TERM DEBT, Continued

The annual debt service requirements to maturity for these Housing Set-Aside Tax Allocation Bonds at June 30, 2009, are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 20,000	\$ 230,990	\$ 250,990
2011	20,000	230,070	250,070
2012	20,000	229,150	249,150
2013	25,000	228,115	253,115
2014	25,000	226,965	251,965
2015-2019	140,000	1,116,540	1,256,540
2020-2024	175,000	1,080,545	1,255,545
2025-2029	220,000	1,035,350	1,255,350
2030-2034	270,000	979,000	1,249,000
2035-2039	2,370,000	706,360	3,076,360
2040-2041	1,825,000	125,810	1,950,810
Total	<u>\$ 5,110,000</u>	<u>\$ 6,188,895</u>	<u>\$ 11,298,895</u>

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

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, 2008, 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, 2008 through September 1, 2034.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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, 2009, are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 100,000	\$ 308,426	\$ 408,426
2011	105,000	303,035	408,035
2012	115,000	297,249	412,249
2013	120,000	291,068	411,068
2014	125,000	284,625	409,625
2015-2019	735,000	1,312,669	2,047,669
2020-2024	960,000	1,072,988	2,032,988
2025-2029	1,275,000	751,344	2,026,344
2030-2034	1,700,000	316,185	2,016,185
2035	180,000	5,319	185,319
Total	<u>\$ 5,415,000</u>	<u>\$ 4,942,908</u>	<u>\$ 10,357,908</u>

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.

On June 25, 2003, the Commission received an advance from the City in the amount of \$4,150,000. The note is payable 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 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 advances into one promissory note totaling \$11,320,200. The note is payable 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, 2009 was \$10,960,000.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

NOTE 5 – LONG-TERM DEBT, Continued

The annual debt service requirements to maturity for the advance at June 30, 2009, are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 225,000	\$ 548,000	\$ 773,000
2011	300,000	536,750	836,750
2012	375,000	521,750	896,750
2013	450,000	503,000	953,000
2014	550,000	480,500	1,030,500
2015-2019	4,350,000	1,886,250	6,236,250
2020-2023	4,710,000	540,750	5,250,750
Total	<u>\$ 10,960,000</u>	<u>\$ 5,017,000</u>	<u>\$ 15,977,000</u>

NOTE 6 – TAX INCREMENT REVENUE PLEDGED

The Commission 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 and the 2006A Taxable Housing Set-Aside Tax Allocation Bonds. The aggregate amount of the bonds outstanding at June 30, 2009 was \$47,845,000.

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 \$93,081,554, payable through 2042. For the current year, principal and interest paid and total tax increment revenues were \$2,829,562 and \$5,259,760, respectively.

NOTE 7 – DEFICIT NET ASSETS

The unrestricted net assets had a deficit balance of \$23,764,172 and total net assets of \$4,013,944 at June 30, 2009 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.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

NOTE 8 – 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, 2009:

Debt Service Fund	<u>\$ 6,326</u>
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NOTE 9 – 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 \$10,000.

As of June 30, 2009, 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 10 – SUBSEQUENT EVENTS

In July 2009, the California State Legislature passed a series of bills affecting counties, cities, redevelopment agencies and special districts. This legislation authorized the State of California to borrow from or defer revenues to local governments for fiscal year 2009-10. The revenues affected include the following:

- Property Taxes – County auditors are directed to reduce 2009-10 property tax allocations by an amount equal to 8%, except in limited circumstances.
- Redevelopment Agency Property Taxes - \$1.7 billion in redevelopment revenues will be shifted to the Supplemental Educational Revenue Augmentation Fund in 2009-10, thereby benefiting the State General Fund. An additional \$350 million is shifted in 2010-11. For just 2009-10, the 20% set-aside to the low and moderate income housing fund is suspended. Suspended amounts must be repaid by June 30, 2015. For agencies that do not comply with allocating its full share of the shift, the low and moderating income set-aside is permanently increased by 5%.

The borrowing and deferrals by the State are expected to materially affect the local government's cash flows subsequent to year-end.

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, 2009

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 239,750	\$ 163,550	\$ 181,170	\$ 17,620
Net increase in the fair value of investments			(19,088)	(19,088)
Total Revenues	239,750	163,550	162,082	(1,468)
EXPENDITURES				
Current:				
Community services	23,088	19,138	18,935	203
Community development	5,000,000	5,000,000		5,000,000
Total Expenditures	5,023,088	5,019,138	18,935	5,000,203
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,783,338)	(4,855,588)	143,147	4,998,735
OTHER FINANCING USES				
Transfers in	1,273,620	1,384,820	1,412,304	27,484
Transfers out	(640,100)	(640,100)	(640,100)	
Total Other Financing Uses	633,520	744,720	772,204	27,484
Net Change in Fund Balance	(4,149,818)	(4,110,868)	915,351	5,026,219
Fund Balance, Beginning of Year	13,135,941	13,135,941	13,135,941	
Fund Balance, End of Year	\$ 8,986,123	\$ 9,025,073	\$ 14,051,292	\$ 5,026,219

SUPPLEMENTARY INFORMATION

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, 2009

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
REVENUES				
Property tax increment	\$ 5,062,600	\$ 5,601,350	\$ 5,259,760	\$ (341,590)
Interest	147,700	81,850	80,819	(1,031)
Net increase in the fair value of investments			4,947	4,947
Total Revenues	5,210,300	5,683,200	5,345,526	(337,674)
EXPENDITURES				
Current:				
Community services	100,600	100,150	106,515	(6,365)
Debt service:				
Principal	775,000	775,000	775,000	
Interest	2,760,100	2,760,100	2,760,061	39
Total Expenditures	3,635,700	3,635,250	3,641,576	(6,326)
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	1,574,600	2,047,950	1,703,950	(344,000)
OTHER FINANCING SOURCES (USES)				
Transfers in	640,100	640,100	640,100	
Transfers out	(2,673,620)	(2,784,820)	(2,812,304)	(27,484)
Total Other Financing Sources (Uses)	(2,033,520)	(2,144,720)	(2,172,204)	(27,484)
Net Change in Fund Balance	(458,920)	(96,770)	(468,254)	(371,484)
Fund Balance, Beginning of Year	3,726,458	3,726,458	3,726,458	
Fund Balance, End of Year	\$ 3,267,538	\$ 3,629,688	\$ 3,258,204	\$ (371,484)

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, 2009

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 542,250	\$ 358,900	\$ 365,834	\$ 6,934
Miscellaneous		115,000	117,727	2,727
Net increase in the fair value of investments			(64,734)	(64,734)
Total Revenues	542,250	473,900	418,827	(55,073)
EXPENDITURES				
Current:				
Community development	1,971,808	1,800,873	1,194,995	605,878
Capital outlay	1,715,000	5,193,400	74,278	5,119,122
Total Expenditures	3,686,808	6,994,273	1,269,273	5,725,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,144,558)	(6,520,373)	(850,446)	5,669,927
OTHER FINANCING SOURCES (USES)				
Transfers in	1,400,000	1,400,000	1,400,000	
Total Other Financing Sources (Uses)	1,400,000	1,400,000	1,400,000	
Net Change in Fund Balance	(1,744,558)	(5,120,373)	549,554	5,669,927
Fund Balance, Beginning of Year	33,735,886	33,735,886	33,735,886	
Fund Balance, End of Year	<u>\$ 31,991,328</u>	<u>\$ 28,615,513</u>	<u>\$ 34,285,440</u>	<u>\$ 5,669,927</u>



**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, 2009, and have issued our report thereon dated November 17, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered 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 CDC'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 CDC'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.

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. 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.



Rancho Cucamonga, California
November 17, 2009

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2009

None noted.

CAMARILLO COMMUNITY DEVELOPMENT COMMISSION

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

JUNE 30, 2009

Prior Year Findings:

Finding 2008-1

Status:

Implemented