

CITY OF RIVERBANK
REDEVELOPMENT AGENCY
COMPONENT UNIT
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2010

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY**

Table of Contents	Page
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FINANCIAL SECTION

Independent Auditor's Report	1-2
Management's Discussion And Analysis (unaudited)	3-10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement Of Net Assets	11
Statement Of Activities	12-13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation Of The Governmental Funds Balance Sheet To Statement Of Net Assets	15
Statement Of Revenues, Expenditures, And Changes In Fund Balances – Governmental Funds	16
Reconciliation Of The Statement Of Revenues, Expenditures, And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities	17
Statement Of Revenues, Expenses, And Changes In Fund Balances – Budget And Actual – General Fund	18
Statement Of Revenues, Expenses, And Changes In Fund Balances – Budget And Actual – Redevelopment Housing Fund	19
Notes To The Financial Statements	20-33

OTHER REPORTS

Independent Auditor's Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of General Purpose Financial Statements Performed In Accordance With Government Auditing Standards	34-35
Independent Auditor's Compliance Report	36

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INDEPENDENT AUDITOR'S REPORT

To The Board Members
City of Riverbank Redevelopment Agency
State Of California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Riverbank Redevelopment Agency, a component unit of the City of Riverbank, State of California, as of and for the years ended June 30, 2010 and 2009, which collectively comprise the Redevelopment Agency's basic financial statements as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Riverbank Redevelopment Agency's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Riverbank Redevelopment Agency, State of California as of June 30, 2010 and 2009, and the respective changes in financial position thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on Pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2010 on our consideration of the City of Riverbank Redevelopment Agency's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Clendenin Bird & Company,

CLENDENIN BIRD & COMPANY, PC
Modesto, California
November 30, 2010

**RIVERBANK REDVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

This discussion and analysis of the City of Riverbank Redevelopment Agency's (Agency) financial performance provides an overview of the Agency's financial activities for the fiscal year ended June 30, 2010. The Agency's financial statements for the fiscal year ended June 30, 2010 are presented in accordance with GASB 34. Please read Management's Discussion and Analysis in conjunction with the Agency's financial statements, notes, and supplementary schedules.

FINANCIAL HIGHLIGHTS

- The Agency's governmental activities total liabilities exceeded its assets at the close of the fiscal year by \$10,635,957.
- The 2009-2010 fiscal year was the 4th year in which the Agency was eligible to receive tax increment property taxes from the County. In its 4th year, the Agency received \$611,530 in tax increment revenue. This was a decrease of 46.66% from the 2008-2009 fiscal year.
- Expenditures for the agency exceeded revenues by \$3,020,770. During the 2009-2010 fiscal year, the Agency continued its revitalization of the downtown by completing the construction of Phase II of the Downtown Streetscape Project, leading to expenses that totaled \$3,653,582. Of this total, \$2,194,629 was in Capital Outlay alone.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. These statements include all activities of the Riverbank Redevelopment Agency using the integrated approach as prescribed by GASB Statement No. 34. The Statement of Net Assets and Statement of Activities provide information about the activities of the Agency as a whole and present a long-term view of the Agency's finances. Fund financial statements show how Agency services are financed in the short term as well as what remains for future spending or what is needed to fund repayment of existing debt. Fund financial statements also report the Agency's operations in more detail than the government-wide statements by providing information about the Agency's most significant funds.

REPORTING THE AGENCY AS A WHOLE

Government-wide Financial Statements. The government-wide financial statements report information about the Agency as a whole, providing readers with a broad overview of the Agency's finances. These statements include all assets and liabilities of the Agency using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All the current year's revenues and expenses are taken into account in the statement of activities regardless of when cash is received or paid.

**RIVERBANK REDVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

The ***statement of net assets*** presents information on all the Agency's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Agency's financial position is improving or deteriorating.

The ***statement of changes in net assets*** presents information showing how the Agency's net assets changed in the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported on this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes).

- Over time, increases or decreases in the Agency's net assets can be an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Agency you need to consider additional non-financial factors such as changes in the Agency's property tax base.

The Agency's governmental activities are reported in the government-wide financial statements. Governmental activities include downtown revitalization, elimination or mitigation of blighting conditions and increase and improvement of the supply of low and moderate-income housing.

REPORTING THE AGENCY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements. The fund financial statements provide detailed information about the Agency's most significant *funds* – not the Agency as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law or by bond covenants. Management establishes other funds to control and manage money for particular purposes or to show the Agency is meeting legal responsibilities for using certain taxes, grants, and other resources. All of the funds of the Agency can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds – Most of the Agency's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial resources that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the Agency's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Agency's programs.

Because the focus of the governmental funds is narrower than that of the governmental-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial

**RIVERBANK REDVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

statements. The differences of results in the governmental funds financial statements to those in the government-wide financial statement are shown in reconciliations following the governmental funds financial statements.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the Agency. The Agency is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the Agency's government-wide financial statements because the Agency cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. As noted earlier, net assets may serve over time as a useful indicator of the Agency's financial position. Below is a table showing the Agency's net assets as of June 30, 2010 compared to the Agency's net assets as of June 30, 2009.

**Riverbank Redevelopment Agency
Net Assets
June 30, 2010**

	Governmental	Totals	
	Activities	2010	2009
	2010	2010	2009
Assets:			
Cash and Investments	\$1,852,950	\$1,852,950	\$7,728,469
Other Assets	3,346,211	\$3,346,211	\$1,016,529
Capital Assets	11,134,167	\$11,134,167	\$9,191,492
Total Assets	16,333,328	16,333,328	17,936,490
Liabilities:			
Current Liabilities	300,118	300,118	434,579
Other Liabilities	0	0	0
Long-Term Liabilities			
Due Within One Year	390,000	390,000	100,000
Due In More than One Year	15,145,000	15,145,000	15,835,000
Total Liabilities	15,835,118	15,835,118	16,369,579
Net Assets:			
Invested in Capital Assets, Net of Related Debt	11,134,167	11,134,167	9,191,492
Restricted	4,265,272	4,265,272	3,637,844
Unrestricted	(14,901,229)	(14,901,229)	(11,262,425)
Total Net Assets	\$498,210	\$498,210	\$1,566,911

**RIVERBANK REDVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Of the total net assets for the Agency's activities, \$11,134,167 reflects the Agency's investment in capital assets (e.g. land, buildings and improvements, construction in progress) less any related debt used to acquire those assets that is still outstanding.

Restricted net assets for the Agency amount to \$4,265,272 of the total. Restricted net assets are those resources that are subject to external restrictions on how they may be used. These restrictions are established by bond covenants or restrictions on the use of funds established by state or federal regulations.

Unrestricted net assets are those resources which may be used to meet the Agency's ongoing commitments to citizens and creditors in accordance with the Agency's implementation plan. Government-wide unrestricted net assets are at a deficit balance (liabilities exceed assets) of \$14,901,229. A deficit net assets position represents debt issued to finance Agency program and project expenses and administrative costs.

Governmental activities. Total governmental expenditures for the year exceeded revenues by \$1,068,701. Below is a table showing the governmental activities of the Agency for the year ended June 30, 2010 as compared to the year ending June 30, 2009.

**Riverbank Redevelopment Agency
Changes in Net Assets
For Year Ended June 30, 2010**

	Governmental Activities	
	2010	2009
Revenues:		
Program Revenues:		
Charges for Services	0	0
Operating Grants and Contributions	0	0
Capital Grants and Contributions	0	0
General Revenues:		
Property Tax	611,530	1,146,542
Investment Earnings	21,282	168,619
Transfers	9,394	
Other Revenues	0	10,380
Total Revenues	642,206	1,325,541
Expenses:		
Community Development	1,710,907	1,439,555
Total Expenses	1,710,907	1,439,555
Increase (Decrease) in Net Assets	(1,068,701)	(114,014)
Net Assets - Beginning	1,566,911	1,680,925
Net Assets - Ending	\$498,210	\$1,566,911

**RIVERBANK REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Total governmental revenues for the year were \$642,206. Tax Increment revenue comprises 95% of the total.

Total governmental expenses for the year were \$3,653,582. Community Development expenses include salaries, other administrative costs and supplies and services of the Agency. The Agency has agreements with other local government taxing agencies to "pass through" a portion of property tax increment revenue it receives. Under these agreements, the Agency paid those agencies a total of \$100,879 during the 2009-2010 fiscal year.

FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS

As noted earlier, the Agency uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

The Agency's governmental funds ended the year with a combined deficit fund balance of \$10,635,957. This deficit fund balance represents long-term debt issued to finance capital equipment acquisitions and construction projects as well as provide funding for low to moderate-income housing projects. Projects financed by additional debt in the Agency General Fund are approved in accordance with the Riverbank Redevelopment Agency Five Year Implementation Plan. Major fund changes from June 30, 2009 to June 30, 2010 are noted below:

During the 2009-2010 Fiscal year the Redevelopment Agency continued to experience significant activity.

- The Agency's General Fund (including the debt service funds) received \$485,008 in tax increment revenue during the year, a decrease of 47.12%. This was only the 4th year in which the Agency was eligible to receive Tax Increment funds from the County. Other revenues included \$19,518 received in investment earnings which were earned from the investment of bond proceeds in LAIF.
- Expenditures for the Agency of \$3,653,582 (a decrease of 31.46%) resulted in a deficiency of revenues over expenditures of \$3,020,770.
- In order to complete the construction of the downtown beautification project, the Agency obtained a 5 year, 0% interest loan from the Stanislaus County Economic Development Bank for \$500,000. The Agency paid the first installment of \$100,000 towards repayment of this loan.

**RIVERBANK REDVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of June 30, 2010, the Agency's Governmental Funds had \$11,134,167 invested in a broad range of capital assets including land, construction in progress, building, equipment and infrastructure.

**Riverbank Redevelopment Agency
Capital Assets
(Net of Accumulated Depreciation)
June 30, 2010**

	<u>Governmental Activities</u>
Land	\$441,489
Construction in Progress	\$136,364
Equipment	\$134,111
Building and Improvements	\$10,422,203
Total	<u>\$11,134,167</u>

The major capital asset additions during Fiscal Year 2009-2010 were:

* <i>Downtown Beautification Project</i>	\$8,960,474
* <i>Burneyville Ferry Boatman Statue</i>	\$135,466

LONG TERM DEBT

At year-end, the Agency had \$15,835,000 in long-term debt, which was comprised of the Tax Increment bonds issued by the Redevelopment Agency in 2007 and the Stanislaus County Economic Development Bank Loan obtained in 2008.

In February 2007, the Redevelopment Agency of the City of Riverbank issued \$15,435,000 in bonds that are to be repaid with the tax increment funds received by the Agency. These bonds were issued to pay for projects such as the purchase and rehabilitation of the Del Rio Theatre, the revitalization of the downtown which includes the construction of a new park (Plaza del Rio), the replacement of the water, sewer and storm lines, and a new streetscape.

**RIVERBANK REDVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

In addition, the Agency obtained an Economic Development Loan for \$500,000 from Stanislaus County to complete the downtown revitalization project. This is a 0% interest loan to be repaid in annual increments of \$100,000 for 5 years beginning August 2009.

**Riverbank Redevelopment Agency
Long-Term Debt
June 30, 2010**

	<u>Governmental Activities</u>
Tax Increment Bonds	\$15,435,000
Stanislaus Co. ED Loan	\$400,000
Total	<u>\$15,835,000</u>

The Agency's long-term liabilities, except for compensated absences, relate to the acquisition and construction/remodel of capital assets. The repayment of the debt on these assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In preparing the budget for the 2010-2011 fiscal year, Agency management looked at the following factors:

REVENUE

- Approximately \$508,000 has been projected as Gross Tax Increment to be received by the Agency in 2010-2011. Due to the recent downturn in the housing market, the Stanislaus County Assessor's Office continued to reassess properties throughout the project area. This reassessment caused a 6.6% decrease in the Certified Assessed Values for the 2010-2011 fiscal year. The Certified Assessed Values are the basis on which Property Taxes are calculated. As a result, the projections made for the 2010-2011 Property Tax revenues are projected to be 16.9% less than those received in 2009-2010.
- During the 2009-2010 fiscal year, the Agency earned its interest earnings on the bond proceeds held by LAIF. The completion of the Downtown Beautification Project has completed the use of the bond proceeds received in 2007. With bond proceeds no longer available for investment purposes, the Agency expects a significant decrease in revenues received.

**RIVERBANK REDVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

- The Del Rio continues to be uninhabited and is not producing any rental income.

EXPENDITURES

- No projects are expected during the 2010-11 fiscal year.
- The Agency will be responsible for a payment of approximately \$98,000 to the SERAF fund for the new fiscal year.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City of Riverbank Redevelopment Agency's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the Finance Director, City of Riverbank, 6617 Third Street, Riverbank, California 95367.

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
STATEMENT OF NET ASSETS
JUNE 30, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2009**

	Primary Government		
	Governmental Activities	2010	Totals 2009
ASSETS			
Cash And Investments	820,423	820,423	6,698,557
Restricted Cash	1,032,527	1,032,527	1,029,912
Accounts Receivable	6,988	6,988	72,150
Loans Receivable	3,200,000	3,200,000	800,000
Unamortized Bond Issue Costs	139,223	139,223	144,379
Capital Assets (Net Of Accumulated Depreciation):			
Land	441,489	441,489	441,489
Construction In Progress	136,364	136,364	7,041,175
Equipment	134,111	134,111	0
Buildings And Improvements	<u>10,422,203</u>	<u>10,422,203</u>	<u>1,708,828</u>
Total Assets	<u>16,333,328</u>	<u>16,333,328</u>	<u>17,936,490</u>
LIABILITIES			
Accounts Payable And Other Current Liabilities	118	118	434,579
Long-Term Liabilities:			
Due Within One Year	390,000	390,000	100,000
Due In More Than One Year	<u>15,445,000</u>	<u>15,445,000</u>	<u>15,835,000</u>
Total Liabilities	<u>15,835,118</u>	<u>15,835,118</u>	<u>16,369,579</u>
NET ASSETS			
Invested In Capital Assets Net Of Related Debt	11,134,167	11,134,167	9,191,492
Restricted For			
Community Development Projects	3,232,745	3,232,745	2,607,932
Debt Service	1,032,527	1,032,527	1,029,912
Unrestricted	<u>(14,901,229)</u>	<u>(14,901,229)</u>	<u>(11,262,425)</u>
Total Net Assets	<u>498,210</u>	<u>498,210</u>	<u>1,566,911</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2009**

Functions/Programs	Expenses
Primary Government:	
Governmental Activities:	
Community Development	<u>1,710,907</u>
Total Governmental Activities	<u>1,710,907</u>
Total Primary Government	<u><u>1,710,907</u></u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

Program Revenues			Net (Expense) Revenue And Changes In Net Assets Primary Government		
Fines, Fees And Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	2010	Totals 2009
<u>0</u>	<u>0</u>	<u>0</u>	(1,710,907)	(1,710,907)	(1,439,555)
<u>0</u>	<u>0</u>	<u>0</u>	(1,710,907)	(1,710,907)	(1,439,555)
<u>0</u>	<u>0</u>	<u>0</u>	(1,710,907)	(1,710,907)	(1,439,555)

General Revenues:

Taxes:					
Property Tax Increments		611,530	611,530	1,146,542	
Investment Earnings		21,282	21,282	168,619	
Transfers		9,394	9,394	0	
Miscellaneous		<u>0</u>	<u>0</u>	<u>10,380</u>	
Total General Revenues And Transfers		<u>642,206</u>	<u>642,206</u>	<u>1,325,541</u>	
Change In Net Assets		(1,068,701)	(1,068,701)	(114,014)	
Net Assets - Beginning		<u>1,566,911</u>	<u>1,566,911</u>	<u>1,680,925</u>	
Net Assets - Ending		<u>498,210</u>	<u>498,210</u>	<u>1,566,911</u>	

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2009**

	General	Redevelopment Housing	Total Governmental Funds	
			2010	2009
Assets				
Cash And Investments	791,036	29,387	820,423	6,698,557
Restricted Cash	1,032,527	0	1,032,527	1,029,912
Accounts Receivable	3,630	3,358	6,988	52,720
Loan Interest Receivable	0	0	0	19,430
Loans Receivable	0	3,200,000	3,200,000	800,000
Unamortized Bond Issue Costs	139,223	0	139,223	144,379
Due From Other Funds	0	0	0	0
Total Assets	<u>1,966,416</u>	<u>3,232,745</u>	<u>5,199,161</u>	<u>8,744,998</u>
Liabilities				
Accounts Payable	118	0	118	434,579
Bonds Payable	15,435,000	0	15,435,000	15,435,000
Other Liabilities	400,000	0	400,000	500,000
Due To Other Funds	0	0	0	0
Total Liabilities	<u>15,835,118</u>	<u>0</u>	<u>15,835,118</u>	<u>16,369,579</u>
Fund Balances				
Reserved	0	0	0	0
Unreserved	(13,868,702)	<u>3,232,745</u>	(10,635,957)	(7,624,581)
Total Fund Balances	(13,868,702)	<u>3,232,745</u>	(10,635,957)	(7,624,581)
Total Liabilities And Fund Balances	<u>1,966,416</u>	<u>3,232,745</u>	<u>5,199,161</u>	<u>8,744,998</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010**

Total fund balances - governmental funds (10,635,957)

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	441,489	
Constructions in Progress	136,364	
Equipment, net of \$1,355, accumulated depreciation	134,111	
Buildings and improvements, net of \$250,087, accumulated depreciation	<u>10,422,203</u>	
Total capital assets		<u>11,134,167</u>

Total net assets - governmental activities 498,210

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2009**

	General	Redevelopment Housing	Total Governmental Funds	
			2010	2009
Revenues				
Property Tax Increments	485,008	126,522	611,530	1,146,542
Investment Earnings	19,518	1,764	21,282	168,619
Intergovernmental	0	0	0	0
Rental Income	0	0	0	9,320
Miscellaneous	0	0	0	1,060
Total Revenues	<u>504,526</u>	<u>128,286</u>	<u>632,812</u>	<u>1,325,541</u>
Expenditures				
General Government	0	0	0	0
Community Development	1,155,480	303,473	1,458,953	1,386,061
Capital Outlay	<u>2,194,629</u>	<u>0</u>	<u>2,194,629</u>	<u>3,944,527</u>
Total Expenditures	<u>3,350,109</u>	<u>303,473</u>	<u>3,653,582</u>	<u>5,330,588</u>
Excess (Deficiency) Of Revenues Over Expenditures	(2,845,583)	(175,187)	(3,020,770)	(4,005,047)
Other Financing Sources (Uses)				
Operating Transfers In	118,647	800,000	918,647	7,478,000
Operating Transfers Out	(909,253)	0	(909,253)	(7,478,000)
Total Other Financing Sources (Uses)	<u>(790,606)</u>	<u>800,000</u>	<u>9,394</u>	<u>0</u>
Net Change In Fund Balances	(3,636,189)	624,813	(3,011,376)	(4,005,047)
Fund Balance - Beginning	(10,232,513)	2,607,932	(7,624,581)	(3,619,534)
Fund Balance- Ending	<u>(13,868,702)</u>	<u>3,232,745</u>	<u>(10,635,957)</u>	<u>(7,624,581)</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Net change in fund balances - total governmental funds	(3,011,376)
The changes in net assets reported for governmental activities in the statement of activities is different because:	
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and contributions) is to increase net assets.	
	(107,500)
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 and reported as depreciation expense. This is the amount by which capital outlays (\$2,194,629) exceeded depreciation (\$144,454) in the current period.	<u>2,050,175</u>
Changes in net assets of governmental activities	(<u>1,068,701</u>)

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2009**

	2010				
	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)	2009 Actual
	Original	Final			
REVENUES					
Property Tax Increments	880,000	560,000	485,008	(74,992)	917,234
Investment Earnings	30,000	62,500	19,518	(42,982)	168,619
Intergovernmental	0	0	0	0	0
Rental Income	0	0	0	0	9,320
Service Charges And Miscellaneous	0	0	0	0	1,060
Total Revenues	910,000	622,500	504,526	(117,974)	1,096,233
EXPENDITURES					
Salaries And Benefits	60,000	60,000	31,102	(28,898)	180,000
Supplies And Services	300,557	297,557	385,600	88,043	246,167
Interest	738,780	738,778	738,778	0	931,565
Capital Outlay	2,655,149	2,237,635	2,194,629	(43,006)	3,944,527
Total Expenditures	3,754,486	3,333,970	3,350,109	16,139	5,302,259
Excess (Deficiency) Of Revenues Over Expenditures	(2,844,486)	(2,711,470)	(2,845,583)	(134,113)	(4,206,026)
OTHER FINANCING SOURCES (USES)					
Transfers In	0	109,253	118,647	9,394	5,674,000
Transfers Out	(800,000)	(909,253)	(909,253)	0	(7,478,000)
Total Other Financing Sources And (Uses)	(800,000)	(800,000)	(790,606)	9,394	(1,804,000)
Net Change In Fund Balance	(3,644,486)	(3,511,470)	(3,636,189)	(124,719)	(6,010,026)
Fund Balance - Beginning	(10,232,513)	(10,232,513)	(10,232,513)	0	(4,222,487)
Fund Balance - Ending	(13,876,999)	(13,743,983)	(13,868,702)	(124,719)	(10,232,513)

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
REDEVELOPMENT HOUSING CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2009**

	2010			Variance With Final Budget Over (Under)	2009 Actual
	Budgeted Amounts		Actual		
	Original	Final			
REVENUES					
Property Tax Increments	220,000	140,000	126,522	(13,478)	229,308
Investment Earnings	<u>0</u>	<u>0</u>	<u>1,764</u>	<u>1,764</u>	<u>0</u>
Total Revenues	<u>220,000</u>	<u>140,000</u>	<u>128,286</u>	<u>(11,714)</u>	<u>229,308</u>
EXPENDITURES					
Salaries And Benefits	25,000	25,000	25,000	0	0
Supplies And Services	48,000	46,000	278,473	232,473	28,329
Capital Outlay	<u>2,450,000</u>	<u>2,400,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>2,523,000</u>	<u>2,471,000</u>	<u>303,473</u>	<u>232,473</u>	<u>28,329</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>(2,303,000)</u>	<u>(2,331,000)</u>	<u>(175,187)</u>	<u>(244,187)</u>	<u>200,979</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	800,000	800,000	800,000	0	1,804,000
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources And (Uses)	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>0</u>	<u>1,804,000</u>
Net Change In Fund Balance	<u>(1,503,000)</u>	<u>(1,531,000)</u>	<u>624,813</u>	<u>(244,187)</u>	<u>2,004,979</u>
Fund Balance - Beginning	<u>2,607,932</u>	<u>2,607,932</u>	<u>2,607,932</u>	<u>0</u>	<u>602,953</u>
Fund Balance - Ending	<u><u>1,104,932</u></u>	<u><u>1,076,932</u></u>	<u><u>3,232,745</u></u>	<u><u>(244,187)</u></u>	<u><u>2,607,932</u></u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic financial statements of the City of Riverbank's Redevelopment Agency, California, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management and Discussion and Analysis (MD&A) section providing an analysis of the Redevelopment Agency's overall financial position and results of operations.
- Financial statements prepared using the full accrual accounting for all of the Redevelopment Agency's activities, except for infrastructure (roads, streets, bridges, etc.)
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The more significant of the Redevelopment Agency's accounting policies are described below:

A. Financial Reporting Entity

The accompanying basic financial statements present the financial activity of the Redevelopment Agency, a blended component unit of the City of Riverbank.

The financial statements of the City of Riverbank Redevelopment Agency have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14 and 34. GASB 14 defines the financial reporting entity and component units that need to be included in the reporting entity.

A component unit is a separate governmental unit, agency, or nonprofit corporation that is evaluated in relation to specific criteria to determine if it should be included in the financial reporting entity.

Blended Component Unit

The Redevelopment Agency governing board is comprised of the members of the City Council, and City employees perform all activities of the Redevelopment Agency. Although it is legally separate from the City of Riverbank, the Redevelopment Agency is reported in the Redevelopment Agency's general purpose financial statements as if it were part of the City because its sole purpose is to encourage new investment and reinvestment within the Redevelopment Agency's legally designated redevelopment areas in partnership with property owners.

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements (note that the Redevelopment Agency has no proprietary funds). Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Redevelopment Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes and taxpayer-assessed tax revenues (e.g., franchise taxes, sales taxes, motor vehicle fees, etc.) net of estimated refunds and uncollectible amounts, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the Redevelopment Agency. The Redevelopment Agency reports the following major governmental funds:

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The **General Fund** is the Redevelopment Agency's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Redevelopment Agency Housing Fund** accounts for 20% of the property tax revenues collected for the Redevelopment Agency. These revenues are to be used exclusively for development of low and moderate income housing within the designated redevelopment area.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers for applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Assets, Liabilities, Net Assets or Equity

1. Cash and Investments

In order to maximize the flexibility of its investment program and to aid in cash budgeting, the Redevelopment Agency pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the Redevelopment Agency's cash and investment pool.

As the Redevelopment Agency places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated quarterly. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

In accordance with the State of California Government Code, the Redevelopment Agency adopts an investment policy annually that, among other things, authorizes types of investments. Authorized investments include:

- Securities of the U.S. government or its agencies

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

1. Cash and Investments (continued)

- Certificates of Deposit (or time deposits) placed with commercial banks and/or savings and loan associations
- Bankers Acceptances
- State Treasurer's Local Agency Investment Fund (LAIF)
- Repurchase Agreements
- Passbook savings account demand deposits
- Mutual Funds
- High Grade Commercial Paper (A-1 and P-1 Rated)

Investments for the Redevelopment Agency, as well as its component units, are reported at fair value. LAIF operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangement outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e. the current portion of interfund loans) or advances to/from other funds (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and tax receivables are shown net of an allowance for uncollectible accounts and estimated refunds due.

3. Property Taxes

Property taxes are levied on the first day of March by the County Assessor, and are payable to the County Tax Collector in two installments.

The first installment is due November 1st, and delinquent December 10th, the second installment is due February 1st and delinquent April 10th. Taxes become a lien on the property on March 1st, and on the date of transfer of title, and the date of new construction.

The minimum property value which is taxed is \$2,000; however, tax bills are prepared for properties valued at less than \$2,000 if there is a special assessment to be collected.

Article 13A of the California Constitution states, "The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property. The one percent tax is to be collected by the counties and apportioned according to law to the districts within the counties."

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

3. Property Taxes (continued)

The Redevelopment Agency has elected under state law (TEETER) to receive all of the annual property assessments in three installments as follows:

December	55%
April	40%
June	5%
	<u>100%</u>

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Restricted Assets

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

6. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, traffic lights and signals, street lights and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Redevelopment Agency as assets with an initial, individual cost of \$1,000 for property, plant and equipment and \$25,000 for infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the Redevelopment Agency is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	32
Building Improvements	15
Cemetery	32
Infrastructure	25 to 50
Equipment and Furnishings	7 to 15
Computer Equipment	3
Vehicles	3 to 7

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

7. Compensated Absences

It is the Redevelopment Agency's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. All vacation and sick leave benefits are accrued as earned by employees. All vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Net Assets and Fund Equity

In the government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets and unrestricted net assets. Restricted net assets represent net assets restricted by parties outside the Redevelopment Agency (such as creditors, grantors, contributors, laws and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets. The nonexpendable portion of permanent trust funds and endowments is reported as permanently restricted. The Redevelopment Agency's other restricted net assets are temporarily restricted (ultimately expendable assets). All other net assets are considered unrestricted.

In the fund financial statements, governmental funds report reservations of fund balance 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.

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

10. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Redevelopment Agency Council is required to adopt an annual budget resolution by July 1 of each fiscal year for the general fund, and special revenue, capital projects and permanent funds. These budgets are adopted and presented for reporting purposes on a basis consistent with generally accepted accounting principles.

The appropriated budget is prepared by fund, function, and department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The board made several supplemental budgetary appropriations throughout the year.

B. Deficit Fund Equity

The Redevelopment Agency General Fund has a deficit fund balance of \$13,868,702 as of June 30, 2010. Property tax increments will be collected in future years to reduce the deficit.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and investments	<u>1,852,950</u>
Total cash and investments	<u>1,852,950</u>

Cash and investments as of June 30, 2009 consist of the following:

Investment in Local Agency Investment Fund (LAIF)	820,423
Cash with fiscal agent (Restricted)	<u>1,032,527</u>
Total cash and investments	<u>1,852,950</u>

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

Investments Authorized by the Redevelopment Agency's Investment Policy

The Redevelopment Agency's investment policy authorizes investment in the local government investment pool administered by the State of California (LAIF). The Redevelopment Agency's investment policy also authorizes cash to be invested in Certificates of Deposits, Money Market Mutual Funds, Bankers Acceptances, Repurchase Agreements, Passbook Savings Demand Deposits, and High Grade Commercial Paper. The Redevelopment Agency's investment policy does not contain any specific provisions intended to limit the Redevelopment Agency's exposure to interest rate risk, credit risk, and concentration of credit risk.

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 the market interest rates. As of year end, the weighted average maturity of the investments contained in the LAIF investment pool is 7.1 months.

		<u>Maturity Date</u>
State investment pool	820,423	7.1 months average maturity

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the Redevelopment Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Redevelopment Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Redevelopment Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The custodial credit risk for investments is the risk that, in the event of the failure of

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

Custodial Credit Risk (continued)

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 and the Redevelopment Agency's investment policy do 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).

Investment in State Investment Pool

The Redevelopment Agency is a voluntary participant in the California State Treasurer's Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Redevelopment Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Redevelopment Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Cash with Fiscal Agent

The Redevelopment Agency maintains cash and investments which are restricted under the terms of various debt agreements. The money is included in the Redevelopment Agency's pooled cash and investment program. Restricted cash and investments as of June 30, 2010 is \$1,032,527 all of which is classified in the General Fund.

B. Receivables

Receivables at June 30, 2010 for the Redevelopment Agency's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows.

	Redevelopment		
	General	Housing	Total
Governmental activities:			
Interest	1,873	285	2,158
Taxes	1,757	3,073	4,830
Total	<u>3,630</u>	<u>3,358</u>	<u>6,988</u>

All receivables are expected to be collected within one year.

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

C. Payables

Payables at June 30, 2010 for the Redevelopment Agency's individual major funds and non-major funds in the aggregate are as follows:

	<u>General</u>	<u>Housing</u>	<u>Total</u>
Governmental activities:			
Vendors	118	0	118
Total	<u>118</u>	<u>0</u>	<u>118</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets no being Depreciated:				
Land	441,489	0	0	441,489
Construction in Progress	<u>7,041,175</u>	<u>2,194,629</u>	<u>(9,099,440)</u>	<u>136,364</u>
Total Capital Assets not being Depreciated	<u>7,482,664</u>	<u>2,194,629</u>	<u>(9,099,440)</u>	<u>577,853</u>
Capital assets being depreciated:				
Buildings and Improvements	1,815,816	8,960,474	(104,000)	10,672,290
Equipment	<u>0</u>	<u>135,466</u>	<u>0</u>	<u>135,466</u>
Total capital assets being depreciated	<u>1,815,816</u>	<u>9,095,940</u>	<u>(104,000)</u>	<u>10,807,756</u>
Less accumulated depreciation for:				
Buildings and improvements	(106,988)	(143,099)	0	(250,087)
Equipment	<u>0</u>	<u>(1,355)</u>	<u>0</u>	<u>(1,355)</u>
Total accumulated depreciation	<u>(106,988)</u>	<u>(144,454)</u>	<u>0</u>	<u>(251,442)</u>
Net capital assets being depreciated	<u>1,708,828</u>	<u>8,951,486</u>	<u>(104,000)</u>	<u>10,556,314</u>
Total net capital assets - governmental	<u>9,191,492</u>	<u>11,146,115</u>	<u>(9,203,440)</u>	<u>11,134,167</u>

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

E. Long-Term Debt

2007 Series A Bonds

The \$12,315,000 of Riverbank Redevelopment Agency, Reinvestment Project Tax Allocation Bonds, 2007 Series A, issued February 2007, are due in annual installments ranging from \$230,000 to \$780,000 through August 1, 2037, with an interest rate of 4% to 5% payable semiannually February 1 and August 1. The bonds are issued for sale to the Riverbank Public Financing Authority and are payable solely from tax revenues and certain funds and accounts held under Series A indenture. The 2007 Series A bond proceeds will be used to finance certain non-housing related redevelopment activities within the Redevelopment Agency's reinvestment project area. This is approximately 79.79% of the total indebtedness.

2007 Series A Bonds outstanding at June 30, 2010 were \$12,315,000.

Series A Bond debt service requirements to maturity are as follows:

Year Ending	Principal	Interest
<u>June 30</u>	<u> </u>	<u> </u>
2011	230,000	591,101
2012	235,000	581,901
2013	245,000	572,736
2014	255,000	562,936
2015	265,000	552,481
2016-2020	1,510,000	2,585,230
2021-2025	1,880,000	2,213,210
2026-2030	2,405,000	1,695,250
2031-2035	3,060,000	1,031,500
2036-2038	2,230,000	226,750
Total	<u>12,315,000</u>	<u>10,613,095</u>

2007 Series B Bonds

The \$3,120,000 of Riverbank Redevelopment Agency, Reinvestment Project Tax Allocation Housing Set-Aside Bonds, 2007 Series B, issued February 2007, are due in annual installments ranging from \$60,000 to \$195,000 through August 1, 2037, with an interest rate of 3.8% to 5% payable semiannually February 1 and August 1. The bonds are issued for sale to the Riverbank Public Financing Authority and are payable solely from Housing Set-Aside Revenues and certain funds and accounts held under Series B indenture. The 2007 Series B bond proceeds will be used to finance

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

E. Long-Term Debt (continued)

certain housing related redevelopment activities within the Redevelopment Agency's reinvestment project area. This is approximately 20.21% of the total indebtedness.

2007 Series B Bonds outstanding at June 30, 2010 were \$3,120,000.

Series B Bond debt service requirements to maturity are as follows:

Year Ending	Principal	Interest
<u>June 30</u>		
2011	60,000	147,678
2012	60,000	145,397
2013	65,000	143,058
2014	65,000	140,457
2015	70,000	137,793
2016-2020	385,000	643,312
2021-2025	480,000	549,422
2026-2030	605,000	424,500
2031-2035	770,000	259,250
2036-2038	560,000	56,751
Total	<u>3,120,000</u>	<u>2,647,618</u>

Stanislaus County Economic Development Loan

Loan Payable, Stanislaus County Downtown Beautification, is due in annual installments of \$100,000, interest at 0% per annum payable starting on August 1, 2009 through 2014. Proceeds from the loans were used for the construction of the sports complex. Stanislaus County Downtown Beautification loan outstanding at June 30, 2010 was \$400,000.

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

E. Long-Term Debt (continued)

Stanislaus County Downtown Beautification debt service requirements to maturity are as follows:

Year Ending June 30	Total		Total Debt Service
	Principal	Interest	
2011	100,000	0	100,000
2012	100,000	0	100,000
2013	100,000	0	100,000
2014	100,000	0	100,000
Total	400,000	0	400,000

The following is a summary of changes in the Redevelopment Agency's long-term debt and other long-term liabilities during the year ended June 30, 2010:

Governmental activities:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Bonds Payable:					
Series A & B Bonds	15,435,000	0	0	15,435,000	290,000
Total Bonds Payable	15,435,000	0	0	15,435,000	290,000
Economic Development Loan	500,000	0	(100,000)	400,000	100,000
Liabilities of Governmental Activities	15,935,000	0	(100,000)	15,835,000	390,000

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

F. Supplemental Education Revenue Augmentation Fund (SERAF).

On February 16, 2010 the Agency Board of Directors passed a resolution authorizing a loan of \$250,000 (the LMIHF Loan) from the Housing Fund to the Redevelopment Fund at 0% interest. The purpose for this loan was to comply with State Legislation ABX4-26 which among other things required the Redevelopment Agency to make \$477,887 in payments to the Stanislaus County Supplemental Education Revenue Augmentation Fund (SERAF). Statute allows for the Agency to borrow funds from its Low and Moderate Income Housing Fund if there are insufficient other monies to make the required payment.

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To The Board Members
City of Riverbank Redevelopment Agency
State of California

We have audited the general-purpose financial statements of the City of Riverbank Redevelopment Agency, a component unit of the City of Riverbank, State of California, as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated November 30, 2010. We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States.

As part of obtaining reasonable assurance about whether the City of Riverbank Redevelopment Agency's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

In planning and performing our audit, we considered the City of Riverbank Redevelopment Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

A control deficiency exists when the design or operation of one or more of the internal control components does not allow management or employees in the normal course of performing their duties 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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entities internal controls.

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.

Our consideration of internal control over financial reporting and internal control over compliance was for the limited purpose described above 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 controls over financial reporting that we consider to be material weaknesses as described above.

This report is intended for the information of the audit committee, management and the Riverbank Redevelopment Agency Council. However, this report is a matter of public record and its distribution is not limited.

Clendenin Bird & Company,

CLENDENIN BIRD & COMPANY, PC

Modesto, California
November 30, 2010

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INDEPENDENT AUDITOR'S COMPLIANCE REPORT

To The Board Members
City Of Riverbank Redevelopment Agency
State of California

We have audited the general purpose financial statements of the City of Riverbank Redevelopment Agency, a component unit of the City of Riverbank, State of California, for the years ended June 30, 2010 and 2009, and have issued our report thereon dated November 30, 2010. We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit general purpose financial statements are free of material misstatement.

Compliance with laws and regulations applicable to the City of Riverbank Redevelopment Agency is the responsibility of the City of Riverbank Redevelopment Agency's management. As part of obtaining reasonable assurance about whether the component unit general purpose financial statements are free of material misstatement, we performed tests of the City of Riverbank Redevelopment Agency's compliance with laws and regulations contained in the *Guideline for Compliance Audits of California Redevelopment Agencies* issued by the State Controller's Office, Division of Local Government Fiscal Affairs.

The results of our tests indicated that, with respect to the items tested, the City of Riverbank Redevelopment Agency complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Riverbank Redevelopment Agency had not complied, in all material respects, with those provisions.

This report is intended for the information of the City of Riverbank Redevelopment Agency and the State Controller's office. However, this report, upon acceptance by the City of Riverbank Redevelopment Agency, is a matter of public record and its distribution is not limited.

Clendenin Bird & Company,

CLENDENIN BIRD & COMPANY, PC

Modesto, California
November 30, 2010