



CITY OF RIVERBANK
REDEVELOPMENT AGENCY MEETING
 City Hall Council Chambers
 6707 Third Street • Riverbank • California 95367

AGENDA
MONDAY, JANUARY 9, 2012 – 12:00 P.M.

CALL TO ORDER: Chair Virginia Madueño

ROLL CALL: Chair Virginia Madueño
 Vice Chair Richard O'Brien
 Agency Member Dotty Nygard
 Agency Member Jeanine Tucker
 Agency Member Jesse James White

<p>CONFLICT OF INTEREST Declaration by Chair, Agency Members and Staff who would have a direct Conflict of Interest on any scheduled agenda item to be considered.</p>
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1. PRESENTATIONS

None.

2. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken)

At this time, members of the public may comment on any item not appearing on the agenda, and within the subject matter jurisdiction of the RDA. Individual comments will be limited to a **maximum of 5 minutes** per person and each person may speak once during this time. Time cannot be yielded to another person. Under State Law, matters presented under this item cannot be discussed or acted upon at this time by the RDA. The public will be invited to make comments on agenda items when the item comes up for Agency consideration. For Closed Session items, the public will be invited to make comments before the meeting is recessed to Closed Session. For record purposes, you must step up to the podium, state your name, and speak into the microphone when addressing the RDA.

3. CONSENT CALENDAR

All items listed on the Consent Calendar are to be acted upon by a single action of the Redevelopment Agency unless otherwise requested by an individual Agency member for special consideration. Otherwise, the recommendation of staff will be accepted and acted upon by roll call vote.

Item 3.A: Clerk's Report of Posting. The agenda for the January 9, 2012, Redevelopment Agency meeting was posted on the City Chamber bulletin board on January 4, 2012.

Item 3.B: Waive Readings. All Readings of Ordinances and Resolutions, Except by Title, are Waived.

Item 3.C: Approval of the December 12, 2012, Redevelopment Agency Minutes.

Recommendation: Approval by roll call vote to Consent Calendar.

4. UNFINISHED BUSINESS: None.

5. PUBLIC HEARINGS: None.

6. NEW BUSINESS

Item 6.1: Annual Financial Report.

Recommendation: Council to accept Annual Financial Report.

Item 6.2: Downtown Beautification Project Discussion.

Recommendation: Council to discuss the Downtown Beautification Project and whether or not it was a joint venture with the City of Riverbank.

7. COMMENTS

Item 7.1: Staff Comments: (Information Only – No Action)

Item 7.2: Agency Comments: (Information Only – No Action)

ADJOURNMENT

AFFIDAVIT OF POSTING

DATE: 01/04/12 **TIME:** 4:00 p.m.
NAME: Annabelle Aguilar, CMC **TITLE:** Deputy City Clerk

Notice Regarding Americans with Disabilities Act:

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (209) 863-7122. Notification 48-hours before the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting [28 CFR 35.102-35.104 ADA Title II].

Notice Regarding Non-English Speakers:

Pursuant to California Constitution Article III, Section IV, establishing English as the official language for the State of California, and in accordance with California Code of Civil Procedures Section 185, which requires proceedings before any State Court to be in English, notice is hereby given that all proceedings before the City of Riverbank Redevelopment Agency shall be in English and anyone wishing to address the Agency is required to have a translator present who will take an oath to make an accurate translation from any language not English into the English language.

General Information: The Redevelopment Agency meets on a "as needed" basis.

Agency Agendas: The Redevelopment Agency agenda is available for public review at the City's website at www.riverbank.org and City Clerk's Office, 6707 Third Street, Riverbank, California generally 72 hours prior to the scheduled meeting. Copies and/or subscriptions can be purchased for a nominal fee through the City Clerk's Office.

Questions: Contact the City Clerk at (209) 863-7122.

**RIVERBANK REDEVELOPMENT AGENCY
AGENDA ITEM NO. 3.A**

SECTION 3: CONSENT CALENDAR

Meeting Date:	January 9, 2012
Subject/ Title:	Clerk's Report of Posting
Submitted by:	Annabelle Aguilar, CMC, Deputy City Clerk

RECOMMENDATION:

Approval by roll call vote to Consent Calendar.

STAFF SUMMARY:

Clerk's Report of Posting. The agenda for the January 9, 2012, Riverbank Redevelopment Agency meeting was posted on the City Council Chamber bulletin board per the Affidavit of Posting.

FINANCIAL IMPACT:

N/A

ATTACHMENT:

None

**RIVERBANK REDEVELOPMENT AGENCY
AGENDA ITEM NO. 3.B**

SECTION 3: CONSENT CALENDAR

Meeting Date:	January 9, 2012
Subject/ Title:	Waive Readings. All Readings of Ordinances and Resolutions, Except by Title, are Waived.
Submitted by:	Annabelle Aguilar, CMC, Deputy City Clerk

RECOMMENDATION:

Approval by roll call vote to Consent Calendar.

STAFF SUMMARY:

Waive Readings. All readings of Resolutions, except by title, are waived.

FINANCIAL IMPACT:

N/A

ATTACHMENT:

None

**RIVERBANK REDEVELOPMENT AGENCY
AGENDA ITEM NO. 3.C**

SECTION 3: CONSENT CALENDAR

Meeting Date:	January 9, 2012
Subject/ Title:	Approval of the December 12, 2011, Redevelopment Agency Minutes
Submitted by:	Annabelle Aguilar, CMC, Deputy City Clerk
City Manager Approval:	_____

RECOMMENDATION:

Approval by roll call vote of the Minutes on Consent Calendar.

STAFF SUMMARY:

The Minutes of the December 12, 2011, Redevelopment Agency Meeting are attached for the Agency's review and approval.

FINANCIAL IMPACT:

N/A

ATTACHMENT:

1. December 12, 2011, Redevelopment Agency Minutes



**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
MINUTES
MONDAY, DECEMBER 12, 2011**

CALL TO ORDER:

The Redevelopment Agency (RDA) of the City of Riverbank met this date in a session at 7:43 p.m. at the Riverbank Council Chambers, 6707 Third Street, Riverbank, California with Chair Virginia Madueño presiding.

ROLL CALL:

Present: ***Chair Virginia Madueño***
 Vice Chair Richard O'Brien
 Agency Member Dotty Nygard
 Agency Member Jeanine Tucker
 Agency Member Jesse James White

CONFLICT OF INTEREST
Declaration by Chair, Agency Members and Staff who would have a direct Conflict of Interest on any scheduled agenda item to be considered.

No one spoke.

1. PRESENTATIONS: *None.*

2. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken)

At this time, members of the public may comment on any item not appearing on the agenda, and within the subject matter jurisdiction of the RDA. Individual comments will be limited to a **maximum of 5 minutes** per person and each person may speak once during this time. Time cannot be yielded to another person. Under State Law, matters presented under this item cannot be discussed or acted upon at this time by the RDA. The public will be invited to make comments on agenda items when the item comes up for Agency consideration. For Closed Session items, the public will be invited to make comments before the meeting is recessed to Closed Session. For record purposes, you must step up to the podium, state your name, and speak into the microphone when addressing the RDA.

No one spoke.

3. CONSENT CALENDAR

All items listed on the Consent Calendar are to be acted upon by a single action of the Redevelopment Agency unless otherwise requested by an individual Agency member for special consideration. Otherwise, the recommendation of staff will be accepted and acted upon by roll call vote.

Item 3.A: Clerk's Report of Posting. The agenda for the December 12, 2011, Redevelopment Agency meeting was posted on the City Chamber bulletin board on December 7, 2011.

Item 3.B: Waive Readings. All Readings of Ordinances and Resolutions, Except by Title, are Waived.

Item 3.C: Approval of the October 10, 2011, Redevelopment Agency Minutes.

Recommendation: Approval by roll call vote to Consent Calendar.

***Public Comment:** Mr. Charles Neal inquired about the action that was to take place back in November as indicated in the October 10, 2011, RDA minutes. Pam Carder, Interim City Manager, apologized for the oversight and stated the action would be placed on the January 9th meeting.*

ACTION: *By motion (Nygard / Tucker /passed 5-0) to approve the Consent Calendar Items as presented; motion carried by unanimous roll call vote.*

4. UNFINISHED BUSINESS: None

5. PUBLIC HEARINGS: None.

6. NEW BUSINESS:

Item 6.1: **Resolution No. 2011-008** to Authorize the Agency Treasurer to direct U.S. Bank to use Bond Reserve for the February 2012 Debt Service Payment of the 2007 Series A and Series B Bonds.

Recommendation: Council to Authorize the Agency Treasurer to direct U.S. Bank to use the Bond Reserve account, to the extent necessary, for the February 2012 Debt Service Payment of the 2007 Series A and Series B Bonds.

Marisela Hernandez, Finance Director, presented the staff report; Agency Members and staff discussed the item.

ACTION: *By motion (O'Brien / Nygard / passed 5-0) to approve option #1: Payment of shortfall from the Bond Reserve accounts by adoption of Resolution No. 2011-008 as presented; motion carried by unanimous roll call vote.*

Item 6.2: Acceptance of the Riverbank Redevelopment Agency's FY 2010-11 Annual Report.

Recommendation: Receive and file the Redevelopment Agency's FY 2010-11 Annual Report.

Marisela Hernandez, Finance Director, presented the staff report; brief discussion ensued.

ACTION: *By motion (White / Tucker / passed 5-0) to accept the Riverbank RDA FY 2010-11 Annual Report as presented; motion carried by unanimous roll call vote.*

7. COMMENTS

Item 7.1: Staff Comments: (Information Only – No Action) *No one spoke.*

Item 7.2: Agency Comments: (Information Only – No Action) *No one spoke.*

ADJOURNMENT

There being no further business, Chair Madueño adjourned the meeting at 8:03 p.m.

ATTEST:

APPROVED:

Annabelle Aguilar, CMC
Assistant Secretary

Virginia Madueño, Chair

**RIVERBANK REDEVELOPMENT AGENCY
AGENDA ITEM NO. 6.1**

SECTION 6: NEW BUSINESS

Meeting Date: January 9, 2012
Subject/ Title: Annual Financial Report
Submitted by: Marisela Hernandez, Director of Finance

City Manager Approval: _____

RECOMMENDATION:

Council to accept Annual Financial Report.

STAFF SUMMARY:

A representative from Clendenin Bird & Company will present the Riverbank Redevelopment Agency's Annual Financial Report for the year ended June 30, 2011.

This year the Agency received an unqualified opinion, which basically states that the auditor feels the Agency followed all accounting rules appropriately and that the financial reports are an accurate representation of the Agency's financial condition.

FINANCIAL IMPACT:

None.

ATTACHMENTS: (List attachments in order of placement)

1. Annual Financial Report

CITY OF RIVERBANK
REDEVELOPMENT AGENCY
COMPONENT UNIT
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2011

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY**

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1552 Coffee Road, Suite 200
Modesto, CA 95355
(209) 526-3091
(209) 526-2287 fax
cbcpas.com

Gerald L. Clendenin, CPA
Michelle L. Gallagher, CPA
Cathy L. Gatewood, EA

Constance Hillas Bird, CPA (Inactive)
Sara Geer, EA

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, component unit of City of Riverbank, State of California, as of and for the year ended June 30, 2011, 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. The prior year comparative information has been derived from the City of Riverbank Redevelopment Agency's financial statements and, in our report dated November 30, 2010, we expressed an unqualified opinion on the financial statements.

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, as of June 30, 2011, and the respective changes in financial position thereof 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 22, 2011, on our consideration of the City of Riverbank Redevelopment Agency'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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

CLENDENIN BIRD & COMPANY, PC
Modesto, California
November 22, 2011

**RIVERBANK REDVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
(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, 2011. The Agency's financial statements for the fiscal year ended June 30, 2011 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 \$10,844,608.
- The 2010-2011 fiscal year was the 5th year in which the Agency was eligible to receive tax increment property taxes from the County. In its 5th year, the Agency received \$593,930 in tax increment revenue. This was a decrease of 2.88% from the 2009-2010 fiscal year.
- Expenditures for the agency exceeded revenues by \$300,398. During the 2010-2011 fiscal year, the Agency performed no capital projects due to lack of funds. All available funds were used for the repayment of the 2007 Series A and Series B bonds.
- The Agency deferred the required AB 1290 pass throughs to local taxing entities such as the school district and the community college district in order to have sufficient funds to make our debt service payments.

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

**RIVERBANK REDVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

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.

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.

**RIVERBANK REDVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

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 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, 2011 compared to the Agency's net assets as of June 30, 2010.

**Riverbank Redevelopment Agency
Net Assets
June 30, 2011**

	Governmental	Totals	
	Activities	2011	2010
	2011	2011	2010
Assets:			
Cash and Investments	\$1,438,387	\$1,438,387	\$1,852,950
Other Assets	3,343,951	\$3,343,951	\$3,346,211
Capital Assets	10,952,248	\$10,952,248	\$11,134,167
Total Assets	15,734,586	15,734,586	16,333,328
Liabilities:			
Current Liabilities	81,946	81,946	300,118
Other Liabilities	0	0	0
Long-Term Liabilities			
Due Within One Year	0	0	390,000
Due In More than One Year	15,545,000	15,545,000	15,145,000
Total Liabilities	15,626,946	15,626,946	15,835,118
Net Assets:			
Invested in Capital Assets, Net of Related Debt	10,952,248	10,952,248	11,134,167
Restricted	4,243,211	4,243,211	4,265,272
Unrestricted	(15,087,819)	(15,087,819)	(14,901,229)
Total Net Assets	\$107,640	\$107,640	\$498,210

**RIVERBANK REDVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Of the total net assets for the Agency's activities, \$10,952,248 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 \$4,243,211 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 \$15,087,819. 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 \$390,570. Below is a table showing the governmental activities of the Agency for the year ended June 30, 2011 as compared to the year ending June 30, 2010.

**Riverbank Redevelopment Agency
Changes in Net Assets
For Year Ended June 30, 2011**

	Governmental Activities	
	2011	2010
Revenues:		
Program Revenues:		
Charges for Services	0	0
Operating Grants and Contributions	0	0
Capital Grants and Contributions	0	0
General Revenues:		
Property Tax	593,930	611,530
Investment Earnings	6,715	21,282
Transfers	91,747	9,394
Other Revenues	0	0
Total Revenues	<u>692,392</u>	<u>642,206</u>
Expenses:		
Community Development	1,082,962	1,710,907
Total Expenses	<u>1,082,962</u>	<u>1,710,907</u>
Increase (Decrease) in Net Assets	(390,570)	(1,068,701)
Net Assets - Beginning	498,210	1,566,911
Net Assets - Ending	<u>\$107,640</u>	<u>\$498,210</u>

**RIVERBANK REDVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Total governmental revenues for the year were \$692,392. Tax Increment revenue comprises 86% of the total.

Total governmental expenses for the year were \$1,082,962. 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. This fiscal year the agency deferred the AB 1290 pass through in order to provide more funding for the repayment of the 2007 Series A and Series B bonds. The deferred pass through's for the 2010-11 fiscal year were \$81,946. This deferred amount will be repaid to the taxing agencies when funds become available.

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 \$10,844,608. 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, 2010 to June 30, 2011 are noted below:

During the 2010-2011 Fiscal year the Redevelopment Agency did not experience any significant project activity.

- The Agency's General Fund (including the debt service funds) received \$475,144 in tax increment revenue during the year, a decrease of 2.03%. This was the 5th year in which the Agency was eligible to receive Tax Increment funds from the County. Other revenues included \$6,213 received in investment earnings which were earned from the investment of bond proceeds in LAIF.
- Expenditures for the Agency of \$901,043 resulted in a deficiency of revenues over expenditures of \$300,398.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of June 30, 2011, the Agency's Governmental Funds had \$10,952,248 invested in a broad range of capital assets including land, construction in progress, building, equipment and infrastructure.

**RIVERBANK REDVELOPMENT AGENCY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

**Riverbank Redevelopment Agency
Capital Assets
(Net of Accumulated Depreciation)
June 30, 2011**

	<u>Governmental Activities</u>
Land	\$441,489
Construction in Progress	\$136,364
Equipment	\$131,402
Building and Improvements	\$10,242,993
Total	<u><u>\$10,952,248</u></u>

There were no capital asset additions during Fiscal Year 2010-2011. The Agency Board approved the transfer of the following properties to the City of Riverbank:

- 6800 Third Street: Reed’s Garage
- 3300 Atchison Rd: Del Rio Theater
- 3324 Atchison Rd: Del Rio Theater Parking Lot

LONG TERM DEBT

At year-end, the Agency had \$15,545,000 in long-tem 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.

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. The first payment was made in FY 2009-10, leaving a balance of \$400,000 owed. A two-year deferment of payments was requested and approved by Stanislaus County. For the 2010-11 Fiscal Year, the Agency did not make any repayment towards the loan.

**RIVERBANK REDVELOPMENT AGENCY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

**Riverbank Redevelopment Agency
Long-Term Debt
June 30, 2011**

	<u>Governmental Activities</u>
Tax Increment Bonds	\$15,145,000
Stanislaus Co. ED Loan	<u>\$400,000</u>
Total	<u><u>\$15,545,000</u></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 2011-2012 fiscal year, Agency management looked at the following factors:

REVENUE

- Approximately \$536,006 has been projected as Gross Tax Increment to be received by the Agency in 2011-2012. 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 4.58% decrease in the Certified Assessed Values for the 2011-2012 fiscal year. The Certified Assessed Values are the basis on which Property Taxes are calculated.
- During the 2010-2011 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.
- The Del Rio continues to be uninhabited and is not producing any rental income.

EXPENDITURES

- No projects are expected during the 2011-12 fiscal year.

**RIVERBANK REDVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

- The Agency will once again defer the required AB 1290 Pass Through payments to local taxing entities in order to provide for sufficient funds to make the required Series A and Series B debt service payments.

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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

	Primary Government		
	Governmental Activities	Totals 2011	Totals 2010
ASSETS			
Cash And Investments	406,999	406,999	820,423
Restricted Cash	1,031,388	1,031,388	1,032,527
Accounts Receivable	9,885	9,885	6,988
Loans Receivable	3,200,000	3,200,000	3,200,000
Unamortized Bond Issue Costs	134,066	134,066	139,223
Capital Assets (Net Of Accumulated Depreciation):			
Land	441,489	441,489	441,489
Construction In Progress	136,364	136,364	136,364
Equipment	131,402	131,402	134,111
Buildings And Improvements	10,242,993	10,242,993	10,422,203
Total Assets	<u>15,734,586</u>	<u>15,734,586</u>	<u>16,333,328</u>
LIABILITIES			
Accounts Payable And Other Current Liabilities	81,946	81,946	118
Long-Term Liabilities:			
Due Within One Year	0	0	390,000
Due In More Than One Year	15,545,000	15,545,000	15,445,000
Total Liabilities	<u>15,626,946</u>	<u>15,626,946</u>	<u>15,835,118</u>
NET ASSETS			
Invested In Capital Assets Net Of Related Debt	10,952,248	10,952,248	11,134,167
Restricted For			
Community Development Projects	3,211,823	3,211,823	3,232,745
Debt Service	1,031,388	1,031,388	1,032,527
Unrestricted	(15,087,819)	(15,087,819)	(14,901,229)
Total Net Assets	<u>107,640</u>	<u>107,640</u>	<u>498,210</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2010**

Functions/Programs	Expenses
Primary Government:	
Governmental Activities:	
Community Development	<u>1,082,962</u>
Total Governmental Activities	<u>1,082,962</u>
Total Primary Government	<u><u>1,082,962</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	2011	Totals 2010
0	0	0	(1,082,962)	(1,082,962)	(1,710,907)
0	0	0	(1,082,962)	(1,082,962)	(1,710,907)
<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,082,962)</u>	<u>(1,082,962)</u>	<u>(1,710,907)</u>

General Revenues:

Taxes:

Property Tax Increments	593,930	593,930	611,530
Investment Earnings	6,715	6,715	21,282
Transfers	91,747	91,747	9,394
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>
Total General Revenues And Transfers	<u>692,392</u>	<u>692,392</u>	<u>642,206</u>
Change In Net Assets	(390,570)	(390,570)	(1,068,701)
Net Assets - Beginning	<u>498,210</u>	<u>498,210</u>	<u>1,566,911</u>
Net Assets - Ending	<u>107,640</u>	<u>107,640</u>	<u>498,210</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

	General	Redevelopment Housing	Total Governmental Funds	
			2011	2010
Assets				
Cash And Investments	397,153	9,846	406,999	820,423
Restricted Cash	1,031,388	0	1,031,388	1,032,527
Accounts Receivable	7,908	1,977	9,885	6,988
Loans Receivable	0	3,200,000	3,200,000	3,200,000
Unamortized Bond Issue Costs	134,066	0	134,066	139,223
Due From Other Funds	0	0	0	0
Total Assets	<u>1,570,515</u>	<u>3,211,823</u>	<u>4,782,338</u>	<u>5,199,161</u>
Liabilities				
Accounts Payable	81,946	0	81,946	118
Bonds Payable	15,145,000	0	15,145,000	15,435,000
Other Liabilities	400,000	0	400,000	400,000
Due To Other Funds	0	0	0	0
Total Liabilities	<u>15,626,946</u>	<u>0</u>	<u>15,626,946</u>	<u>15,835,118</u>
Fund Balances				
Nonspendable	0	0	0	0
Restricted	0	3,211,823	3,211,823	3,232,745
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	(14,056,431)	0	(14,056,431)	(13,868,702)
Total Fund Balances	<u>(14,056,431)</u>	<u>3,211,823</u>	<u>(10,844,608)</u>	<u>(10,635,957)</u>
Total Liabilities And Fund Balances	<u>1,570,515</u>	<u>3,211,823</u>	<u>4,782,338</u>	<u>5,199,161</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, 2011**

Total fund balances - governmental funds (10,844,608)

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	131,402	
Buildings and improvements, net of \$250,087, accumulated depreciation	<u>10,242,993</u>	
Total capital assets		<u>10,952,248</u>

Total net assets - governmental activities 107,640

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2010**

	General	Redevelopment Housing	Total Governmental Funds	
			2011	2010
Revenues				
Property Tax Increments	475,144	118,786	593,930	611,530
Investment Earnings	6,213	502	6,715	21,282
Intergovernmental	0	0	0	0
Rental Income	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenues	<u>481,357</u>	<u>119,288</u>	<u>600,645</u>	<u>632,812</u>
Expenditures				
General Government	0	0	0	0
Community Development	898,833	2,210	901,043	1,458,953
Capital Outlay	0	0	0	2,194,629
Total Expenditures	<u>898,833</u>	<u>2,210</u>	<u>901,043</u>	<u>3,653,582</u>
Excess (Deficiency) Of Revenues Over Expenditures	(<u>417,476</u>)	<u>117,078</u>	(<u>300,398</u>)	(<u>3,020,770</u>)
Other Financing Sources (Uses)				
Operating Transfers In	229,747	0	229,747	918,647
Operating Transfers Out	<u>0</u>	(<u>138,000</u>)	(<u>138,000</u>)	(<u>909,253</u>)
Total Other Financing Sources (Uses)	<u>229,747</u>	(<u>138,000</u>)	<u>91,747</u>	<u>9,394</u>
Net Change In Fund Balances	(<u>187,729</u>)	(<u>20,922</u>)	(<u>208,651</u>)	(<u>3,011,376</u>)
Fund Balance - Beginning	(<u>13,868,702</u>)	<u>3,232,745</u>	(<u>10,635,957</u>)	(<u>7,624,581</u>)
Fund Balance- Ending	(<u>14,056,431</u>)	<u>3,211,823</u>	(<u>10,844,608</u>)	(<u>10,635,957</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, 2011**

Net change in fund balances - total governmental funds (208,651)

The changes in net assets reported for governmental activities in the statement of activities is different 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 and reported as depreciation expense. This is the amount by which capital outlays (\$0) exceeded depreciation (\$181,919) in the current period. (181,919)

Changes in net assets of governmental activities (390,570)

**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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2010**

	2011				
	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)	2010 Actual
	Original	Final			
REVENUES					
Property Tax Increments	555,000	555,000	475,144	(79,856)	485,008
Investment Earnings	6,000	6,000	6,213	213	19,518
Intergovernmental	0	0	0	0	0
Rental Income	0	0	0	0	0
Service Charges And Miscellaneous	0	0	0	0	0
Total Revenues	<u>561,000</u>	<u>561,000</u>	<u>481,357</u>	<u>(79,643)</u>	<u>504,526</u>
EXPENDITURES					
Salaries And Benefits	60,000	60,000	59,820	(180)	31,102
Supplies And Services	230,946	230,946	105,974	(124,972)	385,600
Interest	1,023,039	1,023,039	733,039	(290,000)	738,778
Capital Outlay	0	0	0	0	2,194,629
Total Expenditures	<u>1,313,985</u>	<u>1,313,985</u>	<u>898,833</u>	<u>(415,152)</u>	<u>3,350,109</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>(752,985)</u>	<u>(752,985)</u>	<u>(417,476)</u>	<u>335,509</u>	<u>(2,845,583)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	284,747	284,747	229,747	(55,000)	118,647
Transfers Out	(55,000)	(55,000)	0	55,000	(909,253)
Total Other Financing Sources And (Uses)	<u>229,747</u>	<u>229,747</u>	<u>229,747</u>	<u>0</u>	<u>(790,606)</u>
Net Change In Fund Balance	(523,238)	(523,238)	(187,729)	335,509	(3,636,189)
Fund Balance - Beginning	(13,868,702)	(13,868,702)	(13,868,702)	0	(10,232,513)
Fund Balance - Ending	<u>(14,391,940)</u>	<u>(14,391,940)</u>	<u>(14,056,431)</u>	<u>335,509</u>	<u>(13,868,702)</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
REDEVELOPMENT HOUSING CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2010**

	2011		Actual	Variance With Final Budget Over (Under)	2010 Actual
	Budgeted Amounts				
	Original	Final			
REVENUES					
Property Tax Increments	140,000	140,000	118,786	(21,214)	126,522
Investment Earnings	0	0	502	502	1,764
Total Revenues	<u>140,000</u>	<u>140,000</u>	<u>119,288</u>	<u>(20,712)</u>	<u>128,286</u>
EXPENDITURES					
Salaries And Benefits	0	0	0	0	25,000
Supplies And Services	1,000	1,000	2,210	1,210	278,473
Capital Outlay	0	0	0	0	0
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>2,210</u>	<u>1,210</u>	<u>303,473</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>139,000</u>	<u>139,000</u>	<u>117,078</u>	<u>(21,922)</u>	<u>(175,187)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	0	0	0	0	800,000
Transfers Out	(138,000)	(138,000)	(138,000)	0	0
Total Other Financing Sources And (Uses)	<u>(138,000)</u>	<u>(138,000)</u>	<u>(138,000)</u>	<u>0</u>	<u>800,000</u>
Net Change In Fund Balance	1,000	1,000	(20,922)	(21,922)	624,813
Fund Balance - Beginning	<u>3,232,745</u>	<u>3,232,745</u>	<u>3,232,745</u>	<u>0</u>	<u>2,607,932</u>
Fund Balance - Ending	<u><u>3,233,745</u></u>	<u><u>3,233,745</u></u>	<u><u>3,211,823</u></u>	<u><u>(21,922)</u></u>	<u><u>3,232,745</u></u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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, 2011**

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, 2011**

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, 2011**

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, 2011**

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, 2011**

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, fund balance is reported in classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are Non-spendable, Restricted, Committed, Assigned, and Unassigned. Non-spendable and Restricted fund balances represent the restricted classifications, and Committed, Assigned, and Unassigned represent the unrestricted classifications.

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

9. Net Assets and Fund Equity (Continued)

- Non-spendable fund balance includes amounts that cannot be spent because either 1) it is not in a spendable form, such as inventory or prepaid items or 2) legally or contractually required to be maintained intact.
- Restricted fund balance includes amounts that are constrained for specific purposes which are externally (outside the City) imposed by creditors, grantors, contributors, laws and regulations of other governments, or laws through constitutional provisions or enabling legislation.
- Committed fund balance includes amounts that are constrained for specified purpose that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned fund balance represents limitations imposed by management.
- Unassigned fund balance represents the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources, unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Within unrestricted resources, committed and assigned are considered spent (if available) before unassigned amounts.

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 \$14,056,431 as of June 30, 2011. Property tax increments will be collected in future years to reduce the deficit.

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and investments	<u>1,438,387</u>
Total cash and investments	<u>1,438,387</u>

Cash and investments as of June 30, 2011 consist of the following:

Cash held in checking account	406,999
Cash with fiscal agent (Restricted)	<u>1,031,388</u>
Total cash and investments	<u>1,438,387</u>

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 7.8 months.

		<u>Maturity Date</u>
State investment pool	406,999	7.8 months average maturity

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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 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.

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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, 2011 is \$1,031,388 all of which is classified in the General Fund.

B. Receivables

Receivables at June 30, 2011 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
	<u> </u>	<u> </u>	<u> </u>
Governmental activities:			
Interest	0	0	0
Taxes	<u>7,908</u>	<u>1,977</u>	<u>9,885</u>
Total	<u><u>7,908</u></u>	<u><u>1,977</u></u>	<u><u>9,885</u></u>

All receivables are expected to be collected within one year.

C. Payables

Payables at June 30, 2011 for the Redevelopment Agency's individual major funds and non-major funds in the aggregate are as follows:

	General	Housing	Total
	<u> </u>	<u> </u>	<u> </u>
Governmental activities:			
Vendors	<u>81,946</u>	<u>0</u>	<u>81,946</u>
Total	<u><u>81,946</u></u>	<u><u>0</u></u>	<u><u>81,946</u></u>

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

D. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	441,489	0	0	441,489
Construction in progress	136,364	0	0	136,364
Total Capital Assets not being Depreciated	<u>577,853</u>	<u>0</u>	<u>0</u>	<u>577,853</u>
Capital assets being depreciated:				
Buildings and Improvements	10,672,290	0	0	10,672,290
Equipment	135,466	0	0	135,466
Total capital assets being depreciated	<u>10,807,756</u>	<u>0</u>	<u>0</u>	<u>10,807,756</u>
Less accumulated depreciation for:				
Buildings and improvements	(250,087)	(179,210)	0	(429,297)
Equipment	(1,355)	(2,709)	0	(4,064)
Total accumulated depreciation	<u>(251,442)</u>	<u>(181,919)</u>	<u>0</u>	<u>(433,361)</u>
Net capital assets being depreciated	<u>10,556,314</u>	<u>(181,919)</u>	<u>0</u>	<u>10,374,395</u>
Total net capital assets - governmental	<u>11,134,167</u>	<u>(181,919)</u>	<u>0</u>	<u>10,952,248</u>

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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, 2011 were \$12,085,000.

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

Year Ending June 30	Principal	Interest
2012	235,000	581,901
2013	245,000	572,736
2014	255,000	562,936
2015	265,000	552,481
2016	275,000	541,550
2017-2021	1,575,000	2,520,390
2022-2026	1,975,000	2,121,250
2027-2031	2,525,000	1,575,000
2032-2036	3,210,000	670,750
2037-2038	1,525,000	115,250
Total	<u>12,085,000</u>	<u>9,814,244</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, 2011**

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, 2011 were \$3,060,000.

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

Year Ending June 30	Principal	Interest
2012	60,000	145,397
2013	65,000	143,058
2014	65,000	140,457
2015	70,000	137,793
2016	70,000	134,905
2017-2021	405,000	626,780
2022-2026	500,000	526,938
2027-2031	635,000	395,112
2032-2036	810,000	220,750
2037-2038	380,000	28,750
Total	<u>3,060,000</u>	<u>2,499,940</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. Payments due August 14, 2010 and August 14, 2011 have been deferred until August 14, 2012. Stanislaus County Downtown Beautification loan outstanding at June 30, 2011 was \$400,000.

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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	
2012	0	0	0
2013	100,000	0	100,000
2014	100,000	0	100,000
2015	200,000	0	200,000
Total	<u>400,000</u>	<u>0</u>	<u>400,000</u>

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, 2011:

Governmental activities:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Bonds Payable:					
Series A & B Bonds	15,435,000	0	(290,000)	15,145,000	295,000
Total Bonds Payable	<u>15,435,000</u>	<u>0</u>	<u>(290,000)</u>	<u>15,145,000</u>	<u>295,000</u>
Economic Development Loan	400,000	0	0	400,000	0
Liabilities of Governmental Activities	<u>15,835,000</u>	<u>0</u>	<u>0</u>	<u>15,545,000</u>	<u>295,000</u>

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

F. New Accounting Pronouncements:

The following new Governmental Accounting Standards Board (GASB) statement was implemented effective for periods beginning after June 15, 2010:

GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, established new fund balance classifications for governmental funds. It changed the previous terminology of Reserved and Unreserved to five new classifications, which are Non-spendable, Restricted, Committed, Assigned, and Unassigned. GASB Statement 54 added additional note disclosures for the new classifications and refined the definitions of the various governmental fund types. For more information concerning this change, see the Fund Balance Policies note.

The following tables illustrate the reclassification of fund balances:

Fund Balances as of June 30, 2010

	General	Housing	Totals
Fund Balances:			
Reserved	0	0	0
Unreserved	(13,868,702)	3,232,745	(10,635,957)
Total Fund Balances	<u>(13,868,702)</u>	<u>3,232,745</u>	<u>(10,635,957)</u>

Fund Balances Reclassification as of June 30, 2010

	General	Housing	Totals
Fund Balances:			
Nonspendable	0	0	0
Restricted	0	3,232,745	3,232,745
Committed	0	0	0
Assigned	0	0	0
Unassigned	(13,868,702)	0	(13,868,702)
Total Fund Balances	<u>(13,868,702)</u>	<u>3,232,745</u>	<u>(10,635,957)</u>

**CITY OF RIVERBANK
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

G. Subsequent Events

The City has evaluated subsequent events through November 22, 2011, the date which the financial statements were available to be issued.

California Redevelopment Association along with League of California Cities and the cities of San Jose and Union City filed the initial petition on July 18, 2011, challenging the constitutionality of the state's plan to eliminate redevelopment agencies unless they agree to pay \$1.7 billion for FY 2011-12 and \$400 million in subsequent budget years. The central claim in the lawsuit is that AB 1x 26 and AB 1x 27 violate the California State Constitution, including Proposition 22, which was passed by 61 percent of California voters in November 2010. The California Supreme Court will hear oral arguments on November 10, 2011. A decision is expected to be reached before January 15, 2012, when the first payment under AB 1x 27 would be due.

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

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

We have audited the financial statements of the City of Riverbank Redevelopment Agency, State of California, as of and for the years ended June 30, 2011, and have issued our report thereon dated November 22, 2011. 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 City of Riverbank Redevelopment Agency, State of California'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 City of Riverbank Redevelopment Agency, State of California's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Riverbank Redevelopment Agency, State of California's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the management, City Council, other within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

CLENDENIN BIRD & COMPANY, PC

Modesto, California
November 22, 2011

INDEPENDENT AUDITOR'S COMPLIANCE REPORT

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

We have audited City of Riverbank Redevelopment Agency's compliance with the compliance requirements contained in the *Guidelines for Compliance Audits of California Redevelopment Agencies* applicable to City of Riverbank's Redevelopment Agency for the year ended June 30, 2011. Compliance with the requirements referred to above is the responsibility of City of Riverbank Redevelopment Agency's management. Our responsibility is to express an opinion on City of Riverbank Redevelopment Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Guidelines for Compliance Audits of California Redevelopment Agencies* issued by the State Controller's Office, Division of Local Government Fiscal Affairs. Those standards and *Guidelines for Compliance Audits of California Redevelopment Agencies* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the component unit financial statements occurred. An audit includes examining, on a test basis, evidence about City of Riverbank Redevelopment Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Riverbank Redevelopment Agency's compliance with those requirements. In our opinion, City of Riverbank Redevelopment Agency complied, in all material respects, with the compliance requirement referred to above that are applicable to the Redevelopment Agency for the year ended June 30, 2011.

Internal Control Over Compliance

Management of City of Riverbank Redevelopment Agency is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered City of Riverbank Redevelopment Agency's internal control over compliance to determine the auditing procedures

for the purpose of expressing our opinion over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Riverbank Redevelopment Agency's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness* in internal control over compliance is a deficiency, or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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

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

This report is intended solely for the information and use of management, City Council, other within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

CLENDENIN BIRD & COMPANY, PC

Modesto, California
November 22, 2011

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**RIVERBANK REDEVELOPMENT AGENCY
AGENDA ITEM NO. 6.2**

SECTION 6: NEW BUSINESS

Meeting Date: January 9, 2012

Subject/ Title: Downtown Beautification Project Discussion

Submitted by: Marisela Hernandez, Treasurer

City Manager Approval: _____

RECOMMENDATION:

Council to discuss the Downtown Beautification Project and whether or not it was a joint venture with the City of Riverbank.

STAFF SUMMARY:

At the October 10, 2011 RDA meeting, Vice Chair O'Brien asked for clarification regarding whether the scope of the Downtown Beautification project funded by the RDA had expanded into a joint venture between the RDA and the City. This question arose from the records request submitted by Mr. Charles Neal regarding the funding sources and expenditures of the project.

Exhibit A attached, are all expenditures and funding sources for the project. As you will note, the final project cost for all upgrades to infrastructure (including sewer, water, and storm drain, streets and sidewalks) as well as the development of the vacant parking lot at 3rd and Santa Fe into the Plaza del Rio totaled \$9,262,038.04. This project was paid for via the following funding sources:

- 2007 Series A Redevelopment Agency Bonds: \$7,000,000
- Stanislaus Co. Economic Development Bank Loan (RDA): \$500,000
- Del Rio Reserve for Upgrades (reallocation approved by Agency): \$500,000
 - This reserve was funded by the RDA Bonds
- Property Tax Increment: \$1,073,483.79
- Housing Grant for Design Expenditures: \$36,369.75
- Water Fund for Backflow Installation (Approved by City Council): \$14,624.50
- System Development Fees for Change Order #30: \$137,560

Council's desire to discuss this item stems from the assumption that due to the fact that the construction inspection and engineering was provided to this project without being paid for by the RDA that this project then became a joint venture between the City and the RDA. The Development Services Department (in particular the Construction Inspection and Engineering Divisions) provide all inspection and engineering services for any and all projects within the City's right of way. Regardless if the project had been funded by other funding sources, such as the General Fund or Water & Sewer Funds, the construction inspection and engineering would still have been performed by city staff.

Providing such services to the RDA for the completion of this project in no way makes the City liable for the repayment of the 2007 Series A Redevelopment Bonds.

FINANCIAL IMPACT:

None. Agenda item is for discussion purposes only.

ATTACHMENTS: (List attachments in order of placement)

1. Exhibit A: Downtown Beautification Project & Plaza Del Rio Revenue & Expenditure Breakdown.

EXHIBIT A

City of Riverbank Downtown Beautification Project & Plaza Del Rio

Project	Contractor	Actual to Date
<u>Engineering/Permitting Costs</u>		
Downtown Phase 1 & 2	Associated Engineering	\$ 247,760.00
Amendment 1	Associated Engineering	\$ 30,460.00
Amendment 2	Associated Engineering	\$ 30,507.75
Plaza Del Rio	Associated Engineering	\$ 54,314.95
First Design of Downtown	RRM Design Group	\$ 35,218.89
	Cogdill & Giomi	\$ 3,500.00
Total Engineering & Permitting Costs		\$ 401,761.59
<u>Construction Costs</u>		
Public Relations	Bluthe Public Relations	\$ 90,023.04
Grand Re-Opening	Costs applied toward Bluthe	\$ 6,835.24
Downtown Beautification - Phase 1	Ross F. Carroll	\$ 2,491,696.40
Change Orders to Date	Ross F. Carroll	\$ 576,561.10
Inspection Services - Phase 1	Iomlan Construction Services	\$ 76,154.00
Inspection Services - Phase 1 & Phase 2	Giuliani & Kull	\$ 164,672.50
Testing - Phase 1	Neil O. Anderson	\$ 26,354.00
Testing - Phase 2	Kleinfelder	\$ 33,232.00
Kleinfelder	Change Orders - Unknown -Storage Tank	\$ 47,242.38
Misc.	MISC.	
	Dugo Signs	\$ 899.80
	Oakdale Leader	\$ 523.04
	Home Depot	\$ 796.78
	Mid Valley Conc pump	\$ 250.00
	Far West	\$ 850.00
	Don's Mobil Glass	\$ 214.07
	Stockton Blue	\$ 1,106.65
	Sunrise Rock & Redi	\$ 27.87
	Groeniger & Co.	\$ 317.83
	Staples Credit Plan	\$ 8.66
	US Bank	\$ 175.50
	SWRCB-Storm Water	\$ 842.00
	State of CA Water Res	\$ 735.00
Misc.	Golden Valley Awards	\$ 1,933.76
Misc. Plaza	Plaza	\$ 1,029.36
Misc. X-mas Tree Lighting		\$ 1,635.79
Bronze Statue	Betty	\$ 135,466.75
Applegate	Applegate	\$ 9,188.41
Downtown Phase 2 and Plaza Del Rio	Sierra Nevada Construction	\$ 4,374,007.00
Change Orders #4 - Value Engineering		\$ (321,320.75)
Change Orders #12 - Sierra - RR-Xing		\$ (204,512.50)
Change Orders - Unknown		\$ 267,746.63

EXHIBIT A

Undergrounding	SNC - Change Order #10	\$ 380,029.75
Decorative Street Lights	SNC - Change Order #7	\$ 127,071.40
	Balancing Change Order	\$ (5,753.50)
	TOTAL CHANGE ORDERS	
Undergrounding	PG&E	\$ 187,207.42
Decorative Street Lights	PG&E	\$ 304,201.56
Plaza Del Rio	PG&E	\$ 2,150.64
Undergrounding	AT&T	\$ 80,676.87
Total Construction Costs		<u>\$ 8,860,276.45</u>
Total Costs to Date		<u><u>\$ 9,262,038.04</u></u>
Funding Resources:		
RDA - Downtown Beautification		\$ 6,000,000.00
RDA - Plaza Del Rio		\$ 1,000,000.00
Del Rio		\$ 500,000.00
Loan		\$ 500,000.00
Tax Increment		\$ 836,030.00
SDF - CCO#30 Phase 1		\$ 137,560.00
Water - CCO# 12 &42		\$ 14,624.50
Housing Grant (Off set to RRM Design)		\$ 36,369.75
		<u>\$ 9,024,584.25</u>
Difference		<u><u>\$ (237,453.79)</u></u>
	Downtown	\$ 9,032,508.09
	Plaza	\$ 229,529.95
		<u>\$ 9,262,038.04</u>

EXHIBIT A

Downtown Streetscape 225-439.000-707.096

Actual Expenses

grand reopening	10/8/2009 A & A Portables	292.96	
grand reopening	9/3/2009 Cash	500.00	
grand reopening	9/24/2009 Cash	800.00	
grand reopening	9/29/2009 Cash	-475.73	
grand reopening	8/20/2009 Clear Channel Broadcasting	1,154.00	
grand reopening	9/24/2009 Designs by Karen	83.00	
grand reopening	9/17/2009 Esperanza's Everlasting...	100.00	
grand reopening	8/13/2009 Matt Cardinalli	1,500.00	
grand reopening	9/17/2009 Matt Cardinalli	1,500.00	
grand reopening	9/17/2009 Matt Cardinalli	100.00	
grand reopening	9/10/2009 Riverbank Printing	359.81	
grand reopening	9/10/2009 Riverbank Printing	108.38	
grand reopening	8/13/2009 Stonehenge Indoor Climbing	50.00	
grand reopening	9/17/2009 Stonehenge Indoor Climbing	450.00	
grand reopening	10/15/2009 US Bank	127.06	
grand reopening	11/12/2009 US Bank	185.76	6,835.24
grand reopening	9/10/2009 Golden Valley Awards	1,933.76	1,933.76
Xmas tree lighting	12/17/2009 BH Skating Parks LLC	1,199.00	
Xmas tree lighting	12/17/2009 Petty Cash	36.79	
Xmas tree lighting	12/17/2009 US Bank	400.00	1,635.79
	12/11/2008 Applegate Teeples	4,594.20	
	12/11/2008 Applegate Teeples	4,594.21	9,188.41
	1/25/2007 Associated Engineering	6,341.00	
	2/23/2007 Associated Engineering	27,809.60	
	3/8/2007 Associated Engineering	42,097.60	
	4/23/2007 Associated Engineering	12,552.10	
	5/18/2007 Associated Engineering	9,167.93	
	6/17/2007 Associated Engineering	11,797.00	
	8/23/2007 Associated Engineering	35,790.83	
	8/23/2007 Associated Engineering	26,206.39	
	9/20/2007 Associated Engineering	11,687.54	
	10/11/2007 Associated Engineering	12,179.30	
	11/8/2007 Associated Engineering	7,967.30	
	12/20/2007 Associated Engineering	8,170.12	
	3/20/2008 Associated Engineering	29,181.69	
	3/20/2008 Associated Engineering	10,051.06	
	3/20/2008 Associated Engineering	17,005.58	
	5/22/2008 Associated Engineering	10,214.96	
	6/30/2008 Associated Engineering	1,908.67	
	6/30/2008 Associated Engineering	501.79	
	6/30/2008 Associated Engineering	9,878.79	
	6/30/2008 Associated Engineering	12,481.50	
	9/4/2008 Associated Engineering	345.00	
	10/9/2008 Associated Engineering	1,208.00	

EXHIBIT A

1/22/2009 Associated Engineering	2,916.00	
1/22/2009 Associated Engineering	1,268.00	308,727.75
2/5/2009 AT&T California	80,676.87	80,676.87
8/30/2007 Don's Mobile Glass	214.07	214.07
9/20/2007 Dugo Signs	646.58	
9/20/2007 Dugo Signs	253.22	899.80
2/14/2008 Far West	260.00	
5/1/2008 Far West	590.00	850.00
5/1/2008 Giuliani & Kull, Inc	6,630.00	
6/19/2008 Giuliani & Kull, Inc	13,415.00	
6/30/2008 Giuliani & Kull, Inc	1,530.00	
8/14/2008 Giuliani & Kull, Inc	6,035.00	
10/9/2008 Giuliani & Kull, Inc	2,635.00	
10/30/2008 Giuliani & Kull, Inc	4,972.50	
12/11/2008 Giuliani & Kull, Inc	3,145.00	
12/11/2008 Giuliani & Kull, Inc	13,005.00	
1/29/2009 Giuliani & Kull, Inc	9,010.00	
2/26/2009 Giuliani & Kull, Inc	10,690.00	
4/2/2009 Giuliani & Kull, Inc	12,750.00	
4/9/2009 Giuliani & Kull, Inc	12,155.00	
5/14/2009 Giuliani & Kull, Inc	14,620.00	
6/11/2009 Giuliani & Kull, Inc	13,005.00	
6/18/2009 Giuliani & Kull, Inc	12,622.50	
6/30/2009 Giuliani & Kull, Inc	10,157.50	
6/30/2009 Giuliani & Kull, Inc	-4,187.50	
9/17/2009 Giuliani & Kull, Inc	11,305.00	
10/1/2009 Giuliani & Kull, Inc	5,950.00	
1/22/2010 Giuliani & Kull, Inc	3,570.00	
1/22/2010 Giuliani & Kull, Inc	977.50	
1/22/2010 Giuliani & Kull, Inc	680.00	164,672.50
9/18/2008 Groeniger & Company	317.83	317.83
11/20/2008 Home Depot	39.33	
4/16/2009 Home Depot	315.42	
10/22/2009 Home Depot	327.48	
11/19/2009 Home Depot	114.55	796.78
10/1/2007 Iomlan Construction	10,556.00	
10/25/2007 Iomlan Construction	33,930.00	
11/29/2007 Iomlan Construction	10,556.00	
12/20/2007 Iomlan Construction	10,556.00	
1/24/2008 Iomlan Construction	10,556.00	76,154.00
5/25/2007 Judith Buethe PR	1,765.50	
6/14/2007 Judith Buethe PR	4,272.63	
6/30/2007 Judith Buethe PR	2,411.99	
8/16/2007 Judith Buethe PR	9,661.30	

EXHIBIT A

9/13/2007 Judith Buethe PR	5,826.54	
10/18/2007 Judith Buethe PR	2,075.69	
11/21/2007 Judith Buethe PR	830.75	
2/7/2008 Judith Buethe PR	6,799.16	
4/10/2008 Judith Buethe PR	2,946.17	
4/10/2008 Judith Buethe PR	2,608.70	
4/24/2008 Judith Buethe PR	3,456.45	
4/24/2008 Judith Buethe PR	9,519.40	
4/24/2008 Judith Buethe PR	11,511.85	
4/24/2008 Judith Buethe PR	2,746.89	
4/24/2008 Judith Buethe PR	-6,492.07	
5/22/2008 Judith Buethe PR	3,889.12	
6/26/2008 Judith Buethe PR	4,907.30	
6/30/2008 Judith Buethe PR	4,690.52	
9/11/2008 Judith Buethe PR	7,604.86	
9/11/2008 Judith Buethe PR	8,990.29	90,023.04
1/15/2008 Kleinfelder, Inc.	2,145.20	
12/11/2008 Kleinfelder, Inc.	5,437.80	
3/26/2009 Kleinfelder, Inc.	6,329.10	
3/26/2009 Kleinfelder, Inc.	8,461.10	
5/21/2009 Kleinfelder, Inc.	5,410.03	
6/18/2009 Kleinfelder, Inc.	19,866.70	
6/18/2009 Kleinfelder, Inc.	18,102.45	
6/30/2009 Kleinfelder, Inc.	6,020.00	
7/30/2009 Kleinfelder, Inc.	1,441.60	
9/10/2009 Kleinfelder, Inc.	2,827.70	
11/12/2009 Kleinfelder, Inc.	862.30	
11/12/2009 Kleinfelder, Inc.	2,550.40	
11/25/2009 Kleinfelder, Inc.	1,020.00	80,474.38
3/26/2009 Mid Valley Conc. Pump.	250.00	250.00
4/3/2008 Neil O Anderson	1,844.80	
5/1/2008 Neil O Anderson	2,242.20	
5/15/2008 Neil O Anderson	3,527.00	
6/19/2008 Neil O Anderson	1,829.60	
6/26/2008 Neil O Anderson	4,245.80	
6/26/2008 Neil O Anderson	2,322.00	
6/26/2008 Neil O Anderson	-50.00	
6/30/2008 Neil O Anderson	600.00	
6/30/2008 Neil O Anderson	3,374.40	
8/7/2008 Neil O Anderson	4,936.20	
8/28/2008 Neil O Anderson	1,129.60	
9/18/2008 Neil O Anderson	352.40	26,354.00
10/11/2007 Oakdale Leader	194.70	
11/8/2007 Oakdale Leader	127.50	
8/21/2008 Oakdale Leader	200.84	523.04
3/26/2009 PG&E	304,201.56	
3/26/2009 PG&E	187,207.42	
6/11/2009 PG&E	2,150.64	493,559.62

EXHIBIT A

12/13/2007	Ross F Carroll	430,197.01	
2/7/2008	Ross F Carroll	495,048.96	
2/14/2008	Ross F Carroll	326,614.93	
3/20/2008	Ross F Carroll	289,134.24	
4/17/2008	Ross F Carroll	351,894.71	
5/15/2008	Ross F Carroll	128,536.38	
6/19/2008	Ross F Carroll	346,655.74	
8/21/2008	Ross F Carroll	75,235.95	
8/21/2008	Ross F Carroll	227,818.76	
10/23/2008	Ross F Carroll	146,210.94	
11/13/2008	Ross F Carroll	250,909.88	
10/21/2008	Ross F Carroll-Reclass	-14,624.50	
10/21/2009	Ross F Carroll-Reclass	-137,560.00	2,916,073.00
12/11/2008	Sierra Nevada Const.	279,596.98	
1/8/2009	Sierra Nevada Const.	177,521.40	
1/22/2009	Sierra Nevada Const.	28,800.00	
2/26/2009	Sierra Nevada Const.	115,586.94	
4/2/2009	Sierra Nevada Const.	326,011.97	
4/30/2009	Sierra Nevada Const.	393,199.23	
5/28/2009	Sierra Nevada Const.	499,022.54	
6/18/2009	Sierra Nevada Const.	159,369.66	
6/30/2009	Sierra Nevada Const.	377,693.55	
9/3/2009	Sierra Nevada Const.	604,924.53	
9/24/2009	Sierra Nevada Const.	450,367.07	
10/22/2009	Sierra Nevada Const.	689,669.55	
11/25/2009	Sierra Nevada Const.	48,467.81	
12/23/2009	Sierra Nevada Const.	2,360.00	
1/6/2010	Sierra Nevada Const.	1,770.00	
1/6/2010	Sierra Nevada Const.	461,136.80	
2/11/2010	Sierra Nevada Const.	1,770.00	4,617,268.03
12/17/2009	Staples Credit Plan	8.66	8.66
10/4/2007	State of CA Water Res.	332.00	
9/11/2008	State of CA Water Res.	403.00	735.00
11/8/2007	Stockton Blue	242.35	
9/18/2008	Stockton Blue	555.24	
12/18/2008	Stockton Blue	102.53	
12/18/2008	Stockton Blue	48.35	
2/12/2009	Stockton Blue	158.18	1,106.65
3/12/2009	Sunrise Rock & Redi	27.87	27.87
11/26/2008	SWRCB-Storm Water	404.00	
12/3/2008	SWRCB-Storm Water	-24.00	
9/3/2009	SWRCB-Storm Water	462.00	842.00
12/20/2007	US Bank	175.50	175.50
Total Expenditures		8,880,323.59	8,880,323.59

EXHIBIT A

Plaza Del Rio
225-439.000-707.093

Budget 1,000,000.00

Actual Expenses

3/20/2008 Associated Eng.	9,431.40	
3/20/2008 Associated Eng.	11,513.45	
3/20/2008 Associated Eng.	17,401.80	
5/22/2008 Associated Eng.	8,516.40	
6/30/2008 Associated Eng.	1,392.50	
6/30/2008 Associated Eng.	4,258.20	
8/7/2008 Associated Eng.	721.20	
9/4/2008 Associated Eng.	115.00	
10/9/2008 Associated Eng.	965.00	54,314.95
12/31/2006 Cogdill & Giomi	3,500.00	3,500.00
8/30/2007 Don's Mobile Glass	214.07	
8/30/2007 Dugo Signs	619.56	
8/14/2008 Home Depot	138.50	
9/18/2008 Home Depot	8.91	
5/25/2007 IMPAC	48.32	1,029.36 MISC
11/16/2006 RRM Design	5,930.51	
12/14/2006 RRM Design	3,107.50	
12/21/2006 RRM Design	2,713.37	
2/8/2007 RRM Design	5,031.18	
3/7/2007 RRM Design	2,408.24	
4/16/2007 RRM Design	11,735.59	
5/3/2007 RRM Design	3,017.50	
6/30/2007 RRM Design	1,275.00	35,218.89
11/30/2006 Saletta Sculpture	12,500.00	
7/19/2007 Saletta Sculpture	41,666.00	
1/29/2009 Saletta Sculpture	41,666.00	
8/20/2009 Saletta Sculpture	39,634.75	135,466.75

229,529.95