

CITY OF RIVERBANK
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2018

CITY OF RIVERBANK, CALIFORNIA

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INDEPENDENT AUDITOR'S REPORT

To The City Council
City Of Riverbank
State of California

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Riverbank, State of California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Riverbank, State of California as of June 30, 2018, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Riverbank, State of California's basic financial statements. The introductory section, combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Gallagher Gatewood

GALLAGHER GATEWOOD, A PROFESSIONAL ACCOUNTANCY CORPORATION

Modesto, California
March 10, 2021

**CITY OF RIVERBANK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

This discussion and analysis of the City of Riverbank's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2018. The City's financial statements for the fiscal year ended June 30, 2018 are presented in accordance with GASB 34. Please read Management's Discussion and Analysis in conjunction with the City's financial statements, notes, and supplementary schedules.

FINANCIAL HIGHLIGHTS

- The City's governmental activities total assets exceeded liabilities (net position) at the close of the fiscal year by \$80,609,335. Of this amount, \$3,587,233 is in unrestricted net position, which is available to meet the City's ongoing financial obligations. The total assets of the business-type activities exceeded its liabilities (net position) by \$28,191,479. Of this amount, \$9,017,763 was unrestricted.
- General and program expenses for Governmental Activities exceeded revenues by \$847,871 City program expenses totaled \$13,662,144 for fiscal year 2017-2018, an increase of 1% over the 2016-17 Fiscal Year. Public Works costs comprised \$5,226,110 or 38% of the total expenses, whereas Public Safety comprised 29% of expenditures.
- In the City's business-type activities (which include the Water, Sewer and Community Center and Local Redevelopment Funds), expenses exceeded revenues by \$343,703.
- The City's General Fund ended the year with a fund balance of \$6,863,086. This is an increase of 10% from the year ending June 30, 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

REPORTING THE CITY AS A WHOLE

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

**CITY OF RIVERBANK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

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

The *statement of changes in net position* presents information showing how the City's net position changed in the most recent fiscal year. All changes in net position 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, and earned but unused vacation leave).

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

The government-wide financial statements of the City are divided into two categories:

- **Governmental Activities:** Includes police, public works, community development (building and planning), grants and special programs, and general government. Taxes and intergovernmental revenues such as sales tax, property tax, vehicle license fees, user fees, franchise fees, and federal and state grants primarily finance these activities.
- **Business-type activities** include the City's water and sewer systems, in addition to the City's Community Center and the Local Redevelopment Authority (LRA). Fees are charged to customers, including lease revenue, to help cover the costs of the services it provides.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements. The fund financial statements provide detailed information about the City's most significant *funds* – not the City 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 City is meeting legal responsibilities for the use of certain taxes, grants, and other resources. All of the funds of the City can be divided into three categories: *governmental funds, proprietary funds, and fiduciary funds.*

Governmental funds – Most of the City's basic services are reported in governmental funds, which focuses 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 City'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 City's programs.

**CITY OF RIVERBANK
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(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 City. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the City’s government-wide financial statements because the City cannot use these assets to finance its operations.

Proprietary funds – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The City’s proprietary funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position. As noted earlier, net position may serve over time as a useful indicator of the City’s financial position. Below is a table showing the City’s net position as of June 30, 2018 compared to the City’s net position as of June 30, 2017.

**City of Riverbank
Net Position
For Year Ended June 30, 2018**

	Governmental Activities		Proprietary Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Cash and Investments	\$16,564,600	\$15,287,954	\$7,527,405	\$7,220,719	\$24,092,005	\$22,508,673
Other Assets	15,798,048	16,180,595	6,433,613	8,606,221	\$22,231,661	24,786,816
Capital Assets	54,398,205	55,958,879	26,682,043	24,880,866	\$81,080,248	80,839,745
Total Assets	86,760,853	87,427,428	40,643,061	40,707,806	127,403,914	128,135,234
Current Pension Plan Cont.	1,420,962	886,934	403,159	282,565	1,824,121	1,169,499
Liabilities						
Current Liabilities	1,963,354	2,203,095	3,634,573	2,563,772	5,597,927	4,766,867
Compensated Absences	195,163	204,732	66,424	90,684	261,587	295,416
Net Pension Liability	4,779,519	4,045,830	1,554,240	1,388,491	6,333,759	5,434,321
Long-Term Liabilities	0	0	7,376,876	8,241,768	7,376,876	8,241,768
Total Liabilities	6,938,036	6,453,657	12,632,113	12,284,715	19,570,149	18,738,372
Deferral of Pension Expense	634,445	403,499	222,627	170,475	857,072	573,974
Net Assets						
Invested in Capital Assets, Net of Related Debt	54,398,206	55,958,879	19,173,716	16,495,699	73,571,922	72,454,578
Restricted	22,623,896	22,529,903	0	0	22,623,896	22,529,903
Unrestricted	3,587,233	2,968,424	9,017,763	12,039,483	12,604,996	15,007,907
Total Net Assets	\$80,609,335	\$81,457,206	\$28,191,479	\$28,535,182	\$108,800,814	\$109,992,388

**CITY OF RIVERBANK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

Of the total net position for both the Governmental and Business-type activities, \$73,571,922 or 68% reflects the City's investment in capital assets (e.g. land, buildings and improvements, vehicles and equipment, infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; and consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position amounts to \$22,623,896 or 21% of the total. Restricted net position 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 position is those resources which may be used to meet the City's ongoing commitments to citizens and creditors. Government-wide unrestricted net position is \$12,604,996 or 11% of the total net position.

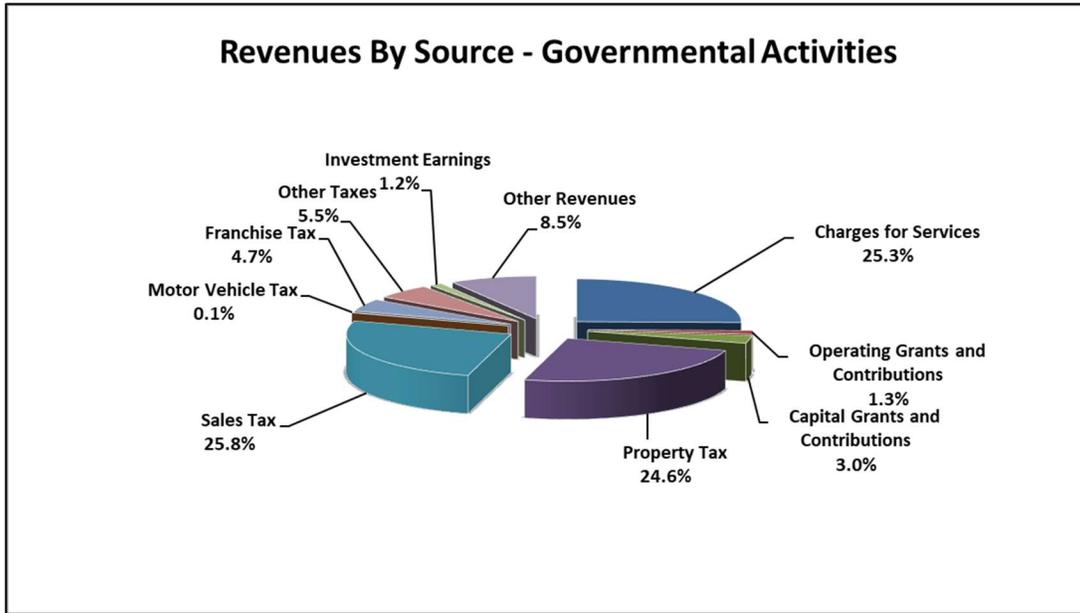
Changes in Net Position. Total expenditures for the year exceeded revenues by \$1,191,574. Below is a table showing the Governmental and Proprietary Activities of the City for the year ended June 30, 2018 as compared to the year ending June 30, 2017.

**City of Riverbank
Changes in Net Position
For Year Ended June 30, 2018**

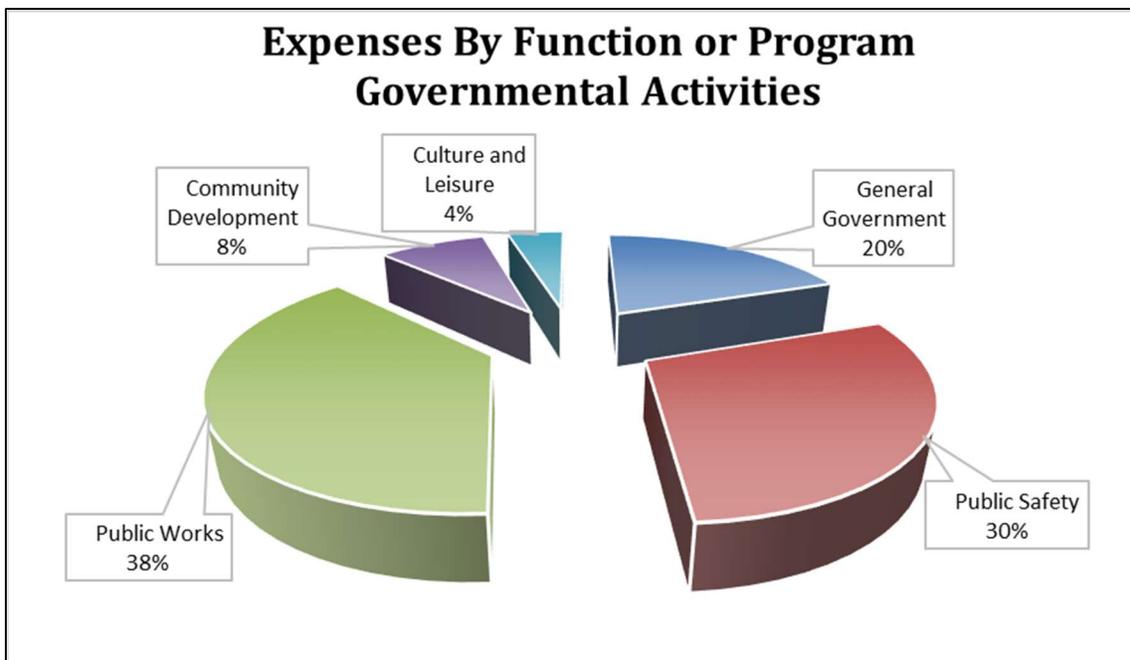
	Governmental Activities		Proprietary Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services	3,244,524	1,959,945	22,062,945	22,101,216	25,307,469	24,061,161
Operating Grants and Contributions	168,940	231,746	0	0	168,940	231,746
Capital Grants and Contributions	379,015	550,152	0	0	379,015	550,152
General Revenues:						
Property Tax	3,152,413	2,994,412	0	0	3,152,413	2,994,412
Sales Tax	3,307,696	3,244,950	0	0	3,307,696	3,244,950
Motor Vehicle Tax	12,954	10,713	0	0	12,954	10,713
Franchise Tax	598,278	595,547	0	0	598,278	595,547
Other Taxes	706,387	595,805	0	0	706,387	595,805
Investment Earnings	151,883	56,634	28,901	26,980	180,784	83,614
Gain on Disposal of Assets	0	0	58,242	0	58,242	0
Transfers	1,092,183	1,103,606	(1,092,183)	(1,103,606)	0	0
Total Revenues	12,814,273	11,343,510	21,057,905	21,024,590	33,872,178	32,368,100
Expenses						
General Government	2,670,260	2,540,053		0	2,670,260	2,540,053
Public Safety	4,023,831	3,812,432		0	4,023,831	3,812,432
Public Works	5,226,110	5,335,465	3,458,868	3,308,362	8,684,978	8,643,827
Community Development	1,139,816	1,244,580	17,772,823	17,490,127	18,912,639	18,734,707
Culture and Leisure	602,127	592,026	169,917	146,600	772,044	738,626
Total Expenses	13,662,144	13,524,556	21,401,608	20,945,089	35,063,752	34,469,645
Increase (Decrease) in Net Assets	(847,871)	(2,181,046)	(343,703)	79,501	(1,191,574)	(2,101,545)
Net Assets - Beginning	81,457,206	83,638,252	28,535,182	28,455,681	109,992,388	112,093,933
Prior Period Adjustment	0	0	0	0	0	0
Net Assets - Ending	\$80,609,335	\$81,457,206	\$28,191,479	\$28,535,182	\$108,800,814	\$109,992,388

**CITY OF RIVERBANK
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2018
 (UNAUDITED)**

Governmental Activities. Total governmental revenues for the year were \$12,814,273. Sales and property tax revenue, which comprise 50% of the total, experienced an increase of 4% from the 2016-17 Fiscal Year. Revenues by source for governmental activities are shown in the graph below.



Total governmental expenses for the year were \$13,662,144. Public Works accounted for 38% of the total governmental activities expenses. Expenses by function or program for governmental activities are shown in the graph below.



**CITY OF RIVERBANK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

Business-type Activities

- Revenues of the City's business-type activities were \$21,057,905 a .16% increase from fiscal year 2016-17. Expenditures for the year were \$21,401,608. Expenditures for the business-type activities increased by only 2% from the prior fiscal year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

The City's governmental funds ended the year with a combined fund balance of \$30,204,131. Of the total combined fund balance, 2% is classified as Nonspendable, 66% is classified as Restricted, 9% is classified as Assigned, and 23% is Unassigned. Major fund changes from June 30, 2017 to June 30, 2018 are noted below and are also noted on the Statement of Revenues, Expenditures, and Changes in Fund Balances on page 19 of this report:

General Fund

- The City experienced an overall increase of 5% in its General Fund revenues during the 2017-18 fiscal year. Some of the major factors contributing to this increase are noted below.
 - A 5% increase in Property Tax was experienced due to the changes made in property values. New housing developments have added properties to the tax rolls as well as a continued increase in home sale prices.
 - Sales tax for the City experienced an increase of 2%. This was primarily due to the continued rebound of the economy from the recent recession and the expansion of the Crossroads Shopping Center which has continued to add commercial space.
 - Revenues from Licenses and Permits decreased by 28%. New housing developments on the east side of Riverbank have generated additional building permit revenue.
 - A continued decrease in the investment market caused an 8% loss in investment revenues (interest earnings). Although the City's portfolio is diversified, the opportunities for re-investment were limited.
- General Fund expenditures increased by 4.1% during the 2017-18 Fiscal Year. Major factors contributing to this increase in General Fund expenditures include:
 - General Government expenditures increased by 11.5% as top positions, including the City Manager position vacancy was filled during the latter half of the fiscal year.
 - Public Safety Expenditures increased by 4.6% due to vacant Deputy Sheriff positions being filled.

**CITY OF RIVERBANK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

- Capital Outlay for the General Fund decreased by 72% as the city's resources were allocated to annual on-going expenditures rather than one-time expenses.

CDBG Fund

The CDBG Fund experienced a significant decrease in revenues due to the closeout of a grant that had been awarded to the City. The City was awarded grant funding for the First-Time Homebuyer and Housing Rehabilitation Programs. All funds had been received in the prior fiscal years.

Successor RDA LMI Housing Fund

On December 29, 2011 the California Supreme Court upheld Assembly Bill 1x26 ("the Bill") that provided for the dissolution of all redevelopment agencies in the State of California effective February 1, 2012. This action impacted the reporting entity of the City of Riverbank that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. The City elected not to become this successor agency therefore another designated authority, the Riverbank Designated Local Authority, was formed by the State of California to serve as successor agency to the now dissolved Riverbank Redevelopment Agency. However, the City did elect to serve as the Housing Successor Agency of the former RDA. As successor agency, the City now holds a loan receivable for a loan provided to Pacific West Associates for the construction of a 65-unit apartment complex completed in 2009. In addition, the City is now entitled to receive annual interest payments and a Payment in Lieu of Taxes from this project.

GASB Statement No. 68

The City of Riverbank implemented GASB Statement No. 68 the prior fiscal year. With the new reporting change, the City is allocated its proportionate share of the California Public Employees' Retirement System's net pension assets, deferred outflows of resources, deferred inflows of resources, and pension expense. Decisions regarding the allocations are made by the administration of the pension plan, not by the City of Riverbank's management.

General Fund Budgetary Highlights

For the City's General Fund, actual ending revenues of \$8,307,933 were mainly comprised of Sales Tax, Property Taxes, Other Taxes & Franchise Fees and Service Charges. Net Revenues received were \$283,633 over budget. This was due to a variety of reasons, including the following:

- Sales Tax was over budget by \$307,696 due to a final Triple-Flip true-up payment being issued by the State of California. The triple-flip has now come to an end and the City will be receiving its regular 1% Bradley Burns allocation.

**CITY OF RIVERBANK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

The General Fund's actual ending expenditures of \$8,827,477 were \$966,323 under the final budget of \$9,793,800.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of June 30, 2018, the City's Governmental Funds had \$54,398,206 invested in capital assets and the Business-type activities had \$24,550,592, net of accumulated depreciation. This total of \$80,948,798 is invested in a broad range of capital assets including land, construction in progress, building, equipment and infrastructure (i.e. streets, sidewalks, storm drain, etc.).

**City of Riverbank
Capital Assets, Net of Accumulated Depreciation
June 30, 2018**

	Governmental Activities	Business-Type Activities	Total
Land	\$3,957,541	\$2,373,284	\$6,330,825
Construction in Progress	1,214,042	9,752,394	10,966,436
Infrastructure	32,991,799	0	32,991,799
Land Improvements	11,510,653	0	11,510,653
Equipment and Vehicles	1,374,784	4,465,563	5,840,347
Building and Improvements	3,349,387	9,959,351	13,308,738
Total	\$54,398,206	\$26,550,592	\$80,948,798

Major capital asset additions during Fiscal Year 2017-2018 include:

<i>Well #11 Site Purchase</i>	<i>\$192,088.58</i>
<i>2017 Slurry Seal Project</i>	<i>150,860.35</i>
<i>Council Chambers Camera Upgrade</i>	<i>\$45,758.11</i>
<i>Water System SCADA System Upgrade</i>	<i>\$21,752.73</i>

LONG TERM DEBT

At year-end, the City's governmental activities had \$195,163 in compensated absences. Compensated absences consist of vacation time and compensatory time off that has been earned by employees but has not yet been taken. Compensated absences are due and payable to an employee upon separation if any balance exists.

Business-type activities, at year-end, had \$7,443,300 in outstanding long-term debt. This long-term debt is comprised of Compensated Absences, Sewer Revenue Bonds, the State Revolving Fund Loan from the State of California for improvements to the Waste Water Treatment Plant, and the Master Lease

**CITY OF RIVERBANK
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

Agreement with Wells Fargo to fund a city-wide water meter upgrade project. Total debt was reduced during the year by the amount of the current debt principal payments.

**City of Riverbank
Long-Term Debt
June 30, 2018**

	Governmental Activities	Business-Type Activities	Total
Loans Payable-Refinance	\$0	\$599,007	<i>\$599,007</i>
Loans Payable – WWTP	\$0	\$3,235,775	<i>\$3,235,775</i>
SRF Loan – Sewer	\$0	\$245,912	<i>\$245,912</i>
Water – Lease Purchase	\$0	\$3,296,182	<i>\$3,296,182</i>
Compensated Absences	\$195,163	\$66,424	<i>\$261,587</i>
Total	<i>\$195,163</i>	<i>\$7,443,300</i>	<i>\$7,638,463</i>

The City’s long-term liabilities, except for compensated absences, relate to the acquisition and construction/remodel of capital assets. These capital assets are utilized to provide services to citizens and are not available for future spending. 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 GENERAL FUND BUDGET

Due to the economic uncertainty surrounding the State of California’s financial condition, the City’s management has taken a position of conservative revenue projection while maintaining existing departmental spending limits.

In preparing the budget for the 2018-2019 fiscal year, City Management looked at the following factors:

REVENUE

- The City continues to see growth in new housing development. As these properties are sold they are added to the tax rolls which increase the total assessed values. The Certified Assessed Values are the basis on which Property Taxes are calculated. Therefore an increase in revenue is anticipated for the following Property Tax related revenues: Property Tax Current Secured & Unsecured, Property Tax in Lieu of VLF. Staff is projecting a conservative 1.5% base increase to property tax related revenues.
- An increase of 3.3% is expected in Sales Tax Revenues as the economy continues to recover and consumer confidence has begun to increase.
- Overall, General Fund revenues are anticipated to increase by 1.1% during the 2018-19 fiscal year in comparison to the prior fiscal year budget due to increases in revenue sources such as COPS/SLESF State Allocation, Public Works Fees, and Vehicle Code Fines.

**CITY OF RIVERBANK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

EXPENDITURES

- The City has filled the vacant City Manager's position and Accounting Manager positions therefore the Fiscal Year 2018-19 budget includes salary and all related payroll expenditures for both positions in addition to costs associated with the negotiated labor contracts for one of the city's two represented employee groups, in which a four-year contract has been reached. Negotiations continue for the City's Mid-Management group.
- Legal costs increases are projected as the city continues to be a party in several lawsuits.
- Increases in the Law Enforcement Contract with the Stanislaus County Sheriff's Department are anticipated as vacant positions have been filled and additional costs associated with labor contract negotiations are passed through to the City.
- Unfunded mandated costs associated with the management of Storm Water have required an annual allocation of General Fund revenues/reserves. Required reporting must be completed and submitted on an annual basis which requires the use of a consultant to prepare.
- CalPERS Unfunded Liability costs continue to be a significant burden on the City's budget. These costs are anticipated to increase by approximately \$732,000 over the course of the next seven year.

Total operational and capital budgeted revenues and expenses for all funds for the 2018-2019 Fiscal Year are \$19,774,270 and \$21,596,498 respectively, excluding Inter-fund Transfers In and Out. Structural deficits (where expenditures exceed revenues) were anticipated in the following funds: General Fund, Community Center Fund, Public Benefit Fund, Weed Abatement, Teen Center Fund, System Development Fees Bridges/Roads, SDF RR Crossing, System Development Streets/PW Fund, System Development Police/Gen. Government, System Development Imaging Fund, HCD CDBG Fund, HCD HOME Fund, LMI Housing Asset Fund, Sewer Debt Service Fund, Water Fund, and Water Capital Improvement Fund. The City Council has authorized for the deficits to be paid via ending reserve balances from the 2016-17 fiscal year. Several of these allocations from reserve funds are due to the fact that funds must be spent during a certain time frame.

CONTACTING THE CITY'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'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 Assistant City Manager/Admin Services Director, City of Riverbank, 6617 Third Street, Riverbank, California 95367.

**CITY OF RIVERBANK
STATEMENTS OF NET POSITION
JUNE 30, 2018**

WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2017

	Primary Government		Totals	
	Governmental Activities	Proprietary Activities	2018	2017
ASSETS				
Cash And Investments	16,564,600	7,527,405	24,092,005	22,508,673
Cash With Fiscal Agent	0	0	0	0
Accounts Receivable	1,150,607	6,947,715	8,098,322	10,137,689
Note Receivable	0	18,086	18,086	24,302
Prepaid Expenses	269,457	6,096	275,553	333,065
Internal Balances	538,284	(538,284)	0	0
Loans Receivable	13,839,700	0	13,839,700	14,291,761
Capital Assets (Net Of Accumulated Depreciation):				
Land	3,957,541	2,373,284	6,330,824	6,138,736
Land Improvements	11,510,653	0	11,510,653	11,943,603
Construction In Progress	1,214,042	9,752,394	10,966,437	7,898,911
Buildings And Improvements	3,349,387	9,959,350	13,308,737	13,810,712
Equipment And Vehicles	1,374,784	4,465,565	5,840,349	6,266,144
Infrastructure	32,991,798	0	32,991,798	34,638,239
Unamortized Bond Issue Costs	0	131,450	131,450	143,400
Total Assets	<u>86,760,854</u>	<u>40,643,060</u>	<u>127,403,914</u>	<u>128,135,235</u>
DEFERRED OUTFLOWS OF RESOURCES				
Current Pension Plan Contribution	<u>1,420,962</u>	<u>403,159</u>	<u>1,824,121</u>	<u>1,169,499</u>
LIABILITIES				
Accounts Payable And Other				
Current Liabilities	1,963,354	3,634,573	5,597,927	4,766,867
Compensated Absences	195,163	66,424	261,587	295,416
Net Pension Liability	4,779,519	1,554,240	6,333,759	5,434,321
Long-Term Liabilities:				
Due Within One Year	0	864,893	864,893	864,893
Due In More Than One Year	0	6,511,983	6,511,983	7,376,875
Total Liabilities	<u>6,938,036</u>	<u>12,632,113</u>	<u>19,570,149</u>	<u>18,738,372</u>
DEFERRED INFLOWS OF RESOURCES				
Deferral Of Pension Expense	<u>634,445</u>	<u>222,627</u>	<u>857,072</u>	<u>573,974</u>
NET POSITION				
Invested In Capital Assets				
Net Of Related Debt	54,398,206	19,173,716	73,571,922	72,454,578
Restricted For				
Capital Projects	8,171,673	0	8,171,673	7,400,192
Community Development Projects	13,806,243	0	13,806,243	14,195,827
Other Purposes	645,980	0	645,980	933,884
Unrestricted	<u>3,587,233</u>	<u>9,017,763</u>	<u>12,604,996</u>	<u>15,007,907</u>
Total Net Postion	<u>80,609,335</u>	<u>28,191,479</u>	<u>108,800,814</u>	<u>109,992,388</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2017**

Functions/Programs	Expenses
Primary Government:	
Governmental Activities:	
General Government	2,670,260
Public Safety	4,023,831
Public Works	5,226,110
Community Development	1,139,816
Culture And Leisure	<u>602,127</u>
Total Governmental Activities	<u>13,662,144</u>
Business-Type Activities	
Water Services	1,767,246
Sewer Services	1,691,622
Community Center	169,917
Local Redevelopment Authority	<u>17,772,823</u>
Total Business-Type Activities	<u>21,401,608</u>
Total Primary Government	<u><u>35,063,752</u></u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

Program Revenues			Net (Expense) Revenue And Changes In Net Assets			
Fines, Fees And Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Primary Government		Totals	
			Governmental Activities	Proprietary Activities	2018	2017
480,482	29,729	0	(2,160,049)	0	(2,160,049)	(1,850,928)
419,006	109,688	0	(3,495,137)	0	(3,495,137)	(3,393,048)
1,773,939	0	379,015	(3,073,156)	0	(3,073,156)	(4,230,380)
409,635	29,523	0	(700,658)	0	(700,658)	(835,534)
161,462	0	0	(440,665)	0	(440,665)	(472,823)
<u>3,244,524</u>	<u>168,940</u>	<u>379,015</u>	<u>(9,869,665)</u>	<u>0</u>	<u>(9,869,665)</u>	<u>(10,782,713)</u>
2,390,619	0	0	0	623,373	623,373	448,084
4,126,578	0	0	0	2,434,956	2,434,956	1,729,364
141,312	0	0	0	(28,605)	(28,605)	9,106
15,404,436	0	0	0	(2,368,387)	(2,368,387)	(1,030,427)
<u>22,062,945</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>661,337</u>	<u>661,337</u>	<u>1,156,127</u>
<u>25,307,469</u>	<u>168,940</u>	<u>379,015</u>	<u>(9,869,665)</u>	<u>661,337</u>	<u>(9,208,328)</u>	<u>(9,626,586)</u>

General Revenues:

Taxes:						
Property Tax	3,152,413	0	3,152,413	2,994,412		
Sales Tax	3,307,696	0	3,307,696	3,244,950		
Motor Vehicle Tax	12,954	0	12,954	10,713		
Franchise Tax	598,278	0	598,278	595,547		
Other Taxes	706,387	0	706,387	595,805		
Investment Earnings	151,883	28,901	180,784	83,614		
Gain On Disposal of Assets	0	58,242	58,242	0		
Transfers	<u>1,092,183</u>	<u>(1,092,183)</u>	<u>0</u>	<u>0</u>		
Total General Revenues And Transfers	<u>9,021,794</u>	<u>(1,005,040)</u>	<u>8,016,754</u>	<u>7,525,041</u>		
Change In Net Position	(847,871)	(343,703)	(1,191,574)	(2,101,545)		
Net Position - Beginning	81,457,206	28,535,182	109,992,388	112,083,933		
Prior Period Adjustment - GASB 68	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		
Net Position - Beginning, restated	<u>81,457,206</u>	<u>28,535,182</u>	<u>109,992,388</u>	<u>112,083,933</u>		
Net Position - Ending	<u>80,609,335</u>	<u>28,191,479</u>	<u>108,800,814</u>	<u>109,982,388</u>		

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2017**

	<u>General</u>	<u>CDBG</u>	<u>System Development</u>
Assets			
Cash And Investments	7,602,834	716,675	5,378,645
Accounts Receivable	956,816	922	5,720
Loans Receivable	130,000	10,509,700	0
Prepaid Expenses	181,684	0	0
Unamortized Bond Issue Costs	0	0	0
Due From Other Funds	0	0	538,284
Total Assets	<u>8,871,334</u>	<u>11,227,297</u>	<u>5,922,649</u>
Liabilities			
Accounts Payable	494,190	448	37,126
Compensated Absences	180,211	0	0
Bonds Payable	0	0	0
Loan Payable	0	0	0
Other Liabilities	1,333,847	0	0
Due To Other Funds	0	0	0
Total Liabilities	<u>2,008,248</u>	<u>448</u>	<u>37,126</u>
Fund Balances			
Nonspendable	0	0	538,284
Restricted	0	11,226,849	5,347,239
Committed	0	0	0
Assigned	0	0	0
Unassigned	6,863,086	0	0
Total Fund Balances	<u>6,863,086</u>	<u>11,226,849</u>	<u>5,885,523</u>
 Total Liabilities And Fund Balances	 <u>8,871,334</u>	 <u>11,227,297</u>	 <u>5,922,649</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

Successor RDA LMI Housing	Other Funds	Total Governmental Funds	
		2018	2017
94,374	2,772,072	16,564,600	15,287,954
2,169	184,980	1,150,607	953,323
3,200,000	0	13,839,700	14,291,761
0	87,773	269,457	326,968
0	0	0	0
0	0	538,284	608,543
<u>3,296,543</u>	<u>3,044,825</u>	<u>32,362,648</u>	<u>31,468,549</u>
0	89,617	621,381	1,009,766
0	14,952	195,163	204,732
0	0	0	0
0	0	0	0
0	8,126	1,341,973	1,193,329
0	0	0	0
<u>0</u>	<u>112,695</u>	<u>2,158,517</u>	<u>2,407,827</u>
0	0	538,284	608,543
3,296,543	190,837	20,061,468	19,788,024
0	0	0	0
0	2,800,604	2,800,604	2,442,418
0	(59,311)	6,803,775	6,221,737
<u>3,296,543</u>	<u>2,932,130</u>	<u>30,204,131</u>	<u>29,060,722</u>
<u>3,296,543</u>	<u>3,044,825</u>	<u>32,362,648</u>	<u>31,468,549</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Total fund balances - governmental funds		30,204,131
Total net position reported for governmental activities in the statement of net position 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	3,957,541	
Land Improvements net of \$4,200,107 accumulated depreciation	11,510,653	
Construction in progress	1,214,042	
Buildings and Improvements, net of \$2,139,7230 accumulated depreciator	3,349,387	
Equipment and Vehicles, net of \$4,524,506 accumulated depreciation	1,374,784	
Infrastructure net of \$43,554,400 acummulated depreciation	<u>32,991,798</u>	
Total capital assets		<u>54,398,206</u>
Deferred Outflow of Resources		1,420,962
Long-term liabilities applicable to the City's governmental activities are due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.		
Net Pension Liability	(4,779,519)	
Deferred Inflows of Resources	<u>(634,445)</u>	
Total long-term liabilities		<u>(5,413,964)</u>
Total net position - governmental activities		<u><u>80,609,335</u></u>

**CITY OF RIVERBANK
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2017**

	<u>General</u>	<u>CDBG</u>	<u>System Development</u>
Revenues			
Property Tax	3,150,672	0	0
Sales Tax	3,307,696	0	0
Other Tax And Franchises	732,731	0	0
Licenses And Permits	257,638	0	0
Fines And Forfeitures	174,595	0	0
Investment Earnings	22,913	94,586	16,862
Intergovernmental	184,440	29,523	379,015
Impact Fees	0	0	182,270
Service Charges And Miscellaneous	477,248	0	4,678
Total Revenues	<u>8,307,933</u>	<u>124,109</u>	<u>582,825</u>
Expenditures			
Current			
General Government	2,039,965	0	0
Public Safety	3,849,590	0	0
Public Works	1,735,095	0	369
Community Development	682,696	104,091	0
Culture And Leisure	472,638	0	0
Capital Outlay	47,493	0	286,066
Total Expenditures	<u>8,827,477</u>	<u>104,091</u>	<u>286,435</u>
Excess (Deficiency) Of Revenues Over Expenditures	(519,544)	20,018	296,390
Other Financing Sources (Uses)			
Operating Transfers In	1,900,935	0	0
Operating Transfers Out	(744,053)	0	(20,273)
Total Other Financing Sources (Uses)	<u>1,156,882</u>	<u>0</u>	<u>(20,273)</u>
Net Change In Fund Balances	637,338	20,018	276,117
Fund Balance - Beginning	<u>6,225,748</u>	<u>11,206,831</u>	<u>5,609,406</u>
Fund Balance- Ending	<u>6,863,086</u>	<u>11,226,849</u>	<u>5,885,523</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

Successor RDA LMI Housing Fund	Other Funds	Total Governmental Funds	
		2018	2017
1,741	0	3,152,413	2,994,412
0	0	3,307,696	3,244,950
0	0	732,731	746,148
0	0	257,638	200,957
0	0	174,595	141,668
736	16,786	151,883	56,634
0	1,711,023	2,304,001	1,480,480
0	91,276	273,546	120,264
0	885,661	1,367,587	1,254,391
<u>2,477</u>	<u>2,704,746</u>	<u>11,722,090</u>	<u>10,239,904</u>
0	481,104	2,521,069	2,448,901
0	130,869	3,980,459	3,703,222
0	771,610	2,507,074	2,824,394
0	297,808	1,084,595	1,111,236
0	86,117	558,755	558,407
0	685,352	1,018,911	1,148,198
<u>0</u>	<u>2,452,860</u>	<u>11,670,863</u>	<u>11,794,358</u>
<u>2,477</u>	<u>251,886</u>	<u>51,227</u>	<u>(1,554,454)</u>
0	254,894	2,155,829	2,052,763
<u>0</u>	<u>(299,320)</u>	<u>(1,063,646)</u>	<u>(949,157)</u>
<u>0</u>	<u>(44,426)</u>	<u>1,092,183</u>	<u>1,103,606</u>
2,477	207,460	1,143,410	(450,848)
<u>3,294,066</u>	<u>2,724,670</u>	<u>29,060,721</u>	<u>29,511,567</u>
<u>3,296,543</u>	<u>2,932,130</u>	<u>30,204,131</u>	<u>29,060,721</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
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, 2018**

Net change in fund balances - total governmental funds 1,143,410

The changes in net position 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 depreciation (\$2,567,949) exceeded capital outlays (\$1,018,911) in the current period. (1,549,038)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and contributions) is to increase net assets. (11,335)

The net change in pension expense either contributed to pension plan in current fiscal year not included on statement of activities; or expenses reported in statement of activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (430,908)

Changes in net position of governmental activities (847,871)

**CITY OF RIVERBANK
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance	2017 Actual
	Original	Final		With Final Budget Over (Under)	
REVENUES					
Property Tax	3,051,900	3,131,900	3,150,672	18,772	2,994,412
Sales Tax	2,943,800	3,000,000	3,307,696	307,696	3,244,950
Other Tax And Franchise Fees	682,500	697,500	732,731	35,231	746,148
Licenses And Permits	212,200	212,200	257,638	45,438	200,957
Intergovernmental	147,300	134,000	184,440	50,440	232,468
Fines And Forfeitures	124,000	45,000	174,595	129,595	141,668
Investment Earnings	45,000	157,300	22,913	(134,387)	25,006
Service Charges And Miscellaneous	536,500	646,400	477,248	(169,152)	358,025
Total Revenues	<u>7,743,200</u>	<u>8,024,300</u>	<u>8,307,933</u>	<u>283,633</u>	<u>7,943,634</u>
EXPENDITURES					
General Government	2,297,500	2,490,400	2,039,965	(450,435)	1,829,713
Public Safety	4,213,900	4,069,500	3,849,590	(219,910)	3,681,649
Public Works	1,951,300	1,980,500	1,735,095	(245,405)	1,708,430
Community Development	721,200	737,700	682,696	(55,004)	640,625
Recreation And Leisure	956,700	481,700	472,638	(9,062)	450,178
Capital Outlay	34,000	34,000	47,493	13,493	171,881
Total Expenditures	<u>10,174,600</u>	<u>9,793,800</u>	<u>8,827,477</u>	<u>(966,323)</u>	<u>8,482,476</u>
Excess (Deficiency) Of Revenues Over Expenditures	(2,431,400)	(1,769,500)	(519,544)	1,249,956	(538,842)
OTHER FINANCING SOURCES (USES)					
Transfers In	2,128,200	2,128,500	1,900,935	(227,565)	1,795,170
Transfers Out	(77,900)	(556,100)	(744,053)	(187,953)	(514,900)
Total Other Financing Sources And (Uses)	<u>2,050,300</u>	<u>1,572,400</u>	<u>1,156,882</u>	<u>(415,518)</u>	<u>1,280,270</u>
Net Change In Fund Balance	(381,100)	(197,100)	637,338	834,438	741,428
Fund Balance - Beginning	<u>6,225,748</u>	<u>6,225,748</u>	<u>6,225,748</u>	<u>0</u>	<u>5,484,320</u>
Fund Balance - Ending	<u>5,844,648</u>	<u>6,028,648</u>	<u>6,863,086</u>	<u>834,438</u>	<u>6,225,748</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>	<u>2017 Actual</u>
	<u>Original</u>	<u>Final</u>			
General Government					
City Council	96,900	191,900	101,682	(90,218)	99,390
City Manager	217,900	232,900	212,559	(20,341)	138,314
Admin Services	718,300	725,100	623,810	(101,290)	699,333
Finance And Treasurer	771,400	832,700	724,298	(108,402)	632,904
City Attorney	496,000	510,800	390,139	(120,661)	310,066
Total General Government	<u>2,300,500</u>	<u>2,493,400</u>	<u>2,052,488</u>	<u>(440,912)</u>	<u>1,880,007</u>
Public Safety					
Police	4,051,900	3,907,500	3,688,052	(219,448)	3,582,386
Animal Control	162,000	162,000	161,538	(462)	161,441
Total Public Safety	<u>4,213,900</u>	<u>4,069,500</u>	<u>3,849,590</u>	<u>(219,910)</u>	<u>3,743,203</u>
Public Works					
Building Maintenance	185,200	185,200	180,852	(4,348)	164,758
Development Services	1,064,700	1,067,000	886,855	(180,145)	936,836
Street Maintenance	41,600	44,700	52,855	8,155	28,885
Parks Maintenance	659,800	683,600	649,503	(34,097)	637,360
Total Public Works	<u>1,951,300</u>	<u>1,980,500</u>	<u>1,770,065</u>	<u>(210,435)</u>	<u>1,767,839</u>
Community Development					
Planning	394,400	404,900	362,969	(41,931)	374,771
Building Department	316,800	322,800	309,727	(13,073)	255,854
Economic Development	10,000	10,000	10,000	0	10,000
Engineering	0	0	0	0	0
Total Community Development	<u>721,200</u>	<u>737,700</u>	<u>682,696</u>	<u>(55,004)</u>	<u>640,625</u>
Recreation And Leisure					
Recreation	987,700	512,700	472,638	(40,062)	450,178
Total Culture And Leisure	<u>987,700</u>	<u>512,700</u>	<u>472,638</u>	<u>(40,062)</u>	<u>450,178</u>
Total General Fund	<u>10,174,600</u>	<u>9,793,800</u>	<u>8,827,477</u>	<u>(966,323)</u>	<u>8,481,852</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
CDBG SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>	<u>2017</u>
	<u>Original</u>	<u>Final</u>		<u>With Final</u>	
				<u>Over</u>	
				<u>(Under)</u>	
REVENUES					
Interest Income	2,200	52,700	94,586	41,886	3,396
Intergovernmental	118,900	118,900	29,523	(89,377)	40,244
Miscellaneous	27,000	30,600	0	(30,600)	0
Total Revenues	<u>148,100</u>	<u>202,200</u>	<u>124,109</u>	<u>(78,091)</u>	<u>43,640</u>
EXPENDITURES					
Salaries And Benefits	148,900	148,900	95,771	(53,129)	129,434
Supplies And Services	277,400	277,400	8,320	(269,080)	9,792
Bad Debt	0	0	0	0	0
Capital Outlays	0	0	0	0	0
Total Expenditures	<u>426,300</u>	<u>426,300</u>	<u>104,091</u>	<u>(322,209)</u>	<u>139,226</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>(278,200)</u>	<u>(224,100)</u>	<u>20,018</u>	<u>244,118</u>	<u>(95,586)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	0	0	0	0	0
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources And (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balance	<u>(278,200)</u>	<u>(224,100)</u>	<u>20,018</u>	<u>244,118</u>	<u>(95,586)</u>
Fund Balance - Beginning	<u>11,206,831</u>	<u>11,206,831</u>	<u>11,206,831</u>	<u>0</u>	<u>11,302,417</u>
Fund Balance - Ending	<u>10,928,631</u>	<u>10,982,731</u>	<u>11,226,849</u>	<u>244,118</u>	<u>11,206,831</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
SYSTEM DEVELOPMENT CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>	<u>2017</u>
	<u>Original</u>	<u>Final</u>		<u>With Final</u>	
				<u>Over</u>	
				<u>(Under)</u>	
REVENUES					
Investment Earnings	40,200	40,200	16,862	(23,338)	17,108
Intergovernmental	0	0	379,015	379,015	539,463
Impact Fees	43,900	43,900	182,270	138,370	40,375
Service Charges And Miscellaneous	100	100	4,678	4,578	0
Total Revenues	<u>84,200</u>	<u>84,200</u>	<u>582,825</u>	<u>498,625</u>	<u>596,946</u>
EXPENDITURES					
Salaries And Benefits	0	0	0	0	0
Supplies And Services	3,000	3,000	369	(2,631)	150,000
Capital Outlays	838,000	861,600	286,066	(575,534)	444,008
Total Expenditures	<u>841,000</u>	<u>864,600</u>	<u>286,435</u>	<u>(578,165)</u>	<u>594,008</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>(756,800)</u>	<u>(780,400)</u>	<u>296,390</u>	<u>1,076,790</u>	<u>2,938</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	75,000	75,000	0	(75,000)	0
Transfers Out	<u>(22,800)</u>	<u>(22,800)</u>	<u>(20,273)</u>	<u>2,527</u>	<u>(15,259)</u>
Total Other Financing Sources And (Uses)	<u>52,200</u>	<u>52,200</u>	<u>(20,273)</u>	<u>(72,473)</u>	<u>(15,259)</u>
Net Change In Fund Balance	<u>(704,600)</u>	<u>(728,200)</u>	<u>276,117</u>	<u>1,004,317</u>	<u>(12,321)</u>
Fund Balance - Beginning	<u>5,609,406</u>	<u>5,609,406</u>	<u>5,609,406</u>	<u>0</u>	<u>5,621,727</u>
Fund Balance - Ending	<u>4,904,806</u>	<u>4,881,206</u>	<u>5,885,523</u>	<u>1,004,317</u>	<u>5,609,406</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
SUCCESSOR REDEVELOPMENT AGENCY LMI HOUSING
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance	2017 Actual
	Original	Final		With Final Budget Over (Under)	
REVENUES					
Property Tax	0	0	1,741	1,741	0
Investment Earnings	0	0	736	736	363
Intergovernmental	0	0	0	0	0
Service Charges And Miscellaneous	0	0	0	0	0
Total Revenues	<u>0</u>	<u>0</u>	<u>2,477</u>	<u>2,477</u>	<u>363</u>
EXPENDITURES					
Salaries And Benefits	0	0	0	0	0
Supplies And Services	93,000	93,000	0	(93,000)	0
Interest	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Total Expenditures	<u>93,000</u>	<u>93,000</u>	<u>0</u>	<u>(93,000)</u>	<u>0</u>
Excess (Deficiency) Of Revenues Over Expenditures					
	<u>(93,000)</u>	<u>(93,000)</u>	<u>2,477</u>	<u>95,477</u>	<u>363</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	0	0	0	0	0
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources And (Use)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balance	<u>(93,000)</u>	<u>(93,000)</u>	<u>2,477</u>	<u>95,477</u>	<u>363</u>
Fund Balance - Beginning	<u>3,294,066</u>	<u>3,294,066</u>	<u>3,294,066</u>	<u>0</u>	<u>3,293,703</u>
Fund Balance - Ending	<u>3,201,066</u>	<u>3,201,066</u>	<u>3,296,543</u>	<u>95,477</u>	<u>3,294,066</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2018
 WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2017**

Business-Type Activities-Enterprise Funds

	Sewer Fund	Water Fund	Community Center Fund	Local Redevelop. Authority	Totals 2018	Totals 2017
Assets						
Cash And Investments	4,469,346	2,783,666	33,735	240,658	7,527,405	7,220,719
Cash With Fiscal Agent	0	0	0	0	0	0
Accounts Receivable	1,093,890	863,210	0	4,990,615	6,947,715	9,184,366
Notes Receivable	0	0	0	18,086	18,086	24,302
Prepays	3,048	3,048	0	0	6,096	6,096
Fixed Assets	15,797,892	12,237,017	754,642	1,120,221	29,909,772	29,624,953
Accumulated Depreciation	(6,382,133)	(6,014,270)	(474,075)	(241,096)	(13,111,574)	(12,306,602)
Construction In Progress	3,972,772	4,130,393	0	1,649,229	9,752,394	7,419,116
Unamortized Bond Issue Costs	131,450	0	0	0	131,450	143,400
Total Assets	19,086,265	14,003,064	314,302	7,777,713	41,181,344	41,316,350
DEFERRED OUTFLOWS OF RESOURCES						
Current Pension Plan Contributor	135,849	185,568	4,814	76,928	403,159	282,565
Liabilities						
Accounts Payable	49,763	292,682	16,861	3,046,808	3,406,114	2,316,212
Customer Deposits	0	121,744	9,270	97,445	228,459	247,560
Compensated Absences	23,563	38,413	0	4,448	66,424	90,684
Due to Other Funds	538,284	0	0	0	538,284	608,543
Net Pension Liability	513,926	606,265	5,818	428,231	1,554,240	1,388,491
Loan Payable	245,912	3,296,182	0	0	3,542,094	3,907,962
Bond Payable	3,834,782	0	0	0	3,834,782	4,333,806
Total Liabilities	5,206,230	4,355,286	31,949	3,576,932	13,170,397	12,893,258
DEFERRED INFLOWS OF RESOURCES						
Deferral Of Pension Expense	77,110	72,502	(2,921)	75,936	222,627	170,475
Net Position						
Invested In Capital Assets, Net Of Related Debt	9,307,837	7,056,958	280,567	2,528,354	19,173,716	16,495,699
Restricted For Debt Service	0	0	0	0	0	0
Unrestricted	4,630,937	2,703,886	9,521	1,673,419	9,017,763	12,039,483
Total Net Position	13,938,774	9,760,844	290,088	4,201,773	28,191,479	28,535,182

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2018
 WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2017**

	Business-Type Activities-Enterprise Funds					
	Sewer Fund	Water Fund	Community Center Fund	Local Redevelop. Authority	Totals	
					2018	2017
Operating Revenues						
Intergovernmental	0	0	0	13,762,883	13,762,883	14,955,851
Service Charges	4,091,519	2,140,854	132,320	1,641,553	8,006,246	7,067,784
Miscellaneous Revenues	4,078	210,415	8,992	0	223,485	40,672
Total Operating Revenues	<u>4,095,597</u>	<u>2,351,269</u>	<u>141,312</u>	<u>15,404,436</u>	<u>21,992,614</u>	<u>22,064,307</u>
Operating Expenses						
Employee Services	466,902	640,043	52,303	274,308	1,433,556	1,402,450
Supplies And Services	654,479	719,476	116,272	17,430,960	18,921,187	18,462,537
Depreciation	407,016	329,057	1,342	67,555	804,970	805,818
Total Operating Expenses	<u>1,528,397</u>	<u>1,688,576</u>	<u>169,917</u>	<u>17,772,823</u>	<u>21,159,713</u>	<u>20,670,805</u>
Operating Income (Loss)	<u>2,567,200</u>	<u>662,693</u>	<u>(28,605)</u>	<u>(2,368,387)</u>	<u>832,901</u>	<u>1,393,502</u>
Nonoperating Revenues (Expenses)						
Investment Earnings	11,784	17,117	0	0	28,901	26,980
Connection Fees	20,790	21,450	0	0	42,240	10,175
Development Fees	10,191	17,900	0	0	28,091	26,734
Gain (Loss) on Fixed Assets	0	0	0	58,242	58,242	0
Interest Expense	(151,275)	(78,670)	0	0	(229,945)	(262,334)
Amortization Of Bond Issue Costs	(11,950)	0	0	0	(11,950)	(11,950)
Total Nonoperating Revenues (Expenses)	<u>(120,460)</u>	<u>(22,203)</u>	<u>0</u>	<u>58,242</u>	<u>(84,421)</u>	<u>(210,395)</u>
Income Before Transfers And Contributed Capital	<u>2,446,740</u>	<u>640,490</u>	<u>(28,605)</u>	<u>(2,310,145)</u>	<u>748,480</u>	<u>1,183,107</u>
Contributed Capital	0	0	0	0	0	0
Operating Transfer In	691,242	1,585,128	15,000	0	2,291,370	3,821,008
Operating Transfer Out	(1,230,602)	(2,152,951)	0	0	(3,383,553)	(4,924,614)
Total Other Financing Sources (Uses)	<u>(539,360)</u>	<u>(567,823)</u>	<u>15,000</u>	<u>0</u>	<u>(1,092,183)</u>	<u>(1,103,606)</u>
Change In Net Position	1,907,380	72,667	(13,605)	(2,310,145)	(343,703)	79,501
Total Net Position - Beginning	12,031,394	9,688,177	303,693	6,511,918	28,535,182	28,455,681
Prior Period Adjustment - GASB 68	0	0	0	0	0	0
Adjusted Net Position - Beginning	<u>12,031,394</u>	<u>9,688,177</u>	<u>303,693</u>	<u>6,511,918</u>	<u>28,535,182</u>	<u>28,455,681</u>
Total Net Position - Ending	<u>13,938,774</u>	<u>9,760,844</u>	<u>290,088</u>	<u>4,201,773</u>	<u>28,191,479</u>	<u>28,535,182</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2018
 WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2017**

Business-Type Activities-Enterprise Funds

	Sewer Fund	Water Fund	Community Center Fund	Local Redevelop. Authority	Totals	
					2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts From Customers And Users	3,630,089	2,319,886	142,312	17,610,064	23,702,351	14,357,282
Receipts From Interfund Services Provided	0	0	0	0	0	0
Payments To Suppliers	(678,149)	(422,204)	(107,136)	(16,611,879)	(17,819,368)	(17,354,725)
Payments To Employees	(429,328)	(588,661)	(51,498)	(296,720)	(1,366,207)	(1,305,600)
Payments For Interfund Services Used	(70,259)	0	0	0	(70,259)	(8,285)
Net Cash Provided By Operating Activities	<u>2,452,353</u>	<u>1,309,021</u>	<u>(16,322)</u>	<u>701,465</u>	<u>4,446,517</u>	<u>(4,311,328)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfer In	691,242	1,585,128	15,000	0	2,291,370	3,821,008
Transfer Out	(1,230,602)	(2,152,951)	0	0	(3,383,553)	(4,924,614)
Net Cash Provided (Used) By Capital And Related Financing Activities	<u>(539,360)</u>	<u>(567,823)</u>	<u>15,000</u>	<u>0</u>	<u>(1,092,183)</u>	<u>(1,103,606)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Connection Fees	20,790	21,450	0	0	42,240	10,175
Development Fees	10,191	17,900	0	0	28,091	26,734
Purchase Of Capital Assets	(64,675)	(1,061,682)	0	(1,491,741)	(2,618,098)	(1,904,865)
Funds Provides On New Lease	0	507,813	0	0	507,813	1,785,028
Funding Costs On New Loan	0	0	0	0	0	0
Loss on Disposal Of Capital Assets	0	0	0	58,242	58,242	0
Principal Paid On Capital Debt	(556,623)	(308,269)	0	0	(864,892)	(842,370)
Interest Paid On Capital Debt	(151,275)	(78,670)	0	0	(229,945)	(262,334)
Net Cash Provided (Used) By Capital And Related Financing Activities	<u>(741,592)</u>	<u>(901,458)</u>	<u>0</u>	<u>(1,433,499)</u>	<u>(3,076,549)</u>	<u>(1,187,632)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received	11,784	17,117	0	0	28,901	26,980
Net Cash Provided By Investing Activities	<u>11,784</u>	<u>17,117</u>	<u>0</u>	<u>0</u>	<u>28,901</u>	<u>26,980</u>
Net Increase In Cash And Cash Equivalents	1,183,185	(143,143)	(1,322)	(732,034)	306,686	(6,575,586)
Cash And Equivalents, July 1	<u>3,286,161</u>	<u>2,926,809</u>	<u>35,057</u>	<u>972,692</u>	<u>7,220,719</u>	<u>13,796,305</u>
Cash And Equivalents, June 30	<u>4,469,346</u>	<u>2,783,666</u>	<u>33,735</u>	<u>240,658</u>	<u>7,527,405</u>	<u>7,220,719</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

Reconciliation Of Operating Income To Net Cash Provided (Used) By Operating Activities	Sewer Fund	Water Fund	Community Center Fund	Local Redevelop. Authority	Totals	
					2018	2017
Operating Income	2,567,200	662,693	(28,605)	(2,368,387)	832,901	1,393,502
Adjustments To Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities						
Depreciation Expense	407,016	329,057	1,342	67,555	804,970	805,818
(Increase) Decrease In						
Deferred Outflows of Resources	(44,013)	(68,517)	(995)	(7,069)	(120,594)	(136,926)
Accounts Receivable	(465,508)	(10,473)	0	2,204,819	1,728,838	(7,558,152)
Prepays	0	0	0	6,216	6,216	5,698
Due From Other Funds	0	0	0	0	0	0
Increase (Decrease) In						
Accounts Payable	(23,670)	297,275	9,138	807,162	1,089,905	1,097,109
Compensated Absences	2,060	(3,908)	0	(22,412)	(24,260)	(256)
Deferred Inflows of Resources	19,034	29,631	430	3,057	52,152	(85,605)
Net Pension Liability	60,493	94,173	1,368	9,715	165,749	325,342
Customer Deposits	0	(20,910)	1,000	809	(19,101)	(149,573)
Due To Other Funds	(70,259)	0	0	0	(70,259)	(8,285)
Net Cash Provided (Used) By Operating Activiti	<u>2,452,353</u>	<u>1,309,021</u>	<u>(16,322)</u>	<u>701,465</u>	<u>4,446,517</u>	<u>(4,311,328)</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2017**

	County Impact Fee Fund	Assessment District 1991 - 1 Fund	Assessment District 1991 - 3 Fund	RDA	Totals (Memorandum Only)	
					2018	2017
Assets						
Cash And Investments	28,894	390,776	183	921,510	1,341,363	1,089,129
Accounts Receivable	30	66	0	0	96	45
Fixed Assets		0	0	0	0	0
Accumulated Depreciation	0	0	0	0	0	0
Unamortized Bond Issue Costs	0	0	0	103,127	103,127	103,128
Due From Other Funds	0	0	0	0	0	0
Total Assets	<u>28,924</u>	<u>390,842</u>	<u>183</u>	<u>1,024,637</u>	<u>1,444,586</u>	<u>1,192,302</u>
Liabilities And Fund Balances						
Liabilities						
Due to Bond Paying Agent	0	0	0	0	0	0
Due To Other Government	28,833	390,842	183	1,024,637	1,444,495	1,192,302
Total Liabilities	<u>28,833</u>	<u>390,842</u>	<u>183</u>	<u>1,024,637</u>	<u>1,444,495</u>	<u>1,192,302</u>
Net Position						<u>0</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Riverbank, California (City) 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 City’s overall financial position and results of operations.
- Financial statements prepared using the full accrual accounting for all of the City’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 City’s accounting policies are described below:

A. Financial Reporting Entity

The accompanying basic financial statements present the financial activity of the City of Riverbank (primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Discretely presented component units represent other legally separate organizations for which the primary government is financially accountable or for which the nature and significance of their relationship to the primary government are such that exclusion would cause the City’s reporting entity to be misleading or incomplete. The City’s component units are blended; there are no discretely presented component units in the Financial Reporting Entity.

City of Riverbank

The City (primary government) was incorporated in 1922 under the general laws of the State of California. The City provides the full range of municipal services as contemplated by statute. Services provided include sewer, water, public safety (police), street construction and maintenance, culture-recreation, public improvements, planning and zoning, and general administrative and support services. The City operates under a Council-Manager form of government. The City Council consists of five members elected at large for overlapping four year terms. The City Council appoints a City Administrator and City Attorney.

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

City of Riverbank – continued

In addition to sitting as the governing board of the City, the City Council also acts as the Board of Directors of one blended component unit: the Redevelopment Agency of the City of Riverbank through January 31, 2012. On February 1, 2012 all Redevelopment Agencies (RDA) statewide were dissolved. The City elected to be the Successor Agency for the Low/Moderate Income Housing Fund. The general RDA Fund was transferred to the Riverbank Local Designated Authority, a separate entity created by the State when the City did not elect to be the Successor Agency for that fund. The Successor Agency Fund is now reported as a special revenue on the City's financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) 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 is 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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.

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

C. Measurement Focus, Basis of Accounting and Basis of Presentation – continued

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 City 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 City. The City reports the following major governmental funds:

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

CDBG Fund - To account for federal grants and other monies received and disbursed under the Housing and Community Development Act, to assist low and moderate income groups in obtaining loans to purchase their first home and rehabilitate or revitalize their homes.

Systems Development Fund - To account for development impact fees collected. These fees are used for infrastructure and capital expenditure resulting from new developments.

Successor RDA LMI Housing Fund – This fund was created when the City elected to assume the housing function previously performed by the Redevelopment Agency. The non-cash assets and encumbered cash of the Redevelopment LMI Housing Fund were transferred to this Fund.

The city reports the following major proprietary funds.

The **Water Fund** accounts for the activities of the City's water service.

The **Sewer Fund** accounts for the activities of the City's sewer service.

The **Community Center Fund** accounts for the activities of the City's Community Center service.

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

C. Measurement Focus, Basis of Accounting and Basis of Presentation – continued

The **Local Redevelopment Authority Fund** accounts for the activities of the City's Ammunition Factory services.

Additionally, the City reports the following fund types:

The **County Impact Fee Agency Fund**, accounts for impact fees which are collected on behalf of Stanislaus County.

The **Assessment District 1991-1 Agency Fund**, accounts for the collection of assessments and payment of debt service on behalf of the District.

The **Assessment District Agency 1991-3 Fund**, accounts for the collection of assessments and payment of debt service on behalf of the District.

The **Redevelopment Agency Fund**, accounts for the collection of property tax revenues used for the administration of the agency and development projects 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 and 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principle operating revenues of the enterprise and internal service funds are charges for sales and services. Operating expenses for enterprise funds include salaries and employee benefits, maintenance and operation of systems and facilities, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

D. Assets, Liabilities and Equity

1. Cash and Investments

In order to maximize the flexibility of its investment program and to aid in cash budgeting, the City 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 City's cash and investment pool. As the City 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 City 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
- 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 City 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.

For purposes of the statement of cash flows, the city has defined cash and cash equivalents to be change and petty cash funds, equity in the City's cash and investment pool and restricted, non-pooled investment with initial maturities of three months or less.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing 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".

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

2. Receivables and Payables (continued)

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 is delinquent on December 10th, the second installment is due February 1st and is delinquent on 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."

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

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

CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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 City 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 outlay for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service life using the straight-line method. Assets are depreciated from 3 to 50 years.

7. Compensated Absences

It is the City'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 and proprietary funds.

8. Pensions

For purposes of liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Riverbank's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. 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 position. 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,

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

9. Long-Term Obligations (continued)

whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Net Position and Fund Equity

In the government-wide financial statements, net position are reported in three categories: net position invested in capital assets, net of related debt; restricted net position and unrestricted net position. Restricted net position represent net position restricted by parties outside the City (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 City's other restricted net position are temporarily restricted (ultimately expendable assets). All other net position 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.

- 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.

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

10. Net Position and Fund Equity - continued

As of June 30, 2018, the fund balance details by classification are listed below:

	<u>General</u>	<u>CDBG</u>	<u>Successor RDA</u>	<u>System Development</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:						
Nonspendable:				538,284	0	538,284
Restricted:						
Housing		11,226,849	3,296,543			14,523,392
System Development				5,347,239		5,347,239
Transportation					190,837	190,837
Public Safety					45,278	45,278
Committed To:						
Assigned To:						
Community Development					1,071,000	1,071,000
Riverbank Donations					3,601	3,601
Landscaping					337,743	337,743
Public Works					455,019	455,019
Self Insurance					0	0
Other Purposes					887,963	887,963
Unassigned:	6,863,086				(59,311)	6,803,775
Total Fund Balances	<u>6,863,086</u>	<u>11,226,849</u>	<u>3,296,543</u>	<u>5,885,523</u>	<u>2,932,130</u>	<u>30,204,131</u>

11. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principals 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 City 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, debt service, and enterprise 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 council made several supplemental budgetary appropriations throughout the year.

**CITY OF RIVERBANK
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2018**

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2018, expenditures exceeded appropriations in several department as follows:

General Fund:

Capital Outlay	13,493
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The General funds over-expenditures were funded through the reserves of the General Fund. The CDBG, System Development fund over-expenditures was funded by available fund balance.

III. DETAILED NOTES ON ALL FUNDS

A. Cash And Investments

Cash and investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

Cash and investments	24,092,069
Cash and investments held by bond trustee	<u>0</u>
Total cash and investments	<u><u>24,092,069</u></u>

Cash and investments as of June 30, 2018 consist of the following:

Cash on hand	610
Deposits with financial institutions	18,544,714
Investments in LAIF	<u>5,546,745</u>
Total cash and investments	<u><u>24,092,069</u></u>

Investments Authorized by the City’s Investment Policy

The City’s investment policy authorizes investment in the local government investment pool administered by the State of California (LAIF). The City’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 City’s investment policy does not contain any specific provisions intended to limit the City’s exposure to interest rate risk, credit risk, and concentration of credit risk.

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

A. Cash And Investments (continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of year-end, the weighted average maturity of the investments contained in the LAIF investment pool is approximately 6.49 months.

		<u>Maturity Date</u>
State investment pool	5,546,745	6.49 months average maturity

Disclosures Relating to Credit Risk

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

Concentration of Credit Risk

The investment policy of the City 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 City'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 City 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 City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Custodial Credit Risk (continued)

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 City is a voluntary participant in the 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 City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Cash with Fiscal Agent

The City maintains cash and investments which are restricted under the terms of various debt agreements. The money is included in the City's pooled cash and investment program. Restricted cash and investments as of June 30, 2018 is \$0.00.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The City deposits deferred compensation plan assets with the California Public Employees Retirement System (PERS). Federal legislation requires that the assets of such plans be held in trust for the exclusive benefit of the plan participants and their beneficiaries. PERS act as the trustees for the plan assets and the City is considered to have limited fiduciary responsibility for the plan assets. As such, the City does not report the deferred compensation plan assets on its financial statements.

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

B. Accounts Receivable

Receivables at June 30, 2018 for the City’s individual major funds and non-major funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows.

All receivables are expected to be collected within one year.

	General	CDBG	System Development		
Governmental Activities:					
Interest	4,455	922		5,720	
Utility Billing	395,280	0		0	
Other	557,081	0		0	
Total	<u>956,816</u>	<u>922</u>		<u>5,720</u>	
	Successor RDA LMI Housing	Nonmajor Governmental	Total		
Governmental Activities:					
Interest	234	5,619		16,950	
Utility Billing	0	0		395,280	
Other	1,935	179,361		738,377	
Total	<u>2,169</u>	<u>184,980</u>		<u>1,150,607</u>	
	Water	Sewer	Community Center	Local Redevelop. Authority	Total
Business-Type Activities:					
Utility Billings	361,456	606,830	0	0	968,286
Interest	6,336	2,939	0	0	9,275
Other	495,418	484,121	0	4,990,615	5,970,154
Total	<u>863,210</u>	<u>1,093,890</u>	<u>0</u>	<u>4,990,615</u>	<u>6,947,715</u>

C. Notes Receivable

The City is the recipient of Community Development Block Grant and Home Program Funds. The Funds are provided to use for housing and business loans to qualified recipients at various below market interest rates ranging from 0 to 4%. The terms of the loans range between fifteen and thirty years. All loans are secured by deeds of trust. The amount outstanding as of June 30, 2018 is \$10,509,700.

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

D. Interfund Receivables and Payables

Interfund receivable/payable balances at June 30, 2018 consist of the following:

- The Sewer Fund borrowed \$608,542 from the Streets/PW System Development Fee Fund in accordance with Resolution 2011-021. The Sewer Fund will reimburse funds from future sewer fees collected.

E. Capital Assets

Capital asset activity for the year ended June 30, 2018 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	3,957,541	0	0	3,957,541
Construction in progress	<u>468,160</u>	<u>785,882</u>	<u>(40,000)</u>	<u>1,214,042</u>
Total capital assets being depreciated	<u>4,425,701</u>	<u>785,882</u>	<u>(40,000)</u>	<u>5,171,583</u>
Capital assets being depreciated:				
Infrastructure	76,385,191	161,007	0	76,546,198
Land Improvements	15,690,759	20,000	0	15,710,759
Equipment And Vehicles	5,812,860	86,430	0	5,899,290
Building And Improvements	<u>5,483,519</u>	<u>5,592</u>	<u>0</u>	<u>5,489,111</u>
Total capital assets being depreciated	<u>103,372,329</u>	<u>273,029</u>	<u>0</u>	<u>103,645,358</u>
Less accumulated depreciation for:				
Infrastructure	(41,746,953)	(1,807,446)	0	(43,554,399)
Land Improvements	(3,747,156)	(452,951)	0	(4,200,107)
Equipment And Vehicles	(4,378,421)	(146,085)	0	(4,524,506)
Building And Improvements	<u>(1,978,257)</u>	<u>(161,467)</u>	<u>0</u>	<u>(2,139,724)</u>
Total accumulated depreciation	<u>(51,850,787)</u>	<u>(2,567,949)</u>	<u>0</u>	<u>(54,418,736)</u>
Net capital assets being depreciated	<u>51,521,542</u>	<u>(2,294,920)</u>	<u>0</u>	<u>49,226,622</u>
Total net capital assets -				
Governmental Activities	<u>55,947,243</u>	<u>(1,509,038)</u>	<u>(40,000)</u>	<u>54,398,205</u>

Depreciation was charged to functions/programs of the primary government as follows:

Government Activities:

Public Works	<u>2,567,949</u>
Total Depreciation expense – Government activities	<u>2,567,949</u>

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

E. Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets not being depreciated:				
Land	2,181,195	192,089	0	2,373,284
Construction in progress	<u>7,419,116</u>	<u>2,333,278</u>	<u>0</u>	<u>9,752,394</u>
Total capital assets not being depreciated	<u>9,600,311</u>	<u>2,525,367</u>	<u>0</u>	<u>12,125,678</u>
Capital assets being depreciated:				
Equipment And Vehicles	13,210,081	81,490	0	13,291,571
Building And Improvements	<u>14,233,677</u>	<u>11,240</u>	<u>0</u>	<u>14,244,917</u>
Total capital assets being depreciated	<u>27,443,758</u>	<u>92,730</u>	<u>0</u>	<u>27,536,488</u>
Less accumulated depreciation for:				
Equipment And Vehicles	(8,380,668)	(445,340)	0	(8,826,008)
Building And Improvements	<u>(3,925,936)</u>	<u>(359,630)</u>	<u>0</u>	<u>(4,285,566)</u>
Total accumulated depreciation	<u>(12,306,604)</u>	<u>(804,970)</u>	<u>0</u>	<u>(13,111,574)</u>
Net capital assets being depreciated	<u>15,137,154</u>	<u>(712,240)</u>	<u>0</u>	<u>14,424,914</u>
Total net capital assets - business-type activities	<u>24,737,465</u>	<u>1,813,127</u>	<u>0</u>	<u>26,550,592</u>

Business- Type Activities:

Water	329,057
Sewer	407,016
Ammo Plant	67,555
Community Center	<u>1,342</u>
Total Depreciation expense – Business-Type Activities	<u>804,970</u>

F. Transfers

Interfund transfers for the year ended June 30, 2018 consisted of the following amounts:

Fund	Transfers In	Transfers Out
General Fund	1,900,935	744,053
System Development	0	20,273
Nonmajor Governmental	254,894	299,320
Proprietary	<u>2,291,370</u>	<u>3,383,553</u>
Total	<u>4,447,199</u>	<u>4,447,199</u>

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

G. Payables And Other Liabilities

Payables at June 30, 2018 for the City's individual major funds and non-major funds in the aggregate are as follows:

	General	CDBG	System Development		
Governmental Activities					
Vendors	1,182,059	448		37,126	
Deposits	77,870	0		0	
Salaries and Benefits	568,108	0		0	
Total	<u>1,828,037</u>	<u>448</u>		<u>37,126</u>	
	Successor RDA	Nonmajor			
	LMI Housing	Governmental		Total	
Governmental Activities					
Vendors	0	90,414		1,310,047	
Deposits	0	0		77,870	
Salaries and Benefits	0	7,329		575,437	
Total	<u>0</u>	<u>97,743</u>		<u>1,963,354</u>	
			Local		
	Water	Sewer	Community Center	Redevelop. Authority	Total
Business-Type Activities					
Vendors	291,249	43,027	12,489	3,045,060	3,391,825
Customer Deposits	121,744	0	9,270	97,445	228,459
Salaries and Benefits	1,433	6,736	4,372	1,748	14,289
Total	<u>414,426</u>	<u>49,763</u>	<u>26,131</u>	<u>3,144,253</u>	<u>3,634,573</u>

H. Long-Term Debt

Business-Type Activities:

On January 23, 2014 the City of Riverbank received a private placement \$5,742,715 waste water revenue loan from Municipal Finance Corporation. This loan was obtained for two purposes: (1) \$4,031,770 was received in order to provide financing for the acquisition and construction of energy efficient improvements to the City's existing Wastewater System and includes the removal of existing aerators in ponds T-1 and T-2 to be replaced with three new blowers, and all design, hydrology, engineering and related costs, and (2) \$1,710,945 in funds were received in order to fund the redemption prior to maturity of the 2005 Refunding Revenue Bonds, Series A (Wastewater

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

H. Long-Term Debt (continued)

Project) issued on February 3, 2005 in the original principal amount of \$4,475,000 and which had currently outstanding principal in the amount of \$2,075,000. The amount was paid off in September 10, 2014.

Refinancing of Sewer Bond is due in bi-annual installments of \$153,784, interest not more than 2.38% per annum payable on February 1 and August 1 through 2019. Loan proceeds were used to finance the Waste Treatment Construction Project. Loan payable outstanding at June 30, 2018 is \$599,007.

The annual debt service requirements to maturity are as follows:

Year Ending June 30	Loans Payable		Total Debt Service
	Principal	Interest	
2019	295,057	12,511	307,568
2020	303,950	3,617	307,567
Total	<u>599,007</u>	<u>16,128</u>	<u>615,135</u>

2013 Sewer Loan is due in bi-annual installments of \$167,890, interest not more than 2.38% per annum payable on February 1 and August 1 through 2029. Loan proceeds were used to finance the Waste Treatment Construction Project. Loan payable outstanding at June 30, 2018 is \$3,235,775

The annual debt service requirements to maturity are as follows:

Year Ending June 30	Loan Payable		Total Debt Service
	Principal	Interest	
2019	218,698	117,083	335,781
2020	226,820	108,961	335,781
2021	235,244	100,537	335,781
2022	243,980	91,800	335,780
2023	253,041	82,739	335,780
2024-2028	1,413,349	265,555	1,678,904
2029-2030	644,643	26,919	671,562
Total	<u>3,235,775</u>	<u>793,594</u>	<u>4,029,369</u>

CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

H. Long-Term Debt (continued)

Loan Payable, State of California Water Resources Control Board, is due in annual installments of \$65,563, interest at 2.7% per annum payable on October 25 through 2022. Proceeds from the loans were used for the construction and improvement of capital assets for the waste water treatment plant expansion. Loans payable outstanding at June 30, 2018 is \$245,912.

The annual debt service requirements to maturity are as follows:

Year Ending June 30	Loans Payable		Total Debt Service
	Principal	Interest	
2019	59,111	6,453	65,564
2020	60,662	4,902	65,564
2021	62,353	3,310	65,663
2022	63,786	1,676	65,462
Total	245,912	16,341	262,253

The City entered into a Master Governmental Lease Purchase agreement with Wells Fargo Banks to update the city's water meters on December 15, 2015. The agreed finance amount of \$4,054,224 is due in 24 semiannual installments of \$193,469.62, interest at 2.23% per annum payable on June and December through 2027. Proceeds from the lease are being used for the replacement of the city's water meters. Lease payable outstanding at June 30, 2018 is \$3,296,182.

The annual debt service requirements to maturity are as follows:

Year Ending June 30	Loan Payable		Total Debt Service
	Principal	Interest	
2019	315,182	71,757	386,939
2020	322,250	64,690	386,940
2021	329,476	57,464	386,940
2022	336,864	50,075	386,939
2023	344,418	42,521	386,939
2024-2028	1,647,992	93,234	1,741,226
Total	3,296,182	379,741	3,675,923

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

H. Long-Term Debt (continued)

The following is a summary of changes in the City's long-term debt and other long-term liabilities during the year ended June 30, 2018.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental-Type Activities:					
Compensated Absences	204,732	0	(9,569)	195,163	19,516
Long-term liabilities of Governmental-Type Activities:	<u>204,732</u>	<u>0</u>	<u>(9,569)</u>	<u>195,163</u>	<u>19,516</u>

The following is a summary of changes in the City's Proprietary Funds long-term debt, including compensated absences, during the year ended June 30, 2018.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Loan Payable	887,165		0 (288,158)	599,007	281,420
Loan Payable	3,446,641		0 (210,866)	3,235,775	203,317
Loan Payable	303,511		0 (57,599)	245,912	56,127
Water Meter Lease	3,604,451		0 (308,269)	3,296,182	301,508
Compensated Absences	90,685		0 (24,261)	66,424	9,094
Long-term liabilities of Business-Type Activities:	<u>8,332,453</u>	<u>0</u>	<u>(889,153)</u>	<u>7,443,300</u>	<u>851,466</u>
 Total long-term liabilities	 <u>8,537,185</u>	 <u>0</u>	 <u>(898,724)</u>	 <u>7,638,461</u>	 <u>870,982</u>

The annual debt service requirements for the City's Proprietary Funds to maturity are as follows:

Year Ending June 30	<u>Loan Payable</u>		Total Debt Service
	Principal	Interest	
2019	888,048	207,804	1,095,852
2020	913,682	182,170	1,095,852
2021	627,073	161,311	788,384
2022	644,630	143,551	788,181
2023	597,459	125,260	722,719
2024-2028	3,061,341	358,789	3,420,130
2029-2030	644,643	26,919	671,562
Total	<u>7,376,876</u>	<u>1,205,804</u>	<u>8,582,680</u>

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

I. Evaluation of Subsequent Events

The City has evaluated subsequent events through March 10, 2021, the date which the financial statements were available to be issued.

IV. OTHER INFORMATION

A. Risk Management

The City of Riverbank participates with other public entities in a joint exercise of powers agreement, which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

The City is covered for the first \$1,000,000 of each general liability claim and \$250,000 of each workers' compensation claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability losses under \$10,000 and workers' compensation losses under \$10,000. The CSJVRMA participates in an excess pool which provides general liability coverage from \$1,000,000 to \$10,000,000. The CSJVRMA participates in an excess pool that provides workers' compensation coverage from \$250,000 to \$500,000 and purchases excess insurance above the \$500,000 to the statutory limit. The CSJVRMA is a consortium of fifty-four (54) cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500 et seq. The CSJVRMA is governed by a Board of Directors, which meets 3-4 times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA.

The financial position and results of operations for the CSJVRMA, as of June 30, 2018, are presented below:

Total Assets	<u>110,234,633</u>
Total Liabilities	92,209,231
Total Net Assets	<u>18,025,402</u>
Total Liabilities & Net Assets	<u>110,234,633</u>
Total Revenues for Year	46,697,909
Total Expenses for Year	<u>46,647,078</u>
Net Income(Loss) for Year	<u>50,831</u>

At the termination of the joint powers agreement and after all claims have been settled, any excess deficit will be divided among the cities in accordance with its governing documents.

CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

B. Commitments and Contingencies

The City of Riverbank is a party in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

C. Employee Retirement Systems and Plans

The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office – 400 P Street – Sacramento CA 95814.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

C. Employee Retirement Systems and Plans (continued)

The Plans' provisions and benefits in effect as of June 30, 2018, are summarized as follows:

	Miscellaneous		
	Prior to April 1, 2011	On or After April 1, 2011	On or After January 1, 2013
Hire date			
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years	5 Years
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	52
Monthly benefits, as of% of eligible compensation	Up to 2%	Up to 2%	Up to 2%
Required employee contribution rates	7.00%	7.00%	6.25%
Required employer contribution rates	13.578%	8.005%	6.25%
	Safety		
	Prior to April 1, 2011	On or After April 1, 2011	On or After January 1, 2013
Hire date			
Benefit formula	2% @ 55	2% @ 55	N/A
Benefit vesting schedule	5 Years	5 Years	N/A
Benefit payments	Monthly for life	Monthly for life	N/A
Retirement age	50	50	N/A
Monthly benefits, as of% of eligible compensation	Up to 2%	Up to 2%	N/A
Required employee contribution rates	6.25%		
Required employer contribution rates	6.25%		

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contributions rates for all public employees be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during that year, with an additional amount to finance any unfunded accrued liability. The Local Government is required to contribute the difference between actuarially determined rate and the contribution rate of employees.

In February 2011, the City Council adopted a new tier which became effective in April 2011. Effective January 1, 2013, the Public Employees' Pension Reform Act (PEPRA) implemented new benefit formulas, final compensation period, and new contribution requirements for new employees hired on or after January 1, 2013, who meet the definition of new member as per PEPRA.

Participants are required to contribute 7% (9% for public-safety employees) of their annual covered salary for Tier 1 and Tier 2. The participants that qualify under Tier 3 are required to contribute 6.25% of their annual covered salary. The City makes no required contribution on behalf of the City employees. The contribution requirements of plan members and the City are established and may be amended by PERS. The City is required to contribute at an actuarially determined rate. PERS has determined that because of past funding and investment earnings, current employer contributions are

CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

C. Employee Retirement Systems and Plans (continued)

not required for the public-safety employees of the City. The current rates are 13.578% (first-tier) and 8.005% (second-tier) for non-safety employees, of annual covered payroll.

For the year ended June 30, 2018, the contribution recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous</u>
Contributions - employer	\$ 246,862
Contributions - employee (paid by employer)	-

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018, the Local Government reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 5,477,093
Safety	<u>856,967</u>
Total Net Pension Liability	<u><u>\$ 6,334,060</u></u>

The Local Government's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The Local Government's proportion of the net pension liability was based on a projection of the Local Government's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Local Government's proportionate share of the net pension liability for each Plan as of June 30, 2017 and 2018 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Proportion - June 30, 2017	0.13533%	0.01415%	0.06280%
Proportion - June 30, 2018	<u>0.13894%</u>	<u>0.01434%</u>	<u>0.06387%</u>
Change - Increase/(Decrease)	0.00361%	0.00019%	0.00107%

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

C. Employee Retirement Systems and Plans (continued)

At June 30, 2018, the Local Government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 1,089,250	\$ 83,126
Differences between actual and expected experience	17,777	111,368
Differences between projected & actual investment earnings	245,144	0
Difference between employer's contribution and proportionate share of contributions	0	606,222
Changes in employer's proportion	225,089	56,356
Penetration contributions made subsequent to measurement date	<u>246,862</u>	<u>0</u>
Total	<u>\$ 1,824,122</u>	<u>\$ 857,072</u>

\$246,862 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
2019	\$ 138,213	\$ (23,690)	\$ 114,523
2020	424,005	41,528	465,533
2021	261,722	23,679	285,401
2022	(126,418)	(18,852)	(145,270)
2023	-	-	-
Thereafter	-	-	-
Total	<u>\$ 697,522</u>	<u>\$ 22,665</u>	<u>\$ 720,187</u>

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

C. Employee Retirement Systems and Plans (continued)

Actuarial Assumptions – The total pension liabilities was determined by rolling forward the total pension liability determined in the June 30, 2016 actuarial accounting valuations to June 30, 2017. The June 30, 2017, total pension liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varied by Entry Age and Service
Payroll Growth	3.0%
Mortality Rate Table	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on power applies, 2.75% thereafter

The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report. All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period 1997 to 2011 including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

Change in Assumption

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees' Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-

CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

C. Employee Retirement Systems and Plans (continued)

term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits of cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%

- (a) An expected inflation of 2.5% used for this period
- (b) An expected inflation of 3.0% used for this period

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Local Government’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Local Government’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate -1%	Current Discount Rate	Discount Rate +1%
	6.15%	7.15%	8.15%
Employer's Net Pension Liability/(Asset) - Misc	8,580,496	5,477,093	2,906,799
Employer's Net Pension Liability/(Asset) - Safety	1,345,123	856,967	457,925
Employer's Net Pension Liability/(Asset) - Total	9,925,619	6,334,060	3,364,724

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

CITY OF RIVERBANK
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - MISCELLANEOUS
JUNE 30, 2018

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.1409%	0.1318%	13.0600%	0.1405%
Proportion share of the net pension liability	\$ 5,477,093	\$ 4,701,278	\$ 3,583,450	\$ 3,472,625
Covered - employee payroll	\$ 5,116,284	\$ 4,877,064	\$ 3,144,373	\$ 2,982,150
Proportionate share of the net pension liability as percentage of covered-employee payroll	107.05%	96.40%	113.96%	116.45%
Plan's fiduciary net position	\$ 17,085,417	\$ 15,339,838	\$ 15,484,030	\$ 15,376,404
Plan fiduciary net position as a percentage of the total pension liability	75.72%	76.54%	81.21%	81.58%

Notes to Schedule:

Change in assumptions. In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

CITY OF RIVERBANK
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - SAFETY
JUNE 30, 2018

	2017	2016	2015	2014
Proportion of the net pension liability	0.0165%	0.0023%	0.0125%	0.00979%
Proportion share of the net pension liability	\$ 856,967	\$ 733,043	\$ 515,698	\$ 367,103
Covered - employee payroll	\$ 0	\$ 0	\$ 0	\$ 0
Proportionate share of the net pension liability as percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan's fiduciary net position	\$ 2,631,925	\$ 2,566,219	\$ 2,627,253	\$ 2,773,359
Plan fiduciary net position as a percentage of the total pension liability	75.44%	77.78%	83.59%	88.31%

Notes to Schedule:

Change in assumptions. In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

CITY OF RIVERBANK
SCHEDULE OF CONTRIBUTIONS - MISCELLANEOUS
JUNE 30, 2018

	2017	2016	2015	2014
Contractually required contribution (actuarially determined)	\$ 1,210,008	\$ 1,108,137	\$ 409,877	\$ 340,922
Contributions in relation to the actuarially determined contributions	(1,210,008)	(1,108,137)	(409,877)	(340,922)
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered - employee payroll	\$ 5,116,284	\$ 4,877,064	\$ 3,144,373	\$ 2,982,150
Contributions as a percentage of covered-employee payroll percentage of covered-employee payroll	23.65%	22.72%	13.04%	11.43%

Notes to Schedule:

Valuation Date: 6/30/2016 6/30/2015 6/30/2014 6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age
Amortization method	For details, see June 30, 2012 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets, See June 30, 2012 Funding Valuation Report
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expense, including inflation
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF RIVERBANK
SCHEDULE OF CONTRIBUTIONS - SAFETY
JUNE 30, 2018

	2017	2016	2015	2014
Contractually required contribution (actuarially determined)	\$ 0	\$ 0	\$ 0	\$ 241,124
Contributions in relation to the actuarially determined contributions	0	0	0	(241,124)
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered - employee payroll	\$ 0	\$ 0	\$ 0	\$ 789,451
Contributions as a percentage of covered-employee payroll percentage of covered-employee payroll	0.00%	0.00%	0.00%	30.54%

Notes to Schedule:

Valuation Date: 6/30/2016 6/30/2015 6/30/2014 6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age
Amortization method	For details, see June 30, 2012 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets, See June 30, 2012 Funding Valuation Report
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expense, including inflation
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

OTHER REPORTS

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Gas Tax Fund - To account for state gas tax revenues based on population. The revenues may be expended only for street and road repair, maintenance, design, construction and traffic signal design and installation.

Local Transportation Fund - To account for the City's allocation of local transportation revenues for streets, roads, and sidewalk improvements.

Cheese and Wine Fund - To account from the revenues and expenditures of the Cheese and Wine event.

Riverbank Donations Fund - To account for donation revenues for City's improvements.

Asset Forfeiture Fund - To account for monies received from asset seizures in the City's jurisdiction as well as revenues and expenditures from Office of traffic Safety grants awarded for police services

Weed And Rubbish Abatement - To account for weed and rubbish cleanup in the City.

Self-Insurance Reserve -To account for the City's workers compensation and liability insurance.

Lighting And Landscaping Districts - To account for lighting and landscaping fees collected and the related costs to operate the city's various districts.

Neighborhood Improvement Fund – To account for monies received from vehicle abatement fees and code enforcement officer costs.

Public Safety Augmentation Fund - To account for monies received through a special sales tax to be spent to sustain the public safety department.

Off Street Parking Fund - To account for parking in lieu Fee paid by business in lieu of providing additional onsite parking.

Riverfest Fund - To account for monies received from community for helping citizens during the flood in 2006 and for revenues and expenditures of the Beyond Earth Day event.

Park Grant Fund - To account for grant revenues received for park development.

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Public Benefit Fund - To account for revenue received from Cannabis Development Agreements.

Park Fund - To account for park impact fees collected to mitigate additional city costs due to new construction.

Railroad Crossing Fund - To account for revenues to upgrade the Terminal and Townsend street railroad crossing.

CFD 2016-1 – Homeowner Assessments for Maintenance of Streets, Storm, Parks, Landscaping and lighting.

Facility Improvement Fund - To account for fees collected from facility rentals for future improvements.

Crossroads Development Fund – To account for the fees collected from developers for the Crossroads Specific Plan.

Measure L Fund – To account for revenues from the Stanislaus County Measure L transportation Tax initiative.

Special Building Projects Fund – To account for the building permit revenues designated by Council for future building inspections.

Storm Drain Fund - To account for storm drain revenues.

**CITY OF RIVERBANK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2017**

	Special Revenue					
	Gas Tax Fund	Local Trans- portation Fund	Cheese And Wine Fund	Riverbank Donations Fund	Asset Forfeit- ture Fund	Weed And Rubbish Abatement Fund
Assets						
Cash And Investments	107,348	189,334	37,317	3,691	37,372	46,863
Accounts Receivable	2,952	1,503	0	0	0	223
Loans Receivable	0	0	0	0	0	0
Prepaid Expense	0	0	0	0	0	0
Due From Other Funds	0	0	0	0	0	0
Total Assets	<u>110,300</u>	<u>190,837</u>	<u>37,317</u>	<u>3,691</u>	<u>37,372</u>	<u>47,086</u>
Liabilities And Fund Balances						
Liabilities						
Accounts Payable	26,415	0	443	90	0	0
Compensated Absences	14,593	0	0	0	0	0
Other Liabilities	6,761	0	0	0	0	0
Due To Other Funds	0	0	0	0	0	0
Total Liabilities	<u>47,769</u>	<u>0</u>	<u>443</u>	<u>90</u>	<u>0</u>	<u>0</u>
Fund Balances						
Nonspendable	0	0	0	0	0	0
Restricted	0	190,837	0	0	0	0
Committed	0	0	0	0	0	0
Assigned	62,531	0	0	3,601	37,372	47,086
Unassigned	0	0	36,874	0	0	0
Total Fund Balances	<u>62,531</u>	<u>190,837</u>	<u>36,874</u>	<u>3,601</u>	<u>37,372</u>	<u>47,086</u>
Total Liabilities And Fund Balances	<u>110,300</u>	<u>190,837</u>	<u>37,317</u>	<u>3,691</u>	<u>37,372</u>	<u>47,086</u>

Special Revenue

Self- Insurance Reserve Fund	Lighting And Land- scaping Fund	Neighbor- Hood Improvement Fund	Public Safety Aug- mentation Fund	Off-Street Parking Fund	Riverfest Fund	Non-Major Special Revenue Total
(69,309)	312,807	(9,913)	8,122	52,818	3,703	720,153
530	1,937	0	8,356	208	0	15,709
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>(68,779)</u>	<u>314,744</u>	<u>(9,913)</u>	<u>16,478</u>	<u>53,026</u>	<u>3,703</u>	<u>735,862</u>
15,000	24,087	769	0	0	0	66,804
0	0	359	0	0	0	14,952
0	0	1,365	0	0	0	8,126
0	0	0	0	0	0	0
<u>15,000</u>	<u>24,087</u>	<u>2,493</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>89,882</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	190,837
0	0	0	0	0	0	0
0	290,657	0	16,478	53,026	3,703	514,454
<u>(83,779)</u>	<u>0</u>	<u>(12,406)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(59,311)</u>
<u>(83,779)</u>	<u>290,657</u>	<u>(12,406)</u>	<u>16,478</u>	<u>53,026</u>	<u>3,703</u>	<u>645,980</u>
<u>(68,779)</u>	<u>314,744</u>	<u>(9,913)</u>	<u>16,478</u>	<u>53,026</u>	<u>3,703</u>	<u>735,862</u>

**CITY OF RIVERBANK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2017**

	Special Revenue		Capital Projects		
	Public Benefit Fund	Facility Improvement Fund	Park Fund	Railroad Crossing Fund	Crossroads Development Fund
Assets					
Cash And Investments	77,294	22,230	108,470	399	1,001,736
Accounts Receivable	0	0	0	0	602
Loans Receivable	0	0	0	0	0
Prepaid Expense	0	0	0	0	0
Due From Other Funds	0	0	0	0	0
Total Assets	<u>77,294</u>	<u>22,230</u>	<u>108,470</u>	<u>399</u>	<u>1,002,338</u>
Liabilities And Fund Balances					
Liabilities					
Accounts Payable	0	0	0	0	12,335
Compensated Absences	0	0	0	0	0
Other Liabilities	0	0	0	0	0
Due To Other Funds	0	0	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,335</u>
Fund Balances					
Nonspendable	0	0	0	0	0
Restricted	0	0	0	0	0
Committed	0	0	0	0	0
Assigned	77,294	22,230	108,470	399	990,003
Unassigned	0	0	0	0	0
Total Fund Balances	<u>77,294</u>	<u>22,230</u>	<u>108,470</u>	<u>399</u>	<u>990,003</u>
Total Liabilities And Fund Balances	<u>77,294</u>	<u>22,230</u>	<u>108,470</u>	<u>399</u>	<u>1,002,338</u>

Capital Projects

Measure L Fund	CFD 2016-1 Fund	Special Projects Fund	Storm Drain Fund	Non-Major Capital Projects Total	Totals	
					2018	2017
620,913	45,278	(25,269)	200,868	2,051,919	2,772,072	2,963,745
167,700	0	99	870	169,271	184,980	3,550
0	0	0	0	0	0	0
0	0	87,773	0	87,773	87,773	27,486
0	0	0	0	0	0	0
<u>788,613</u>	<u>45,278</u>	<u>62,603</u>	<u>201,738</u>	<u>2,308,963</u>	<u>3,044,825</u>	<u>2,994,781</u>
7,526	0	2,175	777	22,813	89,617	230,199
0	0	0	0	0	14,952	15,241
0	0	0	0	0	8,126	24,671
0	0	0	0	0	0	0
<u>7,526</u>	<u>0</u>	<u>2,175</u>	<u>777</u>	<u>22,813</u>	<u>112,695</u>	<u>270,111</u>
0	0	-	0	0	0	0
0	0	0	0	0	190,837	286,264
0	0	0	0	0	0	0
781,087	45,278	60,428	200,961	2,286,150	2,800,604	2,442,418
0	0	0	0	0	(59,311)	(4,012)
<u>781,087</u>	<u>45,278</u>	<u>60,428</u>	<u>200,961</u>	<u>2,286,150</u>	<u>2,932,130</u>	<u>2,724,670</u>
<u>788,613</u>	<u>45,278</u>	<u>62,603</u>	<u>201,738</u>	<u>2,308,963</u>	<u>3,044,825</u>	<u>2,994,781</u>

**CITY OF RIVERBANK
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2017**

	Special Revenue				
	Gas Tax Fund	Local Trans- portation Fund	Cheese And Wine Fund	Riverbank Donations Fund	Asset Forfeit- ture Fund
Revenues					
Investment Earnings	2,610	4,481	0	0	0
Intergovernmental	584,888	0	0	0	7,500
Other Taxes	0	0	0	0	0
Impact Fees	0	0	0	0	0
Licenses And Permits	0	0	0	0	0
Service Charges And Miscellaneous	36,025	0	106,762	2,467	0
Total Revenues	<u>623,523</u>	<u>4,481</u>	<u>106,762</u>	<u>2,467</u>	<u>7,500</u>
Expenditures					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	31,300
Public Works	749,778	0	0	0	0
Community Development	0	0	0	1,080	0
Culture And Leisure	0	0	86,117	0	0
Capital Outlay	26,570	13,836	0	0	0
Total Expenditures	<u>776,348</u>	<u>13,836</u>	<u>86,117</u>	<u>1,080</u>	<u>31,300</u>
Excess(Deficiency) Of Revenues Over Expenditures	(152,825)	(9,355)	20,645	1,387	(23,800)
Other Financing Sources (Uses)					
Operating Transfers In	184,590	0	0	0	0
Operating Transfers Out	(17,416)	(86,072)	0	0	0
Total Other Financing Sources (Uses)	<u>167,174</u>	<u>(86,072)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balances	14,349	(95,427)	20,645	1,387	(23,800)
Fund Balance - Beginning	<u>48,182</u>	<u>286,264</u>	<u>16,229</u>	<u>2,214</u>	<u>61,172</u>
Fund Balance - Ending	<u>62,531</u>	<u>190,837</u>	<u>36,874</u>	<u>3,601</u>	<u>37,372</u>

Special Revenue

Weed And Rubbish Abatement Fund	Self- Insurance Reserve Fund	Lighting And Land- scaping Fund	Neighbor- Hood Improvement Fund	Public Safety Aug- mentation Fund	Off-Street Parking Fund	Riverfest Fund	Non-Major Special Revenue Total
666	1,582	4,715	0	0	619	0	14,673
0	0	0	14,074	117,550	3,885	0	727,897
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	263,888	357,472	1,751	0	0	0	768,365
<u>666</u>	<u>265,470</u>	<u>362,187</u>	<u>15,825</u>	<u>117,550</u>	<u>4,504</u>	<u>0</u>	<u>1,510,935</u>
0	481,104	0	0	0	0	0	481,104
0	0	0	94,523	0	0	0	125,823
3,599	0	0	0	0	0	0	753,377
0	0	296,728	0	0	0	0	297,808
0	0	0	0	0	0	0	86,117
0	0	0	0	0	0	0	40,406
<u>3,599</u>	<u>481,104</u>	<u>296,728</u>	<u>94,523</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,784,635</u>
(2,933)	(215,634)	65,459	(78,698)	117,550	4,504	0	(273,700)
0	0	0	70,304	0	0	0	254,894
0	0	(64,538)	0	(101,072)	0	0	(269,098)
0	0	(64,538)	70,304	(101,072)	0	0	(14,204)
(2,933)	(215,634)	921	(8,394)	16,478	4,504	0	(287,904)
<u>50,019</u>	<u>131,855</u>	<u>289,736</u>	<u>(4,012)</u>	<u>0</u>	<u>48,522</u>	<u>3,703</u>	<u>933,884</u>
<u>47,086</u>	<u>(83,779)</u>	<u>290,657</u>	<u>(12,406)</u>	<u>16,478</u>	<u>53,026</u>	<u>3,703</u>	<u>645,980</u>

**CITY OF RIVERBANK
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2017**

Capital Projects

	Public Benefit Fund	Facility Improvement Fund	Park Fund	Railroad Crossing Fund	CFD 2016-1 Fund
Revenues					
Investment Earnings	0	0	11	0	0
Intergovernmental	0	0	0	0	0
Other Taxes	0	0	0	0	0
Impact Fees	0	0	0	0	0
Licenses And Permits	0	0	0	0	0
Service Charges And Miscellaneous	77,294	9,750	0	0	30,252
Total Revenues	<u>77,294</u>	<u>9,750</u>	<u>11</u>	<u>0</u>	<u>30,252</u>
Expenditures					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	5,046
Public Works	0	0	0	0	0
Community Development	0	0	0	0	0
Culture And Leisure	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,046</u>
Excess(Deficiency) Of Revenues Over Expenditures	<u>77,294</u>	<u>9,750</u>	<u>11</u>	<u>0</u>	<u>25,206</u>
Other Financing Sources (Uses)					
Operating Transfers In	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balances	77,294	9,750	11	0	25,206
Fund Balance - Beginning	<u>0</u>	<u>12,480</u>	<u>108,459</u>	<u>399</u>	<u>20,072</u>
Fund Balance - Ending	<u>77,294</u>	<u>22,230</u>	<u>108,470</u>	<u>399</u>	<u>45,278</u>

Capital Projects

Measure L Fund	Crossroads Devel- opment Fund	Special Projects Fund	Storm Drain Fund	Non-Major Capital Projects Total	Totals	
					2018	2017
0	1,801	296	5	2,113	16,786	10,761
983,126	0	0	0	983,126	1,711,023	668,305
0	0	0	0	0	0	0
0	0	47,241	44,035	91,276	91,276	54,781
0	0	0	0	0	0	0
0	0	0	0	117,296	885,661	921,474
<u>983,126</u>	<u>1,801</u>	<u>47,537</u>	<u>44,040</u>	<u>1,193,811</u>	<u>2,704,746</u>	<u>1,655,321</u>
0	0	0	0	0	481,104	619,188
0	0	0	0	5,046	130,869	104,831
4,493	0	0	13,740	18,233	771,610	774,939
0	0	0	0	0	297,808	427,517
0	0	0	0	0	86,117	108,229
<u>197,546</u>	<u>447,400</u>	<u>0</u>	<u>0</u>	<u>644,946</u>	<u>685,352</u>	<u>543,944</u>
<u>202,039</u>	<u>447,400</u>	<u>0</u>	<u>13,740</u>	<u>668,225</u>	<u>2,452,860</u>	<u>2,578,648</u>
<u>781,087</u>	<u>(445,599)</u>	<u>47,537</u>	<u>30,300</u>	<u>525,586</u>	<u>251,886</u>	<u>(923,327)</u>
0	0	0	0	0	254,894	257,593
0	0	0	(30,222)	(30,222)	(299,320)	(418,998)
0	0	0	(30,222)	(30,222)	(44,426)	(161,405)
781,087	(445,599)	47,537	78	495,364	207,460	(1,084,732)
0	1,435,602	12,891	200,883	1,790,786	2,724,670	3,809,402
<u>781,087</u>	<u>990,003</u>	<u>60,428</u>	<u>200,961</u>	<u>2,286,150</u>	<u>2,932,130</u>	<u>2,724,670</u>

**CITY OF RIVERBANK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018**

FEDERAL GRANTOR/PASS- THROUGH GRANTOR/ PROGRAM TITLE	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Transportation			
Passed Through State of California:			
CML-5255(037)	20.507	CML-5255	60,490
STPL-5255(050)	20.507	STPL-5255	<u>0</u>
Total U.S. Department of Transportation			<u>60,490</u>
U.S. Department of Justice			
Local Law Enforcement Block Grant	16.710	N/A	<u>109,688</u>
Total U.S. Department of Justice			<u>109,688</u>
U.S. Department of Defense			
Passed Through Office of Economic Adjustment			
OEA	12.607	CL0610-11-03	<u>281,949</u>
Total U.S. Department of Defense			<u>281,949</u>
U.S. Department of Army			
U.S. Army Engineering And Support Center	12.599	N/A	<u>15,880,583</u>
U.S. Department of Housing And Urban Development			
Passed Through State of California:	14.228	13-CDBG-8959	<u>33,010</u>
Total Expenditures of Federal Awards			<u><u>16,365,720</u></u>

**CITY OF RIVERBANK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

SUMMARY OF AUDITOR'S RESULTS

1. Type of report issued on the financial statements – Unmodified
2. Significant deficiencies in internal control disclosed by the audit of the financial statements and any such conditions that are material weaknesses– None
3. Disclosure of any noncompliance which are material to the financial statements - None
4. Disclosure of any significant deficiencies in internal control over major programs and any such conditions that are material weaknesses – None
5. Type of report issued on compliance for major programs – Unmodified
6. Audit findings relative to the major federal programs – None
7. Major programs are as follows: U.S. Department of Defense CFDA number 12.607.
8. Expenses in excess of \$750,000 was used as the threshold to distinguish between Type A and Type B programs
9. The City of Riverbank was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

Findings relating to financial statements which are required to be reported – None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS

Findings relating to major federal award programs which are required to be reported – None

PRIOR YEAR'S FINDINGS - None



**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 City Council
City of Riverbank
State of California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Riverbank, State of California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Riverbank, State of California's basic financial statements and have issued our report thereon dated March 10, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Riverbank, State of California's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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, State of California's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Riverbank, State of California's internal control.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Riverbank, 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clendenin Bird & Company, PC
CLENDENIN BIRD & COMPANY, PC

Modesto, California
March 10, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH UNIFORM GUIDANCE**



To The City Council
City of Riverbank
State of California

Report on Compliance for Each Major Federal Program

We have audited City of Riverbank, State of California's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Riverbank, State of California's major federal programs for the year ended June 30, 2018. City of Riverbank, State of California's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on each of City of Riverbank, State of California's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Riverbank, State of California'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 on compliance for each major federal program. However, our audit does not provide a legal determination of City of Riverbank, State of California's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Riverbank, State of California, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of City of Riverbank, State of California, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit, we considered City of Riverbank, State of California's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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, State of California's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Gallagher Gatewood

GALLAGHER GATEWOOD, A PROFESSIONAL ACCOUNTANCY CORPORATION

Modesto, California

March 10, 2021



**REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS
BASED ON AN EXAMINATION OF GENERAL-PURPOSE
FINANCIAL STATEMENT PERFORMED IN ACCORDANCE
WITH THE CALIFORNIA TRANSPORTATION
DEVELOPMENT ACT**



To The City Council
City of Riverbank
State of California

We have audited the general-purpose financial statements of the City of Riverbank, State of California for the year ended June 30, 2018, and have issued our report thereon dated March 10, 2021. Our audit was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the California Administrative Code Section 6664 of the Transportation Development Act and the allocation instructions of the Stanislaus Area Association of Governments, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of the City of Riverbank is responsible for the City's compliance with laws and regulations. In connection with our audit referred to above, we selected and tested transactions and records to determine the City's compliance with laws and regulations, noncompliance with which could have a material effect on the general-purpose financial statements of the City.

In our opinion the City of Riverbank Transportation Development Act funds were accounted for in conformance with the applicable laws, rules and regulations of the Transportation Development Act and the allocation instructions of the Stanislaus Council of Governments.

Gallagher Gatewood

GALLAGHER GATEWOOD, A PROFESSIONAL ACCOUNTANCY CORPORATION

Modesto, California
March 10, 2021