

CITY OF RIVERBANK
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2015

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, 2015, 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, 2015, 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.

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

Modesto, California
November 22, 2015

**CITY OF RIVERBANK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(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, 2015. The City's financial statements for the fiscal year ended June 30, 2015 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 \$83,419,987. Of this amount, \$1,760,550 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 \$21,300,443. Of this amount, \$5,088,537 was unrestricted.
- General and program expenditures for Governmental Activities exceeded revenues by \$1,910,845. City program expenses totaled \$13,541,719 for the fiscal year 2014-2015, an increase of 5.5% over the 2013-14 Fiscal Year. Public Works costs comprised \$5,345,804 or 39% of the total expenses, whereas Public Safety comprised 30% 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 \$266,793.
- The City's General Fund ended the year with a fund balance of \$5,121,002. This is a decrease of 3.2% from the year ending June 30, 2014.

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, 2015
(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. Fees are charged to customers 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, 2015
(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, 2015 compared to the City's net position as of June 30, 2014.

**City of Riverbank
Net Position
For Year Ended June 30, 2015**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Cash and Investments	\$13,964,218	\$14,075,419	\$6,422,492	\$12,403,707	\$20,386,710	\$26,479,126
Other Assets	15,971,803	15,982,062	723,195	554,549	\$16,694,998	16,536,611
Capital Assets	59,197,301	60,974,409	22,082,953	19,817,720	\$81,280,254	80,792,129
Total Assets	89,133,322	91,031,890	29,228,640	32,775,976	118,361,962	123,807,866
Current Pension Plan Cont.	281,145	251,901	99,200	88,882	380,345	340,783
Liabilities						
Current Liabilities	1,838,996	1,726,687	886,956	1,582,195	2,725,952	3,308,882
Compensated Absences	203,025	175,204	85,700	76,411	288,725	251,615
Net Pension Liability	2,951,755	3,836,468	1,041,512	1,353,678	3,993,267	5,190,146
Long-Term Liabilities	123,600	223,600	5,703,747	8,285,338	5,827,347	8,508,938
Total Liabilities	5,117,376	5,961,959	7,717,915	11,297,622	12,835,291	17,259,581
Deferral of Pension Expense	877,107	0	309,482	0	1,186,589	0
Net Assets						
Invested in Capital Assets, Net of Related Debt	59,197,301	60,974,409	16,211,906	11,353,132	75,409,207	67,478,178
Restricted	22,462,136	22,321,493	0	2,117,526	22,462,136	24,439,019
Unrestricted	1,760,550	5,610,497	5,088,537	9,361,374	6,849,087	14,971,871
Total Net Assets	\$83,419,987	\$88,906,399	\$21,300,443	\$22,832,032	\$104,720,430	\$106,889,068

**CITY OF RIVERBANK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Of the total net position for both the Governmental and Business-type activities, \$75,409,207 or 72% 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 \$22,462,136 or 21% of the total. Restricted net position is 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 \$6,849,087 or 7% of the total net position.

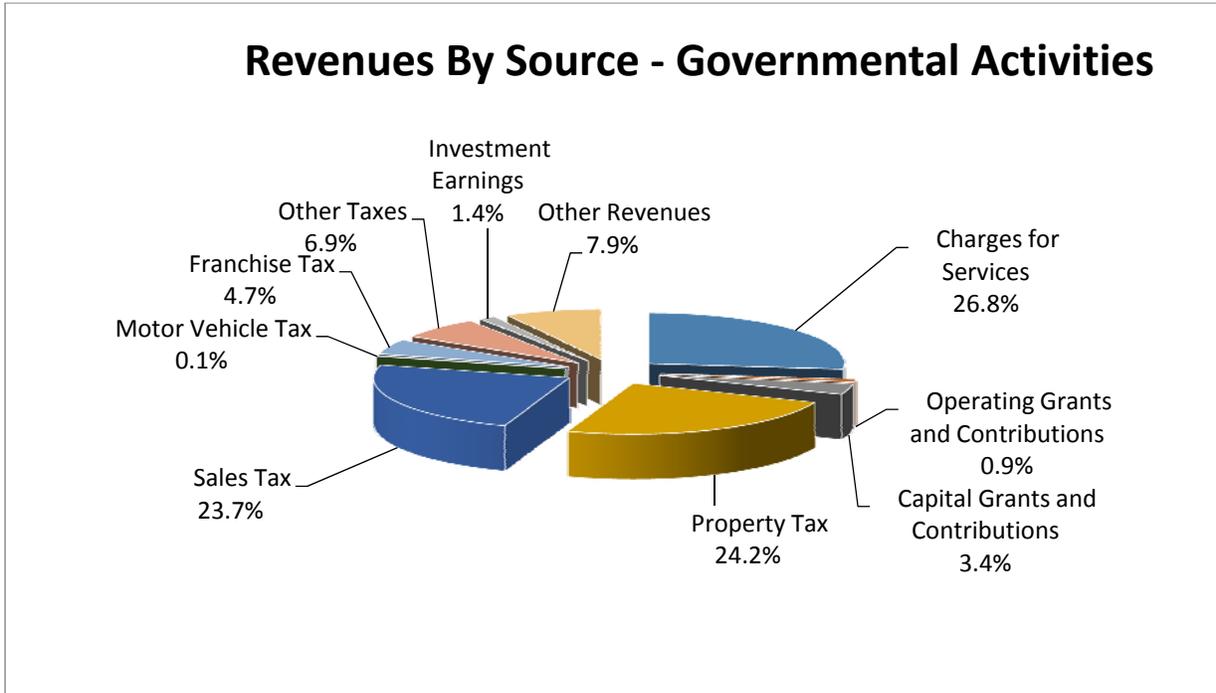
Changes in Net Position. Total expenditures for the year exceeded revenues by \$2,168,638. Below is a table showing the Governmental and Business-Type Activities of the City for the year ended June 30, 2015 as compared to the year ending June 30, 2014.

**City of Riverbank
Changes in Net Position
For Year Ended June 30, 2015**

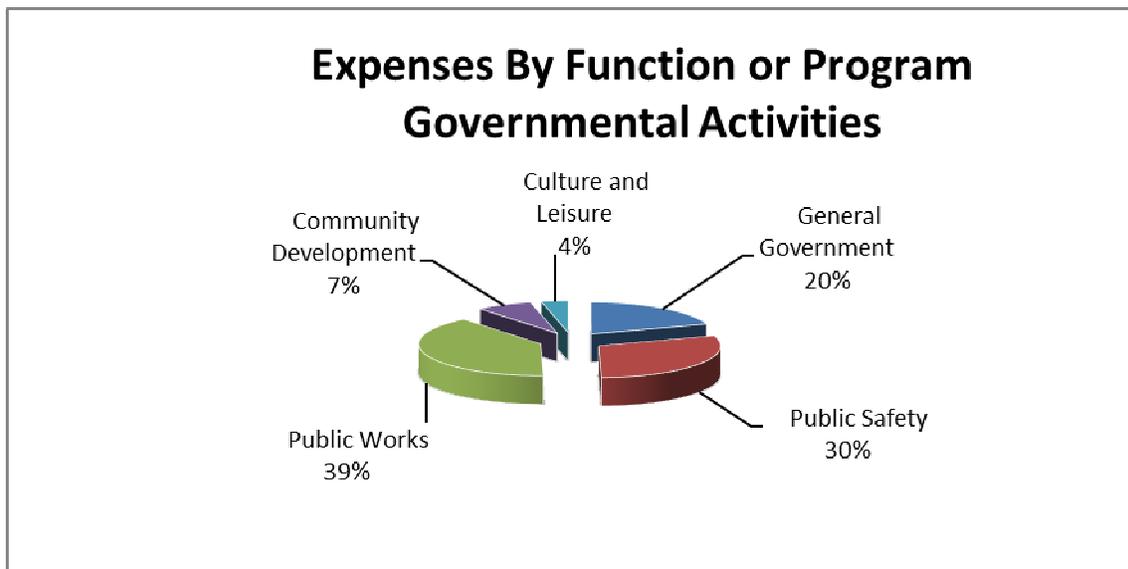
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues:						
Charges for Services	3,117,410	2,636,236	7,855,460	16,783,874	10,972,870	19,420,110
Operating Grants and Contributions	106,230	223,692	0	0	106,230	223,692
Capital Grants and Contributions	398,298	476,787	0	0	398,298	476,787
General Revenues:						
Property Tax	2,822,426	2,563,738	0	0	2,822,426	2,563,738
Sales Tax	2,756,970	2,712,383	0	0	2,756,970	2,712,383
Motor Vehicle Tax	9,525	9,821	0	0	9,525	9,821
Franchise Tax	550,492	489,686	0	0	550,492	489,686
Other Taxes	797,945	807,201	0	0	797,945	807,201
Investment Earnings	160,412	131,477	26,962	20,845	187,374	152,322
(Loss) on Disposal of Assets	0	0	5,500	(13,723)	5,500	(13,723)
Transfers	920,166	873,338	(920,167)	(836,254)	(1)	37,084
Total Revenues	11,639,874	10,924,359	6,967,755	15,954,742	18,607,629	26,879,101
Expenses						
General Government	2,690,373	2,198,016	0	0	2,690,373	2,198,016
Public Safety	4,031,421	3,965,813	0	0	4,031,421	3,965,813
Public Works	5,345,804	5,435,977	3,185,608	3,111,507	8,531,412	8,547,484
Community Development	999,920	873,044	3,879,868	11,847,335	4,879,788	12,720,379
Culture and Leisure	474,201	362,376	169,072	178,243	643,273	540,619
Total Expenses	13,541,719	12,835,226	7,234,548	15,137,085	20,776,267	27,972,311
Increase (Decrease) in Net Assets	(1,901,845)	(1,910,867)	(266,793)	817,657	(2,168,638)	(1,093,210)
Net Assets - Beginning	88,906,399	90,817,266	22,832,032	22,014,375	111,738,431	112,831,641
Prior Period Adjustment	(3,584,567)	0	(1,264,796)	0	(4,849,363)	0
Net Assets - Ending	\$83,419,987	\$88,906,399	\$21,300,443	\$22,832,032	\$104,720,430	\$111,738,431

**CITY OF RIVERBANK
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

Governmental Activities. Total governmental revenues for the year were \$11,639,874. Sales and property tax revenue, which comprise 48% of the total, experienced an increase of 5.75% from the 2013-14 Fiscal Year. Revenues by source for governmental activities are shown in the graph below.



Total governmental expenses for the year were \$13,541,719. Public Works accounted for \$5,345,804 or 39% 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, 2015
(UNAUDITED)**

Business-type Activities

- Revenues of the City's business-type activities were \$6,967,755, a 56.3% decrease from fiscal year 2013-14. Expenditures for the year were \$7,234,548. Expenditures for the Water & Sewer Funds decreased by 2.4%. Overall, expenditures for the business-type activities decreased by 52.2% 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 \$27,770,400. Of the total combined fund balance, 2% is classified as Nonspendable, 68% is classified as Restricted, 12% is classified as Assigned, and 18% is Unassigned. Major fund changes from June 30, 2014 to June 30, 2015 are noted below and are also noted on the Statement of Revenues, Expenditures, and Changes in Fund Balances on page 19:

General Fund

- The City experienced an overall net increase of 11.1% in its General Fund revenues from fiscal year 2013-2014. Some of the major factors contributing to this increase are noted below.
 - An 11.7% increase in Property Tax was experienced due to the changes made in property values. The County continued to reverse their Proposition 8 property value reductions that were made beginning in 2008. In addition, the new construction housing market has added properties to the tax rolls.
 - Revenues from Intergovernmental Agencies increased by 68.3%. This was to the State Route 108 Relinquishment Grant that was awarded to the City of Riverbank for planning work.
 - Sales tax for the City experienced a slight increase of 1.6%. This was primarily due to the continued rebound of the economy from the recent recession.
- General Fund expenditures increased by 8.9% from the 2013-14 Fiscal Year. Major factors contributing to this increase in General Fund expenditures include:
 - General Government expenditures increased by 27.1% due to legal expenses surrounding the settlement of the Allen vs. City of Riverbank case.
 - Community Development expenditures increased by 37.5% due to the planning work related to the State Route 108 Relinquishment Grant obtained. The work was being performed by contract consultants.

**CITY OF RIVERBANK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

CDBG Fund

The CDBG Fund experienced a significant decrease in revenues by 79%. Although the City has been awarded grant funding for the First-Time Homebuyer and Housing Rehabilitation Programs, the City has been receiving loan payoffs that must be used prior to using grant funds. Once all payoff funds have been expended, the City will begin to use all grant funds available.

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 this 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. A restatement to record the effects of the new reporting guidance decreased the City's beginning net position by \$4,849,363. 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 \$7,911,149 were mainly comprised of Sales Tax, Property Taxes, Other Taxes & Franchise Fees and Service Charges. Net Revenues received were \$558,559 over budget. This was due to a variety of reasons, including the following:

- Licenses and Permits were \$68,158 over budget due to the permit issued to KB Homes for the construction of new single-family homes and the increase in permits issued for solar installation.

**CITY OF RIVERBANK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

- Services Charges and Miscellaneous revenues were over budget by \$250,179. This was due to the reimbursement received from the Local Redevelopment Authority for payment of the loan obtained from Stanislaus County for the LRA Specific Plan.

The General Fund's actual ending expenditures of \$9,221,028 were \$332,758 over the final budget of \$8,888,270.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of June 30, 2015, the City's Governmental Funds had \$59,197,301 invested in capital assets and the Business-type activities had \$21,915,653, net of accumulated depreciation. This total of \$81,112,954 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, 2015**

	Governmental Activities	Business-Type Activities	Total
Land	\$3,947,227	\$2,181,195	\$6,128,422
Land Improvements	\$12,791,185	\$0	\$12,791,185
Construction in Progress	\$592,224	\$3,802,501	\$4,394,725
Building and Improvements	\$3,794,755	\$10,409,691	\$14,204,446
Equipment and Vehicles	\$1,521,778	\$5,522,266	\$7,044,044
Infrastructure	\$36,550,132	\$0	\$36,550,132
Total	\$59,197,301	\$21,915,653	\$81,112,954

Major capital asset additions during Fiscal Year 2014-2015 include:

<i>*Traffic Signal @ Oakdale & Morrill</i>	<i>\$1,110,714.27</i>
<i>*Electrical Transformer at LRA</i>	<i>\$401,836.08</i>
<i>*Silva Park Phase II Improvements</i>	<i>\$300,471.08</i>
<i>*STX 450 Tractor Tracks</i>	<i>\$32,749.42</i>
<i>*ADA Ramp – Riverside & 1st Street</i>	<i>\$31,480.00</i>
<i>*Storage Enclosure – Public Works</i>	<i>\$30,284.33</i>

**CITY OF RIVERBANK
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

LONG TERM DEBT

At year-end, the City’s governmental activities had \$326,625 in long-term debt, which was comprised of a loan for the construction of the Downtown Beautification Project with a balance of \$123,600, as well as compensated absences in the amount of \$203,025. Compensated absences consist of vacation time 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 \$5,789,447 in outstanding long-term debt. This long-term debt is comprised of Compensated Absences, Sewer Revenue Bonds, and the State Revolving Fund Loan from the State of California for improvements to the Waste Water Treatment Plant. Total debt was reduced during the year by the amount of the current debt principal payments. A new Sewer Loan was issued in the amount of \$5,742,715 in order to fund the refinance of the Sewer Revenue Bonds as well as the Energy Efficiency Improvement Project at the Waste Water Treatment Plant.

**City of Riverbank
Long-Term Debt
June 30, 2015**

	Governmental Activities	Business-Type Activities	Total
Loans Payable-Refinance	\$0	\$1,443,425	\$1,443,425
Loans Payable	\$0	\$3,845,993	\$3,845,992
SRF Loan – Sewer	\$0	\$414,329	\$414,329
Compensated Absences	\$203,025	\$85,700	\$288,725
Stanislaus County ED Loan	\$123,600	\$0	\$123,600
Total	\$326,625	\$5,789,447	\$6,116,071

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 2014-2015 fiscal year, City Management looked at the following factors:

**CITY OF RIVERBANK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

REVENUE

- The Stanislaus County Assessor's Office continued to reverse the Prop 8 decreases from prior fiscal years, which increased values of many of the homes in Riverbank. This reversal caused a 7.24% increase in the Certified Assessed Values for the 2015-2016 fiscal year. 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.
- An increase of 1.8% 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 decrease by 2.14% during the 2015-16 fiscal year in comparison to the 2014-15 fiscal year budget due to one-time grant funds and reimbursements received in FY 2014-15 that will not be received in FY 2015-16.

EXPENDITURES

- The City has transitioned a part-time Human Resources position into a full-time position eligible for benefits. The Fiscal Year 2015-16 budget includes salary and all related payroll expenditures for this position.

Total operational and capital budgeted revenues and expenses for all funds for the 2015-2016 Fiscal Year are \$13,028,335 and \$16,437,582 respectively, excluding Transfers In and Out. Structural deficits (where expenditures exceed revenues) were anticipated in the following funds: General Fund, Gas Tax, Storm Drain Fund, Vehicle Tow Fund, Weed Abatement, Teen Center Fund, System Development Streets/PW Fund, System Development Storm Drainage Fund, System Administration Fee Fund, HCD Old Program Income, HCD CDBG Fund, HCD HOME Fund, Sewer Fund, Sewer Debt Service Fund, Sewer Capital Improvement Fund, Water Capital Improvement Fund, Water Connection Fund, and the System Development Fee-Water Fund. The City Council has authorized for the deficits to be paid via ending reserve balances from the 2014-15 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 Finance Director, City of Riverbank, 6617 Third Street, Riverbank, California 95367.

**CITY OF RIVERBANK
STATEMENTS OF NET POSITION
JUNE 30, 2015**

WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2014

	Primary Government		RESTATED	
	Governmental Activities	Proprietary Activities	Totals 2015	Totals 2014
ASSETS				
Cash And Investments	13,964,218	6,422,492	20,386,710	24,361,600
Cash With Fiscal Agent	0	0	0	2,117,526
Accounts Receivable	1,043,337	1,405,930	2,449,267	2,356,417
Prepaid Expenses	39,291	6,096	45,387	122,635
Internal Balances	688,831	(688,831)	0	0
Loans Receivable	14,200,344	0	14,200,344	14,057,559
Capital Assets (Net Of Accumulated Depreciation):				
Land	3,947,227	2,181,195	6,128,422	6,128,422
Land Improvements	12,791,185	0	12,791,185	12,924,482
Construction In Progress	592,224	3,802,501	4,394,725	2,621,018
Buildings And Improvements	3,794,754	10,409,690	14,204,444	14,609,938
Equipment And Vehicles	1,521,778	5,522,267	7,044,045	7,198,421
Infrastructure	36,550,133	0	36,550,133	37,130,598
Unamortized Bond Issue Costs	0	167,300	167,300	179,250
Total Assets	<u>89,133,322</u>	<u>29,228,640</u>	<u>118,361,962</u>	<u>123,807,866</u>
DEFERRED OUTFLOWS OF RESOURCES				
Current Pension Plan Contribution	<u>281,145</u>	<u>99,200</u>	<u>380,345</u>	<u>340,783</u>
LIABILITIES				
Accounts Payable And Other				
Current Liabilities	1,838,996	886,956	2,725,952	3,308,882
Compensated Absences	203,025	85,700	288,725	251,615
Net Pension Liability	2,951,755	1,041,512	3,993,267	5,190,146
Long-Term Liabilities:				
Due Within One Year	123,600	498,567	622,167	864,590
Due In More Than One Year	<u>0</u>	<u>5,205,180</u>	<u>5,205,180</u>	<u>7,644,348</u>
Total Liabilities	<u>5,117,376</u>	<u>7,717,915</u>	<u>12,835,291</u>	<u>17,259,581</u>
DEFERRED INFLOWS OF RESOURCES				
Deferral Of Pension Expense	<u>877,104</u>	<u>309,482</u>	<u>1,186,586</u>	<u>0</u>
NET POSITION				
Invested In Capital Assets				
Net Of Related Debt	59,197,301	16,211,906	75,409,207	67,478,178
Restricted For				
Capital Projects	6,153,691	0	6,153,691	6,224,442
Community Development Projects	14,130,206	0	14,130,206	14,087,313
Other Purposes	2,178,239	0	2,178,239	4,127,264
Unrestricted	<u>1,760,550</u>	<u>5,088,537</u>	<u>6,849,087</u>	<u>14,971,871</u>
Total Net Postion	<u>83,419,987</u>	<u>21,300,443</u>	<u>104,720,430</u>	<u>106,889,068</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2014**

Functions/Programs	Expenses
Primary Government:	
Governmental Activities:	
General Government	2,690,373
Public Safety	4,031,421
Public Works	5,345,804
Community Development	999,920
Culture And Leisure	474,201
Total Governmental Activities	<u>13,541,719</u>
Business-Type Activities	
Water Services	1,453,846
Sewer Services	1,731,762
Community Center	169,072
Local Redevelopment Authority	<u>3,879,868</u>
Total Business-Type Activities	<u>7,234,548</u>
Total Primary Government	<u><u>20,776,267</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		RESTATED	
			Governmental Activities	Proprietary Activities	Totals 2015	2014
973,483	0	0	(1,716,890)	0	(1,716,890)	(1,340,367)
406,393	106,230	0	(3,518,798)	0	(3,518,798)	(3,488,937)
1,556,849	0	398,298	(3,390,657)	0	(3,390,657)	(3,681,495)
54,821	0	0	(945,099)	0	(945,099)	(635,986)
125,864	0	0	(348,337)	0	(348,337)	(351,726)
<u>3,117,410</u>	<u>106,230</u>	<u>398,298</u>	<u>(9,919,781)</u>	<u>0</u>	<u>(9,919,781)</u>	<u>(9,498,511)</u>
1,798,809	0	0	0	344,963	344,963	396,151
2,269,280	0	0	0	537,518	537,518	448,622
155,138	0	0	0	(13,934)	(13,934)	(18,459)
<u>3,632,233</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(247,635)</u>	<u>(247,635)</u>	<u>820,475</u>
<u>7,855,460</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>620,912</u>	<u>620,912</u>	<u>1,646,789</u>
<u>10,972,870</u>	<u>106,230</u>	<u>398,298</u>	<u>(9,919,781)</u>	<u>620,912</u>	<u>(9,298,869)</u>	<u>(7,851,722)</u>
General Revenues:						
Taxes:						
Property Tax			2,822,426	0	2,822,426	2,563,738
Sales Tax			2,756,970	0	2,756,970	2,712,383
Motor Vehicle Tax			9,525	0	9,525	9,821
Franchise Tax			550,492	0	550,492	489,686
Other Taxes			797,945	0	797,945	807,201
Investment Earnings			160,412	26,962	187,374	152,322
(Loss) On Disposal of Assets			0	5,500	5,500	(13,723)
Transfers			920,166	(920,167)	(1)	37,084
Total General Revenues And Transfers			<u>8,017,936</u>	<u>(887,705)</u>	<u>7,130,231</u>	<u>6,758,512</u>
Change In Net Position			(1,901,845)	(266,793)	(2,168,638)	(1,093,210)
Net Position - Beginning			88,906,399	22,832,032	111,738,431	112,831,641
Prior Period Adjustment - GASB 68			(3,584,567)	(1,264,796)	(4,849,363)	(4,849,363)
Net Position - Beginning, restated			<u>85,321,832</u>	<u>21,567,236</u>	<u>106,889,068</u>	<u>107,982,278</u>
Net Position - Ending			<u>83,419,987</u>	<u>21,300,443</u>	<u>104,720,430</u>	<u>106,889,068</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2014**

	<u>General</u>	<u>CDBG</u>	<u>System Development</u>
Assets			
Cash And Investments	5,939,710	330,053	3,720,540
Accounts Receivable	796,642	149	834
Loans Receivable	275,000	10,725,344	0
Prepaid Expenses	39,291	0	0
Unamortized Bond Issue Costs	0	0	0
Due From Other Funds	0	0	608,542
Total Assets	<u>7,050,643</u>	<u>11,055,546</u>	<u>4,329,916</u>
Liabilities			
Accounts Payable	926,188	4,210	7,621
Compensated Absences	166,298	14,136	0
Bonds Payable	0	0	0
Loan Payable	123,600	0	0
Other Liabilities	713,555	994	0
Due To Other Funds	0	0	0
Total Liabilities	<u>1,929,641</u>	<u>19,340</u>	<u>7,621</u>
Fund Balances			
Nonspendable	0	0	608,542
Restricted	0	11,036,206	3,713,753
Committed	0	0	0
Assigned	0	0	0
Unassigned	5,121,002	0	0
Total Fund Balances	<u>5,121,002</u>	<u>11,036,206</u>	<u>4,322,295</u>
Total Liabilities And Fund Balances	<u>7,050,643</u>	<u>11,055,546</u>	<u>4,329,916</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

Successor RDA LMI Housing	Other Funds	Total Governmental Funds	
		2015	2014
81,230	3,892,685	13,964,218	14,075,419
32	245,680	1,043,337	1,083,444
3,200,000	0	14,200,344	14,057,559
0	0	39,291	81,635
0	0	0	0
0	80,289	688,831	764,424
<u>3,281,262</u>	<u>4,218,654</u>	<u>29,936,021</u>	<u>30,062,481</u>
0	45,554	983,573	1,220,941
0	22,591	203,025	175,204
0	0	0	0
0	0	123,600	223,600
0	140,874	855,423	505,746
0	0	0	5,000
<u>0</u>	<u>209,019</u>	<u>2,165,621</u>	<u>2,130,491</u>
0	80,289	688,831	759,424
3,281,262	707,309	18,738,530	18,602,926
0	0	0	0
0	3,212,288	3,212,288	3,284,211
0	9,749	5,130,751	5,285,429
<u>3,281,262</u>	<u>4,009,635</u>	<u>27,770,400</u>	<u>27,931,990</u>
<u>3,281,262</u>	<u>4,218,654</u>	<u>29,936,021</u>	<u>30,062,481</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, 2015**

Total fund balances - governmental funds		27,770,400
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	3,947,227	
Land Improvements net of \$2,844,485 accumulated depreciation	12,791,185	
Construction in progress	592,224	
Buildings and Improvements, net of \$1,654,018 accumulated depreciation	3,794,754	
Equipment and Vehicles, net of \$4,094,018 accumulated depreciation	1,521,778	
Infrastructure net of \$38,169,027 accumulated depreciation	<u>36,550,133</u>	
Total capital assets		<u>59,197,301</u>
Deferred Outflow of Resources		281,145
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	(2,951,755)	
Deferred Inflows of Resources	<u>(877,104)</u>	
Total long-term liabilities		<u>(3,828,859)</u>
Total net position - governmental activities		<u><u>83,419,987</u></u>

**CITY OF RIVERBANK
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2014**

	<u>General</u>	<u>CDBG</u>	<u>System Development</u>
Revenues			
Property Tax	2,822,426	0	0
Sales Tax	2,756,970	0	0
Other Tax And Franchises	708,390	0	0
Licenses And Permits	270,458	0	0
Fines And Forfeitures	154,865	0	0
Investment Earnings	50,487	40,282	43,266
Intergovernmental	406,084	0	127,092
Impact Fees	0	0	431,507
Service Charges And Miscellaneous	741,469	276	4,218
Total Revenues	<u>7,911,149</u>	<u>40,558</u>	<u>606,083</u>
Expenditures			
Current			
General Government	2,270,157	0	0
Public Safety	3,889,072	0	0
Public Works	1,705,423	0	49,467
Community Development	866,432	130,663	0
Culture And Leisure	365,917	0	0
Capital Outlay	124,027	0	552,487
Total Expenditures	<u>9,221,028</u>	<u>130,663</u>	<u>601,954</u>
Excess (Deficiency) Of Revenues Over Expenditures	(1,309,879)	(90,105)	4,129
Other Financing Sources (Uses)			
Operating Transfers In	1,540,022	254,770	0
Operating Transfers Out	(399,487)	(254,770)	(22,726)
Total Other Financing Sources (Uses)	<u>1,140,535</u>	<u>0</u>	<u>(22,726)</u>
Net Change In Fund Balances	(169,344)	(90,105)	(18,597)
Fund Balance - Beginning	<u>5,290,345</u>	<u>11,126,311</u>	<u>4,340,892</u>
Fund Balance- Ending	<u>5,121,001</u>	<u>11,036,206</u>	<u>4,322,295</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

<u>Successor RDA LMI Housing Fund</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>	
		<u>2015</u>	<u>2014</u>
0	0	2,822,426	2,563,738
0	0	2,756,970	2,712,383
0	0	708,390	584,008
0	0	270,458	234,880
0	0	154,865	174,249
108	26,269	160,412	131,477
0	1,425,532	1,958,708	2,188,458
0	44,247	475,754	248,236
0	664,551	1,410,514	1,213,592
<u>108</u>	<u>2,160,599</u>	<u>10,718,497</u>	<u>10,051,021</u>
0	434,861	2,705,018	2,198,016
0	143,314	4,032,386	3,965,813
0	1,028,364	2,783,254	2,840,458
0	7,615	1,004,710	873,047
0	111,622	477,539	362,376
0	120,833	797,347	1,833,492
<u>0</u>	<u>1,846,609</u>	<u>11,800,254</u>	<u>12,073,202</u>
<u>108</u>	<u>313,990</u>	<u>(1,081,757)</u>	<u>(2,022,181)</u>
0	231,111	2,025,903	2,096,003
<u>0</u>	<u>(428,754)</u>	<u>(1,105,737)</u>	<u>(1,222,665)</u>
<u>0</u>	<u>(197,643)</u>	<u>920,166</u>	<u>873,338</u>
108	116,347	(161,591)	(1,148,843)
<u>3,281,154</u>	<u>3,893,288</u>	<u>27,931,990</u>	<u>29,080,833</u>
<u>3,281,262</u>	<u>4,009,635</u>	<u>27,770,399</u>	<u>27,931,990</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, 2015**

Net change in fund balances - total governmental funds (161,591)

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 (\$2,575,664) exceeded capital outlays (\$797,347) in the current period. (1,778,317)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and contributions) is to increase net assets. 1,211

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. 36,852

Changes in net position of governmental activities (1,901,845)

**CITY OF RIVERBANK
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>	<u>2014</u>
	<u>Original</u>	<u>Final</u>		<u>With Final Budget Over (Under)</u>	
REVENUES					
Property Tax	2,711,300	2,810,700	2,822,426	11,726	2,526,575
Sales Tax	2,700,000	2,700,000	2,756,970	56,970	2,712,383
Other Tax And Franchise Fees	581,400	608,100	708,390	100,290	584,008
Licenses And Permits	134,900	202,300	270,458	68,158	234,880
Intergovernmental	125,500	332,500	406,084	73,584	241,230
Fines And Forfeitures	159,100	159,100	154,865	(4,235)	174,249
Investment Earnings	48,600	48,600	50,487	1,887	54,853
Service Charges And Miscellaneous	472,090	491,290	741,469	250,179	593,126
Total Revenues	<u>6,932,890</u>	<u>7,352,590</u>	<u>7,911,149</u>	<u>558,559</u>	<u>7,121,304</u>
EXPENDITURES					
General Government	1,765,350	1,818,250	2,270,157	451,907	1,786,236
Public Safety	3,963,000	3,897,650	3,889,072	(8,578)	3,831,619
Public Works	1,626,321	1,721,801	1,705,423	(16,378)	1,756,848
Community Development	702,750	919,950	866,432	(53,518)	630,155
Recreation And Leisure	355,400	358,600	365,917	7,317	356,110
Capital Outlay	172,019	172,019	124,027	(47,992)	109,729
Total Expenditures	<u>8,584,840</u>	<u>8,888,270</u>	<u>9,221,028</u>	<u>332,758</u>	<u>8,470,697</u>
Excess (Deficiency) Of Revenues					
Over Expenditures	(1,651,950)	(1,535,680)	(1,309,879)	225,801	(1,349,393)
OTHER FINANCING SOURCES (USES)					
Transfers In	2,006,100	1,965,500	1,540,022	(425,478)	1,685,599
Transfers Out	(326,000)	(399,550)	(399,487)	63	(400,441)
Total Other Financing Sources And (Uses)	<u>1,680,100</u>	<u>1,565,950</u>	<u>1,140,535</u>	<u>(425,415)</u>	<u>1,285,158</u>
Net Change In Fund Balance	28,150	30,270	(169,344)	(199,614)	(64,235)
Fund Balance - Beginning	<u>5,290,345</u>	<u>5,290,345</u>	<u>5,290,345</u>	0	<u>5,354,580</u>
Fund Balance - Ending	<u>5,318,495</u>	<u>5,320,615</u>	<u>5,121,001</u>	<u>(199,614)</u>	<u>5,290,345</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>	<u>2014</u>
	<u>Original</u>	<u>Final</u>		<u>With Final Budget Over (Under)</u>	
General Government					
City Council	104,500	107,500	95,874	(11,626)	152,057
City Manager	213,600	219,100	226,652	7,552	215,771
Admin Services	618,850	646,050	644,591	(1,459)	625,352
Finance And Treasurer	634,100	651,300	669,719	18,419	605,009
City Attorney	217,300	217,300	638,006	420,706	190,693
Total General Government	<u>1,788,350</u>	<u>1,841,250</u>	<u>2,274,842</u>	<u>433,592</u>	<u>1,788,882</u>
Public Safety					
Police	3,739,250	3,739,250	3,733,489	(5,761)	3,674,888
Animal Control	223,750	158,400	155,583	(2,817)	156,731
Total Public Safety	<u>3,963,000</u>	<u>3,897,650</u>	<u>3,889,072</u>	<u>(8,578)</u>	<u>3,831,619</u>
Public Works					
Building Maintenance	154,800	196,200	199,542	3,342	203,944
Development Services	949,590	953,270	897,184	(56,086)	943,432
Street Maintenance	47,800	88,800	81,691	(7,109)	49,487
Parks Maintenance	623,150	632,550	646,348	13,798	660,355
Total Public Works	<u>1,775,340</u>	<u>1,870,820</u>	<u>1,824,765</u>	<u>(46,055)</u>	<u>1,857,218</u>
Community Development					
Planning	364,100	364,300	367,130	2,830	229,568
Building Department	236,400	236,400	238,310	1,910	228,918
Economic Development	102,250	319,250	260,992	(58,258)	178,382
Engineering	0	0	0	0	0
Total Community Development	<u>702,750</u>	<u>919,950</u>	<u>866,432</u>	<u>(53,518)</u>	<u>636,868</u>
Recreation And Leisure					
Recreation	355,400	358,600	365,917	7,317	356,110
Total Culture And Leisure	<u>355,400</u>	<u>358,600</u>	<u>365,917</u>	<u>7,317</u>	<u>356,110</u>
Total General Fund	<u>8,584,840</u>	<u>8,888,270</u>	<u>9,221,028</u>	<u>332,758</u>	<u>8,470,697</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>	<u>2014</u>
	<u>Original</u>	<u>Final</u>		<u>With Final</u>	
				<u>Over</u>	
				<u>(Under)</u>	
REVENUES					
Interest Income	2,900	2,900	40,282	37,382	9,141
Intergovernmental	0	0	0	0	123,753
Miscellaneous	25,900	25,900	276	(25,624)	62,695
Total Revenues	<u>28,800</u>	<u>28,800</u>	<u>40,558</u>	<u>11,758</u>	<u>195,589</u>
EXPENDITURES					
Salaries And Benefits	163,300	163,300	119,510	(43,790)	105,029
Supplies And Services	1,580	1,580	11,153	9,573	25,291
Bad Debt	0	0	0	0	100,000
Capital Outlays	0	0	0	0	0
Total Expenditures	<u>164,880</u>	<u>164,880</u>	<u>130,663</u>	<u>(34,217)</u>	<u>230,320</u>
Excess (Deficiency) Of Revenues					
Over Expenditures	(136,080)	(136,080)	(90,105)	45,975	(34,731)
OTHER FINANCING SOURCES (USES)					
Transfers In	0	0	254,770	254,770	123,753
Transfers Out	0	0	(254,770)	(254,770)	(123,753)
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	(136,080)	(136,080)	(90,105)	45,975	(34,731)
Fund Balance - Beginning	<u>11,126,311</u>	<u>11,126,311</u>	<u>11,126,311</u>	0	<u>11,161,042</u>
Fund Balance - Ending	<u>10,990,231</u>	<u>10,990,231</u>	<u>11,036,206</u>	<u>45,975</u>	<u>11,126,311</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>	<u>2014</u>
	<u>Original</u>	<u>Final</u>		<u>With Final</u> <u>Budget</u> <u>Over</u> <u>(Under)</u>	
REVENUES					
Investment Earnings	31,500	31,500	43,266	11,766	37,303
Intergovernmental	0	0	127,092	127,092	379,567
Impact Fees	719,000	719,000	431,507	(287,493)	174,885
Service Charges And Miscellaneous	<u>1,300</u>	<u>1,300</u>	<u>4,218</u>	<u>2,918</u>	<u>0</u>
Total Revenues	<u>751,800</u>	<u>751,800</u>	<u>606,083</u>	<u>(145,717)</u>	<u>591,755</u>
EXPENDITURES					
Salaries And Benefits	0	0	0	0	0
Supplies And Services	25,600	51,600	49,467	(2,133)	47,217
Capital Outlays	<u>994,500</u>	<u>994,500</u>	<u>552,487</u>	<u>(442,013)</u>	<u>1,135,248</u>
Total Expenditures	<u>1,020,100</u>	<u>1,046,100</u>	<u>601,954</u>	<u>(444,146)</u>	<u>1,182,465</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>(268,300)</u>	<u>(294,300)</u>	<u>4,129</u>	<u>298,429</u>	<u>(590,710)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	0	0	0	0	0
Transfers Out	<u>(22,800)</u>	<u>(22,800)</u>	<u>(22,726)</u>	<u>74</u>	<u>(86,124)</u>
Total Other Financing Sources And (Uses)	<u>(22,800)</u>	<u>(22,800)</u>	<u>(22,726)</u>	<u>74</u>	<u>(86,124)</u>
Net Change In Fund Balance	<u>(291,100)</u>	<u>(317,100)</u>	<u>(18,597)</u>	<u>298,503</u>	<u>(676,834)</u>
Fund Balance - Beginning	<u>4,340,892</u>	<u>4,340,892</u>	<u>4,340,892</u>	<u>0</u>	<u>5,017,726</u>
Fund Balance - Ending	<u>4,049,792</u>	<u>4,023,792</u>	<u>4,322,295</u>	<u>298,503</u>	<u>4,340,892</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>	<u>2014 Actual</u>
	<u>Original</u>	<u>Final</u>			
REVENUES					
Property Tax	30,000	30,000	0	(30,000)	37,163
Investment Earnings	4,000	4,000	108	(3,892)	4,129
Intergovernmental	0	0	0	0	0
Service Charges And Miscellaneous	0	0	0	0	0
Total Revenues	<u>34,000</u>	<u>34,000</u>	<u>108</u>	<u>(33,892)</u>	<u>41,292</u>
EXPENDITURES					
Salaries And Benefits	0	0	0	0	0
Supplies And Services	0	0	0	0	0
Interest	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>0</u>
Excess (Deficiency) Of Revenues					
Over Expenditures	<u>34,000</u>	<u>34,000</u>	<u>108</u>	<u>(33,892)</u>	<u>41,292</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	34,000	34,000	108	(33,892)	41,292
Fund Balance - Beginning	<u>3,281,154</u>	<u>3,281,154</u>	<u>3,281,154</u>	<u>0</u>	<u>3,239,862</u>
Fund Balance - Ending	<u>3,315,154</u>	<u>3,315,154</u>	<u>3,281,262</u>	<u>(33,892)</u>	<u>3,281,154</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2015
 WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2014**

Business-Type Activities-Enterprise Funds

	Sewer Fund	Water Fund	Community Center Fund	Local Redevelop. Authority	Totals 2015	RESTATED 2014
Assets						
Cash And Investments	2,371,766	3,517,481	7,522	525,723	6,422,492	10,286,181
Cash With Fiscal Agent	0	0	0	0	0	2,117,526
Accounts Receivable	362,942	259,010	0	783,978	1,405,930	1,272,973
Prepays	3,048	3,048	0	0	6,096	41,000
Fixed Assets	15,673,515	11,748,886	746,283	625,985	28,794,669	28,296,892
Accumulated Depreciation	(5,117,315)	(5,026,487)	(470,606)	(67,109)	(10,681,517)	(9,894,365)
Construction In Progress	3,725,251	77,250	0	0	3,802,501	1,235,943
Unamortized Bond Issue Costs	167,300	0	0	0	167,300	179,250
Total Assets	<u>17,186,507</u>	<u>10,579,188</u>	<u>283,199</u>	<u>1,868,577</u>	<u>29,917,471</u>	<u>33,535,400</u>
DEFERRED OUTFLOWS OF RESOURCES						
Current Pension Plan Contribution	<u>33,613</u>	<u>34,210</u>	<u>202</u>	<u>31,175</u>	<u>99,200</u>	<u>88,882</u>
Liabilities						
Accounts Payable	51,841	177,274	10,683	259,058	498,856	1,366,357
Customer Deposits	0	120,265	6,755	261,080	388,100	215,838
Compensated Absences	26,907	36,540	0	22,253	85,700	76,411
Due to Other Funds	688,831	0	0	0	688,831	759,424
Net Pension Liability	352,903	359,175	2,122	327,312	1,041,512	1,353,678
Loan Payable	4,260,322	0	0	0	4,260,322	4,499,393
Bond Payable	<u>1,443,425</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,443,425</u>	<u>3,785,945</u>
Total Liabilities	<u>6,824,229</u>	<u>693,254</u>	<u>19,560</u>	<u>869,703</u>	<u>8,406,746</u>	<u>12,057,046</u>
DEFERRED INFLOWS OF RESOURCES						
Deferral Of Pension Expense	<u>104,864</u>	<u>106,728</u>	<u>631</u>	<u>97,259</u>	<u>309,482</u>	<u>0</u>
Net Position						
Invested In Capital Assets, Net Of Related Debt	8,577,704	6,799,649	275,677	558,876	16,211,906	11,353,132
Restricted For Debt Service	0	0	0	0	0	2,117,526
Unrestricted	<u>1,713,323</u>	<u>3,013,767</u>	<u>(12,467)</u>	<u>373,914</u>	<u>5,088,537</u>	<u>8,096,578</u>
Total Net Position	<u>10,291,027</u>	<u>9,813,416</u>	<u>263,210</u>	<u>932,790</u>	<u>21,300,443</u>	<u>21,567,236</u>

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, 2015
 WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2014**

	Business-Type Activities-Enterprise Funds					
	Sewer Fund	Water Fund	Community Center Fund	Local Redevelop. Authority	RESTATED Totals	
					2015	2014
Operating Revenues						
Intergovernmental	0	0	0	728,552	728,552	10,944,428
Service Charges	2,071,458	1,741,958	141,651	2,642,049	6,597,116	5,683,939
Miscellaneous Revenues	3,382	2,661	13,487	261,632	281,162	59,213
Total Operating Revenues	<u>2,074,840</u>	<u>1,744,619</u>	<u>155,138</u>	<u>3,632,233</u>	<u>7,606,830</u>	<u>16,687,580</u>
Operating Expenses						
Employee Services	482,217	480,606	63,133	355,604	1,381,560	1,370,681
Supplies And Services	549,157	645,722	103,324	3,506,818	4,805,021	12,876,112
Depreciation	439,571	327,518	2,615	17,446	787,150	780,942
Total Operating Expenses	<u>1,470,945</u>	<u>1,453,846</u>	<u>169,072</u>	<u>3,879,868</u>	<u>6,973,731</u>	<u>15,027,735</u>
Operating Income (Loss)	<u>603,895</u>	<u>290,773</u>	<u>(13,934)</u>	<u>(247,635)</u>	<u>633,099</u>	<u>1,659,845</u>
Nonoperating Revenues (Expenses)						
Investment Earnings	13,491	13,471	0	0	26,962	20,845
Connection Fees	22,600	25,447	0	0	48,047	22,168
Development Fees	171,840	28,743	0	0	200,583	74,126
Gain (Loss) on Fixed Assets	0	0	0	5,500	5,500	(13,723)
Interest Expense	(248,867)	0	0	0	(248,867)	(109,350)
Amortization Of Bond Issue Costs	(11,950)	0	0	0	(11,950)	0
Total Nonoperating Revenues (Expenses)	<u>(52,886)</u>	<u>67,661</u>	<u>0</u>	<u>5,500</u>	<u>20,275</u>	<u>(5,934)</u>
Income Before Transfers And Contributed Capital	<u>551,009</u>	<u>358,434</u>	<u>(13,934)</u>	<u>(242,135)</u>	<u>653,374</u>	<u>1,653,911</u>
Contributed Capital	0	0	0	0	0	48,925
Operating Transfer In	3,304,268	52,153	5,000	13,674	3,375,095	5,796,433
Operating Transfer Out	(3,743,257)	(530,488)	0	(21,517)	(4,295,262)	(6,681,612)
Total Other Financing Sources (Uses)	<u>(438,989)</u>	<u>(478,335)</u>	<u>5,000</u>	<u>(7,843)</u>	<u>(920,167)</u>	<u>(836,254)</u>
Change In Net Position	112,020	(119,901)	(8,934)	(249,978)	(266,793)	817,657
Total Net Position - Beginning	10,607,567	10,369,494	274,721	1,580,250	22,832,032	22,014,375
Prior Period Adjustment - GASB 68	(428,560)	(436,177)	(2,577)	(397,482)	(1,264,796)	(1,264,796)
Adjusted Net Position - Beginning	<u>10,179,007</u>	<u>9,933,317</u>	<u>272,144</u>	<u>1,182,768</u>	<u>21,567,236</u>	<u>20,749,579</u>
Total Net Position - Ending	<u>10,291,027</u>	<u>9,813,416</u>	<u>263,210</u>	<u>932,790</u>	<u>21,300,443</u>	<u>21,567,236</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2015
 WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2014**

Business-Type Activities-Enterprise Funds

	Sewer Fund	Water Fund	Community Center Fund	Local Redevelop. Authority	Totals	
					2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts From Customers And Users	2,059,134	1,754,277	160,592	3,669,052	7,643,055	16,555,598
Receipts From Interfund Services Provided	0	0	0	0	0	0
Payments To Suppliers	(967,273)	(686,640)	(100,934)	(3,879,690)	(5,634,537)	(11,963,014)
Payments To Employees	(482,970)	(480,490)	(63,159)	(358,653)	(1,385,272)	(1,360,709)
Payments For Interfund Services Used	(70,593)	0	0	0	(70,593)	(69,207)
Net Cash Provided By Operating Activities	<u>538,298</u>	<u>587,147</u>	<u>(3,501)</u>	<u>(569,291)</u>	<u>552,653</u>	<u>3,162,668</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfer In	3,304,268	52,153	5,000	13,674	3,375,095	5,796,433
Transfer Out	(3,743,257)	(530,488)	0	(21,517)	(4,295,262)	(6,681,612)
Net Cash Provided (Used) By Capital And Related Financing Activities	<u>(438,989)</u>	<u>(478,335)</u>	<u>5,000</u>	<u>(7,843)</u>	<u>(920,167)</u>	<u>(885,179)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Connection Fees	22,600	25,447	0	0	48,047	22,168
Development Fees	171,840	28,743	0	0	200,583	74,126
Purchase Of Capital Assets	(2,651,081)	(11,418)	0	(401,836)	(3,064,335)	(1,325,935)
Funds Provides On New Loan	0	0	0	0	0	5,742,715
Funding Costs On New Loan	0	0	0	0	0	(128,863)
Loss on Disposal Of Capital Assets	0	0	0	5,500	5,500	13,723
Principal Paid On Capital Debt	(2,581,591)	0	0	0	(2,581,591)	(301,931)
Interest Paid On Capital Debt	(248,867)	0	0	0	(248,867)	(109,350)
Net Cash Provided (Used) By Capital And Related Financing Activities	<u>(5,287,099)</u>	<u>42,772</u>	<u>0</u>	<u>(396,336)</u>	<u>(5,640,663)</u>	<u>3,986,653</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received	13,491	13,471	0	0	26,962	20,845
Net Cash Provided By Investing Activities	<u>13,491</u>	<u>13,471</u>	<u>0</u>	<u>0</u>	<u>26,962</u>	<u>20,845</u>
Net Increase In Cash And Cash Equivalents	(5,174,299)	165,055	1,499	(973,470)	(5,981,215)	6,284,987
Cash And Equivalents, July 1	<u>7,546,065</u>	<u>3,352,426</u>	<u>6,023</u>	<u>1,499,193</u>	<u>12,403,707</u>	<u>6,118,720</u>
Cash And Equivalents, June 30	<u>2,371,766</u>	<u>3,517,481</u>	<u>7,522</u>	<u>525,723</u>	<u>6,422,492</u>	<u>12,403,707</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	Local	Totals	
			Center Fund	Redevelop. Authority	2015	2014
Operating Income	603,895	290,773	(13,934)	(247,635)	633,099	1,659,845
Adjustments To Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities						
Depreciation Expense	439,571	327,518	2,615	17,446	787,150	780,942
(Increase) Decrease In						
Deferred Outflows of Resources	(3,496)	(3,558)	(21)	(3,243)	(10,318)	0
Accounts Receivable	(15,706)	14,331	5,454	(137,036)	(132,957)	(148,821)
Prepays	(3,048)	(3,048)	0	41,000	34,904	(41,000)
Due From Other Funds	0	0	0	0	0	0
Increase (Decrease) In						
Accounts Payable	(415,068)	(37,870)	(690)	(413,872)	(867,500)	950,323
Compensated Absences	3,653	4,600	0	1,036	9,289	9,972
Deferred Inflows of Resources	104,864	106,728	631	97,259	309,482	0
Net Pension Liability	(105,774)	(107,654)	(636)	(98,102)	(312,166)	0
Customer Deposits	0	(4,673)	3,080	173,856	172,263	20,614
Due To Other Funds	(70,593)	0	0	0	(70,593)	(69,207)
Net Cash Provided (Used) By Operating Activities	<u>538,298</u>	<u>587,147</u>	<u>(3,501)</u>	<u>(569,291)</u>	<u>552,653</u>	<u>3,162,668</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF RIVERBANK
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2014**

	County Impact Fee Fund	Assessment District 1991 - 1 Fund	Assessment District 1991 - 3 Fund	RDA	Totals (Memorandum Only)	
					2015	2014
Assets						
Cash And Investments	167,124	197,938	196,033	716,132	1,277,227	1,134,702
Accounts Receivable	4	0	9	0	13	3,305
Fixed Assets	0	0	0	2,153,305	2,153,305	2,153,305
Accumulated Depreciation	0	0	0	(427,954)	(427,954)	(374,460)
Unamortized Bond Issue Costs	0	0	0	113,441	113,441	118,597
Due From Other Funds	0	0	0	0	0	0
Total Assets	<u>167,128</u>	<u>197,938</u>	<u>196,042</u>	<u>2,554,924</u>	<u>3,116,032</u>	<u>3,035,449</u>
Liabilities And Fund Balances						
Liabilities						
Due to Bond Paying Agent	0	0	0	0	0	0
Due To Other Government	<u>167,128</u>	<u>197,938</u>	<u>196,042</u>	<u>2,554,924</u>	<u>3,116,032</u>	<u>3,035,499</u>
Total Liabilities	<u>167,128</u>	<u>197,938</u>	<u>196,042</u>	<u>2,554,924</u>	<u>3,116,032</u>	<u>3,035,499</u>

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

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, 2015**

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, 2015**

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, 2015**

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, 2015**

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, 2015**

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.

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

5. Restricted Assets

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

6. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, traffic lights and signals, street lights and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the 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.

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

9. Long-Term Obligations (continued)

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

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

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.

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

10. Net Position and Fund Equity - continued

- 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.

As of June 30, 2015, 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:				608,542	80,289	688,831
Restricted:						
Housing		11,036,206	3,281,262			14,317,468
System Development				3,713,753		3,713,753
Transportation					707,309	707,309
Committed To:						
Assigned To:						
Community Development					1,411,647	1,411,647
Riverbank Donations					3,329	3,329
Landscaping					621,404	621,404
Public Works					770,691	770,691
Self Insurance					316,019	316,019
Other Purposes					89,198	89,198
Unassigned:	5,121,002				9,749	5,130,751
Total Fund Balances	<u>5,121,002</u>	<u>11,036,206</u>	<u>3,281,262</u>	<u>4,322,295</u>	<u>4,009,635</u>	<u>27,770,400</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.

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

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.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2015, expenditures exceeded appropriations in several departments as follows:

General Fund:

General Government	451,907
Recreation and Leisure	7,317

CDBG Fund:

Supplies and Services	9,573
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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, 2015 are classified in the accompanying financial statements as follows:

Cash and investments	20,386,710
Cash and investments held by bond trustee	<u>0</u>
Total cash and investments	<u><u>20,386,710</u></u>

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

A. Cash And Investments (continued)

Cash and investments as of June 30, 2015 consist of the following:

Cash on hand	760
Deposits with financial institutions	14,978,536
Investments in LAIF	<u>5,407,414</u>
Total cash and investments	<u><u>20,386,710</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.

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 7.86 months.

		<u>Maturity Date</u>
State investment pool	5,407,414	7.86 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

CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Custodial Credit Risk (continued)

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.

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, 2015 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

CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Deferred Compensation Plan (continued)

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.

B. Accounts Receivable

Receivables at June 30, 2015 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.

	<u>General</u>	<u>CDBG</u>	<u>System Development</u>		
Governmental Activities:					
Interest	650	149		834	
Utility Billing	383,649	0		0	
Other	412,343	0		0	
Total	<u>796,642</u>	<u>149</u>		<u>834</u>	
	<u>Successor RDA</u>	<u>Nonmajor</u>			
	<u>LMI Housing</u>	<u>Governmental</u>	<u>Total</u>		
Governmental Activities:					
Interest	32	891		2,556	
Utility Billing	0	0		383,649	
Other	0	244,789		657,132	
Total	<u>32</u>	<u>245,680</u>		<u>1,043,337</u>	
			<u>Local</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Community Center</u>	<u>Redevelop. Authority</u>	<u>Total</u>
Business-Type Activities:					
Utility Billings	258,024	342,468	0	0	600,492
Interest	911	356	0	0	1,267
Other	75	20,118	0	783,978	804,171
Total	<u>259,010</u>	<u>362,942</u>	<u>0</u>	<u>783,978</u>	<u>1,405,930</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, 2015 is \$10,725,344.

CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

D. Interfund Receivables and Payables

Interfund receivable/payable balances at June 30, 2015 consist of the following:

- The Sewer Fund borrowed \$300,000, \$340,000 and \$28,000, respectively, from the Local Transportation Fund, Special Projects Fund, and System Development Parks Fund to cover overdrafts of the cash and investment pool. The balance at June 30, 2015 is \$80,289, and will be reimbursed from future sewer fees collected.
- 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, 2015 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	3,947,227	0	0	3,947,227
Construction in progress	<u>1,385,075</u>	<u>418,353</u>	<u>(1,211,204)</u>	<u>592,224</u>
Total capital assets being depreciated	<u>5,332,302</u>	<u>418,353</u>	<u>(1,211,204)</u>	<u>4,539,451</u>
Capital assets being depreciated:				
Infrastructure	73,515,176	1,203,983	0	74,719,159
Land Improvements	15,335,199	300,471	0	15,635,670
Equipment And Vehicles	5,578,482	37,313	0	5,615,795
Building And Improvements	<u>5,399,133</u>	<u>49,640</u>	<u>0</u>	<u>5,448,773</u>
Total capital assets being depreciated	<u>99,827,990</u>	<u>1,591,407</u>	<u>0</u>	<u>101,419,397</u>
Less accumulated depreciation for:				
Infrastructure	(36,384,579)	(1,784,448)	0	(38,169,027)
Land Improvements	(2,410,717)	(433,768)	0	(2,844,485)
Equipment And Vehicles	(3,901,976)	(192,041)	0	(4,094,017)
Building And Improvements	<u>(1,488,611)</u>	<u>(165,407)</u>	<u>0</u>	<u>(1,654,018)</u>
Total accumulated depreciation	<u>(44,185,883)</u>	<u>(2,575,664)</u>	<u>0</u>	<u>(46,761,547)</u>
Net capital assets being depreciated	<u>55,642,107</u>	<u>(984,257)</u>	<u>0</u>	<u>54,657,850</u>
Total net capital assets -				
Governmental Activities	<u>60,974,409</u>	<u>(565,904)</u>	<u>(1,211,204)</u>	<u>59,197,301</u>

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

E. Capital Assets (continued)

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

Government Activities:

Public Works	<u>2,575,664</u>
Total Depreciation expense – Government activities	<u>2,575,664</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets not being depreciated:				
Land	2,181,195	0	0	2,181,195
Construction in progress	<u>1,235,943</u>	<u>2,613,308</u>	<u>(46,750)</u>	<u>3,802,501</u>
Total capital assets not being depreciated	<u>3,417,138</u>	<u>2,613,308</u>	<u>(46,750)</u>	<u>5,983,696</u>
Capital assets being depreciated:				
Equipment And Vehicles	12,527,169	448,972	0	12,976,141
Building And Improvements	<u>13,588,528</u>	<u>48,805</u>	<u>0</u>	<u>13,637,333</u>
Total capital assets being depreciated	<u>26,115,697</u>	<u>497,777</u>	<u>0</u>	<u>26,613,474</u>
Less accumulated depreciation for:				
Equipment And Vehicles	(7,005,255)	(448,620)	0	(7,453,875)
Building And Improvements	<u>(2,889,111)</u>	<u>(338,531)</u>	<u>0</u>	<u>(3,227,642)</u>
Total accumulated depreciation	<u>(9,894,366)</u>	<u>(787,151)</u>	<u>0</u>	<u>(10,681,517)</u>
Net capital assets being depreciated	<u>16,221,331</u>	<u>(289,374)</u>	<u>0</u>	<u>15,931,957</u>
Total net capital assets - business-type activities	<u>19,638,469</u>	<u>2,323,934</u>	<u>(46,750)</u>	<u>21,915,653</u>

Business- Type Activities:

Water	327,518
Sewer	439,571
Ammo Plant	17,446
Community Center	<u>2,615</u>
Total Depreciation expense – Business-Type Activities	<u>787,150</u>

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

F. Transfers

Interfund transfers for the year ended June 30, 2015 consisted of the following amounts:

Fund	Transfers In	Transfers Out
General Fund	1,540,022	399,487
CDBG	254,770	254,770
System Development	0	22,726
Nonmajor Governmental	231,111	428,754
Fiduciary Funds	0	0
Proprietary	3,375,096	4,295,262
Total	<u>5,400,999</u>	<u>5,400,999</u>

G. Payables And Other Liabilities

Payables at June 30, 2015 for the City's individual major funds and non-major funds in the aggregate are as follows:

	General	CDBG	System Development		
Governmental Activities					
Vendors	1,613,544	4,210	7,621		
Salaries and Benefits	26,199	994	0		
Total	<u>1,639,743</u>	<u>5,204</u>	<u>7,621</u>		
	Successor RDA	Nonmajor			
	LMI Housing	Governmental	Total		
Governmental Activities					
Vendors	0	182,329	1,807,704		
Salaries and Benefits	0	4,099	31,292		
Total	<u>0</u>	<u>186,428</u>	<u>1,838,996</u>		
			Local		
	Water	Sewer	Community Center	Redevelop. Authority	Total
Business-Type Activities					
Vendors	172,972	47,937	9,967	259,058	489,934
Customer Deposits	120,265	0	6,755	261,080	388,100
Salaries and Benefits	4,302	3,904	716	0	8,922
Total	<u>297,539</u>	<u>51,841</u>	<u>17,438</u>	<u>520,138</u>	<u>886,956</u>

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

H. Long-Term Debt

Governmental-Type Activities:

Stanislaus County Economic Development Loan - Loan Payable, Stanislaus County Downtown Beautification, is due with its first annual payment of \$75,000, then two annual installments of \$100,000 and a final payment of \$125,000, interest at 0% per annum payable starting on August 1, 2010 through 2014. Proceeds from the loans were used for the construction of the downtown beautification project. Loan contract was modified on February 1, 2013. Stanislaus County Downtown Beautification loan outstanding at June 30, 2015 is \$123,600.

Stanislaus County Economic Development debt service requirements to maturity are as follows:

Year Ending June 30	Loan	
	Principal	Interest
2016	123,600	1,236
Total	123,600	1,236

On January 1, 2009, Stanislaus County issued a \$300,000 Economic Development Bank Line of Credit, no interest, to the City of Riverbank for the development of the Riverbank Industrial Park Complex Specific Plan. The City agreed that within 60 months of the first disbursement of funding or no later than December 31, 2014, the funding will be repaid to the County. The City started drawing on the loan in 2010. The Economic Development Bank Line of Credit, outstanding balance of \$294,511 will be paid as of December 2014. The Economic Development Bank Line of Credit, outstanding balance at June 30, 2015 is \$0.

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 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, 2015 is \$1,443,425.

CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

H. Long-Term Debt (continued)

The annual debt service requirements to maturity are as follows:

Year Ending June 30	Loans Payable	
	Principal	Interest
2016	274,840	32,728
2017	281,420	26,148
2018	288,158	19,410
2019	295,057	12,511
2020	303,950	3,617
Total	<u>1,443,425</u>	<u>94,414</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, 2015 is \$3,845,992.

The annual debt service requirements to maturity are as follows:

Year Ending June 30	Loans Payable	
	Principal	Interest
2016	196,035	139,745
2017	203,317	132,465
2018	210,867	124,914
2019	218,698	117,083
2020	226,820	108,961
2021-2025	1,266,890	457,379
2026-2030	<u>1,523,365</u>	<u>213,065</u>
Total	<u>3,845,992</u>	<u>1,293,612</u>

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 2021. 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, 2015 is \$414,329.

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

H. Long-Term Debt (continued)

The annual debt service requirements to maturity are as follows:

Year Ending June 30	Loans Payable	
	Principal	Interest
2016	54,692	10,872
2017	56,127	9,437
2018	57,599	7,964
2019	59,111	6,453
2020	60,662	4,902
2021-2022	126,138	4,986
Total	<u>414,329</u>	<u>44,614</u>

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, 2015.

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental-Type Activities:					
Loan Payable	223,600	0	(100,000)	123,600	123,600
Compensated Absences	175,204	27,821	0	203,025	20,320
Long-term liabilities of Governmental-Type Activities:	<u>398,804</u>	<u>27,821</u>	<u>(100,000)</u>	<u>326,625</u>	<u>143,920</u>

The following is a summary of annual debt service requirements to maturity for the City's Governmental Funds long-term debt not including Compensated Absences are as follows:

Year Ending June 30	Loan	
	Principal	Interest
2016	<u>123,600</u>	<u>1,236</u>
Total	<u>123,600</u>	<u>1,236</u>

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

H. Long-Term Debt (continued)

On February 1, 2012, the Series A & B Bonds effectively transferred to the newly created entity, Riverbank Local Designated Authority due to the dissolution of the Redevelopment Agencies.

June 30	Total		Total Debt Service
	Principal	Interest	
2016	525,567	183,345	708,912
2017	540,864	168,050	708,914
2018	556,624	152,288	708,912
2019	572,866	136,047	708,913
2020	591,432	117,480	708,912
2021-2025	1,393,028	462,365	1,855,393
2026-2030	1,523,365	213,065	1,736,430
Total	<u>5,703,746</u>	<u>1,432,640</u>	<u>7,136,386</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, 2015.

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Bonds	2,075,000	0 (2,075,000)		0	0
Loan Payable	1,710,945	0 (267,520)		1,443,425	274,840
Loan Payable	4,031,771	0 (185,778)		3,845,993	196,035
Loan Payable	467,623	0 (53,294)		414,329	54,692
Compensated Absences	<u>76,411</u>	<u>9,289</u>	<u>0</u>	<u>85,700</u>	<u>8,570</u>
Long-term liabilities of Business-Type Activities:	<u>8,361,750</u>	<u>9,289 (2,581,592)</u>		<u>5,789,447</u>	<u>534,137</u>
Total long-term liabilities	<u>8,760,554</u>	<u>37,290 (2,681,592)</u>		<u>6,116,252</u>	<u>678,057</u>

I. Evaluation of Subsequent Events

The City has evaluated subsequent events through November 22, 2015, the date which the financial statements were available to be issued.

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

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, 2014, are presented below:

Total Assets	<u>80,694,798</u>
Total Liabilities	65,440,947
Total Net Assets	<u>15,253,851</u>
Total Liabilities & Net Assets	<u>80,694,798</u>
Total Revenues for Year	32,108,146
Total Expenses for Year	<u>32,739,704</u>
Net Income(Loss) for Year	<u>(631,558)</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.

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.

CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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.

The Plans' provisions and benefits in effect at June 30, 2015, 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%		

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

C. Employee Retirement Systems and Plans (continued)

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 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, 2015, the contribution recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous</u>
Contributions - employer	\$ 377,043
Contributions - employee (paid by employer)	-

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

As of June 30, 2015, 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	\$ 3,472,625
Safety	<u>367,103</u>
Total Net Pension Liability	<u><u>\$ 3,839,728</u></u>

CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

C. Employee Retirement Systems and Plans (continued)

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, 2014, 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, 2013 rolled forward to June 30, 2014 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, 2013 and 2014 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2013	0.05581%	0.00590%
Proportion - June 30, 2014	0.05581%	0.00590%
Change - Increase (Decrease)	0.00000%	0.00000%

For the year ended June 30, 2015, the Local Government recognized pension expense of \$330,489. At June 30, 2015, 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>
Pension contributions subsequent to measurement date	\$ 380,345	\$ 0
Differences between actual and expected experience	0	0
Changes in assumptions	0	0
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	0	0
Net differences between projected and actual earnings on plan investments	0	(1,186,585)
Total	<u>\$ 380,345</u>	<u>\$ (1,186,585)</u>

\$380,345 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

C. Employee Retirement Systems and Plans (continued)

	<u>Year Ended June 30</u>	
	2016	\$ (290,143)
	2017	(294,478)
	2018	(311,821)
	2019	0
	2020	0
	Thereafter	<u>0</u>
	Total	<u>\$ (896,442)</u>

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.5%	7.5%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality	(3)	(3)

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' Membership Data for all Funds

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2001. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% 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 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 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.

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

C. Employee Retirement Systems and Plans (continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for

GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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 cash flows. Using historical returns of all the funds' asset classes, expected compound 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-term and long-term, the present value of benefits was calculated for each 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.

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

C. Employee Retirement Systems and Plans (continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

(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:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.50%	6.50%
Net Pension Liability	\$5,973,189	\$787,760
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$3,472,625	\$367,103
1% Increase	8.50%	8.50%
Net Pension Liability	\$1,397,395	\$20,500

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

Payable to the Pension Plan

At June 30, 2015, the Local Government reported a payable of \$3,993,267 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

D – Prior Period Adjustment

As part of the GASB 68 implementation, the City had to record prior period adjustments to accrue the beginning balance of the Deferred Outflows of Resources and the Net Pension Liabilities. The net decrease adjustments to net position are as follows:

Governmental Activities	(\$ 3,584,567)
Proprietary Activities	(\$ 1,264,796)

E. Successor Agency Trust For Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. 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. In January 2012, the City elected to not serve as the “successor agency.” Therefore, another designated authority, Riverbank Local Designated Authority was formed by the State of California to serve as the “successor agency.” On July 9, 2012, the City Council elected to retain responsibility for performing the housing functions previously performed by the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-069.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

**CITY OF RIVERBANK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

E. Successor Agency Trust For Assets of Former Redevelopment Agency (continued)

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the Riverbank Local Designated Authority. The City contracts with the Designated Authority to provide them with financial services and hold their funds in trust. Since the City assumed the housing function previously performed by the former redevelopment agency, the Successor Housing Fund (Low/Moderate Income Housing Fund) has been classified as a special revenue fund in the City’s financial statements.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements.

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary gain reported in governmental funds - decrease to net assets of the Successor Agency Trust Fund	13,703,852
Capital assets recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund	(2,045,993)
Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary gain reported in the government wide-financial statements of the City)	<u>11,657,859</u>

REQUIRED SUPPLEMENTAL FINANCIAL DATA

**CITY OF RIVERBANK
 SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY - MISCELLANEOUS
 JUNE 30, 2015**

	2015		
	Misc Tier 1	Misc Tier 2	Misc PEPR
Proportion of the net pension liability	0.0556%	0.00021%	0.0000%
Proportion share of the net pension liability	\$ 3,459,817	\$ 12,781	\$ 27
Covered - employee payroll	\$ 2,509,693	\$ 443,030	\$ 29,427
Proportionate share of the net pension liability as percentage of covered-employee payroll	137.86%	2.88%	0.09%
Plan's fiduciary net position	\$ 15,313,741	\$ 62,529	\$ 134
Plan fiduciary net position as a percentage of the total pension liability	81.57%	83.03%	83.23%

Notes to Schedule:

Benefit Changes. In 2015, benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

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

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF RIVERBANK
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - SAFETY
JUNE 30, 2015

	2015		
	Safety Tier 1	Safety Tier 2	Safety PEPR
Proportion of the net pension liability	0.0059%	0.00000%	0.0000%
Proportion share of the net pension liability	\$ 367,103	\$ 0	\$ 0
Covered - employee payroll	\$ 0	\$ 0	\$ 0
Proportionate share of the net pension liability as percentage of covered-employee payroll	0.00%	0.00%	0.00%
Plan's fiduciary net position	\$ 2,773,359	\$ 0	\$ 0
Plan fiduciary net position as a percentage of the total pension liability	88.31%	0.00%	0.00%

Notes to Schedule:

Benefit Changes. In 2015, benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

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

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF RIVERBANK
SCHEDULE OF CONTRIBUTIONS - MISCELLANEOUS
JUNE 30, 2015

	2015		
	Misc Tier 1	Misc Tier 2	Misc PEPR
Contractually required contribution (actuarially determined)	\$ 301,716	\$ 34,538	\$ 4,668
Contributions in relation to the actuarially determined contributions	(301,716)	(34,538)	(4,668)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered - employee payroll	\$ 259,693	\$ 443,030	\$ 29,427
Contributions as a percentage of covered-employee payroll	12.02%	7.80%	15.86%
percentage of covered-employee payroll			

Notes to Schedule:

Valuation Date:	6/30/2013	6/30/2013	6/30/2013
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Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	3.50%
Salary increases	Payroll from prior year was assumed to increase by 3.00 percent
Investment rate of return	7.75%, net of pension plan investment expense, including inflation
Retirement age	57 yrs.
Mortality	RP-2000 Healthy Annuitant Mortality Table

**CITY OF RIVERBANK
SCHEDULE OF CONTRIBUTIONS - SAFETY
JUNE 30, 2015**

	2015		
	<u>Safety Tier 1</u>	<u>Safety Tier 2</u>	<u>Safety PEPRA</u>
Contractually required contribution (actuarially determined)	\$ 241,124	\$ 0	\$ 0
Contributions in relation to the actuarially determined contributions	(241,124)	0	0
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered - employee payroll	\$ 705,770	\$ 44,890	\$ 47,791
Contributions as a percentage of covered-employee payroll percentage of covered-employee payroll	34.16%	23.29%	11.30%

Notes to Schedule:

Valuation Date:	6/30/2013	6/30/2013	6/30/2013
-----------------	-----------	-----------	-----------

Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	3.50%
Salary increases	Payroll from prior year was assumed to increase by 3.00 percent
Investment rate of return	7.75%, net of pension plan investment expense, including inflation
Retirement age	57 yrs.
Mortality	RP-2000 Healthy Annuitant Mortality Table

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.

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.

Fee Reimbursement Fund - To account for monies received from developers for development planning cost incurred by the city.

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.

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

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Curb And Gutter Fund - To account for developer's assessments for curb and gutter construction in the Crossroads development area.

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

Townsend Square Benefit Fund - To account for assessments in the Townsend Square.

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

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

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2014**

	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	439,089	537,195	10,217	3,930	70,044	46,339
Accounts Receivable	65,820	170,114	0	2	0	33
Loans Receivable	0	0	0	0	0	0
Due From Other Funds	0	0	0	0	0	0
Total Assets	<u>504,909</u>	<u>707,309</u>	<u>10,217</u>	<u>3,932</u>	<u>70,044</u>	<u>46,372</u>
Liabilities And Fund Balances						
Liabilities						
Accounts Payable	21,653	0	30	603	1,031	0
Compensated Absences	22,153	0	0	0	0	0
Other Liabilities	33,852	0	0	0	31,855	0
Due To Other Funds	0	0	0	0	0	0
Total Liabilities	<u>77,658</u>	<u>0</u>	<u>30</u>	<u>603</u>	<u>32,886</u>	<u>0</u>
Fund Balances						
Nonspendable	0	0	0	0	0	0
Restricted	0	707,309	0	0	0	0
Committed	0	0	0	0	0	0
Assigned	427,251	0	0	3,329	37,158	46,372
Unassigned	0	0	10,187	0	0	0
Total Fund Balances	<u>427,251</u>	<u>707,309</u>	<u>10,187</u>	<u>3,329</u>	<u>37,158</u>	<u>46,372</u>
Total Liabilities And Fund Balances	<u>504,909</u>	<u>707,309</u>	<u>10,217</u>	<u>3,932</u>	<u>70,044</u>	<u>46,372</u>

Special Revenue

Self-Insurance Reserve Fund	Lighting And Landscaping Fund	Neighborhood Improvement Fund	Public Safety Augmentation Fund	Off-Street Parking Fund	Riverfest Fund	Non-Major Special Revenue Total
316,527	594,357	1,069	0	42,809	3,980	2,065,556
77	301	0	9,201	30	0	245,578
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>316,604</u>	<u>594,658</u>	<u>1,069</u>	<u>9,201</u>	<u>42,839</u>	<u>3,980</u>	<u>2,311,134</u>
585	19,626	353	0	0	0	43,881
0	0	438	0	0	0	22,591
0	0	716	0	0	0	66,423
0	0	0	0	0	0	0
<u>585</u>	<u>19,626</u>	<u>1,507</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>132,895</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	707,309
0	0	0	0	0	0	0
316,019	575,032	0	9,201	42,839	3,980	1,461,181
0	0	(438)	0	0	0	9,749
<u>316,019</u>	<u>575,032</u>	<u>(438)</u>	<u>9,201</u>	<u>42,839</u>	<u>3,980</u>	<u>2,178,239</u>
<u>316,604</u>	<u>594,658</u>	<u>1,069</u>	<u>9,201</u>	<u>42,839</u>	<u>3,980</u>	<u>2,311,134</u>

**CITY OF RIVERBANK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2014**

	Capital Projects			
	Curb And Gutter Fund	Park Fund	Railroad Crossing Fund	Crossroads Devel- opment Fund
Assets				
Cash And Investments	0	108,384	399	1,473,884
Accounts Receivable	0	0	0	88
Loans Receivable	0	0	0	0
Due From Other Funds	0	0	0	0
Total Assets	<u>0</u>	<u>108,384</u>	<u>399</u>	<u>1,473,972</u>
Liabilities And Fund Balances				
Liabilities				
Accounts Payable	0	0	0	140
Compensated Absences	0	0	0	0
Other Liabilities	0	0	0	66,165
Due To Other Funds	0	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>66,305</u>
Fund Balances				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	0	108,384	399	1,407,667
Unassigned	0	0	0	0
Total Fund Balances	<u>0</u>	<u>108,384</u>	<u>399</u>	<u>1,407,667</u>
Total Liabilities And Fund Balances	<u>0</u>	<u>108,384</u>	<u>399</u>	<u>1,473,972</u>

Capital Projects

Special Projects Fund	Storm Drain Fund	Non-Major Capital Projects Total	Totals	
			2015	2014
11,087	233,375	1,827,129	3,892,685	3,775,654
14	0	102	245,680	294,298
0	0	0	0	0
<u>80,289</u>	<u>0</u>	<u>80,289</u>	<u>80,289</u>	<u>150,881</u>
<u><u>91,390</u></u>	<u><u>233,375</u></u>	<u><u>1,907,520</u></u>	<u><u>4,218,654</u></u>	<u><u>4,220,833</u></u>
0	1,533	1,673	45,554	280,937
0	0	0	22,591	18,006
8,286	0	74,451	140,874	23,602
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,000</u>
<u>8,286</u>	<u>1,533</u>	<u>76,124</u>	<u>209,019</u>	<u>327,545</u>
80,289	0	80,289	80,289	150,881
0	0	0	707,309	463,112
0	0	0	0	0
2,815	231,842	1,751,107	3,212,288	3,284,211
<u>0</u>	<u>0</u>	<u>0</u>	<u>9,749</u>	<u>(4,916)</u>
<u>83,104</u>	<u>231,842</u>	<u>1,831,396</u>	<u>4,009,635</u>	<u>3,893,288</u>
<u><u>91,390</u></u>	<u><u>233,375</u></u>	<u><u>1,907,520</u></u>	<u><u>4,218,654</u></u>	<u><u>4,220,833</u></u>

**CITY OF RIVERBANK
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2014**

	Special Revenue				
	Gas Tax Fund	Local Trans- portation Fund	Cheese And Wine Fund	Riverbank Donations Fund	Asset Forfeit- ture Fund
Revenues					
Investment Earnings	280	804	0	8	0
Intergovernmental	649,572	326,594	0	0	8,050
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	4,364	0	120,289	3,327	47,283
Total Revenues	<u>654,216</u>	<u>327,398</u>	<u>120,289</u>	<u>3,335</u>	<u>55,333</u>
Expenditures					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	60,276
Public Works	680,855	7,000	0	0	0
Community Development	0	0	0	7,615	0
Culture And Leisure	0	0	106,373	0	0
Capital Outlay	79,589	0	0	0	0
Total Expenditures	<u>760,444</u>	<u>7,000</u>	<u>106,373</u>	<u>7,615</u>	<u>60,276</u>
Excess(Deficiency) Of Revenues Over Expenditures	(106,228)	320,398	13,916	(4,280)	(4,943)
Other Financing Sources (Uses)					
Operating Transfers In	165,824	0	0	0	0
Operating Transfers Out	(31,405)	(76,201)	0	0	0
Total Other Financing Sources (Uses)	<u>134,419</u>	<u>(76,201)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balances	28,191	244,197	13,916	(4,280)	(4,943)
Fund Balance - Beginning	<u>399,060</u>	<u>463,112</u>	<u>(3,729)</u>	<u>7,609</u>	<u>42,101</u>
Fund Balance - Ending	<u>427,251</u>	<u>707,309</u>	<u>10,187</u>	<u>3,329</u>	<u>37,158</u>

Special Revenue

Weed And Rubbish Abatement Fund	Self-Insurance Reserve Fund	Lighting And Landscaping Fund	Neighborhood Improvement Fund	Public Safety Augmentation Fund	Off-Street Parking Fund	Riverfest Fund	Non-Major Special Revenue Total
120	299	1,105	0	0	111	0	2,727
0	0	315,152	15,753	110,411	0	0	1,425,532
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	440,839	0	2,747	0	0	5,575	624,424
<u>120</u>	<u>441,138</u>	<u>316,257</u>	<u>18,500</u>	<u>110,411</u>	<u>111</u>	<u>5,575</u>	<u>2,052,683</u>
4,175	430,686	0	0	0	0	0	434,861
0	0	0	83,038	0	0	0	143,314
0	0	324,679	0	0	0	0	1,012,534
0	0	0	0	0	0	0	7,615
0	0	0	0	0	0	5,249	111,622
0	7,756	38,604	0	0	0	0	125,949
<u>4,175</u>	<u>438,442</u>	<u>363,283</u>	<u>83,038</u>	<u>0</u>	<u>0</u>	<u>5,249</u>	<u>1,835,895</u>
(4,055)	2,696	(47,026)	(64,538)	110,411	111	326	216,788
0	0	0	65,287	0	0	0	231,111
0	0	(63,194)	0	(108,598)	0	0	(279,398)
0	0	(63,194)	65,287	(108,598)	0	0	(48,287)
(4,055)	2,696	(110,220)	749	1,813	111	326	168,501
50,427	313,323	685,252	(1,187)	7,388	42,728	3,654	2,009,738
<u>46,372</u>	<u>316,019</u>	<u>575,032</u>	<u>(438)</u>	<u>9,201</u>	<u>42,839</u>	<u>3,980</u>	<u>2,178,239</u>

**CITY OF RIVERBANK
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2014**

Capital Projects

	Curb And Gutter Fund	Park Fund	Railroad Crossing Fund
Revenues			
Investment Earnings	9	73	0
Intergovernmental	0	0	0
Other Taxes	0	0	0
Impact Fees	0	0	0
Licenses And Permits	0	0	0
Service Charges And Miscellaneous	0	0	0
Total Revenues	<u>9</u>	<u>73</u>	<u>0</u>
Expenditures			
General Government	0	0	0
Public Safety	0	0	0
Public Works	18	0	0
Community Development	0	0	0
Culture And Leisure	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>18</u>	<u>0</u>	<u>0</u>
Excess(Deficiency) Of Revenues Over Expenditures	(9)	73	0
Other Financing Sources (Uses)			
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balances	(9)	73	0
Fund Balance - Beginning	<u>9</u>	<u>108,311</u>	<u>399</u>
Fund Balance - Ending	<u>0</u>	<u>108,384</u>	<u>399</u>

Capital Projects

Crossroads Devel- opment Fund	Special Projects Fund	Storm Drain Fund	Non-Major Capital Projects Total	Totals	
				2015	2014
18,963	4,461	36	23,542	26,269	26,051
0	0	0	0	1,425,532	1,443,908
0	0	0	0	0	0
0	0	44,247	44,247	44,247	73,351
0	0	0	0	0	0
3,597	36,530	0	40,127	664,551	557,771
<u>22,560</u>	<u>40,991</u>	<u>44,283</u>	<u>107,916</u>	<u>2,160,599</u>	<u>2,101,081</u>
0	0	0	0	434,861	411,780
0	0	0	0	143,314	134,194
22	0	15,790	15,830	1,028,364	1,036,393
0	0	0	0	7,615	12,572
0	0	0	0	111,622	6,266
(5,116)	0	0	(5,116)	120,833	588,515
(5,094)	0	15,790	10,714	1,846,609	2,189,720
<u>27,654</u>	<u>40,991</u>	<u>28,493</u>	<u>97,202</u>	<u>313,990</u>	(88,639)
0	0	0	0	231,111	286,651
(2,081)	(119,041)	(28,234)	(149,356)	(428,754)	(612,347)
(2,081)	(119,041)	(28,234)	(149,356)	(197,643)	(325,696)
25,573	(78,050)	259	(52,154)	116,347	(414,335)
<u>1,382,094</u>	<u>161,154</u>	<u>231,583</u>	<u>1,883,550</u>	<u>3,893,288</u>	<u>4,307,623</u>
<u>1,407,667</u>	<u>83,104</u>	<u>231,842</u>	<u>1,831,396</u>	<u>4,009,635</u>	<u>3,893,288</u>

OTHER REPORTS

**CITY OF RIVERBANK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2015**

FEDERAL GRANTOR/PASS- THROUGH GRANTOR/ PROGRAM TITLE	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Housing And Urban Development			
U.S. Department of Transportation			
Passed Through State of California:			
CML-5255(037)	20.507	CML-5255	127,092
STPL-5255(050)	20.507	STPL-5255	<u>0</u>
Total U.S. Department of Transportation			<u>127,092</u>
U.S. Department of Justice			
Local Law Enforcement Block Grant	16.710	N/A	<u>106,230</u>
Total U.S. Department of Justice			<u>106,230</u>
U.S. Department of Defense			
Passed Through Office of Economic Adjustment			
OEA	12.607	CL0610-11-03	<u>460,073</u>
Total U.S. Department of Defense			<u>460,073</u>
U.S. Department of Army			
U.S. Army Engineering And Support Center			
ESCA	12.599	N/A	<u>294,727</u>
Total Expenditures of Federal Awards			<u><u>988,122</u></u>

**CITY OF RIVERBANK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

SUMMARY OF AUDITOR'S RESULTS

1. Type of report issued on the financial statements – Unqualified
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 – Unqualified
6. Audit findings relative to the major federal programs – None
7. Major programs are as follows: U.S. Department of Justice CFDA number 16.710; U.S. Department of Defense (Passed through Office of Economic Adjustment) CFDA number 12.607.
8. Expenses in excess of \$300,000 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, 2015, 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 November 22, 2015.

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
November 22, 2015

**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 OMB CIRCULAR A-133**

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 Circular A-133 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, 2015. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Clendenin Bird & Company, PC

CLENDENIN, BIRD & COMPANY, PC

Modesto, California

November 22, 2015



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**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, 2015, and have issued our report thereon dated October 8, 2015. 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.

Clendenin Bird & Company, PC

CLENDENIN BIRD & COMPANY, PC

Modesto, California
November 22, 2015