

Annual Financial Report

Year Ended June 30, 2009

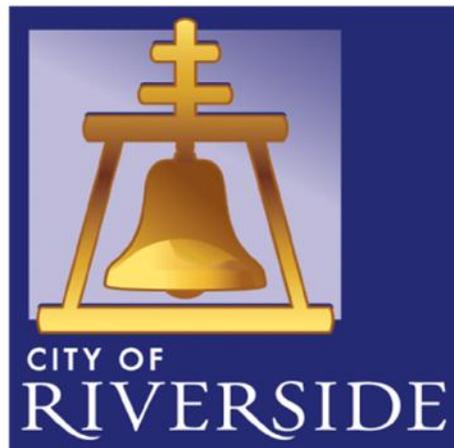


Redevelopment Agency of The City of Riverside, CA

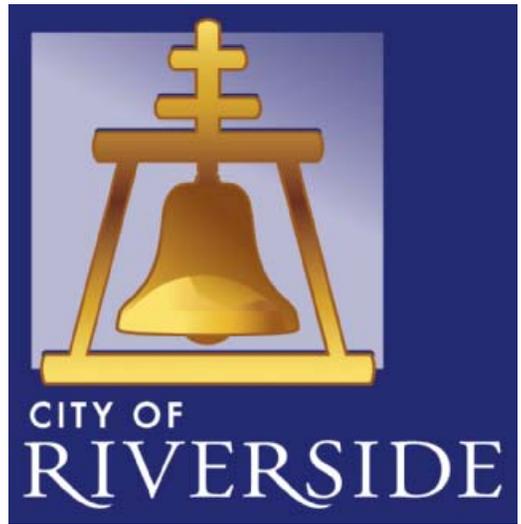


Annual Financial Report

For Fiscal Year Ended June 30, 2009



**Prepared by the Development Department
Bradley J. Hudson, Executive Director
3900 Main Street, 5th Floor
Riverside, California 92522**



CITY OF
RIVERSIDE

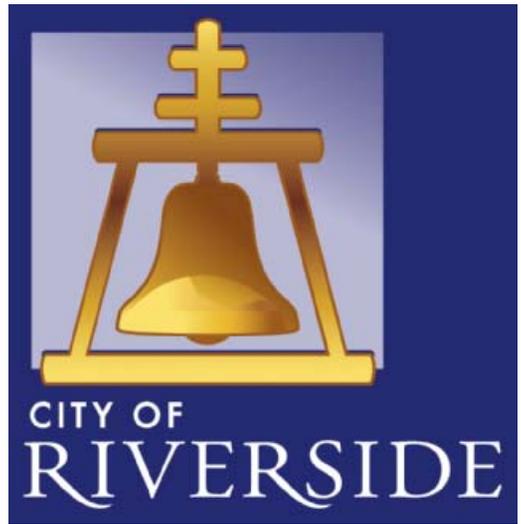
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CITY OF
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Redevelopment Agency of the City of Riverside

Redevelopment Agency Board

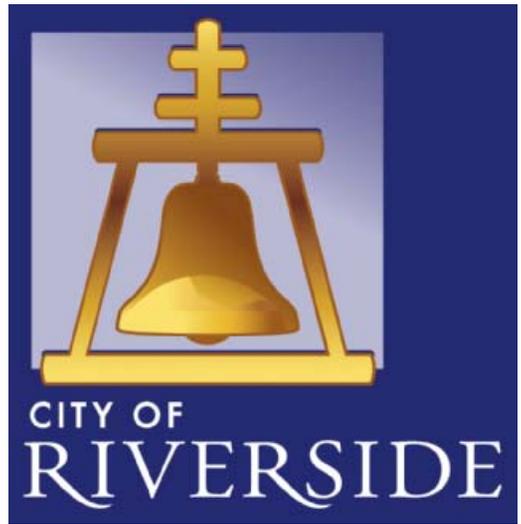
Ronald O. Loveridge
Mike Gardner
Andy Melendrez
Rusty Bailey
Paul Davis
Chris Mac Arthur
Nancy Hart
Steve Adams

Mayor
Council Member—Ward 1
Council Member—Ward 2
Council Member—Ward 3
Council Member—Ward 4
Council Member—Ward 5
Council Member—Ward 6
Council Member—Ward 7

Agency Officials

Bradley J. Hudson
Colleen J. Nicol
Paul C. Sundeen
Gregory P. Priamos
Deanna Lorson
Kevin Palmer
Eva Yakutis
Vanessa Kirks
Wendy Holland

Executive Director
Agency Secretary
Agency Treasurer
Agency General Counsel
Development Director
Assistant Development Director
Housing and Community Development Manager
Interim Development Fiscal Manager
Redevelopment Program Manager



CITY OF
RIVERSIDE



Mayer Hoffman McCann P.C.

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Board of Directors
Redevelopment Agency of the City of Riverside
Riverside, California

INDEPENDENT AUDITORS' REPORT

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

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

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



Board of Directors
Redevelopment Agency of the City of Riverside
Page 2

The Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Redevelopment Agency of the City of Riverside, California's basic financial statements. The combining and individual nonmajor fund financial statements and computation of excess/surplus funds, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2009 on our consideration of the Redevelopment Agency of the City of Riverside's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mayer Hoffman Mc Cann P.C.

San Jose, California
October 29, 2009

Management's Discussion and Analysis

As management of the Redevelopment Agency of the City of Riverside (the Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2009. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

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

The *Statement of Activities* presents information showing how the Agency's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in 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).

Both of the government-wide financial statements highlight functions of the Agency that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Agency include redevelopment activities and interest on long-term debt. Redevelopment activities include the development of projects and infrastructure necessary to eliminate blight and encourage economic expansion, which creates and preserves jobs for citizens of the project areas.

The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. 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. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Agency are in the governmental funds category.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources* as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Agency maintains twenty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Downtown/Airport, University Corridor/Sycamore Canyon and La Sierra/Arlanza Debt Service Funds; and for Downtown/Airport, University Corridor/Sycamore Canyon and La Sierra/Arlanza Capital Projects Funds, all of which are considered to be major funds. Data from the other nineteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* as supplementary information.

The basic governmental fund financial statements can be found on pages 13 and 15 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-31 of this report.

Other information. The combining statements for non-major governmental funds can be found pages 32-37 of this report. The calculation of the excess surplus for the Low/Moderate Income Housing Funds can be found on page 38 of this report. This calculation is a HUD requirement to ensure that low/moderate funds are expended with the allotted timeframe.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, liabilities exceeded assets by \$19,718 at June 30, 2009.

By far the largest portion of the Agency's net deficit reflects its bonded indebtedness. The Agency, operating under California Redevelopment Law, must maintain debt in excess of its available assets to legally receive tax increment revenue. Bond funds are used to construct infrastructure, which becomes an asset of the City, or to alleviate blight. These expenditures do not create assets to offset bonded debt. Future tax increment revenues must be used to liquidate noncurrent bond liabilities.

A summary of the Agency's Statement of Net Assets at June 30, 2009 compared to June 30, 2008 is as follows:

	<u>Governmental Activities 2009</u>	<u>Governmental Activities 2008</u>
Non-capital assets	\$317,624	\$331,572
Capital assets (net of accumulated depreciation)	1,672	1,721
Total assets	<u>319,296</u>	<u>333,293</u>
Long-term liabilities outstanding	308,437	315,886
Other liabilities	<u>30,577</u>	<u>29,373</u>
Total liabilities	<u>339,014</u>	<u>345,259</u>
Net assets:		
Invested in capital assets, net of related debt	1,672	1,721
Restricted	40,725	42,876
Unrestricted	<u>(62,115)</u>	<u>(56,563)</u>
Total net assets	<u>(\$19,718)</u>	<u>(\$11,966)</u>

- Non-capital assets decreased \$13,997 due primarily to the expenditure of bond proceeds for various capital projects and improvements.
- Long-term liabilities decreased \$7,449 due to repayment of bonds and City advances that funded various capital projects, improvements and acquisitions.
- Other liabilities increased \$3,041 primarily due to accrued interest on City advances issued to the Downtown/Airport project area and an increase in capital projects.

Governmental activities. The Agency's net assets decreased by \$7,752. Key elements of this decrease are as follows:

	<u>Governmental Activities 2009</u>	<u>Governmental Activities 2008</u>
Revenues:		
Program revenues:		
Charges for Services	\$2,361	\$1,444
Capital grants and contributions	1,180	1,226
General revenues:		
Property tax increment	65,485	64,447
Other	8,374	13,974
Total revenues	<u>77,400</u>	<u>81,091</u>
Expenses:		
Redevelopment activities	69,902	47,627
Interest on long-term debt	15,250	16,346
Gain/Loss on Sale of Capital Assets	0	0
Total expenses	<u>85,152</u>	<u>63,973</u>
Increase(Decrease) in net assets	(7,752)	17,118
Net assets (deficit) – July 1	(11,966)	(29,084)
Net assets (deficit) – June 30	<u>(\$19,718)</u>	<u>(\$11,966)</u>

- Charges for Services increased by \$917 due to an increase in principal payments and building leases revenue.
- Property tax increment revenues increased \$1,038 during the year, primarily due to new construction for commercial use such as industrial and office/retail space.
- Other general revenues decreased by \$5,420 primarily due to decreased investment earnings.
- Redevelopment activities expenses increased \$22,275 as a result of funding new and existing redevelopment activities such as consulting services, acquisitions, relocation assistance, site clearance and capital improvements for all project areas.

Financial Analysis of the Agency’s Funds

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

Governmental funds. The focus of the Agency’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Agency’s financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The Agency has six major governmental funds: The Debt Service Fund consists of Downtown/Airport, University Corridor/Sycamore Canyon and La Sierra/Arlanza; and the Capital Projects Fund consists of Downtown/Airport, University Corridor/Sycamore and La Sierra Arlanza.

	Fund Balance 2009	Fund Balance 2008
<u>Debt Service</u>		
Downtown/Airport	\$9,755	\$8,011
University Corridor/Sycamore Canyon	4,711	4,219
La Sierra/Arlanza	2,000	3,220
 <u>Capital Projects</u>		
Downtown/Airport	34,772	37,114
University Corridor/Sycamore Canyon	19,566	27,956
La Sierra/Arlanza	55,379	58,599

As of the end of the current fiscal year, the Agency’s governmental funds reported combined ending fund balances of \$253,986, a decrease of \$14,868 in comparison with the prior year. Approximately 16% of this total amount \$41,507 constitutes unreserved fund balance, which is available for spending in accordance with the fund’s purpose. The remaining reserved fund balance has already been committed 1) to liquidate contracts and purchase orders of the prior period \$7,874; 2) to pay debt service \$7,034; 3) land held for resale \$84,102; Designation for future operations \$110,317; and for a variety of other restricted purposes \$3,152.

Capital Asset and Debt Administration

Capital assets. The Agency's investment in capital assets for its governmental activities as of June 30, 2009 amounts to \$1,672 (net of accumulated depreciation). This investment in capital assets includes land and equipment. A summary of the Agency's capital assets, net of depreciation, follows:

	Capital Assets 2009	Capital Assets 2008
Land	\$1289	\$1289
Buildings	0	0
Improvements other than buildings	370	370
Machinery and equipment	269	297
Construction in progress	0	0
Subtotal	1,928	1,956
Less accumulated depreciation	(256)	(235)
Total	\$1,672	\$1,721

Additional information on the Agency's capital assets can be found in note 5 on page 24 of this report.

Long-term debt. At the end of the current fiscal year, the Agency had total bonded debt outstanding of \$285,743. The bonds are secured solely by specified revenue sources (i.e., tax allocation bonds).

The Agency's total long-term debt obligations increased by \$704 offset by retirements of \$7,403 during the current fiscal year.

Time and bonded debt limitations exist in all project areas. Time limitations vary by dates area was added to the project.

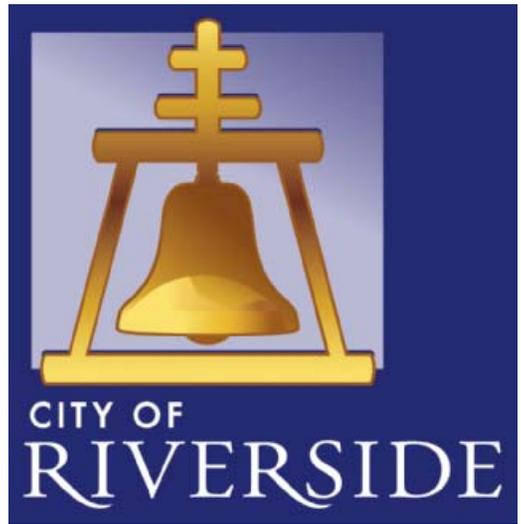
<u>Project Area</u>	<u>Time limitations to incur debt</u>	<u>Bonded Debt Limit (in millions)</u>
Downtown/Airport	2011-2014	\$149
Casa Blanca	2014	80
University Corridor/Sycamore Canyon	2014-2017	187
Arlington	2014-2023	125
Magnolia Center	2018	55
Hunter Park/Northside	2023	115
La Sierra/Arlanza	2024	235

The Agency does not have an overall credit rating. Bond issues are rated individually at time of issuance.

Additional information on outstanding debt may be found on pages 25-29 of this report.

Request for information

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Redevelopment Agency Treasurer, 3900 Main Street, Riverside, CA 92522.



CITY OF
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REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
 STATEMENT OF NET ASSETS
 June 30, 2009
 (amounts expressed in thousands)

<u>Assets:</u>	
Cash and investments	\$78,670
Cash and investments at fiscal agent	105,810
Receivables (net of allowances for uncollectibles)	1,347
Rehabilitation loans receivable	15,970
Capital lease receivable	24,940
Prepaid items	21
Deposits	1,241
Deferred charges	5,523
Land and improvements held for resale	84,102
Capital assets (net of accumulated depreciation)	<u>1,672</u>
Total assets	<u>319,296</u>
<u>Liabilities</u>	
Accounts payable and other accrued liabilities	17,193
Accrued interest payable	5,526
Deposits	26
Due to the City	1
Noncurrent liabilities:	
Due within one year	7,831
Due in more than one year	<u>308,437</u>
Total liabilities	<u>339,014</u>
<u>Net assets (deficit)</u>	
Invested in capital assets	1,672
Restricted for:	
Low and moderate housing	24,627
Eastside	593
Magnolia Center	2,486
Hunter Park/Northside	2,175
La Sierra/Arlanza	10,844
Unrestricted	<u>(62,115)</u>
Total net assets (deficit)	<u><u>(\$19,718)</u></u>

The notes to the financial statements are an integral part of this statement.

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
 STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
 For the year ended June 30, 2009
 (amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Capital Grants and Contributions	Revenue and Changes in Net Assets Total
Governmental activities:				
Redevelopment activities	\$69,902	\$2,361	\$1,180	(\$66,361)
Interest on long-term debt	15,250			(15,250)
Total governmental activities	<u>\$85,152</u>	<u>\$2,361</u>	<u>\$1,180</u>	<u>(\$81,611)</u>
	General revenues:			
	Property taxes			65,485
	Investment earnings			7,338
	Miscellaneous			1,036
	Total general revenues			<u>73,859</u>
	Change in net assets			(7,752)
	Net assets (deficit) - beginning			<u>(11,966)</u>
	Net assets (deficit) - ending			<u><u>(\$19,718)</u></u>

The notes to the financial statements are an integral part of this statement.

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009
(amounts expressed in thousands)

Assets	Debt Service			Capital Projects Funds				Total Funds	Total Funds
	Downtown/ Airport	University Corridor/ Sycamore Canyon	La Sierra/ Arlanza	Downtown/ Airport	University Corridor/ Sycamore Canyon	La Sierra/ Arlanza	Other Funds		
Cash and investments	\$ 6,164	\$ 2,242	\$ 1,959	\$ 10,171	\$ 1,388	\$ 13,284	\$ 43,539	\$ 78,747	
Cash and investments at fiscal agent	3,711	2,333	-	4,466	6,524	32,630	56,069	105,733	
Interest receivable	36	22	41	56	27	49	280	511	
Accounts receivable, net	4	114	-	15	12	4	6	155	
Intergovernmental receivables	-	-	-	187	-	-	494	681	
Rehabilitation loans receivable	-	-	-	480	2,907	-	12,583	15,970	
Capital lease receivable	24,940	-	-	-	-	-	-	24,940	
Prepaid items	-	-	-	21	-	-	-	21	
Deposits	-	-	-	866	375	-	-	1,241	
Due from other funds	-	-	-	-	-	-	3	3	
Land and improvements held for resale	-	-	-	25,387	14,312	13,218	31,185	84,102	
Total assets	\$ 34,855	\$ 4,711	\$ 2,000	\$ 41,649	\$ 25,545	\$ 59,185	\$ 144,159	\$ 312,104	
Liabilities and fund balances									
Liabilities:									
Account payable	\$ 160	\$ -	\$ -	\$ 6,355	\$ 2,987	\$ 3,806	\$ 3,843	\$ 17,151	
Accrued liabilities	-	-	-	42	-	-	-	42	
Deferred revenue	24,940	-	-	480	2,992	-	12,483	40,895	
Deposits	-	-	-	-	-	-	26	26	
Due to other funds	-	-	-	-	-	-	4	4	
Total liabilities	25,100	-	-	6,877	5,979	3,806	16,356	58,118	
Fund balances:									
Reserved for encumbrances	-	-	-	599	242	4,572	2,475	7,888	
Reserved for loans receivable	-	-	-	-	61	-	229	290	
Reserved for prepaid items/deposit	-	-	-	887	375	1,600	-	2,862	
Reserved for land and improvements held for resale	-	-	-	25,387	14,312	13,218	31,185	84,102	
Reserved for debt service	3,427	2,246	-	-	-	-	1,361	7,034	
Unreserved, designated for future operations	-	-	-	5,548	3,478	34,847	66,444	110,317	
Unreserved, undesignated	6,328	2,465	2,000	2,351	1,098	1,142	26,109	41,493	
Total funds balances	9,755	4,711	2,000	34,772	19,566	55,379	127,803	253,986	
Total liabilities and fund balances	\$ 34,855	\$ 4,711	\$ 2,000	\$ 41,649	\$ 25,545	\$ 59,185	\$ 144,159	\$ 312,104	

The notes to the financial statements are an integral part of this statement.

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2009
(amounts expressed in thousands)

Total fund balances - governmental funds		\$253,986
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,672
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		5,523
Revenues that do not meet the "availability" criteria for revenue recognition and therefore, are deferred in the funds.		40,895
Long-term liabilities, as listed below, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds Payable	\$(285,743)	
Interest Payable	(5,526)	
Notes Payable	(8,749)	
Advances Payable	(21,549)	
Compensated Absences	(227)	
		<u>(321,794)</u>
Net assets (deficit) of governmental activities		<u>(\$19,718)</u>

The notes to the financial statements are an integral part of this statement.

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2009
(amounts expressed in thousands)

	Debt Service			Capital Projects Funds				Total Funds
	Downtown/ Airport	University Corridor/ Sycamore Canyon	La Sierra/ Arlanza	Downtown Airport	University Corridor/ Sycamore Canyon	La Sierra/ Arlanza	Other Funds	
Revenues:								
Tax increment	\$ 12,653	\$ 10,526	\$ 13,195	\$ -	\$ -	\$ -	\$ 29,111	\$ 65,485
Interest	323	438	88	585	501	1,628	3,775	7,338
Intergovernmental	200	-	-	760	10	-	210	1,180
Miscellaneous	1,743	-	-	408	40	37	487	2,715
Total revenues	<u>14,919</u>	<u>10,964</u>	<u>13,283</u>	<u>1,753</u>	<u>551</u>	<u>1,665</u>	<u>33,583</u>	<u>76,718</u>
Expenditures:								
Current:								
Salaries and administrative	123	371	156	1,587	1,235	4,173	5,559	13,204
Professional services	16	10	6	888	129	117	504	1,670
Property acquisitions	-	-	-	742	502	244	1,525	3,013
Relocation costs	-	-	-	264	369	295	63	991
Site clearance costs	-	-	-	9	30	118	11	168
Project improvement	-	-	-	2,378	7,100	7,545	8,478	25,501
Pass-through agreement	-	-	-	5,339	6,813	3,310	3,848	19,310
Debt service:								
Principal	3,049	956	705	-	-	-	2,120	6,830
Interest	5,275	2,730	2,316	-	-	-	5,124	15,445
Total expenditures	<u>8,463</u>	<u>4,067</u>	<u>3,183</u>	<u>11,207</u>	<u>16,178</u>	<u>15,802</u>	<u>27,232</u>	<u>86,132</u>
Excess(deficiency) of revenues over(under) expenditures	<u>6,456</u>	<u>6,897</u>	<u>10,100</u>	<u>(9,454)</u>	<u>(15,627)</u>	<u>(14,137)</u>	<u>6,351</u>	<u>(9,414)</u>
Other financing sources(uses):								
Transfers in	1,437	903	-	7,049	7,308	11,320	19,028	47,045
Transfers out	(6,149)	(7,308)	(11,320)	-	(11)	(403)	(21,854)	(47,045)
Advances to the City	-	-	-	-	-	-	(561)	(561)
Advances from the City	-	-	-	636	-	-	506	1,142
Gain (loss) on sale of assets	-	-	-	(573)	(60)	-	(5,402)	(6,035)
Total other financing sources(uses)	<u>(4,712)</u>	<u>(6,405)</u>	<u>(11,320)</u>	<u>7,112</u>	<u>7,237</u>	<u>10,917</u>	<u>(8,283)</u>	<u>(5,454)</u>
Net change in fund balances	<u>1,744</u>	<u>492</u>	<u>(1,220)</u>	<u>(2,342)</u>	<u>(8,390)</u>	<u>(3,220)</u>	<u>(1,932)</u>	<u>(14,868)</u>
Fund balances, July 1	8,011	4,219	3,220	37,114	27,956	58,599	129,735	268,854
Fund balances(deficits), June 30	<u>\$ 9,755</u>	<u>\$ 4,711</u>	<u>\$ 2,000</u>	<u>\$ 34,772</u>	<u>\$ 19,566</u>	<u>\$ 55,379</u>	<u>\$ 127,803</u>	<u>\$ 253,986</u>

The notes to the financial statements are an integral part of this statement.

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
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, 2009
(amounts expressed in thousands)

Net change in fund balances-total governmental funds (\$14,868)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, as listed below:

Capital Outlay	\$ -	
Depreciation Expense	<u>(49)</u>	(49)

Revenues in the statement of activities that do not meet the "availability" criteria for revenue recognition and therefore are not recorded as revenue in the funds. 176

The issuance of long-term debt (e.g., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The net effect of these differences in the treatment of long-term debt and related items is listed below:

Principal payments	\$ 6,830	
Amortization of deferred charges	(51)	
Compensated absences	239	
Premiums on the issuance of LTD	246	
Interest	361	
Advances from the City	<u>(636)</u>	<u>6,989</u>

Change in net assets of governmental activities (\$7,752)

The notes to the financial statements are an integral part of this statement.

(amounts expressed in thousands)

Note 1. Summary of Significant Accounting Policies

A. Nature of Operations

The Redevelopment Agency of the City of Riverside (Agency) rehabilitates blighted areas within eight active project areas located within the boundaries of the City of Riverside (City). The members of the City Council serve as the governing board of the Agency (Board). The Agency actively participates in projects of a public nature that encourage the development or rehabilitation of private and public development projects. Additionally, the Agency is actively involved in City-wide historic preservation and initiated a program in early 1990 designed to preserve, through redevelopment activities along with special State and Federal incentives, the integrity of historic civic, commercial and residential structures and neighborhoods. The Agency plans to use the special features that give the City its unique character as a catalyst for new development, tourism and economic revitalization.

B. Reporting Entity

The Agency was created in 1969, in accordance with the Community Redevelopment Law of California and the State of California Health and Safety Code, and is a legal entity, separate and distinct from the City of Riverside.

The Agency is a "component unit" of the City of Riverside for financial reporting purposes because it meets the criteria established by the Codification of Governmental Accounting and Financial Reporting Standards: City Council members act as the Agency Board; the City has the ability to impose its will on the

Agency; and the Agency has the potential to provide specific benefits to or impose specific financial burdens on the City.

Actions of the Agency are binding, and business, including the incurrence of long-term obligations, is routinely transacted in the Agency's name by its appointed representatives. The Agency is broadly empowered to engage in general economic revitalization and redevelopment of the City through acquisition and development of property in City areas determined to be in a declining condition.

In fiscal year 1988, the Riverside Public Financing Authority (Authority), a non-profit corporation, was created as a joint-powers authority between the Agency and the City to serve as a conduit for the issuance of bonds to fund improvements in various redevelopment project areas. The Authority has issued tax allocation bonds secured by loan agreements between the Agency and the Authority. These loan agreements are secured by a first pledge of and lien on a portion of property tax revenues within the respective project areas. Financial data of the Authority is included in the appropriate fund types of the Agency. Separate Authority financial statements may be obtained from the City's Finance Department, 3900 Main Street, Riverside, California 92522.

The Agency has received/advanced monies from/to the City of Riverside for use on redevelopment projects. Agreements between the Agency and the City provide for the Agency to repay the advances from future tax increment revenues, subordinated to the Agency's bonded debt. Included in the statement of net assets at June 30, 2009, are advances from the City, totaling \$21,549.

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

(amounts expressed in thousands)

C. Government-wide and Fund Financial Statements

The Agency-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Agency. All significant interfund activity has been removed from these statements. The Agency provides only governmental activities, which are supported by taxes and intergovernmental revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The Agency-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 when all eligibility requirements have been met.

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

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Agency reports the following major governmental funds:

Debt service funds for the Downtown/Airport, University Corridor/Sycamore Canyon and La Sierra/Arlanza are reported as major funds. The debt service funds account for the resources accumulated and payments made for principal and interest on long-term obligation debt of the Agency.

Capital Projects funds for the La Sierra/Arlanza, Downtown/Airport and University Corridor/Sycamore Canyon are reported as major funds. The capital project funds account for the resources accumulated and payments made for projects of the Agency.

Program revenues consist of charges for services and capital grants and contributions.

E. Cash and Investments

In accordance with Agency policy, the Agency's cash and investments, except for cash and investments with fiscal agents, are invested in a pool managed by the Treasurer of the City. The Agency does not own specific, identifiable investments of the pool. The pooled interest earned is allocated monthly based on the month end cash balances.

The City values its cash and investments in accordance with the provisions of Government Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
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Certain Investments and External Investment Pools (GASB 31),” which requires governmental entities, including governmental external investment pools, to report certain investments at fair value in the statement of net assets/balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. Fair value is determined using quoted market prices.

Cash accounts of all funds are pooled for investment purposes to enhance safety and liquidity while maximizing interest earnings.

Citywide information concerning cash and investments for the year ended June 30, 2009, including authorized investments, custodial credit risk, credit and interest rate risk for debt securities and concentration of investments, carrying amount and market value of deposits and investments may be found in the notes of the City’s “Comprehensive Annual Financial Report.”

F. Cash and Investments at Fiscal Agents

Cash and investments maintained by fiscal agents are considered restricted by the Agency and are pledged as collateral for payment of principal and interest on bonds.

Provisions of debt agreements, rather than the general provisions of the California Government Code or the City’s investment policy, govern investments of debt proceeds held by bond fiscal agents. Permitted investments are specified in related trust agreements and include the following:

- Securities of the U. S. Government and its sponsored agencies
- Bankers’ Acceptances rated in the single highest classification
- Commercial Paper rated in the single highest classification

(amounts expressed in thousands)

Investments in money market funds rated in the single highest classification
Municipal obligations rated Aaa/AAA or general obligations of states with ratings of at least A2/A or higher by both Moody’s and S&P
Investment Agreements

No maximum percentage of the related debt issue or maximum investment in one issuer is specified.

Investments held by fiscal agent are as follows:

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>			
	<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More than 60 Months</u>
Money Market Funds	\$21,832	\$21,832	\$ -	\$ -
Federal Agency Securities	1,285	1,256	-	29
State Investment Pool	76,860	76,860	-	-
Commercial Paper	502	502	-	-
Certificates of Deposit	5,254	2,539	-	2,715
Total	<u>\$105,733</u>	<u>\$102,989</u>	<u>\$ 0</u>	<u>\$ 29</u>

All investments held by fiscal agent, with the exception of the certificates of deposit that are A rated, are held in AAA investments, except for investment contracts which are not rated.

G. Capital Assets

Capital assets, other than infrastructure assets, are defined by the City as assets with an initial individual cost of five thousand dollars or more and an estimated useful life of over one year. Assets are capitalized at historical cost or, in the case of gifts or contributions, at fair value at the time of receipt by the Agency.

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(amounts expressed in thousands)

Assets are depreciated based on their estimated useful lives: buildings and improvements, 20-99 years and machinery and equipment, 3-15 years.

H. Land and Improvements Held for Resale

Land and improvements held for resale are generally acquired under Developer Disposition Agreements (DDAs) in the normal course of redevelopment activity. The DDAs provide for transfer of the property to developers after certain redevelopment obligations have been fulfilled. The property is carried at cost until an event occurs to indicate a lower net realizable value.

I. Compensated Absences

The Agency's employees receive ten to twenty-three vacation days a year based upon length of service. A maximum of two years' vacation accrual can be accumulated and unused vacation is paid in cash upon separation.

Employees primarily receive one day of sick leave for each month of employment with unlimited accumulation. Upon retirement or death, a percentage of unused sick leave is paid to certain employees or their estates in lump sum based on longevity.

Compensated absences of \$227 have been recorded in the statement of net assets.

J. Long-Term Obligations

In the Agency-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the

applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, government fund types recognize bond premiums and discounts, as well as bond issuance costs, as expenditures of the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

K. Fund Equity

In the fund financial statements, reserves represent those portions of fund equity not available for appropriation or legally segregated for a specific future use. Designated fund balances represent amounts identified by management for the future use of financial resources.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Agency or through external restrictions imposed by creditors, grantors or

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NOTES TO FINANCIAL STATEMENTS
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(amounts expressed in thousands)

laws or regulations of other governments. Restricted resources are used first to fund appropriation.

M. Interfund Transactions

Interfund transactions at the fund level representing services provided are accounted for as revenues and expenditures. Transactions which constitute reimbursements are eliminated in the reimbursed fund and accounted for as expenditures in the fund to which the transaction is applicable.

During the year, transactions occur between individual funds for goods provided or services rendered. Related receivables and payables are classified as "due from/to other funds" on the accompanying fund level statements. The noncurrent portion of long-term interfund loans are reported as advances from/to other funds and are equally offset by a fund balance reserve to indicate that the receivable does not constitute available expendable financial resources. These advances received from the City are for capital purposes and have been treated as an external borrowing in the fund financial statements. Advances the Agency has made to the City include accrued interest which has been offset by deferred revenue.

N. Unearned Revenues

Governmental funds report unearned revenue on their balance sheets. Unearned revenues arise in governmental funds when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Agency before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent

periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized.

O. Property Tax Calendar

Under California law, general property taxes are assessed for up to 1% of assessed value. General property taxes are collected by the counties along with other special district taxes and assessments and voter approved debt. General property tax revenues are collected and pooled by the county throughout the fiscal year and then allocated and paid to the county, cities and school districts based on complex formulas prescribed by State statutes.

Property taxes are levied on assessed values as of January 1 for the ensuing fiscal year. On July 1 of the fiscal year, the levy is placed and a lien is attached to the property. Property taxes are due in two installments. The first installment is due November 1 and is delinquent on December 10. The second installment is due February 1 and is delinquent on April 10. Property taxes received represent current and prior years' delinquent tax levies, adjusted for uncollectable amounts.

P. Tax Incremental Revenues

Incremental property taxes are considered as revenue by the Agency when they become measurable and available for financing redevelopment activities during the year.

Incremental property tax revenues represent property taxes collected from the taxes levied and collected each year on a redevelopment project in excess of the amount that would have

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been levied and collected on the base year property tax assessment. (A property tax base year is determined to be the year prior to the establishment of a redevelopment project area.)

Q. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures. Specifically, the Agency has made certain estimates and assumptions relating to the collectibility of its receivables and the valuation of property held for resale. Actual results may differ from those estimates and assumptions.

Note 2: Rehabilitation Loans Receivable and Capital Lease Receivable

Rehabilitation Loans Receivable

The Agency grants loans of up to 55 years bearing interest from 0 to 12 percent secured by deeds of trust to individuals and businesses to assist in the redevelopment of the City.

The Agency's Governing Board must approve all loans. At the time such loans are approved, a commitment is established for the total loan amount. Portions of the loans are disbursed as construction and other rehabilitation costs are incurred.

As of June 30, 2009, loans receivable by project area are as follows:

Special Revenue Funds:	
Arlington	\$ 952
Casa Blanca	1,880
Magnolia Center	3,864
Downtown/Airport	2,009
University Corridor/Sycamore Canyon	3,644
Rehabilitation	32
	<u>12,381</u>
Capital Projects Funds:	
Casa Blanca	177
Downtown/Airport	480
Hunter Park/Northside	25
University Corridor/Sycamore Canyon	2,907
	<u>3,589</u>
Total	<u>\$15,970</u>

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Fiscal Year Ended June 30, 2009

(amounts expressed in thousands)

Capital Lease Receivable

The Agency has a Capital Lease Agreement with the State of California for the California Tower Office Complex, located in the Downtown/Airport Project Area. The Agreement is for a thirty year period and at maturity the ownership of California Tower will be transferred to the State. The terms of the Agreement require annual installments from \$95 to \$2,730 through October 1, 2024.

The minimum future annual installments to be received are as follows:

2010	\$2,355
2011	2,381
2012	2,413
2013	2,443
2014	2,473
Thereafter	<u>29,267</u>
Total Capital Lease Receivable	41,332
Less: Interest	<u>(16,392)</u>
Net Capital Lease Receivable	<u>\$24,940</u>

Note 3. Land and Improvements Held for Resale

A summary of the estimated net realizable value of land and improvements held for resale by project area as of June 30, 2009, are as follows:

Special Revenue Funds:	
Downtown Airport	\$8,478
University Corridor/Sycamore Canyon	136
La Sierra/Arlanza	<u>1,977</u>
	<u>10,591</u>
Capital Projects:	
Arlington	4,681
Casa Blanca	1,221
Hunter Park/Northside	3,384
Magnolia Center	11,308
Downtown/Airport	25,387
University Corridor/Sycamore Canyon	14,312
La Sierra/Arlanza	<u>13,218</u>
	<u>73,511</u>
Total	<u>\$84,102</u>

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(amounts expressed in thousands)

Note 4. Interfund Transfers

Transfers are made between funds for debt service payments on housing bonds, to pay pass-through agreements and to transfer revenues in excess of debt service requirements to capital project funds. A summary of transfers between Redevelopment Agency funds at June 30, 2009, are as follows:

Major Funds	Transfers in	Transfers out	Amount
Downtown/Airport	Capital Projects	Debt Service	\$6,149
Downtown/Airport	Debt Service	Special Revenue	1,437
Downtown/Airport	Special Revenue	Special Revenue	4,051
Downtown/Airport	Capital Projects	Capital Projects	900
La Sierra/Arlanza	Capital Projects	Debt Service	11,320
La Sierra/Arlanza	Special Revenue	Special Revenue	1,800
La Sierra/Arlanza	Special Revenue	Capital Projects	403
University Corr/Syc Cyn	Debt Service	Capital Projects	11
University Corr/Syc Cyn	Debt Service	Special Revenue	892
University Corr/Syc Cyn	Special Revenue	Special Revenue	715
University Corr/Syc Cyn	Capital Projects	Debt Service	7,308
Non Major Funds	Debt Service	Special Revenue	845
Non Major Fund	Special Revenue	Special Revenue	11,214
		Total	<u>\$47,045</u>

Note 5. Capital Assets

The following is a summary of changes in the capital assets during the fiscal year ended June 30, 2009:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, non-depreciable				
Land	\$1,289	\$0	\$0	\$1,289
Construction in progress	0	0	0	0
Total non-depreciable assets	<u>1,289</u>	<u>0</u>	<u>0</u>	<u>1,289</u>
Capital assets, depreciable				
Buildings	0	0	0	0
Improvements	370	0	0	370
Equipment	<u>297</u>	<u>0</u>	<u>28</u>	<u>269</u>
Total depreciable assets	<u>667</u>	<u>0</u>	<u>28</u>	<u>639</u>
Less accumulated depreciation:				
Buildings	0	0	0	0
Improvements	130	19	0	149
Equipment	<u>105</u>	<u>30</u>	<u>28</u>	<u>107</u>
Total accumulated depreciation	<u>235</u>	<u>49</u>	<u>0</u>	<u>256</u>
Capital Assets, Net	<u>\$1,721</u>	<u>\$49</u>	<u>\$0</u>	<u>\$1,672</u>

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
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NOTES TO FINANCIAL STATEMENTS
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(amounts expressed in thousands)

Note 6. Long-Term Obligations

Principal
Outstanding

Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations during the fiscal year:

	Balance, Beginning Of Year	Additions	Reductions	Balance, End Of Year	Due within One Year
Notes Payable	\$9,040	\$0	\$291	\$8,749	\$586
Tax Allocation Bonds	262,970	0	5,429	257,541	5,525
Revenue Bonds	1,405	0	140	1,265	150
Lease Revenue Bonds	27,869	0	932	26,937	950
Compensated Absences	<u>466</u>	<u>0</u>	<u>259</u>	<u>227</u>	<u>82</u>
Sub-total	301,750	0	7,051	294,719	7,293
Advances from the City	<u>21,197</u>	<u>704</u>	<u>352</u>	<u>21,549</u>	<u>538</u>
Total	<u>\$322,947</u>	<u>\$ 704</u>	<u>\$7,403</u>	<u>\$316,268</u>	<u>\$7,831</u>

The Agency entered into an Agreement with the City of Riverside to make payments on a HUD Section 108 Loan used to fund the University Village Project, interest at 5.36% to 7.66%. The note is payable in annual principal and interest installments of \$272 to \$425 through August 1, 2015.

\$2,260

The Agency entered into an Agreement with the City of Riverside to make payments on a HUD Section 108 loan used to fund the Mission Village Project, interest at 6.15% to 6.72%, payable in semi-annual installments beginning August 1, 1999 of \$110 to \$420 through August 1, 2018.

3,175

Note payable to Pepsi Cola Bottling Company of Los Angeles, interest at 10.5%. Once a certificate of completion is issued, the note is payable in net annual installments of principal and interest of \$341 through June, 2026. The certificate of completion cannot be issued until Pepsi has reached a \$26 million investment requirement.

2,988

Note payable to California Housing Finance Agency, interest at 3%, payable in annual installments of \$88 through 2013, for housing projects.

326

Total Notes Payable

\$ 8,749

Notes Payable

The following notes payable were issued to promote development and expansion of areas within the project areas. The Agency has the following notes payable at June 30, 2009:

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
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NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

(amounts expressed in thousands)

The following is a schedule of annual notes payable requirements to maturity as of June 30, 2009:

Principal
Outstanding

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$586	\$601	\$1,187
2011	632	574	1,206
2012	677	543	1,220
2013	728	509	1,237
2014	692	471	1,163
2015-2019	2,906	1,779	4,685
2020-2024	471	1,238	1,709
2025-2029	777	932	1,709
2030-2034	1,280	429	1,709
Total	<u>\$8,749</u>	<u>\$7,076</u>	<u>\$15,825</u>

\$6,055 1999 University Corridor/Sycamore Canyon Merged Project Area, Subordinate Tax Allocation Bonds, series B; \$1,900 serial bonds, 4.5% to 5.5% due in annual installments from \$35 to \$190 through September 1, 2013; \$1,135 term bonds at 5.5% due September 1, 2018; and \$3,020 term bonds at 5.625% due September 1, 2027

5,025

\$20,395 1999 Casa Blanca Project Area, Tax Allocation Bonds, Series A; \$8,925 serial bonds, 3.4% to 4.7% due in annual installments from \$455 to \$780 through August 1, 2014; \$2,565 term bonds at 4.75% due August 1, 2017; \$4,035 term bonds at 4.75% due August 1, 2021; and \$4,870 term bonds at 5.0% due August 1, 2025.

15,680

\$40,435 Downtown/Airport Merged Project Area, 2003 Tax Allocation and Refunding Bonds: \$32,720 serial bonds 2% to 5.25% due in annual installments from \$1,220 to \$1,955 through August 1, 2023; and \$7,715 term bonds at 5.0% due in annual installments from \$195 to \$2,060 through August 2034.

34,045

\$4,550 Arlington Redevelopment Project, 2004 Tax Allocation Bonds, Series A: \$420 term bonds at 3.8% due August 1, 2014; \$615 term bonds at 4.6% due August 1, 2024; and \$3,515 term bonds at 4.7% due August 1, 2034.

4,395

Bonds Payable

The following debt has been issued for the purpose of generating capital resources for use in acquiring or constructing facilities or infrastructure projects. Bonds Payable at June 30, 2009, consisted of the following:

Principal
Outstanding

Tax Allocation Bonds

\$17,025 1999 University Corridor/Sycamore Canyon Merged Project Area, Tax Allocation Bonds, Series A; \$6,205 serial bonds, 3.4% to 4.7% due in annual installments from \$40 to \$570 through August 1, 2014; \$4,810 term bonds at 4.75% due August 1, 2021; and \$6,010 term bonds at 5.0% due August 1, 2027

\$13,885

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Fiscal Year Ended June 30, 2009

(amounts expressed in thousands)

	<u>Principal Outstanding</u>		<u>Principal Outstanding</u>
\$2,975 Arlington Redevelopment Project, 2004 Tax Allocation Bonds, Series B: 5.5% due in annual installments from \$85 to \$235 through August 1, 2024.	2,605	\$9,110 Downtown/Airport Redevelopment Project Tax 2007 Allocation Bonds, Series B: \$910 term bonds at 5.19% due August 1, 2017; \$8,200 term bonds at 5.82% due August 1, 2028.	9,110
\$24,115 Housing Set-Aside Tax Allocation Bonds; \$17,025 serial bonds 3.0% to 4.625% due in annual installments from \$505 to \$1,215 through August 1, 2025; \$2,425 term bonds at 5.0% due August 1, 2028; and \$4,665 term bonds at 4.85% due August 1, 2034.	21,850	\$11,910 Arlington Redevelopment Project 2007 Tax Allocation Bonds, Series C; \$630 term bonds at 5.0%; \$3,415 term bonds at 4.5% August 1, 2030; \$7,865 term bonds at 5.0% due August 1, 2037.	11,910
\$7,310 Casa Blanca Redevelopment Project, 2007 Tax Allocation Bonds, Series A: \$2,485 serial bonds, 4.0% to 4.25% due in annual installments from \$380 to \$555 through August 1, 2025; \$4,825 term bonds at 4.50% due August 1, 2029.	7,310	\$7,140 Arlington Redevelopment Project 2007 Tax Allocation Bonds, Series D; \$3,215 term bonds at 5.24% due August 1, 2017; \$3,925 term bonds at 5.89% due August 1, 2026.	6,890
\$5,740 Casa Blanca Redevelopment Project Tax 2007 Allocation Bonds, Series B: \$3,140 term bonds at 5.19% due August 1, 2017; \$2,600 term bonds at 5.82% due August 1, 2027	5,465	\$23,500 Hunter Park/Northside Redevelopment Project 2007 Tax Allocation Bonds, Series C; \$9,660 serial bonds at 3.5% to 5.0% due in annual installments from \$385 to \$845 through August 1, 2025; \$4,845 term bonds at 4.5% due August 1, 2030; \$8,995 term bonds at 5.0% due August 1, 2037.	23,500
\$1,030 Downtown/Airport Redevelopment Project, 2007 Tax Allocation Bonds, Series A: \$465 serial bonds, 4.0% to 4.25% due in annual installments from \$20 to \$35 through August 1, 2025; \$155 term bonds at 4.50% due August 1, 2029; \$410 term bonds at 4.375% due August 1, 2037.	1,010	\$845 Hunter Park/Northside Redevelopment Project 2007 Tax Allocation Bonds, Series D; \$845 term bonds at 5.24% due August 1, 2010.	455

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

(amounts expressed in thousands)

	<u>Principal Outstanding</u>		<u>Principal Outstanding</u>
\$39,105 La Sierra/Arlanza Redevelopment Project 2007 Tax Allocation Bonds, Series C; \$12,035 term bonds at 5.0% August 1, 2025; \$9,485 term bonds at 4.5% due August 1, 2030; \$17,585 term bonds at 5.0% due August 1, 2037.	39,105	\$15,380 University Corridor/Sycamore Canyon Redevelopment Project 2007 Tax Allocation Bonds, Series D; \$470 term bonds at 5.24% due August 1, 2017; \$14,910 term bonds at 5.89% due August 1, 2032.	
		Subtotal	<u>15,365</u>
\$8,135 La Sierra/Arlanza Redevelopment Project 2007 Tax Allocation Bonds, Series D; \$8,135 term bonds at 5.24% due August 1, 2017.	7,430	Unamortized bond premium	<u>5,731</u>
		Total	<u>\$257,541</u>
		<u>Revenue Bonds</u>	
\$5,070 Magnolia Center Redevelopment Project 2007 Tax Allocation Bonds, Series C; \$70 serial bonds at 3.5% to 5.0% due in annual installment of \$5 through August 1, 2025; \$40 term bonds at 4.5% due August 1, 2030; \$4,960 term bonds at 5.0% due August 1, 2037.	5,065	\$13,285 1991 Public Financing Authority Revenue Bonds, Series A, Multiple Project Areas: \$1,470 serial bonds, 7.15% to 7.60%, due in annual installments from \$100 to \$145 through February 1, 2003; \$4,175 term bonds, 8.00%, due in annual installments from \$155 to \$450 through February 1, 2018 (portion not refunded).	\$ 160
\$12,375 Magnolia Center Redevelopment Project 2007 Tax Allocation Bonds, Series D; \$3,075 term bonds at 5.24% due August 1, 2017; \$9,300 term bonds at 5.89% due August 1, 2032.	12,135	\$1,465 California Statewide Communities Development Authority 2005 Taxable Revenue Bonds, Series A (DRA/ERAF Loan Program); 3.87% to 5.01% due in annual installments of \$105 to \$180 through August 1, 2015	
\$9,620 University Corridor/Sycamore Canyon Redevelopment Project 2007 Tax Allocation Bonds, Series C; \$1,080 serial bonds at 3.5% to 5.0% due in annual installment from \$45 to \$80 through August 1, 2025; \$170 term bonds at 4.5% due August 1, 2030; \$8,370 term bonds at 5.0% due August 1, 2036.	9,575	Total	<u>1,105</u> <u>\$1,265</u>

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

(amounts expressed in thousands)

	<u>Principal Outstanding</u>	Annual debt service requirements to maturity for Bonds Payable, as of June 30, 2009, are as follows:			
		<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Lease Revenue Bonds</u>					
\$26,255 2003 Downtown/Airport Project Area, California Tower Project Series A, Tax Exempt Bonds: 2.0% to 5.0% due in annual installments from \$545 to \$2,230 through October 1, 2024.	\$22,330	2010	\$6,625	\$13,670	\$20,295
		2011	6,925	13,380	20,305
		2012	7,235	13,072	20,307
		2013	7,565	12,753	20,317
		2014	7,920	12,411	20,331
		2015-2019	45,695	56,073	101,768
		2020-2024	61,015	42,744	103,759
		2025-2029	58,175	26,736	84,911
		2030-2034	45,205	13,826	59,031
		2035-2039	32,925	3,110	36,035
		Premium	6,458	0	6,458
		Total	\$285,743	\$207,775	\$493,517
\$4,810 2003 Downtown/Airport Project Area, California Tower Project Series B, Taxable Bonds: \$310 serial bonds 1.2% to 1.42% through October 1, 2004; \$620 term bonds at 3.090% due October 1, 2008; \$1,110 term bonds at 4.340% due October 1, 2014 and \$2,770 term bonds at 5.480% due October 1, 2024.					
	<u>3,880</u>				
Subtotal	26,210				
Unamortized Bond Premium	<u>727</u>				
Total	<u>\$26,937</u>				
Total Bonds Payable	<u>\$285,743</u>				

The Redevelopment Agency has a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The purpose, amount, and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in Note 6. For the current year, debt service payments as a percentage of the pledged net revenue are indicated in the table below. The debt service coverage ratios also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment:

Description of Pledged Revenue	Annual Pledged Revenue (Net)	Annual Debt Service Payments (all debt secured by revenue)	Debt Service Coverage Ratio for FYE 6/30/09
Tax Increment:			
Non-Housing	\$42,659	\$15,440	2.76
Housing	\$7,611	\$2,776	2.74

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

(amounts expressed in thousands)

Advances from the City of Riverside

All advances from the City accrue interest at 4.34%; the rate earned by the City's pooled investments at June 30, 2009.

A schedule of the advances and related accrued but unpaid interest due to the City at June 30, 2009, follows:

	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
Downtown/Airport Project - \$728 advance of April 1, 2008, due April 1, 2013.	\$600	\$7	\$ 607
Downtown/Airport Project - \$5,000 advance of April 1, 2008, due April 1, 2028.	4,860	50	4,910
Downtown/Airport Project - \$5,400 advance of October 1, 2006, due October 1, 2011.	5,400	599	5,999
Downtown/Airport Project - \$4,800 advance of March 1, 2008, due March 1, 2011	4,800	469	5,269
Downtown/Airport Project - \$3,679 advance of May 1, 2008, due May 1, 2011	<u>3,679</u>	<u>339</u>	<u>4,018</u>
Subtotal	<u>19,339</u>	<u>1,464</u>	<u>20,803</u>

Multiple Projects - \$795

Pension Obligations advance of June 30, 2009, due June 1, 2020 from the following projects:

	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
Arlington	41	3	44
Casa Blanca	82	5	87
Magnolia Center	24	2	26
Hunter Park/Northside	7	1	8
University Corridor/Sycamore Canyon	190	13	203
Downtown/Airport	<u>355</u>	<u>23</u>	<u>378</u>
Subtotal	<u>699</u>	<u>47</u>	<u>746</u>
Total	<u>\$20,038</u>	<u>\$1,511</u>	<u>\$21,549</u>

Note 7. Risk Management Self Insurance Program

The Agency participates in a self-insurance program for Workers' Compensation and General Liability coverage, which is administered by the City. The Agency pays an amount to the City representing an estimate of amounts to be paid for reported claims and incurred and unreported claims based upon past experience, modified for current trends and information.

While the ultimate losses incurred through June 30, 2009, are dependent upon future developments, the Agency's management believes that amounts paid are sufficient to cover such losses. Premiums paid by the Agency for the year ended June 30, 2009, were \$37 and were allocated to the project areas.

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2009

(amounts expressed in thousands)

There were no claims settled during fiscal years 2008 and 2009 above the self-insured amounts.

Citywide information concerning risks, insurance policy limits and deductibles and designation of general fund balance for risks for the year ended June 30, 2009, may be found in the notes of the City's "Comprehensive Annual Financial Report."

Note 8. Employees' Retirement Plans

Agency employees are covered under the City's participation in the State of California's Public Employees Retirement System (CalPERS).

All permanent full-time and selected part-time Agency employees are eligible for participation in CalPERS. Benefits vest after five years of service and are determined by a formula that considers the employee's age, years of service and salary. Employees may retire at age 55 and receive 2.7% of their highest average annual salary for each year of service completed. CalPERS also provides death and disability benefits. These benefit provisions and all other requirements are established by State statute and City ordinance. Employee contributions are 8% and are paid by the Agency. The Agency is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the CalPERS actuaries and actuarial consultants and adopted by the Board of Administration. Contributions made for Agency employees were \$510 for the year ended June 30, 2009.

Citywide information concerning elements of unfunded pension benefit obligation, contributions to CalPERS for the year ended

June 30, 2009, and recent trend information may be found in the notes of the City's "Comprehensive Annual Financial Report".

Note 9. Commitments and Litigation

Commitments

The Agency is committed to incur construction, relocation and other redevelopment costs under various Developer Disposition Agreements (DDA's), Owner Participation Agreements (OPA's) and Financial Loan Guaranties related to the implementation of redevelopment plans. The Agency has included approximately \$130,332 in the Fiscal Year 2009/2010 Budget relating to these commitments.

Litigation

The Agency is a defendant in various claims and legal actions arising in the normal course of operations. Management, based in part on the opinion of the Agency's outside legal counsel, does not believe the ultimate liability from such actions and claims will have a material adverse effect on the Agency's financial position or operations.

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009
(amounts expressed in thousands)

Assets	Special Revenue									Totals
	Arlington	Casa Blanca	Eastside	Magnolia Center	Hunter Park/ Northside	Downtown/ Airport	University Corridor/ Sycamore Canyon	La Sierra/ Arlanza	Rehabilitation	
Cash and investments	\$ 599	\$ 243	\$ 64	\$ 369	\$ 1,343	\$ 1,239	\$ 6,915	\$ 12,316	\$ 388	\$ 23,476
Cash and investments at fiscal agent	-	-	-	-	-	386	-	-	-	386
Interest receivable	3	1	-	2	13	-	52	91	3	165
Accounts receivable, net	-	-	-	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-	-	-	-
Rehabilitation loans receivable	952	1,880	-	3,864	-	2,009	3,644	-	32	12,381
Due from other funds	-	-	-	-	-	-	-	-	-	-
Land and improvements held for resale	-	-	-	-	-	8,478	136	1,977	-	10,591
Total assets	\$ 1,554	\$ 2,124	\$ 64	\$ 4,235	\$ 1,356	\$ 12,112	\$ 10,747	\$ 14,384	\$ 423	\$ 46,999
Liabilities and fund balances										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 15	\$ 21	\$ 27	\$ 9	\$ -	\$ 72
Deferred revenues	952	1,880	-	3,864	-	2,138	3,624	-	-	12,458
Deposits	-	-	-	-	-	16	10	-	-	26
Due to other funds	-	-	-	-	-	1	-	-	-	1
Total liabilities	952	1,880	-	3,864	15	2,176	3,661	9	-	12,557
Fund balances:										
Reserved for encumbrances	-	9	-	12	106	641	46	86	-	900
Reserved for loans receivable	-	-	-	-	-	-	20	-	32	52
Reserved for land and improvements held for resale	-	-	-	-	-	8,478	136	1,977	-	10,591
Reserved for debt service	-	-	-	-	-	-	-	-	-	-
Unreserved, designated for future operations	84	1	-	-	2	488	6,273	6,343	-	13,191
Unreserved, undesignated	518	234	64	359	1,233	329	611	5,969	391	9,708
Total fund balances	602	244	64	371	1,341	9,936	7,086	14,375	423	34,442
Total liabilities and fund balances	\$ 1,554	\$ 2,124	\$ 64	\$ 4,235	\$ 1,356	\$ 12,112	\$ 10,747	\$ 14,384	\$ 423	\$ 46,999

(continued)

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009
(amounts expressed in thousands)

Debt Service						
Assets	Arlington	Casa Blanca	Eastside	Magnolia Center	Hunter Park/ Northside	Totals
Cash and investments	\$ 1,307	\$ 1,642	\$ 515	\$ 872	\$ 1,018	\$ 5,354
Cash and investments at fiscal agent	816	353	32	180	-	1,381
Interest receivable	15	11	3	8	20	57
Accounts receivable, net	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-
Rehabilitation loans receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Land and improvements held for resale	-	-	-	-	-	-
Total assets	\$ 2,138	\$ 2,006	\$ 550	\$ 1,060	\$ 1,038	\$ 6,792
Liabilities and fund balances						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenues	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Due to other funds	2	-	-	-	1	3
Total liabilities	2	-	-	-	1	3
Fund balances:						
Reserved for encumbrances	-	-	-	-	-	-
Reserved for loans receivable	-	-	-	-	-	-
Reserved for land and improvements held for resale	-	-	-	-	-	-
Reserved for debt service	810	344	28	179	-	1,361
Unreserved, designated for future operations	-	-	-	-	-	-
Unreserved, undesignated	1,326	1,662	522	881	1,037	5,428
Total fund balances	2,136	2,006	550	1,060	1,037	6,789
Total liabilities and fund balances	\$ 2,138	\$ 2,006	\$ 550	\$ 1,060	\$ 1,038	\$ 6,792

(continued)

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009
(amounts expressed in thousands)

Assets	Capital Projects Funds						Total Nonmajor Funds
	Arlington	Casa Blanca	Eastside	Magnolia Center	Hunter Park/ Northside	Totals	
Cash and investments	\$ 3,728	\$ 3,047	\$ 43	\$ 2,648	\$ 5,243	\$ 14,709	\$ 43,539
Cash and investments at fiscal agent	16,231	15,241	-	5,272	17,558	54,302	56,069
Interest receivable	14	18	-	14	12	58	280
Accounts receivable, net	-	-	-	-	6	6	6
Intergovernmental receivables	13	-	-	-	481	494	494
Rehabilitation loans receivable	-	177	-	-	25	202	12,583
Due from other funds	2	-	-	-	1	3	3
Land and improvements held for resale	4,681	1,221	-	11,308	3,384	20,594	31,185
Total assets	\$ 24,669	\$ 19,704	\$ 43	\$ 19,242	\$ 26,710	\$ 90,368	\$ 144,159
Liabilities and fund balances							
Liabilities:							
Accounts payable	\$ 1,213	\$ 359	\$ -	\$ 590	\$ 1,609	\$ 3,771	\$ 3,843
Deferred revenues	-	-	-	-	25	25	12,483
Deposits	-	-	-	-	-	-	26
Due to other funds	-	-	-	-	-	-	4
Total liabilities	1,213	359	-	590	1,634	3,796	16,356
Fund balances:							
Reserved for encumbrances	297	86	-	61	1,131	1,575	2,475
Reserved for loans receivable	-	177	-	-	-	177	229
Reserved for land and improvements held for resale	4,681	1,221	-	11,308	3,384	20,594	31,185
Reserved for debt service	-	-	-	-	-	-	1,361
Unreserved, designated for future operations	15,722	14,973	-	5,036	17,522	53,253	66,444
Unreserved, undesignated	2,756	2,888	43	2,247	3,039	10,973	26,109
Total fund balances	23,456	19,345	43	18,652	25,076	86,572	127,803
Total liabilities and fund balances	\$ 24,669	\$ 19,704	\$ 43	\$ 19,242	\$ 26,710	\$ 90,368	\$ 144,159

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (ACCUMULATED DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2009
(amount expressed in thousands)

	Special Revenue									
	Arlington	Casa Blanca	Eastside	Magnolia Center	Hunter Park/ Northside	Downtown/ Airport	University Corridor/ Sycamore Canyon	La Sierra/ Aranza	Rehabilitation	Totals
Revenues:										
Tax increment	\$ 1,108	\$ 728	\$ 28	\$ 652	\$ 2,945	\$ 246	\$ 2,631	\$ 4,756	\$ -	\$ 13,094
Interest	8	5	3	13	2	51	449	799	12	1,342
Intergovernmental	-	-	-	-	-	152	-	-	-	152
Miscellaneous	71	8	2	-	-	295	2	-	-	378
Total revenues	<u>1,187</u>	<u>741</u>	<u>33</u>	<u>665</u>	<u>2,947</u>	<u>744</u>	<u>3,082</u>	<u>5,555</u>	<u>12</u>	<u>14,966</u>
Expenditures:										
Current:										
Salaries and administrative	217	145	1	121	267	442	297	647	-	2,137
Professional services	39	31	-	18	38	44	45	27	-	242
Property acquisitions	-	-	-	-	-	6	535	9	-	550
Relocation costs	-	-	-	-	-	52	8	-	-	60
Site clearance costs	-	-	-	-	-	-	-	-	-	-
Project improvement	84	3	-	-	32	722	78	394	-	1,313
Pass-through agreement	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>340</u>	<u>179</u>	<u>1</u>	<u>139</u>	<u>337</u>	<u>1,266</u>	<u>963</u>	<u>1,077</u>	<u>-</u>	<u>4,302</u>
Excess(deficiency) of revenues over(under) expenditures	847	562	32	526	2,610	(522)	2,119	4,478	12	10,664
Other financing sources(uses):										
Transfers in	-	-	-	-	-	4,051	715	2,203	-	6,969
Transfers out	(1,196)	(800)	-	(162)	(1,715)	(1,436)	(1,930)	(2,500)	-	(9,739)
Advances to the City	(62)	(39)	-	(34)	(118)	-	(78)	(230)	-	(561)
Advances from the City	56	35	-	30	106	-	71	208	-	506
Loss on sale of assets held for resale	(300)	-	-	-	-	(4,013)	(368)	-	-	(4,681)
Total other financing sources(uses)	<u>(1,502)</u>	<u>(804)</u>	<u>-</u>	<u>(166)</u>	<u>(1,727)</u>	<u>(1,398)</u>	<u>(1,590)</u>	<u>(319)</u>	<u>-</u>	<u>(7,506)</u>
Net change in fund balances	(655)	(242)	32	360	883	(1,920)	529	4,159	12	3,158
Fund balances, July 1	1,257	486	32	11	458	11,856	6,557	10,216	411	31,284
Fund balances, June 30	<u>\$ 602</u>	<u>\$ 244</u>	<u>\$ 64</u>	<u>\$ 371</u>	<u>\$ 1,341</u>	<u>\$ 9,936</u>	<u>\$ 7,086</u>	<u>\$ 14,375</u>	<u>\$ 423</u>	<u>\$ 34,442</u>

(continued)

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE

(a component unit of the City of Riverside, California)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (ACCUMULATED DEFICIT)

NONMAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2009

(amount expressed in thousands)

	Debt Service					
	Arlington	Casa Blanca	Eastside	Magnolia Center	Hunter Park/ Northside	Totals
Revenues:						
Tax increment	\$ 4,431	\$ 2,913	\$ 113	\$ 2,609	\$ 5,951	\$ 16,017
Interest	110	73	30	52	83	348
Intergovernmental	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>4,541</u>	<u>2,986</u>	<u>143</u>	<u>2,661</u>	<u>6,034</u>	<u>16,365</u>
Expenditures:						
Current:						
Salaries and administrative	56	37	2	34	78	207
Professional services	8	8	2	3	3	24
Property acquisitions	-	-	-	-	-	-
Relocation costs	-	-	-	-	-	-
Site clearance costs	-	-	-	-	-	-
Project improvement	-	-	-	-	-	-
Pass-through agreement	-	-	-	-	-	-
Debt service:						
Principal	507	900	11	312	390	2,120
Interest	1,501	1,396	14	1,058	1,155	5,124
Total expenditures	<u>2,072</u>	<u>2,341</u>	<u>29</u>	<u>1,407</u>	<u>1,626</u>	<u>7,475</u>
Excess of revenues over(under) expenditures	<u>2,469</u>	<u>645</u>	<u>114</u>	<u>1,254</u>	<u>4,408</u>	<u>8,890</u>
Other financing sources(uses):						
Transfers in	283	400	-	162	-	845
Transfers out	(3,245)	(1,365)	-	(1,707)	(4,898)	(11,215)
Advances to the City	-	-	-	-	-	-
Advances from the City	-	-	-	-	-	-
Loss on sale of assets held for resale	-	-	-	-	-	-
Total other financing sources(uses)	<u>(2,962)</u>	<u>(965)</u>	<u>-</u>	<u>(1,545)</u>	<u>(4,898)</u>	<u>(10,370)</u>
Net change in fund balances	<u>(493)</u>	<u>(320)</u>	<u>114</u>	<u>(291)</u>	<u>(490)</u>	<u>(1,480)</u>
Fund balances, July 1	<u>2,629</u>	<u>2,326</u>	<u>436</u>	<u>1,351</u>	<u>1,527</u>	<u>8,269</u>
Fund balances(deficits), June 30	<u>\$ 2,136</u>	<u>\$ 2,006</u>	<u>\$ 550</u>	<u>\$ 1,060</u>	<u>\$ 1,037</u>	<u>\$ 6,789</u>

(continued)

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE

(a component unit of the City of Riverside, California)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (ACCUMULATED DEFICIT)

NONMAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2009

(amount expressed in thousands)

	Capital Projects Funds					Totals	Total Nonmajor Funds
	Arlington	Casa Blanca	Eastside	Magnolia Center	Hunter Park/ Northside		
Revenues:							
Tax increment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,111
Interest	517	644	3	254	667	2,085	3,775
Intergovernmental	-	-	-	-	58	58	210
Miscellaneous	14	-	-	27	68	109	487
Total revenues	531	644	3	281	793	2,252	33,583
Expenditures:							
Current:							
Salaries and administrative	815	657	-	456	1,287	3,215	5,559
Professional services	77	27	-	33	101	238	504
Property acquisitions	1	-	-	128	846	975	1,525
Relocation costs	-	-	-	3	-	3	63
Site clearance costs	11	-	-	-	-	11	11
Project improvement	992	1,888	-	518	3,767	7,165	8,478
Pass-through agreement	1,058	556	-	588	1,646	3,848	3,848
Debt service:							
Principal	-	-	-	-	-	-	2,120
Interest	-	-	-	-	-	-	5,124
Total expenditures	2,954	3,128	-	1,726	7,647	15,455	27,232
Excess(deficiency) of revenues over(under) expenditures	(2,423)	(2,484)	3	(1,445)	(6,854)	(13,203)	6,351
Other financing sources(uses):							
Transfers in	3,245	1,364	-	1,707	4,898	11,214	19,028
Transfers out	(900)	-	-	-	-	(900)	(21,854)
Advances to the City	-	-	-	-	-	-	(561)
Advances from the City	-	-	-	-	-	-	506
Loss on sale of assets held for resale	(721)	-	-	-	-	(721)	(5,402)
Total other financing sources(uses) before special item	1,624	1,364	-	1,707	4,898	9,593	(8,283)
Net change in fund balances	(799)	(1,120)	3	262	(1,956)	(3,610)	(1,932)
Fund balances, July 1	24,255	20,465	40	18,390	27,032	90,182	129,735
Fund balances, June 30	\$ 23,456	\$ 19,345	\$ 43	\$ 18,652	\$ 25,076	\$ 86,572	\$ 127,803

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
CALCULATION OF EXCESS SURPLUS IN THE LOW AND MODERATE INCOME HOUSING FUND
June 30, 2009

(in thousands)

Fund Balance, June 30, 2009		\$34,442
Less Unavailable Amounts:		
Encumbrances	\$886	
Rehabilitation loans	52	
Land and improvements held for resale	10,591	
Unspent debt proceeds	<u>386</u>	<u>(11,915)</u>
Available Low and Moderate Income Housing Funds		22,527
Limitation (greater of \$1,000 or four years set-aside)		
Set-aside for last four years		
2007-2008	12,889	
2006-2007	9,961	
2005-2006	7,045	
2004-2005	<u>4,248</u>	<u>(34,143)</u>
Excess(Deficit) of Available Low and Moderate Income Housing Funds Over(Under) Limitation		<u><u>(\$11,616)</u></u>
Computed Excess Surplus, June 30, 2009		<u><u>\$0</u></u>



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Board of Directors
Redevelopment Agency of the City of Riverside
Riverside, California

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Redevelopment Agency of the City of Riverside (the Agency) as of and for the year ended June 30, 2009, which collectively comprise the Redevelopment Agency of the City of Riverside's basic financial statements, and have issued our report thereon dated October 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions included those provisions of laws and regulations identified in the *Guidelines for Comptroller Audits of California Redevelopment Agencies*, issued by the State Controller and as interpreted in the *Suggested Auditing procedures for Accomplishing Compliance Audits of California Redevelopment Agencies*, issued by the Governmental Accounting and Auditing committee of the California Society of Certified Public Accountants. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we did note an immaterial instance of noncompliance where a parcel of land held for resale purchased with low and moderate income housing funds was held beyond five years.



Board of Directors
Redevelopment Agency of the City of Riverside
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Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the Finance Committee, Board of Directors and management and is not intended to be, and should not be, used by anyone other than those specified parties.

Mayer Hoffman Mc Cann P.C.

San Jose, California
October 29, 2009