

**AGENDA**

**STANISLAUS COUNTY REDEVELOPMENT AGENCY**

**1010 10TH STREET, BASEMENT LEVEL, MODESTO**

**DECEMBER 11, 2007**

**9:15 A.M.**

- I. CALL TO ORDER**
- II. CONSENT CALENDAR (Those items marked with an \*)**
- III. APPROVAL OF MINUTES**
  - \* A. Minutes of August 28, 2007.
- IV. CORRESPONDENCE**
  - A. None.
- V. PUBLIC HEARINGS**
  - A. None.
- VI. AGENDA ITEMS**
  - \* A. Approval to Authorize the Expenditure of \$60,000 of Housing Set-Aside Funds for the Purchase of One (1) Single-Family Residential Lot in the Airport Neighborhood.
  - B. Acceptance of the 2006/07 Financial Report Including the Annual Audit of the Stanislaus County Redevelopment Agency to the Board of Supervisors as Required by Health and Safety Code Section 33080.1 and the Acceptance of the 2006/07 Redevelopment Agency Activities Report.
- VII. PUBLIC FORUM**
- VIII. ADJOURNMENT**

## MINUTES

### STANISLAUS COUNTY REDEVELOPMENT AGENCY

AUGUST 28, 2007

The Stanislaus County Redevelopment Agency met in the Joint Chambers at 10th Street Place, Basement Level, 1010 10<sup>th</sup> Street, Modesto, California.

#### I. CALL TO ORDER

The meeting was called to order at 9:24 a.m.

Members present: William O'Brien, Jim DeMartini, Jeff Grover, Tom Mayfield and Dick Monteith.

Members absent: None

Staff present: Ron Freitas, Executive Director  
Nancy Brown, Deputy Director

#### II. CONSENT CALENDAR (\*)

Upon motion by Agency members Grover/Mayfield, Agency unanimously approved the Consent Calendar.

#### III. APPROVAL OF MINUTES

\*A. Upon motion by Agency members Grover/Mayfield, the Agency approved the minutes of June 26, 2007.

#### IV. CORRESPONDENCE

A. None

#### V. PUBLIC HEARINGS

A. None.

#### VI. AGENDA ITEMS

\*A. Upon motion by Agency members Grover/Mayfield, the Agency approved the agreement with Computer Tutor to provide a Workforce Development Training Program to the Redevelopment Area with \$20,000 from the 2007-08 Budget; and, authorized the Executive Director to sign and negotiate on behalf of the Agency.

\*B. Upon motion by Agency members Monteith/Grover, the Agency authorized the expenditure of \$240,000 of Housing Set-Aside funds for the purchase of three single-family residential lots in the Airport Neighborhood Redevelopment sub-area.

**VII. PUBLIC FORUM**

A. No persons spoke.

**VIII. ADJOURNMENT**

The meeting adjourned at 9:27 a.m



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Ron E. Freitas  
Executive Director

SITTING AS THE REDEVELOPMENT AGENCY  
THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
ACTION AGENDA SUMMARY

DEPT: Redevelopment Agency

BOARD AGENDA # 9:15 a.m. \*VI-A

Urgent

Routine

AGENDA DATE December 11, 2007

CEO Concurs with Recommendation YES  NO

4/5 Vote Required YES  NO

(Information Attached)

SUBJECT:

Approval to Authorize the Expenditure of \$60,000 of Housing Set-Aside funds for the Purchase of One (1) Single-Family Residential Lot in the Airport Neighborhood

STAFF RECOMMENDATIONS:

Authorize the expenditure of \$60,000 of Housing Set-Aside funds for the purchase of one (1) single-family residential lot in the Airport Neighborhood Redevelopment sub-area.

FISCAL IMPACT:

There will be an impact of \$60,000 to the Housing Set-Aside fund. This is a budgeted activity and there are funds available.

BOARD ACTION AS FOLLOWS:

No. 2007-965

On motion of Supervisor Grover, Seconded by Supervisor DeMartini

and approved by the following vote,

Ayes: Supervisors: Grover, Monteith, DeMartini, and Chairman O'Brien

Noes: Supervisors: None

Excused or Absent: Supervisors: Mayfield

Abstaining: Supervisor: None

1) X Approved as recommended

2) \_\_\_\_\_ Denied

3) \_\_\_\_\_ Approved as amended

4) \_\_\_\_\_ Other:

MOTION:

ATTEST:

  
CHRISTINE FERRARO TALLMAN, Clerk

File No.

Authorize the Expenditure of \$60,000 of Housing Set Aside Funds for the Purchase of One  
(1) Single- Family Residential Lot in the Airport Neighborhood  
Page 2

**DISCUSSION:**

State Redevelopment law set forth under the California Community Redevelopment Law (Health and Safety Code 33000) requires that a minimum 20% of tax increment revenues be allocated for affordable housing activities. When this agency was created, it adopted a 25% allocation for affordable housing activities.

Whenever possible, partnerships are developed to facilitate the implementation of these activities. One partnership that is producing homes for very low income people is with Habitat for Humanity. The County, as well as its Redevelopment Agency, have facilitated the purchase of Eight (8) lots previously.

Funds have been allocated from the 2007-08 Budget for property acquisition. Once the property is purchased, County will subordinate its position for purposes of construction, if required. At the end of sale, County will hold a silent lien for the amount used to purchase the property. This amount will be due upon first sale.

The subject property is located in the Airport Neighborhood District- redevelopment sub-area. An appraisal was ordered (See Attachment B). The appraisal estimates the value of the property at \$100,000. However, the lot will be purchased at \$50,000, less than the appraised value. An additional \$10,000 will be utilized for title transfer fees, architectural and engineering activities and other pre-development activities associated with the development of the home. The total request for the funding of the one (1) property is \$60,000. A letter requesting County assistance has been received from Habitat for Humanity is included as Attachment A.

Habitat will evaluate applications of interested partner families, make their selection and begin the process of home building using sweat equity as the greatest investment (500 hours) of the partner family. Once constructed, the partner family will be responsible for a mortgage amount that has been determined based on family income. However, there will be a second party lien in the amount that equals the difference of the mortgage and the appraised value. This lien will be held by Habitat. Stanislaus County will be in third position with its land purchase assistance.

**POLICY ISSUES:**

The recommendation made herein address Safe, Healthy Communities by investing with sweat equity to realize the revitalization of a neighborhood.

**STAFFING IMPACT:**

None.

**ATTACHMENTS:**

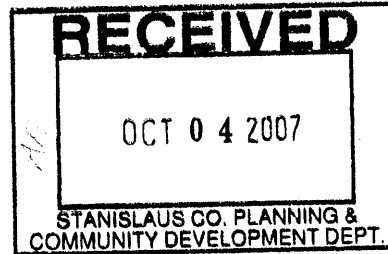
- A. Request for Funds from Habitat for Humanity
- B. Appraisal for 510 Benson, Modesto, CA 95354



**Habitat  
for Humanity®**  
Stanislaus County

630 Kearney Avenue  
Modesto, CA 95350-5714  
Phone: (209) 575-4585  
Fax: (209) 575-0755  
www.stanislaushabitat.org

*Building Homes,  
Building Hope,  
Building Communities,  
One Nail at a Time...*



October 2, 2007

Anna Rocha  
Stanislaus County Redevelopment Agency  
1010 10<sup>th</sup> Street, Suite 3400  
Modesto, CA 95354

**Executive Director**  
Anita Hellam

**Board of Directors**  
Alan Cassidy, Pres.  
Steve Veglia, Vice Pres.  
Sandell McLaughlin, Sec.  
Meredith Hamilton, Treas.  
Michael Downen, Past Pres.  
Mary Baucher  
Chris Courtney  
Toni Ewoldt  
Knowledge Hardy  
Chris Harrigfeld  
Karna Harrigfeld  
Hal Leech  
Will Leighton  
Steve Madison  
Rene Patterson  
Dean Petrulakis  
Ben Reuben  
John Simvoulakis  
Gloria Vincent

**Advisory Board**  
Rosa Bahamonde  
Sally Shepherd Lindberg  
George Petrulakis  
Ruth Sesser  
Tom Van Groningen  
Adam Christianson

Re: Request for Funds – Airport Neighborhood

Dear Ms. Rocha:

Habitat for Humanity, Stanislaus County is requesting funds in the amount of \$60,000.00 to purchase a single lot, (identifiable by Assessor's Parcel # 035-038-005 510 Benson Avenue, Modesto, CA 95354) and to move an existing two-bedroom home (a gift from E&J Gallo) from a nearby site, for the purpose of developing a single-family affordable home.

We have recently initiated discussions with G-3, a company associated with Gallo. Habitat was approached about the possibility of acquiring, rehabilitating and selling several properties currently owned by Gallo. This proposed purchase is the fifth of several anticipated transactions to take place should the County and the Board of Supervisors find this a viable project. Habitat feels this is an excellent opportunity to improve the Airport neighborhood through homeownership and revitalization. The work is well within our current capacity.

An appraisal is scheduled for later this week. It will be forwarded to you as soon as possible. We anticipate the vacant parcel will be valued at more than the asking price of \$50,000. With the scarcity of affordable land in our area, this creates an opportunity that we have not had in recent years.

Ten thousand dollars is requested for the relocation of a home in the airport neighborhood. This is a home that was slated for demolition. Our construction crew found that the structure, which is built of solid redwood, would be a benefit to our organization. E & J Gallo has gifted the home to Habitat. We do not have the funds to move the home and request your assistance.

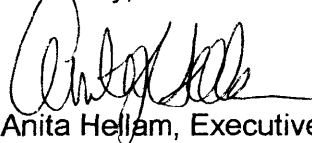
Our Family Selection Committee has several qualified families to choose from should this project move forward. A very low-income family (earning between 30-55% of AMI) will be sold the property once the house has been completed. Information regarding the family size, income and supporting information will be forwarded to you as soon as I have it.

Should funding for the acquisition of these lots be provided by Stanislaus County's Redevelopment Department, Habitat for Humanity, Stanislaus would be able to avoid tying up precious funds on lot procurement. Our resources will go toward construction costs, allowing us to build at a faster rate.

As a faith based, nonprofit organization with 501 (c)(3) status, our mission is to bring people together from all walks of life; to work in partnership with families in need; and to help eliminate poverty housing in our communities and worldwide. We pledged to the letter and spirit of U.S. policy for the achievement of equal housing. We serve families earning between 30-55% of the AMI (area median income) by providing permanent housing solutions to families with very few housing options available. Using volunteer labor and donated building materials, we are able to keep building costs low. The volunteer construction crews work together on weekends, and during the week when possible. Our partner families, in turn, agree to pay back the construction costs in monthly mortgage payments, scheduled over a period of time that never creates a cost burden. Furthermore, we make no profit and charge no interest. The mortgage payments are then recycled and used to construct more affordable housing.

I am hopeful you will be able to grant our request. Redevelopment funds will be put to excellent use on this project. If you have any questions or comments, please feel free to call me at (209) 575-4585 extension 105.

Sincerely,



Anita Hellam, Executive Director

Habitat for Humanity, Stanislaus

cc: Board of Directors

FROM:		<b>INVOICE</b>	
ANDY STANISLAUS APPRAISERS P.O. BOX 1993 CERES, CA 95307		<b>INVOICE NUMBER</b>	
Telephone Number: (209)537-5331 Fax Number: (209)537-2767		13,974	
		<b>DATE</b>	
		10/3/2007	
		<b>REFERENCE</b>	
<b>TO:</b>		Internal Order #: 13,974	
GALLO GLASS CO. 605 S SANTA CRUZ AVENUE MODESTO, CA 95354		Lender Case #: GALLO	
Telephone Number: Fax Number:		Client File #:	
Alternate Number: E-Mail:		Main File # on form: 13,974	
		Other File # on form: GALLO GLASS	
		Federal Tax ID:	
		Employer ID:	
DESCRIPTION			
Lender: GALLO GLASS CO.		Client: GALLO GLASS CO.	
Purchaser/Borrower: HABITAT FOR HUMANITY			
Property Address: 510 BENSON AVENUE			
City: MODESTO			
County: STANISLAUS		State: CA	Zip: 95354
Legal Description: LOT 15 BLK 2078 POR SIERRA SUBD. NO.2			
FEES			AMOUNT
LAND APPRAISAL			175.00
SUBTOTAL			175.00
PAYMENTS			AMOUNT
Check #:	Date:	Description:	
Check #:	Date:	Description:	
Check #:	Date:	Description:	
SUBTOTAL			0.00
TOTAL DUE			\$ 175.00



**LAND APPRAISAL REPORT**

**IDENTIFICATION**

Borrower HABITAT FOR HUMANITY Census Tract 21.00 Map Reference 548 D2  
 Property Address 510 BENSON AVENUE  
 City MODESTO County STANISLAUS State CA Zip Code 95354  
 Legal Description LOT 15 BLK 2078 POR SIERRA SUBD. NO.2  
 Sale Price \$ N/A Date of Sale N/A Loan Term N/A yrs. Property Rights Appraised  Fee  Leasehold  De Minimis PUD  
 Actual Real Estate Taxes \$ 146.92 (yr) Loan charges to be paid by seller \$ \_\_\_\_\_ Other sales concessions \_\_\_\_\_  
 Lender/Client GALLO GLASS CO. Address 605 S SANTA CRUZ AVENUE, MODESTO, CA 95354  
 Occupant VACANT Appraiser ANDY CONSTANTINOU Instructions to Appraiser ESTABLISH MARKET VALUE

**NEIGHBORHOOD**

Location	<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Good	Avg.	Fair	Poor
Built Up	<input type="checkbox"/> Over 75%	<input checked="" type="checkbox"/> 25% to 75%	<input type="checkbox"/> Under 25%	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Growth Rate	<input type="checkbox"/> Fully Dev.	<input checked="" type="checkbox"/> Rapid	<input type="checkbox"/> Slow	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Values	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Steady	<input type="checkbox"/> Declining	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand/Supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Oversupply	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing Time	<input type="checkbox"/> Under 3 Mos.	<input checked="" type="checkbox"/> 4-6 Mos.	<input type="checkbox"/> Over 6 Mos.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Present Land Use	<input type="checkbox"/> 80% 1 Family	<input checked="" type="checkbox"/> 3% 2-4 Family	<input type="checkbox"/> 2% Apts.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/> % Industrial	<input checked="" type="checkbox"/> 10% Vacant	<input type="checkbox"/> %	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Change in Present Land Use	<input checked="" type="checkbox"/> Not Likely	<input type="checkbox"/> Likely (*)	<input type="checkbox"/> Taking Place (*)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	(*) From _____ To _____			<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Predominant Occupancy	<input checked="" type="checkbox"/> Owner	<input type="checkbox"/> Tenant	<input type="checkbox"/> % Vacant	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single Family Price Range	\$ <u>120,000</u> to \$ <u>300,000</u>		Predominant Value \$ <u>200,000</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single Family Age	<u>15</u> yrs. to <u>90</u> yrs.		Predominant Age <u>55</u> yrs.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): SUBJECT IS PART OF A RESIDENTIAL NEIGHBORHOOD OF MODESTO KNOWN AS THE AIRPORT DISTRICT. THE AREA MADE OF MOSTLY ONE STORY AVERAGE QUALITY HOMES, THE HOMES IN THE IMMEDIATE NEIGHBORHOOD ARE GENERALLY WELL MAINTAINED, SCHOOLS AND SHOPPING ARE RELATIVELY CONVENIENT. APPEAL OF THE PROPERTIES IN THE NEIGHBORHOOD ARE CONSIDERED AVERAGE

**SITE**

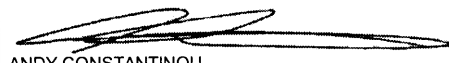
Dimensions 50' X 160.8' = 8,040 Sq. Ft. or Acres  Corner Lot  
 Zoning classification R3 - RESIDENTIAL Present Improvements  do  do not conform to zoning regulations  
 Highest and best use  Present use  Other (specify) RESIDENTIAL  
 Elec.  Public  Other (Describe) \_\_\_\_\_ OFF SITE IMPROVEMENTS  
 Gas  \_\_\_\_\_ Street Access  Public  Private Topo LEVEL  
 Water  \_\_\_\_\_ Surface ASPHALT Size TYPICAL  
 San. Sewer  \_\_\_\_\_ Maintenance  Public  Private Shape RECTANGLE  
 Underground Elect. & Tel.  Sidewalk  Street Lights View PARTIAL  
 Storm Sewer  Curb/Gutter Drainage ADEQUATE  
 Is the property located in a HUD identified Special Flood Hazard Area?  No  Yes  
 Comments (favorable or unfavorable including any apparent adverse easements, encroachments, or other adverse conditions): THERE ARE NORMAL PUBLIC UTILITIES AND SETBACK LINES. NO ADVERSE EASEMENT OR ENCUMBRANCES ARE APPARENT. ZONING IS FOR RESIDENTIAL PURPOSES. SUBJECT IS A VACANT LOT.

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

ITEM	SUBJECT PROPERTY	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address	510 BENSON AVENUE MODESTO	1513 EL DORADO AVENUE MODESTO	0 MERCY AVENUE MODESTO	2512 LANGFORD AVENUE MODESTO
Proximity to Subject		2.34 miles	3.87 miles	3.17 miles
Sales Price	\$ N/A	\$ 67,500	\$ 80,000	\$ 75,000
Price	\$	\$	\$	\$
Data Source	MLS#132012269	DOC #85649,MLS#70040357	DOC# 98367,MLS#70052785	MLS # 60134832
Date of Sale and Time Adjustment	DESCRIPTION	DESCRIPTION +(-)\$ Adjust.	DESCRIPTION +(-)\$ Adjust.	DESCRIPTION +(-)\$ Adjust.
	N/A	6/28/07 COE	7/31/07 COE	9/17/07 COE
Location	AVERAGE	AVERAGE	GOOD -10,000	GOOD -10,000
Site/View	8040 SF/NONE	5000 SF/NONE +3,000	7840 SF/NONE	5009 SF/NONE +3,000
SITE IMPROVEMENT	NONE	NONE	NONE	NONE
LOT SHAPE/UTILITY	AVERAGE	AVERAGE	AVERAGE 0	AVERAGE
ZONING	R-3 RESIDENTIAL	R-1 RESIDENTIAL 0	R-1 RESIDENTIAL 0	R-1 RESIDENTIAL 0
ASSR.PARCEL #	014-002-012	056-031-004	081-037-064	120-060-084
Sales or Financing Concessions	N/A NONE KNOWN	CASH NONE KNOWN	CONV NONE KNOWN	CASH NONE KNOWN
Net Adj. (Total)		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 3,000	<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ 10,000	<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ 7,000
Indicated Value of Subject		Net 4.4 % \$ 70,500	Net 12.5 % \$ 70,000	Net 9.3 % \$ 68,000

Comments on Market Data: ALL COMPS ARE FROM THE SUBJECT MARKET AREA. NO RECENT SALES WERE FOUND IN THE IMMEDIATE NEIGHBORHOOD; HOWEVER, ALL COMPS ARE FROM NEARBY NEIGHBORHOODS. COMP 1'S AREA IS SIMILAR IN APPEAL AS THE SUBJECT, WHILE COMPS 2 & 3 ARE SUPERIOR. LOCATION AND SITE ADJUSTMENTS WERE MADE ACCORDINGLY..  
 Comments and Conditions of Appraisal: THIS IS AN APPRAISAL REPORT COMPLETED TO ESTABLISH MARKET VALUE OF THE SUBJECT FOR TRANSFER AND INCOME TAX PURPOSES. IT HAS BEEN COMPLETED IN SUCH A MANNER AS TO COMPLY WITH CURRENT FNMA AND FHLMC GUIDELINES. THIS APPRAISER HAS RESEARCHED SUBJECT'S POTENTIAL SALES HISTORY FOR A PERIOD OF 3 YEARS NO PRIOR TRANSFER WAS FOUND.

**RECONCILIATION**

Final Reconciliation: NO RECENT SALES WERE FOUND WITH THE SAME ZONING AS THE SUBJECT; HOWEVER, THE ZONING VARIATION HAS A MINIMAL IMPACT ON VALUE WITH THE SMALL SIZE PARCELS/LOTS AS THE SUBJECT. ALL COMPS WERE GIVEN EQUAL CONSIDERATION. EXPECTED TRANSFER DATE 1/15/2008, REDUCED PRICED TRANSFER  
 I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF OCTOBER 3 2007 to be \$ 70,000  
  
 ANDY CONSTANTINOU  Did  Did Not Physically Inspect Property  
 Appraiser(s) Review Appraiser (if applicable)

**Supplemental Addendum**

File No. 13.974 Page #3

Borrower/Client HABITAT FOR HUMANITY							
Property Address 510 BENSON AVENUE							
City	MODESTO	County	STANISLAUS	State	CA	Zip Code	95354
Lender GALLO GLASS CO.							

**ANDY CONSTANTINOU**

CA # AR010974  
STANISLAUS APPRAISERS, INC.  
PO BOX 1993  
CERES CA 95307  
ph(209)537-5331 or fax(209)537-2767'

**Objective:** To secure appraisal assignments for Stanislaus, San Joaquin and Merced Counties

**Experience:**

2002 - present - Stanislaus Appraisers, Inc, President, CEO, Appraiser.

1995 - 2005 - Stanislaus Appraisers, Owner/Appraiser

1991 - 1995 - Stanislaus Agape Appraisals - Partner, Apprasier

1990 - 1991 - Agape Appraisal Service, Appraiser

**Education:**

1989 - Bachelor of Arts - Political Science, SFSU

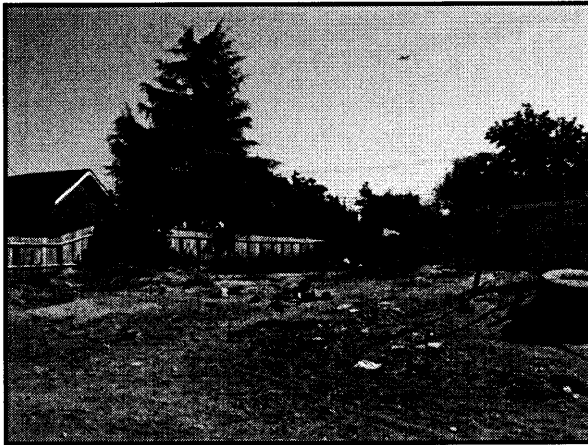
1989 - Bachelor of Arts - Speech Communication, SFSU

1985 - Associates of Arts - General Education, MJC

References available upon request

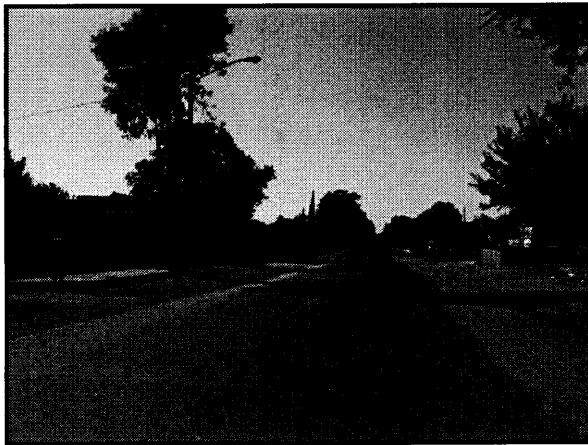
### Subject Photo Page

Borrower/Client HABITAT FOR HUMANITY			
Property Address 510 BENSON AVENUE			
City MODESTO	County STANISLAUS	State CA	Zip Code 95354
Lender GALLO GLASS CO.			



#### Subject Site

510 BENSON AVENUE  
Sales Price N/A  
Gross Living Area  
Total Rooms  
Total Bedrooms  
Total Bathrooms  
Location AVERAGE  
View 8040 SF/NONE  
Site  
Quality  
Age



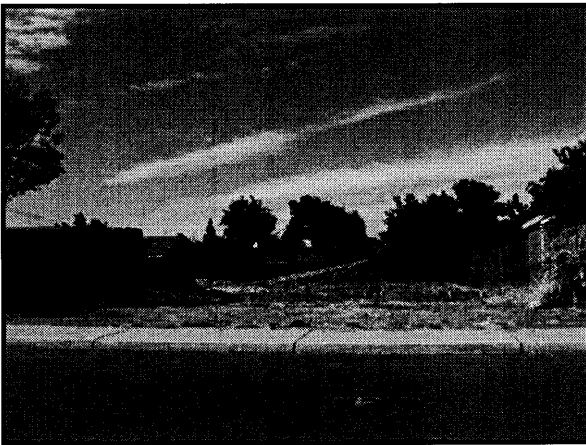
#### Subject Street

**Comparable Photo Page**

Borrower/Client HABITAT FOR HUMANITY			
Property Address 510 BENSON AVENUE			
City MODESTO	County STANISLAUS	State CA	Zip Code 95354
Lender GALLO GLASS CO.			

**Comparable 1**

1513 EL DORADO AVENUE  
 Prox. to Subject 2.34 miles  
 Sale Price 67,500  
 Gross Living Area  
 Total Rooms  
 Total Bedrooms  
 Total Bathrooms  
 Location AVERAGE  
 View 5000 SF/NONE  
 Site  
 Quality  
 Age

**Comparable 2**

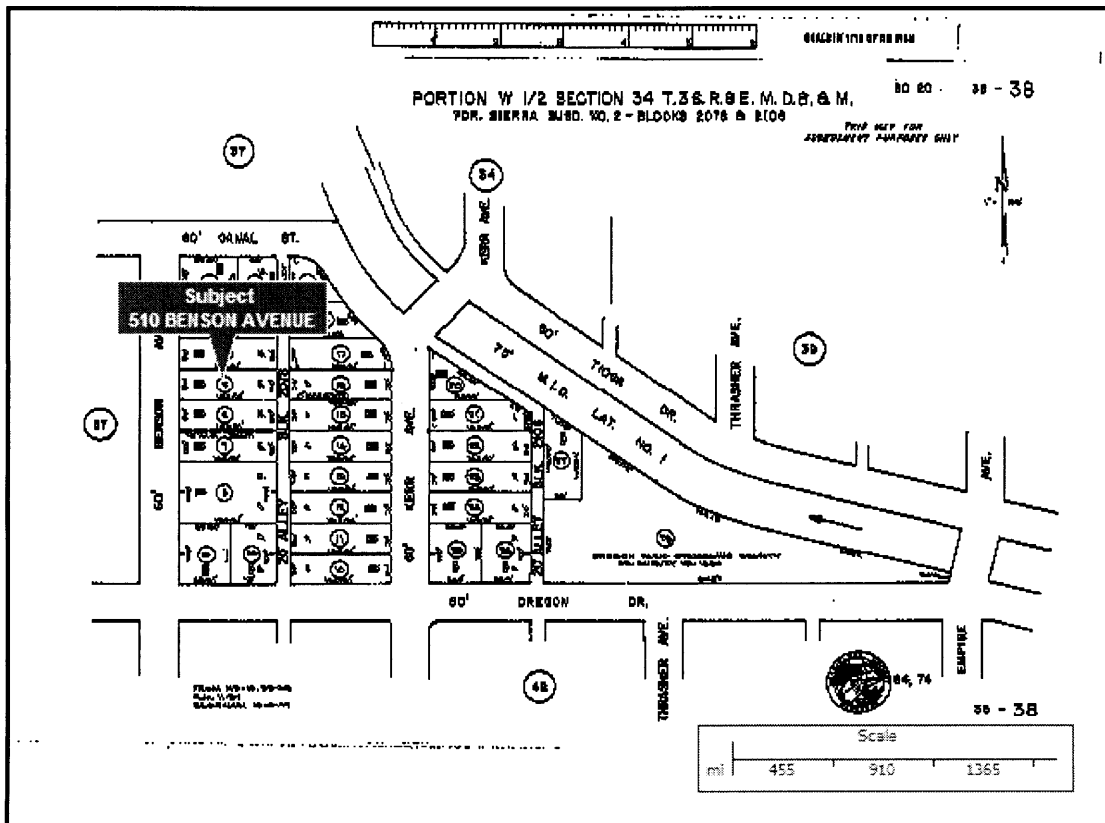
0 MERCY AVENUE  
 Prox. to Subject 3.87 miles  
 Sale Price 80,000  
 Gross Living Area  
 Total Rooms  
 Total Bedrooms  
 Total Bathrooms  
 Location GOOD  
 View 7840 SF/NONE  
 Site  
 Quality  
 Age

**Comparable 3**

2512 LANGFORD AVENUE  
 Prox. to Subject 3.17 miles  
 Sale Price 75,000  
 Gross Living Area  
 Total Rooms  
 Total Bedrooms  
 Total Bathrooms  
 Location GOOD  
 View 5009 SF/NONE  
 Site  
 Quality  
 Age

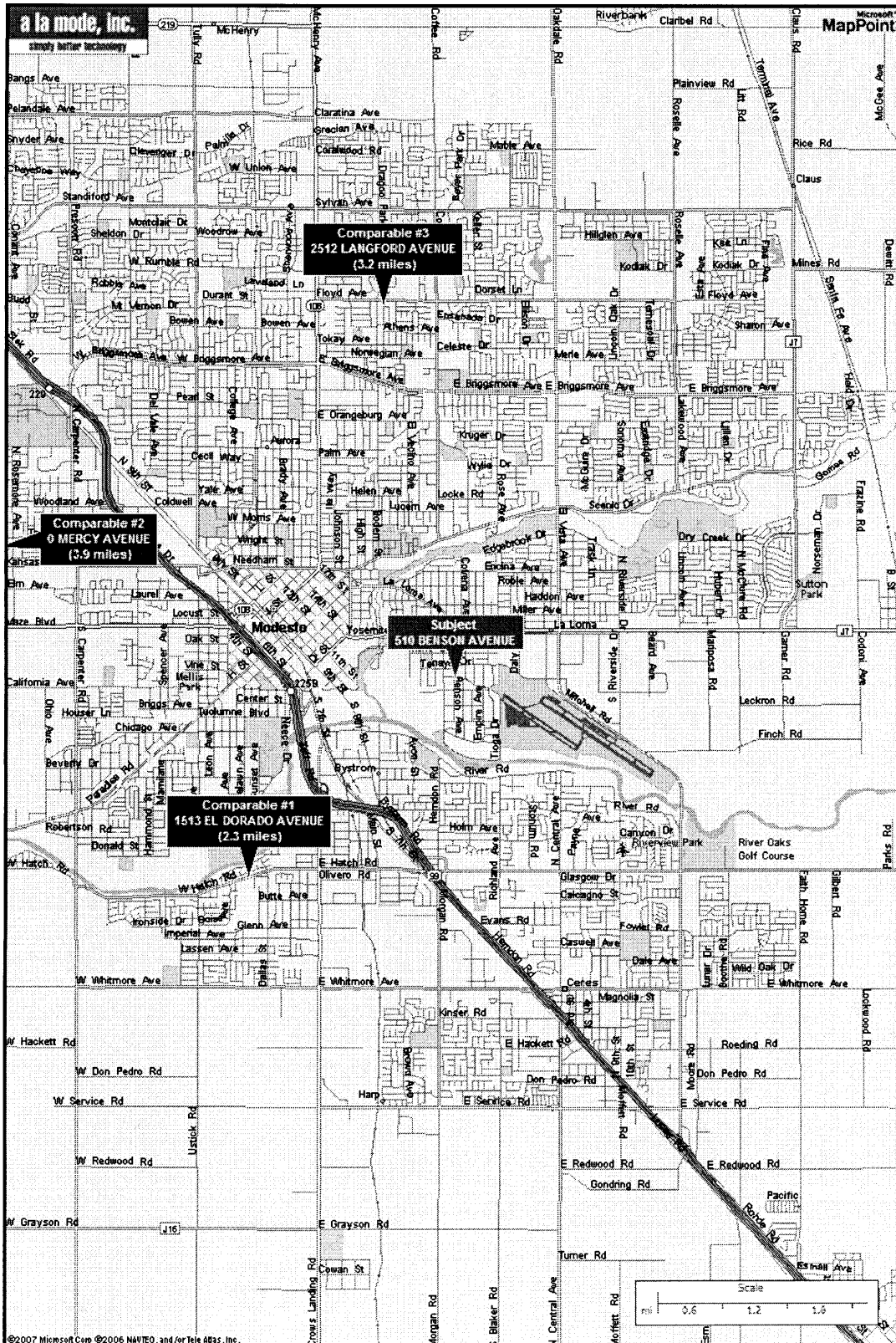
### Plat Map

Borrower/Client HABITAT FOR HUMANITY			
Property Address 510 BENSON AVENUE			
City MODESTO	County STANISLAUS	State CA	Zip Code 95354
Lender GALLO GLASS CO.			



### Location Map

Borrower/Client HABITAT FOR HUMANITY			
Property Address 510 BENSON AVENUE			
City	County	State	Zip Code
MODESTO	STANISLAUS	CA	95354
Lender GALLO GLASS CO.			



**DEFINITION OF MARKET VALUE:** The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he considers his own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions\* granted by anyone associated with the sale.

\* Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

## STATEMENT OF LIMITING CONDITIONS AND CERTIFICATION

**CONTINGENT AND LIMITING CONDITIONS:** The inspector's certification that appears in the appraisal report is subject to the following conditions:

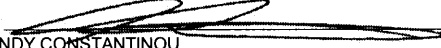
1. The inspector will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is valued on the basis of it being under responsible ownership.
2. Any sketch provided in the appraisal report may show approximate dimensions of the improvements and is included only to assist the reader of the report in visualizing the property. The inspector has made no survey of the property.
3. The inspector will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.
4. Any distribution of valuation between land and improvements in the report applies only under the existing program of utilization. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used.
5. The inspector has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous waste, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The inspector will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist.
6. The inspector obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The inspector does not assume responsibility for the accuracy of such items that were furnished by other parties.
7. The inspector will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.
8. The inspector has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workmanlike manner.
9. The inspector must provide his or her prior written consent before the lender/client specified in the appraisal report can distribute the appraisal report (including conclusions about the property value, the inspector's identity and professional designations, and references to any professional appraisal organizations or the firm with which the inspector is associated) to anyone other than the borrower; the mortgagee or its successors and assigns; the mortgage insurer; consultants; professional appraisal organizations; any state or federally approved financial institution; or any department, agency, or instrumentality of the United States or any state or the District of Columbia; except that the lender/client may distribute the property description section of the report only to data collection or reporting service(s) without having to obtain the inspector's prior written consent. The inspector's written consent and approval must also be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.
10. The inspector is not an employee of the company or individual(s) ordering this report and compensation is not contingent upon the reporting of a predetermined value or direction of value or upon an action or event resulting from the analysis, opinions, conclusions, or the use of this report. This assignment is not based on a required minimum, specific valuation, or the approval of a loan.

**CERTIFICATION:** The inspector certifies and agrees that:

1. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
2. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.
3. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this analysis is contingent on the appraised value of the property.
4. I performed this analysis in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal.
5. I have personally inspected the exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. To the best of my knowledge and belief, all statements and information in this report are true and correct, and I have not knowingly withheld any significant information.
6. I personally prepared all conclusions and opinions about the real estate that were set forth in the inspection. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

**ADDRESS OF PROPERTY ANALYZED:** 510 BENSON AVENUE, MODESTO, CA 95354

**INSPECTOR:**

Signature:   
Name: ANDY CONSTANTINOU  
Date Signed: October 04, 2007  
State Certification #: AR010974  
or State License #: \_\_\_\_\_  
State: CA  
Expiration Date of Certification or License: 11/26/2008



SITTING AS THE REDEVELOPMENT AGENCY  
THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
ACTION AGENDA SUMMARY

DEPT: Redevelopment Agency

BOARD AGENDA # 9:15 A.M. - VI-B

Urgent  Routine

AGENDA DATE December 11, 2007

CEO Concurs with Recommendation YES  NO   
(Information Attached)

4/5 Vote Required YES  NO

SUBJECT:

Acceptance of FY 2006/07 Financial Report Including the Annual Audit of the Stanislaus County Redevelopment Agency to the Board of Supervisors as Required by Health and Safety Code Section 33080.1 and the Acceptance of the 2006/07 Redevelopment Agency Activities Report

STAFF RECOMMENDATIONS:

1. Accept the FY 2006-07 Financial Report including the Annual Audit as prepared;
2. Accept the FY 2006-07 Activities Report; and,
3. Authorize the submittal to the Board of Supervisors.

FISCAL IMPACT:

There are no fiscal impacts associated with this item.

BOARD ACTION AS FOLLOWS:

No. 2007-966

On motion of Supervisor DeMartini, Seconded by Supervisor Grover

and approved by the following vote,

Ayes: Supervisors: Grover, Monteith, DeMartini, and Chairman O'Brien

Noes: Supervisors: None

Excused or Absent: Supervisors: Mayfield

Abstaining: Supervisor: None

1) X Approved as recommended

2) \_\_\_\_\_ Denied

3) \_\_\_\_\_ Approved as amended

4) \_\_\_\_\_ Other:

MOTION:



ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

## **DISCUSSION:**

Section 33080.1 of the Health and Safety Code requires every Redevelopment Agency to present a financial report to its legislative body within six months of the end of the Agency's fiscal year. The report shall contain all of the following:

- (a) An independent financial audit report for the previous fiscal year.
- (b) A fiscal statement for the previous year.
- (c) A description of the Agency's activities affecting housing and displacement.

The Agency retained the services of County of Stanislaus Internal Audit Division to conduct the required Program and Fiscal audits. They have been completed utilizing generally accepted auditing standards. They have concluded that, in all material respects, the financial position of the Stanislaus County Redevelopment Agency as of June 30, 2007, and the results of its operations for the year then ended, are in conformity with generally accepted accounting principles.

### *Fiscal Year 2006/2007 Financial Highlights:*

- Total Agency revenues were \$7,324,778.
- Housing Fund revenue for the fiscal year was \$655,947, and set-aside transfer of \$2,195,403.
- Agency's total net assets increased by \$3,906,328, mainly as a result of increased incremental property taxes and investment income.
- Began construction of Keyes Storm Drain Project, with expenditures of \$1,583,364.

### *Capital Assets*

At the end of Fiscal Year 2006/07, contracted construction on behalf of the Agency for the Keyes Storm Drain Project, Phase 1, was completed, with project to date expenditures of \$1,583,364. Phase 2 construction on this project is expected to begin during fiscal year 2007-2008.

### *Debt Administration*

Each of the Agency's debt instruments is discussed in the financial statements. The Agency enters into debt primarily to finance infrastructure and other capital improvements in the Redevelopment Area, all for the purpose of improving market values and eliminating blight. At June 30, 2007, the Agency's debt comprised of five (5) obligations, one of which (Keyes TAB) is secured by property tax increment revenues.

- Bret Harte Sewer - State Water Quality Control Board
- Salida Storm Drain - United States Department of Agriculture
- Shackelford Sewer - Stanislaus County
- Fire Safety Equipment- Industrial Fire District
- Keyes Storm Drain System- 2005 Tax Allocation Bond

Acceptance of the Fiscal Year 2006-07 Financial Report Including the Annual Audit of the Stanislaus County Redevelopment Agency to the Board of Supervisors as Required by Health and Safety Code Section 33080.1 And the Acceptance of the 2006/07 Redevelopment Agency Activities Report  
Page 3

Acceptance of the Fiscal Year 2006-07 Financial Report Including the Annual Audit of the Stanislaus County Redevelopment Agency to the Board of Supervisors as Required by Health and Safety Code Section 33080.1 And the Acceptance of the 2006/07 Redevelopment Agency Activities Report.  
Page 3

### Summary of Audit Results

The Auditor noted no additional management comments during fiscal year 2006-2007.

The following findings from the prior year have been adequately addressed / implemented during the fiscal year when the Agency became aware of the Auditor's recommendation:

- Segregation of accounting functions
- Cash receipts procedures
- Recording prior year audit journal entries on financial records
- Full utilization of County's accounting software relating to bond financing transactions

The following recommendations from the prior year are in the process of evaluation and correction:

- Utilization of pre-numbered receipts for customers making payments to the Agency.
- Timely calculation and transfer of Housing Set-Aside revenues.

A copy of the Financial Audit is attached and labeled Exhibit A. The description of the Agency's activities relating to housing and displacement is presented as a separate agenda item.

In addition the Health and Safety Code requires Redevelopment Agencies to prepare an Annual Report of Financial Transactions and an Annual Report of housing activity. These reports will be filed with the State Controller, as required, before December 31, 2007. The Health and Safety Code also requires that the Agency Board receive and accept these reports. The State Controller's Housing Activity Reports for the year ended June 30, 2007 are attached for review and acceptance by the Agency Board.

### **POLICY ISSUES:**

It is the policy of the Agency to direct its staff to prepare required reports and submit them to appropriate agencies. These reports respond to the Board of Supervisor's priorities of promoting a safe community, a well-planned infrastructure system, a strong local economy, effective partnerships, efficient delivery of public services and a healthy community.

### **STAFFING IMPACT:**

No additional staff is necessary.

### **ATTACHMENTS:**

Exhibit A: 2006-07 Financial Report  
Exhibit B: 2006-07 Activities Report

**STANISLAUS COUNTY  
REDEVELOPMENT AGENCY  
(A COMPONENT UNIT OF STANISLAUS COUNTY)**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
JUNE 30, 2007**

STANISLAUS COUNTY REDEVELOPMENT AGENCY

Financial Statements  
For the Year Ended June 30, 2007

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STANISLAUS COUNTY REDEVELOPMENT AGENCY

Financial Statements  
For the Year Ended June 30, 2007

**AGENCY MEMBERS**

<u>Name</u>	<u>Position</u>
William O'Brien, Chairman	District 1
Tom Mayfield, Vice-Chairman	District 2
Jeff Grover	District 3
Dick Monteith	District 4
Jim DeMartini	District 5



**AUDITOR-CONTROLLER**

**Larry D. Haugh**  
Auditor - Controller

1010 10TH Street, Suite 5100, Modesto, CA 95354  
PO Box 770, Modesto, CA 95353-0770  
Phone: 209.525.6398 Fax: 209.525.6487

## AUDITOR'S REPORT

To the Board of Supervisors  
Stanislaus County  
Redevelopment Agency  
Modesto, California

We have audited the accompanying financial statements of the governmental activities of Stanislaus County Redevelopment Agency (Agency), a component unit of Stanislaus County, California as of and for the year ended June 30, 2007, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion 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 the 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 opinion.

In connection with the audit contained herein, there are certain disclosures that are necessary pursuant to Government Auditing Standards Statement #3.

As required by various statutes within the California Government Code, County Auditor-Controllers are mandated to perform certain accounting, auditing and financial reporting functions. These activities, in themselves, necessarily impair Government Auditing Standards independence standards. Specifically, "auditors should not audit their own work or provide non audit services in situations where the amounts or services involved are significant and/or material to the subject matter of the audit."

Although the Auditor-Controller is statutorily obligated to maintain the accounts of departments, districts or funds that are contained within the county treasury, we believe that the following safeguard and division of responsibility exist. The staff that has the responsibility to perform audits within the Auditor-Controller Department has no other responsibility of the accounts and records being audited including the approval or posting of financial transactions that would therefore enable the reader of this report to rely on the information contained herein.

In our opinion, except for the disclosure for Government Auditing Standards #3 as noted above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Agency as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2007, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

The management's discussion and analysis information on pages 3 through 7 are not a required part of the basic financial statements but are 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.



Lauren Klein  
Certified Public Accountant  
County of Stanislaus  
Internal Audit Division Manager

November 19, 2007



STANISLAUS COUNTY REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2007

The Agency issues its financial statements in the format prescribed by the provisions of Government Accounting Standards Board Statement (GASB) Statement Number 34, which requires the Agency to provide this overview of its financial activities for the fiscal year. Please read this overview in conjunction with your reading of the accompanying basic financial statements.

THE PURPOSE OF THE AGENCY

The Agency's purpose under California law is to eliminate urban blight in the Project Area within the unincorporated limits of Stanislaus County. The Agency is given certain powers under the law to assist it in that endeavor. The Agency may condemn property under certain circumstances and only to the extent the County may condemn property as prescribed by the law. The Agency may incur indebtedness to finance redevelopment of property within the project area. The Agency may not assess or receive property taxes, but it may receive any increases in property taxes over the base year amounts. The base year is the year the property in the Agency's area became subject to redevelopment. The increases are called property tax increments. One-fifth of the property tax increments received must be used to increase the supply of low and moderate income housing. The Agency also has agreements with other pre-existing governmental entities within its redevelopment area under which it passes through a portion of the property tax increments it receives.

FISCAL YEAR 2006/07 FINANCIAL HIGHLIGHTS

- Total agency revenues were \$7,324,778.
- Housing fund revenue for the fiscal year was \$655,947, and set-aside transfer of \$2,195,403.
- Agency's total net assets increased by \$3,906,328; mainly as a result of increased incremental property taxes and investment income.
- Began construction of Keyes Storm Drain Project, expenditures of \$1,583,364.

BASIC FINANCIAL STATEMENTS

The annual financial report consists of two components: 1) government-wide financial statements and the fund financial statements and 2) notes to the financial statements.

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 the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the 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.

The government-wide financial statements can be found on pages 8 through 9 of this report.

**STANISLAUS COUNTY REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2007

**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 governmental funds.

Governmental funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the Agency's general government operations and the basic services it provides.

The Agency adopts an annual appropriated budget for its capital projects fund and its special revenue fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with the budgets.

The governmental fund financial statements can be found on pages 10 through 13 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 16 through 26 of this report.

**CONDENSED FINANCIAL STATEMENTS**

The following tables summarize the 1) Statement of Net Assets and 2) Statement of Activities. Both tables are summarized for the last two years.

**NET ASSETS**

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
<b><u>Assets</u></b>		
Current assets	\$ 11,643,565	\$ 9,246,905
Noncurrent assets	<u>14,074,017</u>	<u>13,147,655</u>
Total assets	<u>25,717,582</u>	<u>22,394,560</u>
<b><u>Liabilities</u></b>		
Current Liabilities	2,323,574	2,676,689
Noncurrent liabilities	<u>20,455,016</u>	<u>20,685,207</u>
Total liabilities	<u>22,778,590</u>	<u>23,361,896</u>
<b><u>Net Assets</u></b>		
Restricted	15,760,592	15,210,292
Unrestricted	<u>(12,821,600)</u>	<u>(16,177,628)</u>
Total net assets	<u>\$ 2,938,992</u>	<u>\$ (967,336)</u>

STANISLAUS COUNTY REDEVELOPMENT AGENCY  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2007

At the end of the current fiscal year net assets increased by \$3,906,328, mainly as a result in increased incremental property taxes and investment income. A portion of the Agency's net assets represents resources that are subject to external restriction.

The Agency began construction of a storm drainage collection and transfer system. The Agency has a deficit in unrestricted net assets. The deficit in unrestricted net assets is due to the nature of redevelopment financing.

CHANGES IN NET ASSETS

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
<u>Revenue</u>		
Program revenue	\$ 312,500	\$ 250,000
General revenue	<u>7,012,278</u>	<u>4,740,422</u>
Total revenue	7,324,778	4,990,422
Total expenses	<u>3,418,450</u>	<u>1,546,098</u>
Change in net assets	3,906,328	3,444,344
Net assets, beginning of year, restated	<u>(967,336)</u>	(4,411,680)
Net assets, end of year	\$ <u>2,938,992</u>	\$ <u>(967,336)</u>

During the current fiscal year, incremental property taxes increased by \$1,457,517 or 36%. Most of this increase resulted from increased taxable values and residential growth. In addition, investment income increased by \$663,611, due to income earned on unspent bond proceeds from previous fiscal year and changes in the County's investment strategy during the year. Along with increased revenue, debt service expense increased during the current fiscal year by \$429,056, due primarily to interest payments related to the bond debt.

OVERALL FINANCIAL POSITION

The net asset information shown above illustrates that the agency continues to experience positive financial health. The annual budget process conservatively estimates future income and does not propose any commitments that weaken this conservative approach. For example, even though the total liabilities exhibit a great increase over a prior year, the net increase in assets, indicate an annual ability to comfortably meet the liability obligation.

Economic growth in land use types (e.g. residential, commercial, industrial) within the redevelopment project area indicates a stable, yet increasing stream of revenue.

STANISLAUS COUNTY REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2007

OVERALL FINANCIAL POSITION (continued)

Discussed later in this report are the outstanding debt obligations of the agency. Two, short-term debt instruments will be retired within the next two years and another in ten. The release from this indebtedness will allow the agency to plan for and implement additional projects, as well as provide a cushion for continued debt repayment should the economy soften and have some impact upon annual revenue.

SIGNIFICANT CHANGES IN FUND BALANCES

The fund balance listed on the fund financial statements for all three funds increased during the fiscal year. The capital projects fund balance and the low/moderate income housing set-aside fund increased due to greater incremental property taxes received during the year. An increase in required debt reserve for the United States Department of Agriculture debt is the reason for the increase in the fund balance of the debt service fund.

FUND BUDGETARY HIGHLIGHTS

Variances between original and final general fund budget amounts and variances between final budget and actual results usually are reflective of two influences.

One is the receipt of property tax revenue. This could be more or less than what was projected and budgeted. Historically, the agency has experienced a greater rather than lesser amount of tax increment revenue than what was budgeted. This is a positive impact.

The second influence is a mid-year receipt of a mandate to respond to a budget weakness at the state level (e.g. ERAF payment). Obviously, this would be an unexpected and negative impact to the budget of the Agency.

However, the annual budget has always been prepared using a conservative approach. When unforeseen financial requirements arise, the Agency has been able to respond without placing current obligations at risk or has the Agency been placed in a position to rely on a secondary source for income (e.g. County of Stanislaus General Fund) to assist in the satisfaction of debt.

CAPITAL ASSETS

At the end of the current fiscal year contracted construction on behalf of the Agency for the Keyes Storm Drain project, phase one was completed, with project to date expenditures of \$1,583,364. Phase two construction on this project is expected to begin during fiscal year 2007-2008.

STANISLAUS COUNTY REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2007

DEBT ADMINISTRATION

Each of the Agency's debt instruments is discussed in the financial statements. The Agency enters into debt primarily to finance infrastructure and other capital improvements in the redevelopment area, all for the purpose of improving market values and eliminating blight. At June 30, 2007, the Agency's debt comprised of five (5) obligations, one of which (Keyes TAB) is secured by property tax increment revenues.

Although there has been no retirement of any long-term debt, two obligations are nearing fulfillment. Debt obligations are listed below with the identified year for retirement and the project for which the indebtedness was created.

<u>FUND SOURCE</u>	<u>PROJECT</u>	<u>YEAR</u>
Stanislaus County	Shackelford Sewer	2007
Industrial Fire District	Fire suppression equipment	2008
California State Water Board	Bret Harte Sewer	2015
2005 Tax Allocation Bond (TAB)	Keyes Storm Drain system	2036
United States Dept. of Agriculture	Salida Storm Drain system	2041

Available credit to the Agency has been reduced due to the additional debt of the TAB. However, in calculating the amount of the 2005 TAB, consideration was given to the anticipation of projects and activities that may be identified for implementation during the current year and beyond. Therefore, taking into account anticipated increases in property valuation, net expenditures less than actual revenue, and the retirement of two instruments of debt within the next two years, the agency retains a level of available credit that will permit additional project activity.

INFRASTRUCTURE ASSETS

The agency does not possess any infrastructure assets.

CURRENTLY KNOWN CONDITIONS

There are no known facts, decisions or conditions that would have a significant effect on the financial health of the agency.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

These component unit financial statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Agency's finances. Questions about this report should be directed to the Redevelopment Agency at 1010 10<sup>th</sup> Street, Modesto, California 95354.

STANISLAUS COUNTY REDEVELOPMENT AGENCY  
**STATEMENT OF NET ASSETS**  
June 30, 2007

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<u>Current assets:</u>	
Cash and investments	\$ 11,391,610
Receivables:	
Accounts	87,907
Interest	145,740
Note	5,813
Bond issuance costs, net of amortization	12,495
Total current assets	<u>11,643,565</u>
<u>Noncurrent assets:</u>	
Restricted cash and investments	12,481,011
Restricted cash with fiscal agent	1,217,831
Notes receivable	25,324
Bond issuance costs, net of amortization	349,851
Total noncurrent assets	<u>14,074,017</u>
Total assets	<u>25,717,582</u>
 <b>LIABILITIES</b>	
<u>Current liabilities:</u>	
Accounts payable	324,414
Accrued payroll and benefits	7,284
Interest payable	423,252
Due to Stanislaus County	590,422
Bonds & notes payable	978,202
Total current liabilities	<u>2,323,574</u>
<u>Noncurrent liabilities:</u>	
Compensated absences	12,721
Bonds & notes payable	20,442,295
Total noncurrent liabilities	<u>20,455,016</u>
Total liabilities	<u>22,778,590</u>
 <b>NET ASSETS</b>	
Restricted for:	
Debt service	13,778,320
Housing set-aside	1,982,272
Unrestricted	<u>(12,821,600)</u>
Total net assets	<u>\$ 2,938,992</u>

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

STANISLAUS COUNTY REDEVELOPMENT AGENCY  
**STATEMENT OF ACTIVITIES**  
June 30, 2007

	<b>PROGRAM REVENUES</b>				<b>NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS</b>
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental</u>	
Governmental Activities:					
Redevelopment activities	\$ 2,351,820	\$ -	\$ 312,500	\$ -	\$(2,039,320)
Debt service	1,066,630	-	-	-	(1,066,630)
Total Governmental Activities	<u>\$ 3,418,450</u>	<u>\$ -</u>	<u>\$ 312,500</u>	<u>\$ -</u>	<u>(3,105,950)</u>
		General revenues:			
					5,496,944
					1,200,555
					314,777
			Total general revenues		7,012,278
			Change in net assets		3,906,328
			Net assets, beginning of year		(967,336)
			Net assets, end of year		\$ 2,938,992

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

**STANISLAUS COUNTY REDEVELOPMENT AGENCY**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
June 30, 2007

	<u>Capital Projects</u> <u>Fund</u>	<u>Low/Moderate</u> <u>Income Housing</u> <u>Set-Aside Fund</u>	<u>Debt Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Activities</u>
<b>ASSETS</b>				
Cash and investments	\$ 9,602,691	\$1,709,930	\$ 78,989	\$11,391,610
Receivables:				
Accounts	407	87,500	-	87,907
Interest	137,255	7,996	489	145,740
Note	31,137	-	-	31,137
Interfund receivable	-	1,777,192	-	1,777,192
Restricted assets:				
Cash and investments	12,481,011	-	-	12,481,011
Cash with fiscal agent	1,217,831	-	-	1,217,831
Total assets	\$23,470,332	\$3,582,618	\$ 79,478	\$27,132,428
 <b>LIABILITIES</b>				
Accounts payable	\$ 324,414	\$ -	\$ -	\$ 324,414
Accrued payroll and benefits	7,284	-	-	7,284
Interfund payable	1,777,192	-	-	1,777,192
Due to Stanislaus County	400,000	190,422	-	590,422
Total liabilities	2,508,890	190,422	-	2,699,312
 <b>FUND BALANCE</b>				
Reserved for:				
Debt service	13,698,842	-	79,478	13,778,320
Encumbrances	362,005	218,274	-	580,279
Unreserved	6,900,595	3,173,922	-	10,074,517
Total fund balance	20,961,442	3,392,196	79,478	24,433,116
Total liabilities and fund balance	\$23,470,332	\$3,582,618	\$ 79,478	\$27,132,428

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



**STANISLAUS COUNTY REDEVELOPMENT AGENCY**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
June 30, 2007

Total governmental fund balances	\$ 24,433,116
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
<p>Bond issuance costs (assets) consumed in governmental activities are not financial resources when reported as expenditures.</p>	362,346
<p>Some liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Those liabilities consist of:</p>	
Bonds payable	(15,615,000)
Notes payable	(5,805,497)
Accrued interest payable	(423,252)
Compensated absences	<u>(12,721)</u>
Net assets of governmental activities	<u>\$ 2,938,992</u>

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

STANISLAUS COUNTY REDEVELOPMENT AGENCY  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
June 30, 2007

	Capital Projects Fund	Low/Moderate Income Housing Set-Aside Fund	Debt Service Fund	Total Governmental Activities
<b>REVENUE</b>				
Property tax increment	\$ 5,496,945	\$ -	\$ -	\$ 5,496,945
Investment income	1,138,350	58,263	3,941	1,200,554
Other	29,595	597,684	-	627,279
Total revenue	6,664,890	655,947	3,941	7,324,778
<b>EXPENDITURES</b>				
Redevelopment activities	1,728,585	702,869	-	2,431,454
Debt Service:				
Principal retirement	105,000	132,018	-	237,018
Interest and fees	1,074,713	47,133	-	1,121,846
Total expenditures	2,908,298	882,020	-	3,790,318
Excess (deficiency) revenues over (under) expenditures	3,756,592	(226,073)	3,941	3,534,460
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	2,195,403	24,500	2,219,903
Transfers out	(2,219,903)	-	-	(2,219,903)
Total other financing sources (uses)	(2,219,903)	2,195,403	24,500	-
<b>CHANGE IN FUND BALANCES</b>	1,536,689	1,969,330	28,441	3,534,460
<b>FUND BALANCES, beginning of year</b>	19,424,753	1,422,866	51,037	20,898,656
<b>FUND BALANCES, end of year</b>	\$20,961,442	\$3,392,196	\$ 79,478	\$ 24,433,116

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

**STANISLAUS COUNTY REDEVELOPMENT AGENCY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
June 30, 2007

Net change in fund balances - total governmental funds \$ 3,534,460

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

The repayment of the principal of long-term debt consumes the financial resources of governmental funds.

Long term debt maturities 237,018

Some items recorded in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Decrease in bond issuance costs	(12,494)
Decrease in accrued interest payable	67,709
Decrease in compensated absences	79,635
	79,635

Change in net assets of governmental activities \$ 3,906,328

**STANISLAUS COUNTY REDEVELOPMENT AGENCY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL ON BUDGETARY BASIS**  
**CAPITAL PROJECTS FUND**  
June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
<b>REVENUE</b>				
Property tax increment	\$ 3,700,000	\$ 3,700,000	\$ 5,496,945	\$ 1,796,945
Investment Income	100,000	100,000	1,138,350	1,038,350
Other	<u>72,000</u>	<u>72,000</u>	<u>29,595</u>	<u>(42,405)</u>
Total revenue	<u>3,872,000</u>	<u>3,872,000</u>	<u>6,664,890</u>	<u>2,792,890</u>
<b>EXPENDITURES</b>				
Redevelopment activities	12,610,289	11,487,600	1,728,585	9,759,015
Debt Service:				
Principal retirement	55,000	55,000	105,000	(50,000)
Interest and fees	<u>190,000</u>	<u>1,003,225</u>	<u>1,074,713</u>	<u>(71,488)</u>
Total expenditures	<u>12,855,289</u>	<u>12,545,825</u>	<u>2,908,298</u>	<u>9,637,527</u>
Excess (deficiency) of revenue over (under) expenditures	(8,983,289)	(8,673,825)	3,756,592	12,430,417
<b>OTHER FINANCING (USES)</b>				
Transfers out	<u>(925,000)</u>	<u>(1,246,278)</u>	<u>(2,219,903)</u>	<u>(973,625)</u>
<b>CHANGES IN FUND BALANCES</b>	<u><u>\$(9,908,289)</u></u>	<u><u>\$(9,920,103)</u></u>	1,536,689	<u><u>\$11,456,792</u></u>
<b>FUND BALANCES, beginning of year</b>			<u>19,424,753</u>	
<b>FUND BALANCES, end of year</b>			<u><u>\$20,961,442</u></u>	

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

**STANISLAUS COUNTY REDEVELOPMENT AGENCY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL ON BUDGETARY BASIS**  
**LOW/MODERATE INCOME HOUSING SET ASIDE FUND**  
June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
<b>REVENUE</b>				
Investment Income	\$ 7,500	\$ 7,500	\$ 58,263	\$ 50,763
Other	<u>336,500</u>	<u>336,500</u>	<u>597,684</u>	<u>261,184</u>
Total revenue	<u>344,000</u>	<u>344,000</u>	<u>655,947</u>	<u>311,947</u>
<b>EXPENDITURES</b>				
Redevelopment activities	843,599	1,044,653	702,869	341,784
Debt Service:				
Principal retirement	132,018	132,018	132,018	-
Interest and fees	<u>47,133</u>	<u>47,133</u>	<u>47,133</u>	<u>-</u>
Total expenses	<u>1,022,750</u>	<u>1,223,804</u>	<u>882,020</u>	<u>341,784</u>
Excess (deficiency) of revenue over (under) expenditures	(678,750)	(879,804)	(226,073)	653,731
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>925,000</u>	<u>925,000</u>	<u>2,195,403</u>	<u>1,270,403</u>
<b>CHANGES IN FUND BALANCES</b>	<u>\$ 246,250</u>	<u>\$ 45,196</u>	1,969,330	<u>\$1,924,134</u>
<b>FUND BALANCES, beginning of year</b>			<u>1,422,866</u>	
<b>FUND BALANCES, end of year</b>			<u>\$3,392,196</u>	

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

STANISLAUS COUNTY REDEVELOPMENT AGENCY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2007

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The Stanislaus County Redevelopment Agency was established in 1989 under the State of California Health and Safety Code, Section 33000, the California Community Redevelopment Law. The Agency provides financing for long-term capital improvements for certain project areas within Stanislaus County. The goals and the objectives of the Agency are to eliminate and prevent the spread of blight within the project areas, increase economic development opportunities, improvement of public facilities, and assistance with increased new home ownership.

The Authority is a component unit of Stanislaus County and, accordingly is included in the County's basic financial statements. Component units are legally separate entities for which the primary government is financially accountable. The five member Stanislaus County Board of Supervisors is the governing body of the Agency.

The financial statements included in this report are intended to present the financial position and results of operations of only the Agency. They are not intended to present the financial position and results of operations of the County of Stanislaus taken as a whole. For additional information regarding the County of Stanislaus, please refer to the audited financial statements available from the County of Stanislaus.

The accounting policies of the Agency conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The agency applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

B. Basis of Presentation

Government-Wide Statements – The Agency's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental activities for the Agency. These statements report the governmental activities which are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Agency does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

STANISLAUS COUNTY REDEVELOPMENT AGENCY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2007

Note 1: Summary of Significant Accounting Policies

Fund Financial Statements - Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance for the governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net assets presented in the government-wide financial statements. Below is a description of the type of funds in use by the Agency:

Capital Projects Fund – The Capital Projects Fund is the Agency’s primary operating fund. It accounts for all financial resources of the Agency.

Low/Moderate Income Housing Set Aside Fund – The Low/Moderate Income Housing Set Aside Fund accounts for the 20% set aside of property taxes to be used for low/moderate income housing as required by State Code. The Agency has elected to increase the 20% set aside funding to 25%.

Debt Service Fund - The Debt Service Fund is used to account for a reserve fund required by one of the financing institutions the Agency has entered into an agreement with.

C. Measurement Focus, Basis of Accounting

Government-Wide Statements - These statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the Agency’s assets and liabilities, including long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Governmental Fund Financial Statements - All governmental fund types are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are recognized when received in cash, except that revenues subject to accrual, generally 180 days after year-end, are recognized when due, except for property taxes. Property taxes are considered available if they are collected within 60 days after year-end. Expenditures are recognized in the accounting period in which the related fund liability is incurred.

D. Adjustments Between Fund Financial Statements and Government-Wide Financial Statements

The government-wide financial statements were adjusted from the modified accrual basis of accounting used on the fund financial statements to the accrual basis of accounting used for the government-wide financial statements. These adjustments include additional expenses for interest expense and compensated absences along with the recording of debt obligations.

STANISLAUS COUNTY REDEVELOPMENT AGENCY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2007

Note 1: Summary of Significant Accounting Policies

E. Nonexchange Transactions

A nonexchange transaction consists of a government giving or receiving value without directly receiving or giving equal value in return. These transactions include income taxes, sales taxes, property taxes and fines, certain grants and private donations. Recognition of sales taxes or derived tax revenue transactions assume accrual basis of accounting, per GASB Statement Number 33, except where indicated for revenue recognition.

F. Budget

The Agency prepares and legally adopts a final budget on or before August 30<sup>th</sup> of each fiscal year. The Agency operation, commencing July 1<sup>st</sup>, is governed by the proposed budget, adopted by the Board of Supervisors in June of the prior year.

After the budget is approved, the appropriations can be added to, subtracted from or changed only by Agency resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the Agency.

An operating budget is adopted each fiscal year on the modified accrual basis. Additionally, encumbrance accounting is utilized to assure effective budgetary control.

Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if the unperformed contracts in process at year-end are completed or purchase commitments satisfied. Such year-end encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year and included in the subsequent year's budget. Unencumbered appropriations lapse at year-end.

G. Cash and Cash Equivalents

The Agency pools its cash and cash equivalents with the County which is held by the County Treasurer.

H. Restricted Assets

Restricted cash and investments represent unspent bond proceeds; the respective bond ordinances require these proceeds to be segregated and used only for the purpose of the bond issue. A reserve account has been established with the bond fiscal agent to ensure sufficient funds are available to pay the principal and interest amounts due at the final maturity date. The reserve account with the fiscal agent is calculated on the lesser of 10% of the principal amount of the bonds and any parity debt or the maximum annual debt service on the bonds or 125% of the average annual debt service on the bonds and any parity debt.



STANISLAUS COUNTY REDEVELOPMENT AGENCY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2007

Note 1: Summary of Significant Accounting Policies

I. Compensated Absences - Vacation and Sick Leave

Agency employees earn vacation and sick leave with pay every year. The amount of vacation and sick hours earned is based on the years of continuous service.

After at least six months of County service, most regular employees upon separation are entitled to all unused vacation time accumulation. Most regular employees are entitled to a portion of accumulated sick leave after six years of service, depending on age, years of service, and bargaining unit.

At the close of each fiscal year, the balance of this accumulated time at the last pay period is computed for each employee at the current salary range. In the financial statements, these amounts are referred to as "Compensated Absences."

J. Property Taxes

The Agency receives incremental property taxes on property within its project area. The incremental property taxes are determined on those property taxes that exceed the frozen base year from fiscal year 1990-1991. The assessment and collection of property taxes is performed by the County Assessor and Tax Collector. The County uses the "The Teeter Plan" which is allowable under the California Revenue and Taxation Code, Section 4701-4722. The "Teeter Plan" allows Counties to allocate secured, utility, assessments, and/or supplemental property taxes to jurisdictions at 100% regardless if the taxes have been collected. The County then collects all future delinquent tax payments, penalties and interest. The benefits of the "Teeter Plan" allow for a more simplified property tax estimation and allocation process along with more reliable property tax revenues for the jurisdictions.

Secured property taxes are levied October 1, and are due November 1 and February 1, and are subject to late payment penalties on December 10 and April 10, respectively. Unsecured property taxes are levied and due July 1, and are subject to late payment penalties on August 31. The lien date for both secured and unsecured property taxes is established the previous January 1.

K. Use of Estimates

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

STANISLAUS COUNTY REDEVELOPMENT AGENCY  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2007

Note 2: Cash and Investments

The Agency's cash is invested in the County of Stanislaus cash and investment pool. The County of Stanislaus cash and investment pool is invested in accordance with California State Government Code section 53600 et. seq. In addition, the cash and investment pool is further restricted to those investments deemed acceptable per the investment policy guidelines prepared by the County Treasurer and approved by the Board of Supervisors of the County.

Cash and investments held as of June 30, 2007 were invested in certificate of deposits, commercial paper, bankers acceptance, money market funds, federal notes, treasury notes and bills, corporate notes and an external investment pool.

Interest earned on the cash and investment pool is apportioned on a quarterly basis. Per, GASB No. 31, investment losses and gains are recorded at market value on the Statement of Net Assets and as income for the period. The changes resulting from investment losses and gains are shared by the various participants of the pool. During the year ended June 30, 2004, the County adopted GASB No. 40, *Deposit and Investment Risk Disclosures*, which rescinds and supersedes GASB No. 3 and adds additional report disclosures. For further information regarding the cash and investment pool, the audit report of the County of Stanislaus may be obtained by writing the County of Stanislaus, 1010 10<sup>th</sup> Street, Suite 5100, Modesto, CA. 95354.

Cash and investments held as of June 30, 2007 consist of cash available for Agency operations in the amount of \$11,391,610 and cash restricted for the Keyes Storm Drain Project in the amount of \$12,481,011.

Note 3: Notes Receivable

The Agency had the following loans receivable as of June 30, 2007:

	<u>Beg. Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Nunes Oil	\$ 10,003	\$ -	\$ (4,866)	\$ 5,137	\$ 4,732	\$ 405
CLCSD	-	26,000	-	26,000	1,081	24,919
<b>Total</b>	<u>\$ 10,003</u>	<u>\$ 26,000</u>	<u>\$ (4,866)</u>	<u>\$ 31,137</u>	<u>\$ 5,813</u>	<u>\$ 25,324</u>

Nunes Oil -- In 1998, the Agency loaned the owner of property at 5675 7<sup>th</sup> Street, Keyes, California the amount of \$38,350 to aid in the financing of public improvement construction on the property which is located within a redevelopment area. The loan period is for ten years, terminating July 2008. The interest rate is 5%, per annum with monthly loan payments of \$407. The loan is secured by a lien on the property.

CLCSD -- In 2007, the Agency loaned the Crows Landing Community Services District (CLCSD) the amount of \$26,000 to provide financial assistance in the repair of the area water system which is located within a redevelopment area. The loan period is for twenty years, terminating July 2027. The interest rate is 1%, per annum with monthly loan payments of \$120. The loan is secured by a lien on the property.

STANISLAUS COUNTY REDEVELOPMENT AGENCY  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2007

Note 4: Due to Stanislaus County

The Agency borrows funds from the County's general fund to be used for administrative purposes, on an annual basis. Interest for the administrative loan is calculated on the funds used. The interest calculation is based on the interest rates realized by the lender on investments as determined quarterly by the County Treasurer. The Agency repaid the principal and interest portion of the fiscal year 2006-2007 loan to the County prior to June 30, 2007. As of June 30, 2007, the Agency borrowed the principal amount for the fiscal year 2007-2008 administrative loan, in the amount of \$400,000.

In addition, the Agency originally borrowed \$2,500,000 from the County's Public Works Department, to help finance a sewer project in one of the Agency's project areas. The project has been completed and the remaining amount due to the County as of June 30, 2007 was \$190,422. The Agency plans to repay the remaining balance during fiscal year 2007-2008.

Note 5: Long-Term Liabilities

The Agency had the following long-term debt liability as of June 30, 2007:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Notes Payable</u>					
United States Department of Agriculture	\$4,430,000	\$ -	\$ (55,000)	\$ 4,375,000	\$ 55,000
State of California, State Water Resources Control Board	1,520,423	-	(132,018)	1,388,405	136,110
Industrial Fire Protection	<u>92,092</u>	<u>-</u>	<u>(50,000)</u>	<u>42,092</u>	<u>42,092</u>
Total loans payable	<u>6,042,515</u>	<u>-</u>	<u>(237,018)</u>	<u>5,805,497</u>	<u>233,202</u>
<u>Bonds Payable</u>					
2005 tax allocation bonds	<u>15,615,000</u>	<u>-</u>	<u>-</u>	<u>15,615,000</u>	<u>745,000</u>
<u>Compensated Absences</u>					
Compensated absences	<u>92,356</u>	<u>-</u>	<u>(79,635)</u>	<u>12,721</u>	<u>-</u>
Total long-term liabilities	<u>\$21,749,871</u>	<u>\$ -</u>	<u>\$ (316,653)</u>	<u>\$21,433,218</u>	<u>\$ 978,202</u>

STANISLAUS COUNTY REDEVELOPMENT AGENCY  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2007

Note 5: Long-Term Liabilities (continued)

Debt service requirements for principal and interest of long-term liabilities for future years are as follows:

Fiscal Year	<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008		\$978,202	\$994,509	\$1,972,711
2009		625,330	967,236	1,592,566
2010		644,680	942,957	1,587,637
2011		674,165	917,355	1,591,520
2012		693,789	889,977	1,583,766
2013-2017		3,484,331	3,985,178	7,469,509
2018-2022		2,800,000	3,265,292	6,065,292
2023-2045		<u>11,520,000</u>	<u>5,035,788</u>	<u>16,555,788</u>
Total		<u>\$21,420,497</u>	<u>\$16,998,292</u>	<u>\$38,418,789</u>

United States Department of Agriculture Note – The Agency refinanced a tax revenue anticipation loan in 2001. The loan was used to finance a storm drainage system in Salida, CA. The principal amount of the note is \$4,525,000 to be paid in 40 years. Principal payments are due each August. The interest rate for the note is 5.125% with payments due February and August each year. The note expires in 2041.

State of California, State Water Resources Control Board Note – The Agency entered in to an agreement to help finance construction of the Bret Harte Sewer System, a wastewater collection system. The principal amount of the note is \$2,636,549, to be paid in 20 years and with an interest rate of 3.3% per annum. The note expires in 2015.

Industrial Fire Protection Note – The Agency entered in to an agreement to finance the purchase of two fire emergency response vehicles to be used within the Agency’s project areas. The principal amount of the note is \$442,092 to be paid in 15 years. Interest is included in the calculation of the annual payments. The note expires in 2007.

2005 Tax Allocation Bonds – The Agency issued bonds to finance construction of a storm drainage collection and transfer system within one of the Agency’s project areas. The bonds will be paid and secured with future tax increment revenues derived from the project area. The principal amount of the bonds is \$15,615,000 to be paid in 30 years. Principal payments are due each August. The interest rate for the bonds ranges from 3.5% to 5.25% with payments due February and August each year. The bonds maturing on or before August 1, 2013 are not subject to redemption. The bonds maturing on or after August 1, 2014 are subject to redemption at the option of the Agency. The bonds maturing on August 1, 2026 and August 1, 2036 are also subject to mandatory sinking fund redemption. The bonds mature in 2036.

STANISLAUS COUNTY REDEVELOPMENT AGENCY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2007

Note 5: Long-Term Liabilities (continued)

Bond Issuance Costs – The government-wide financial statements reflect the bond issuance costs as an asset, as of June 30, 2007. Beginning in fiscal year 2006-2007, the bond issuance costs will be amortized over a 30 year period, the life of the loan, on the governmental-wide financial statements, only. Amortization expense for the fiscal year ending June 30, 2007 was \$12,495.

Arbitrage Compliance – The Agency must comply with Section 148 of the Internal Revenue Code whereby arbitrage on tax-exempt bonds, if any, is rebated to the Internal Revenue Service. Arbitrage payments, as related to the 2005 Tax Allocation Bonds, are required to be paid on the fifth bond year, or August 2011. The Agency is in compliance with Section 148 requirements as of June 30, 2007.

Note 6: Net Asset - Classifications

The classification of net assets into three components, invested in capital assets, net of related debt, restricted and unrestricted is required by GASB 34. Two of these classifications are applicable to the Agency operations and are defined as follows:

Restricted Net Assets – Consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislations.

Unrestricted Net Assets – Consists of funds which are undesignated and available for general operations.

Note 7: Fund Balance - Classifications

Fund balances are reserved for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designations of fund balance represent management plans that are subject to change. Fund balances have been reserved for the following purposes:

Reserved for Debt Service – Represents unspent bond proceeds and reserve accounts with the bond fiscal agent and loan requirements with the United States Department of Agriculture.

Reserved for Encumbrances - Represents amounts obligated under purchase orders, contracts, or other commitments for expenditure that are being carried forward to the ensuing fiscal year.

Reserved for Housing Set-Aside – Per the State of California, Health and Safety Code, 20% of tax incremental revenue received by the Agency must be allocated to the Housing Set-Aside fund. The Housing Set-Aside fund is to be used to increase, improve and preserve the County's low and moderate income housing. The Agency has elected to voluntarily increase the Housing Set-Aside percentage to 25%.

STANISLAUS COUNTY REDEVELOPMENT AGENCY  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2007

Note 8: Interfund Receivables, Payables and Transfers

Balances at fiscal year end of interfund receivables and payables were as follows:

	<u>Receivable</u>	<u>Payable</u>
Due to the Housing Set-Aside Fund from the Capital Projects Fund	\$ 1,777,192	
Due from the Capital Projects Fund to the Housing Set-Aside Fund		\$ 1,777,192

The year end accruals represent the required 25% of set-aside funding, based upon incremental property taxes received during the fiscal year, per the State of California, Health and Safety Code as mentioned in Note 7, for the last two years.

The interfund transfers consist of Housing Set-Aside revenue for the fiscal year, transferred from the Capital Project Fund to the Low/Moderate Income Housing Set-Aside Fund as an expense in the amount of \$2,195,403 and debt service reserve requirement transferred from the Capital Project Fund to the Debt Service Fund as an expense in the amount of \$24,500; for a combined interfund transfer out of the Capital Project Fund in the amount of \$2,219,903.

Note 9: Risk Management

The Agency is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency participates in the County of Stanislaus risk management insurance. Insurance covered under the County's risk management includes general liability, unemployment, worker's compensation, professional liability, health insurance and other benefits.

No claims were outstanding during the year under audit, ending June 30, 2007. Audit reports of the County of Stanislaus listing further details of the County's insurance coverage may be obtained by writing the County of Stanislaus, 1010 10<sup>th</sup> Street, Suite 5100, Modesto, CA. 95354.

Risk management expenditures during the fiscal year are as follows:

General liability insurance	\$ 250
Unemployment insurance	260
Worker's compensation insurance	1,060
Health insurance	12,924
Other insurance	<u>171</u>
 Total risk management expenditures	 \$ <u>14,665</u>

STANISLAUS COUNTY REDEVELOPMENT AGENCY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2007

Note 10: Employee Retirement System

The Agency's employees participate in the County of Stanislaus retirement system. The County of Stanislaus is a major participant of the Stanislaus County Employees Retirement Association (StanCERA). StanCERA was established under the County Retirement Act of 1937 under California State Government Code section 31450 et. seq. StanCERA is a cost-sharing multiple-employer public employee retirement system.

Membership to StanCERA is required of all full-time employees and permanent part-time (50% or more of the regular hours) on the first day of employment. Employees eligible for retirement benefits are vested after 5 years of service except for Plan 3 which requires 10 years of service. Employees who have reached the age of 50 or employees with 30 years of service, regardless of age, are eligible to retire. Benefits are calculated as a percentage of the employee's monthly final average salary per year of service, depending upon age of retirement. An independent actuary provides an actuarial valuation of the system, annually.

In addition to the retirement benefits, StanCERA provides post employment benefits which include medical, dental and vision insurance along with a death benefit for eligible retirees.

These benefits are funded from excess earnings of StanCERA. The County of Stanislaus does not contribute to these post employment benefits. As of June 30, 2006, which is the most recent available information, there are reserves of \$111,120,324 for payment of these additional benefits. The Board of Retirement may eliminate the benefit by giving 90 days notice to the retirees.

For further information regarding the retirement system and to obtain audit reports of StanCERA, write to PO Box 3150, 832 12<sup>th</sup> Street, Suite 600, Modesto, CA. 95353.

Retirement and post employment benefit expenditures for the year ending June 30, 2007 was \$18,415.

Note 11: Related Party Transactions

During the fiscal year ending June 30, 2007, the Agency paid the County of Stanislaus, a related party, \$48,293, for accounting, legal and administrative services.

STANISLAUS COUNTY REDEVELOPMENT AGENCY  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2007

Note 12: Commitments and Contingencies

As of June 26, 2007 the Agency approved a Memorandum of Understanding (MOU) between Keyes Community Services District and the Agency regarding the relocation of sanitary sewer and water lines as part of the Agency's Keyes Storm Drain Project. Pursuant to the MOU, the District shall pay to the Agency the actual cost of construction plus two percent for project administration, for an estimated sum total in the amount of \$879,200, or the actual cost of the accepted bid, whichever is less. The bid process is still open as of this date.

The Agency is contingently liable for loans that are made to individuals who live in the project areas and participate in the down payment assistance program. The down payment assistance program provides financial assistance towards home ownership for low and moderate income individuals.





**AUDITOR-CONTROLLER**

**Larry D. Haugh**  
Auditor - Controller

1010 10TH Street, Suite 5100, Modesto, CA 95354  
PO Box 770, Modesto, CA 95353-0770  
Phone: 209.525.6398 Fax: 209.525.6487

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

To the Board of Supervisors  
Stanislaus County  
Redevelopment Agency  
Modesto, California

We have audited the accompanying financial statements of the governmental activities of Stanislaus County Redevelopment Agency, a component unit of Stanislaus County, California as of and for the year ended June 30, 2007, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated November 19, 2007. 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.

As discussed in our audit report we have noted certain qualifications pertaining to auditor independence. We believe adequate safeguards exist between our responsibility as auditors within the Stanislaus County Auditor-Controller Department and the responsibility of the Auditor-Controller. Please refer to the audit report for further reference.

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 opinion 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 Agency'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 Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency'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 Agency's internal control.

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 include those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller. 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*.

We noted certain matters that we reported to management of the Stanislaus County Redevelopment Agency in a separate letter dated November 19, 2007.

This report is intended solely for the information and use of management, Board of Supervisors, and the State Controller's Office, Division of Accounting and Reporting and is not intended to be and should not be used by anyone other than these specified parties.



Lauren Klein,  
Certified Public Accountant  
County of Stanislaus  
Internal Audit Manager

November 19, 2007



**AUDITOR-CONTROLLER**

**Larry D. Haugh**  
Auditor - Controller

1010 10TH Street, Suite 5100, Modesto, CA 95354  
PO Box 770, Modesto, CA 95353-0770  
Phone: 209.525.6398 Fax: 209.525.6487

Management Comments

November 19, 2007

Board of Supervisors  
Stanislaus County  
Redevelopment Agency  
Modesto, California

In planning and performing our audit of the financial statements of the Stanislaus County Redevelopment Agency (Agency), a component unit of Stanislaus County, California as of the year ended June 30, 2007, we considered the Agency's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions concerning those matters. This letter does not affect our report dated November 19, 2007, on the financial statements of the Agency.

Current Year Findings

The auditor noted no additional management comments during fiscal year 2006-2007.

Status of Prior Year Findings

Segregation of Duties

A good system of internal control provides for a proper segregation of the accounting functions. The Agency does not have the proper segregation of duties over cash receipts and disbursements. For example, in consideration of cash receipts, the same employee receives the checks, endorses them, prepares the deposit permits, and delivers the deposit to the Treasury Department, and in consideration of cash disbursements, the same person has the ability to spend funds and prepare the documents to issue a check for disbursement. Proper segregation is not always possible in a small organization, but limited segregation to the extent possible can and should be implemented to reduce the risk of errors or fraud. For example, in consideration of cash receipts, one employee should endorse the checks, another should prepare the deposit, and another should deliver the deposit to the Treasury Department. In consideration of cash disbursements, the employee that prepares the documents for check issuance should not have the ability to spend the funds. We recommend that management review the current assignment of accounting functions. Where possible, duties should be segregated to reduce the risk of errors or fraud.

Status: This recommendation was adequately implemented during the fiscal year when the Agency became aware of the auditor's recommendation.

### Cash Receipts Procedures

The following weaknesses were noted in the cash receipts procedures:

- Customers do not receive a pre-numbered receipt when making payments to the Agency. In addition, the receipts are not inventoried, thereby limiting the ability of the Agency to verify revenue as complete. We recommend pre-numbered receipts be issued to customers and the receipts be inventoried.
- Checks received at the Agency are not endorsed immediately when the mail is opened. Also, when the employee is not available, checks are not endorsed until the employee is present. We recommend the checks be endorsed immediately upon receipt by the employee who opens the mail each day.
- A check log of all checks received is not maintained. We recommend a check log be maintained and periodically reconciled to the deposit permits by an employee other than the employee maintaining the check log.
- Prior to the transfer of cash to the Treasury Department, the cash and/or checks received by the Agency are kept in a locked safe. The room where the safe is kept is open during the day and locked at night and on weekends. All Agency employees have access to the safe. We recommend that only one employee act as the primary custodian of the safe with another employee acting as the secondary custodian when the primary custodian is not available.

Status: The recommendations were adequately implemented during the fiscal year when the Agency became aware of the auditor's recommendation, with the exception of the pre-numbered receipts weaknesses. The Agency is in the process of evaluating software packages and expect to make a selection in the near future.

### Lack of Recording Prior Year Audit Journal Entries on Financial Records

We noted during our audit, the prior year audit journal entries were not recorded on the financial records, including an accumulation of more than one fiscal year of entries. Part of the prior year audit journal entries included a note receivable balance. When we inquired as to the reason for the lack of entries on the financial records we were informed the note receivable balance was immaterial and therefore not recorded. For accounting purposes, materiality is not a consideration. Financial records should reflect a complete history of financial transactions within any organization. We recommend the audit journal entries be recorded on the financial records of the Agency.

Status: This recommendation was adequately implemented during the fiscal year when the Agency became aware of the auditor's recommendation.

### Proper Capturing of Costs

During our audit work we noted costs for administrative services were not recorded on the financial statements. We were informed the Agency Members recommended the Agency maintain administrative expenditures at 10% of funding during the year. In addition, we also noted costs for employees of the Public Works Department, who work on the Agency's projects, were not captured. We recommend that all related Agency costs are recorded on the financial statements. We also recommend the Agency Members consider increasing the allowable administrative percentage to a more reasonable percentage such as 15%.

Status: This recommendation was adequately implemented during the fiscal year when the Agency became aware of the auditor's recommendation.

### Allocation of Housing Set-Aside Revenues

We noted, during our audit that the allocation of Housing Set-Aside funds based on the incremental property tax revenue received during the year was not calculated and transferred to the appropriate fund for the month of June. We also noted a year end reconciliation was not performed verifying 25% of gross incremental property tax revenue for the entire year was calculated and transferred to the Housing Set-Aside fund. In the past, the Agency has relied upon the auditor to perform these calculations and the year-end reconciliation. We recommend the calculations, transfers, and reconciliation for the Housing Set-Aside fund be performed by Agency staff, with advisory help from the auditors, if needed.

Status: While progress has been made regarding this recommendation via the Agency transferring funds twice a year, additional calculations and timeliness of year-end transfers continue to be a problem which the Agency will continue to work on.

### Proper Maintenance Funds

The Agency is not fully utilizing the County's Oracle Accounting software as it relates to the bond financing transactions during the fiscal year. We recommend that the Agency utilize Oracle's coding structure which includes tracking of projects/jobs that will automatically segregate these transactions from other types of transactions. This will also enable the Agency to have updated records of these transactions at any time by directly extracting the data from Oracle.

Status: This recommendation was adequately implemented during the fiscal year when the Agency became aware of the auditor's recommendation.

The comments and recommendations are intended solely for the information and use of the Board, management, and others within the Agency and should not be used by anyone other than these specified parties.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Finally, we would like to thank management and staff at the Agency along with various staff from the County of Stanislaus, primarily from the Auditor-Controller's office, for their cooperation and assistance during the audit.

Sincerely,

*Lauren Klein*

Lauren Klein,  
Certified Public Accountant  
County of Stanislaus  
Internal Audit Manager

## EXHIBIT B

# 2006/07 REDEVELOPMENT AGENCY ACTIVITIES REPORT

### INTRODUCTION

This report has been prepared in accordance with Section 33080.1 of the Health and Safety Code relating to redevelopment.

The Health and Safety Code requires Redevelopment Agencies to prepare an Annual Report of Financial Transactions and an Annual Report of housing activity. These reports have been filed with the State Controller, as required, before December 31, 2007. The Health and Safety Code also requires that the Agency Board receive and accept these reports. The State Controller's Housing Activity Reports for the year ended June 30, 2007 are attached for review and acceptance by the Agency Board.

The Agency has developed partnerships with County departments, as well as other agencies to implement its various programs and projects. These partnerships with Chief Executive Office, Public Works, City of Modesto, United Way of Stanislaus, Habitat for Humanity, WorkNet Alliance, Sheriff's Office, Environmental Resources, Parks, Modesto Junior College, Housing Authority, and Inter-Faith Ministries have participated in the following activities:

### HOUSING ACTIVITIES

#### *Down Payment Assistance Program*

The Agency assisted nine (9) income-eligible households in their first-time purchase of a home. The Home Investment Partnership (HOME) and the CalHFA Loan programs were leveraged with Housing Set-Aside funds to assist in the purchase of these homes.

#### *Minor Home Repair Program*

Six (6) low income households received financial assistance for housing rehabilitation with low interest loans. During FY 2006/07, the agency contracted with the Housing Authority of Stanislaus County to administer this program.

#### *Major Housing Rehabilitation Program*

One (1) low income household received financial assistance with a low interest loan for housing rehabilitation. During FY 2006/07, the agency contracted with the Housing Authority of Stanislaus County to administer this program.

#### *Sewer Connection Program*

Thirty seven (37) income-eligible households received financial assistance with grants or loan interest loans. During FY 2006/07, the agency contracted with the Housing Authority of Stanislaus County to administer this program.

There were no cases of displacement brought about by any agency activity.

## **BLIGHT ELIMINATION ACTIVITIES**

### **Community Cleanups**

The agency partnered with the Department of Environmental Resources (DER) and the sheriff's Department and community organizations to host cleanup campaigns in the town of Keyes, and the neighborhoods of Shackelford, South Ceres, and Paradise- South (Weed & Seed area). Below is a table indicating statistics from each event.

TOWN	TONS	BINS	TIRES	COST
Airport Neighborhood	66.22	17	1, 500	\$5,018
Bret Harte	80	12	2,018	\$8,720
Parklawn	84	14	958	\$7,231
Salida	220	24	1,015	\$13,692
South Ceres	9.5	6	87	\$1,200
West Modesto	32.44	Vouchers: 63	n/a	\$1,476.14
TOTAL	492.16	73	5,578	\$35,861

## **STRATEGIC PLANNING**

### **New Redevelopment Project Area**

Staff continued to participate as a member of the Crows Landing Air Facility Planning Team. A conceptual development reuse scenario for the Crows Landing Air Facility was approved by the Board of Supervisors, including an East-West parallel runway configuration and 818 acres of Business Park and industrial land, with the ability to accommodate truck, rail and air transportation. In addition, after an RFP process, the Board entered into an exclusive Master Developer negotiation process with PCCP West Park, LLC. The Board formed an Ad Hoc Committee to oversee the 12-month process. Work towards the designation of the 1,527 acre Crows Landing Air Facility as a Redevelopment Project Area continued, and it is anticipated the process of adopting a Redevelopment Plan will take place in FY 2007-08.

### **Airport Neighborhood Revitalization**

In partnership with the City of Modesto the Agency began development of an Airport Neighborhood Revitalization Strategic Plan. The plan should be completed by the end of FY 2007. The plan will include estimates for the design and construction of infrastructure for the area, development of a database of infill properties, and community outreach forums using the Asset Based Community Development approach for the revitalization of the area.

The Revitalization Plan will guide infill development and revitalization efforts of the area's businesses, streets, transportation system, housing and recreational areas. For an under-served, high need community with limited resources, this plan will represent a comprehensive strategy for redevelopment, transportation, community input and economic revitalization.

Agency staff has developed collaborations with the City of Modesto, County departments, non-profit agencies, businesses and other community stakeholders in the area for the development and implementation of this plan.



### Annual Retreat of Unincorporated Communities

Agency staff participated in the Chief Executive Office-sponsored Fourth Annual Retreat for unincorporated communities. This half-day event provided the opportunity to citizens of unincorporated towns and neighborhoods to better understand government and to learn about programs that may be of assistance in their communities.

## **ECONOMIC DEVELOPMENT**

### Workforce Development

The agency continues to be a lead partner of the Stanislaus Workforce Development Collaborative. By coordinating workforce development activities and facilitating services to the under-served areas of the County, the agency maintains its goal of assisting with economic revitalization.

During FY 2006-07, Fifty three (53) program participants received training through Modesto Junior College's Accelerated Technology Training Program. This program is an initiative that began and has been continued by the efforts of the Stanislaus Workforce Development Collaborative. The Collaborative consists of Modesto Junior College, Inter-Faith Ministries City of Modesto, United Way of Stanislaus and County departments.

## **INFRASTRUCTURE**

### Keyes Storm Drain Project

The Agency identified the Keyes Storm Drain Project for construction in its 2005-2009 Implementation Plan. Steps to fund both the design and the construction of the project were completed in FY 2005/06.

On November 21, 2006 Public Works contracted, on behalf of the Agency, Ross F. Carroll, Inc., of Oakdale, California in the amount of \$1,219,850.00 for the completion of Phase One of the project. The engineer's estimate for the budget of this project is \$1,400,000.00

Costs associated to assure the delivery of this project in the amount of \$1,323,343.00 (\$1,219,850.00 contract + \$73,493.00 contingency + \$30,000 for testing and quality assurance) will be satisfied by the funds acquired through the 2005 Tax Allocation Bond.

The project is being delivered under a two-phased construction approach. Phase One is has been completed and consisted of the construction and installation of a Continuous Deflective Separator (CDS) Storm Water Treatment Unit (SWTU), in accordance with the California Environmental Protection Agency, State Water Resources Control Board (SWRCB). This filtration unit has the capability to capture 100% of the floatables (plastic bottles, bags, rubber, etc.,) and 100% of all particles, including silts and clay materials equal or greater than 4.7 millimeters (MM). The SWTU is equipped with a conventional oil baffle to capture and retain oil and grease and Total Petroleum Hydrocarbons (TPH) pollutants as they are transported through the storm drain system during dry weather (gross spills) and wet weather flows.

The second phase will consist of detention basin improvements including a pumping station, and; a storm drain collection system with full width street improvements. Phase Two is scheduled to commence during the 2007/08 fiscal year.

This project has remained on schedule and within the allocated budget. There has been no significant changes or costs to the schedule or budget.

*Bret Harte Sewer Project*

Debt service continues on the 20-year State Water Quality Control loan that was obtained to construct a Sewer Collection and Transfer System in the Bret Harte Neighborhood. This project eliminated a serious health and safety threat of deteriorating septic systems in a residential area of over 1,100 lower income households. Ten (10) years remain for debt service.

*Salida Storm Drain Project*

Debt service continues on the USDA loan that financed the storm drain infrastructure in Salida. There remains thirty-five (35) years on this loan.

*Shackelford Sewer Project*

Debt service continues on the \$2.5 million Shackelford Sewer Project. This debt has been retired during Fiscal Year 2006/07.