

**REDEVELOPMENT AGENCY  
OF THE CITY OF BISHOP  
COMPONENT UNIT FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**REDEVELOPMENT AGENCY  
OF THE CITY OF BISHOP  
Component Unit Financial Statement  
For the Fiscal Year Ended June 30, 2011**

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**INDEPENDENT AUDITOR'S REPORT**

Members of the Redevelopment Agency  
of the City of Bishop  
Bishop, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Redevelopment Agency of the City of Bishop, a component unit of the City of Bishop, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These component unit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the component unit financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Redevelopment Agency of the City of Bishop as of June 30, 2011, and the changes in financial position for the fiscal year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 30, 2011 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management Discussion and Analysis (MD&A) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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.

*Larry Bain, CPA  
An Accounting Corporation  
November 30, 2011*

**Redevelopment Agency of the City of Bishop**  
**Required Supplementary Information**  
**Management's Discussion and Analysis**  
**June 30, 2011**

(Unaudited)

For fiscal year ended June 30, 2011 the Redevelopment Agency of the City of Bishop (the Agency) has issued its financial statements in the format prescribed by the provisions of Governmental Accounting Standards Board Statement 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" (GASB 34). This financial statement format is necessary because the Agency is a component unit of the City of Bishop, which also implemented GASB 34. GASB 34 requires the Agency to provide this overview of its financial activities for the fiscal year, and it should be read in conjunction with the accompanying Basic Financial Statements.

**THE PURPOSE OF THE AGENCY**

The agency is a component unit of the City of Bishop; it is controlled by the City, which appoints the Agency's Board of Directors. City employees perform all the duties and functions required by the Agency. The Agency is considered inactive as it collects no tax increments and has no active project areas other than an administrative fund which is accounted for as a governmental activity in the special revenue fund.

**FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2011**

- The Agency's financial activity was the payment of City salaries totaling \$1,111 for the administration of the Agency. The general fund transferred funds to the Agency to pay these expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of three components, agency – wide financial statements, fund financial statements and notes to the financial statements.

**REQUIRED FINANCIAL STATEMENTS**

**Agency – Wide Financial Statements** are designed to provide readers with a broad overview of Agency finances, in a manner similar to a private-sector business

The *Statements of Net Assets* include information on the Agency's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Agency creditors (liabilities). 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 *Statements of Activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these Agency-wide financial statements distinguish functions of the Agency that are principally supported by taxes and intergovernmental revenues (governmental activities) from other function that are intended to recover all or a portion of their costs through user fees and charges (business type activities). The governmental activities of the Agency are community development. There are no business type activities.

**Redevelopment Agency of the City of Bishop  
 Required Supplementary Information  
 Management's Discussion and Analysis (Continued)  
 June 30, 2011**

**Fund Financial Statements** are groupings of related accounts that are 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 to demonstrate finance-related legal compliance. The fund of the Agency is divided into one category: governmental fund.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the agency-wide financial statements. However unlike the agency-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as of balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Agency's near-term requirements. Because the focus of governmental funds is narrower than that of the agency-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the agency-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changed in fund balance provide a reconciliation to compare between governmental funds and governmental activities.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the agency-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements,

**AGENCY-WIDE FINANCIAL ANALYSIS**

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets provides an indication of the Agency's financial condition and indicates if the financial condition of the Agency has improved or declined during the last fiscal year. The Agency's net assets reflect the difference between assets and liabilities. A decrease in net assets over time typically indicates an adjustment to rates and fees is needed to improve the financial condition of the entity. The Agency is accounted for as an Special Revenue fund. As such operations of the Agency are financed or recovered principally by tax revenue. The Agency does receive an annual transfer from the general fund to recover administration expenses. A summary of the Agency's Statement of Net Assets is presented below.

Condensed Statement of Net Assets  
 Fiscal Year  
 Ended June 30, 2011 and 2010

	2011	2010
Current and other Assets	\$ -	\$ -
Total Assets	<u>-</u>	<u>-</u>
Liabilities		
Current/non current	<u>-</u>	<u>-</u>
Net Asset:		
Unrestricted net assets	<u>-</u>	<u>-</u>
Total Net Assets	<u>\$ -</u>	<u>\$ -</u>

**Redevelopment Agency of the City of Bishop  
Required Supplementary Information  
Management's Discussion and Analysis (Continued)  
June 30, 2011**

A summary of the Agency's Statement of Activities is presented below.

Condensed Statement of Activities  
Fiscal Year  
Ended June 30, 2011 and 2010

	2011	2010
Program Revenues:		
Community Development	\$ -	\$ -
General Revenue:		
Property taxes	<u>-</u>	<u>-</u>
Total Revenue	<u>-</u>	<u>-</u>
Expenses:		
General government	<u>1,111</u>	<u>1,238</u>
Total Expense	<u>1,111</u>	<u>1,238</u>
Operating Transfers in	<u>1,111</u>	<u>1,238</u>
Changes in Net Assets	-	-
Beginning Net Assets	<u>-</u>	<u>-</u>
Ending Net Assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CAPITAL ASSETS**

As of June 30, 2011 the Agency had no investments in capital assets.

**LONG – TERM DEBT**

As of June 30, 2011, the Agency had no outstanding long – term debt

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City Council adopted the 2010-2011 Agency's budget based on the following principles and projection: no property tax increment and no project areas.

**ADDITIONAL FINANCIAL INFORMATION**

This financial report is designed to provide the Agency's customers, investors and other interested parties with an overview of the Agency's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Redevelopment Agency of the City of Bishop at 377 West Line Street Bishop, California 93514.

**REDEVELOPMENT AGENCY OF  
THE CITY OF BISHOP**  
**NOTES TO THE COMPONENT UNIT FINANCIAL STATEMENTS**  
**June 30, 2011**

Note 1: Summary of Significant Accounting Policies

The Redevelopment Agency of the City of Bishop (Agency) was established as set forth in the Health and Safety Code of the State of California. The primary purpose of the Agency is to prepare and carry out plans for improvement, rehabilitation and development of the blighted areas within the City of Bishop (City). The Agency currently has no project areas and is considered inactive.

The accounting policies of the Redevelopment Agency of the City of Bishop conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The Agency meets the criteria set forth in GAAP for inclusion as a blended component unit of the City of Bishop and is included in the City's component unit financial statements.

The primary criterion for a potential component unit within a reporting entity is the governing body's financial accountability. A primary governmental entity is financially accountable if it appoints a voting majority of a component unit's governing body and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

The City Council members serve as the Governing Board of the Redevelopment Agency and all accounting and administrative functions are performed by the City, which records all activity of the Redevelopment Agency in the special revenue funds of the City. The Agency is, therefore, reported as a blended component unit of the City.

B. Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. The Agency considers property taxes available if they are collected within sixty-days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

**REDEVELOPMENT AGENCY OF  
THE CITY OF BISHOP**  
**NOTES TO THE COMPONENT UNIT FINANCIAL STATEMENTS**  
**June 30, 2011**

Note 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation

The accounts of the Agency are organized and operated on the basis of a fund. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The Agency's resources are accounted for in this individual fund based on the purpose for which it is to be spent and the means by which spending activity is controlled. For financial reporting, this fund has been grouped into the fund type discussed below.

Governmental Fund Type

Governmental funds are used to account for the Agency's expendable financial resources and related liabilities (except those accounted for in proprietary and similar trust funds). The measurement focus is based upon determination of changes in financial position. The following is the Agency's governmental fund:

Special Revenue Funds - This fund accounts for the activity of the Agency, which are legally restricted to expenditures for specific purposes.

D. Cash and Investments

The Agency maintains all of its cash and investments in the City's cash and investment pool for the purpose of increasing interest earnings through combined investment activities. Information regarding the characteristics of the entire investment pool can be found in the City's June 30, 2011, financial statements.

E. Tax-Increment Financing

Tax-increment financing has been established pursuant to the California Community Redevelopment Law. It is defined as the excess of taxes levied and collected each fiscal year in a redevelopment project area over and above the amount which would have been produced, at current rates, by the assessed value shown on the assessment roll last equalized prior to the effective date of the ordinance of the City establishing the redevelopment project area. Such funds are restricted to pay the principal and interest on loans, funds advanced to, or indebtedness incurred by, the Agency to finance or refinance such redevelopment projects and are available to the Agency only after indebtedness, which is certified by the State of California, as incurred.

When the Agency's loans, advances and indebtedness, if any, together with interest thereon have been paid, all tax increments received thereafter upon the taxable property in such redevelopment project shall be paid into the funds of the respective taxing agencies.

During the 2010-2011 fiscal year the Agency received no tax increment financing.

F. Budgets and Budgetary Accounting

As required by the laws of the State of California, the Agency prepares and legally adopts a final balanced operating budget. Public hearings were conducted on the proposed final budget to review all appropriations and the sources of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in financing requirements. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the Agency. The City Council, of the City of Bishop, may amend the budget by motion during each fiscal year. The City Administrator is authorized to transfer funds from one-major

Note 1: Summary of Significant Accounting Policies (Continued)

**REDEVELOPMENT AGENCY OF  
THE CITY OF BISHOP**  
**NOTES TO THE COMPONENT UNIT FINANCIAL STATEMENTS**  
**June 30, 2011**

F. Budgets and Budgetary Accounting (Continued)

expenditure category to another within the same department and fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

An annual appropriated budget is adopted for the special revenue fund on the modified accrual basis of accounting. All appropriations lapse at the end of the fiscal year to the extent that they have not been expended.

The budgetary data presented in the accompanying component unit financial statements includes all revisions approved by the City Council.

Note 2: Cash and Investments

The Agency participates in the cash and investment pool of the City of Bishop. At June 30, 2011, the carrying amount of the cash held by the City of Bishop, as part of the investment pool, was \$0. Additional information on the City of Bishop's cash and investment pool can be found in the City of Bishops financial statements.

Note 3: Related Party Transactions

The Agency entered into a cooperative agreement with the City to provide staff and other services to the Agency. Accordingly, the Agency has no employees and the Agency reimburses the City for services. All revenues and expenditures are deposited and paid from the City's treasury.

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

We have audited the component unit financial statements of the Redevelopment Agency of the City of Bishop (Agency), a component unit of the City of Bishop, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated November 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's component unit financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 non-compliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, and the Controller's Office of the State of California.

**Larry Bain, CPA,**  
**An Accounting Corporation**  
November 30, 2011