

# Redding Redevelopment Agency

A Component Unit of the City of Redding, California

Comprehensive Annual Financial Report  
Fiscal Year Ended  
June 30, 2008



REDDING  
REDEVELOPMENT



*Partners in Progress*

# Redding Redevelopment Agency

Redding, California

*Basic Financial Statements  
and Independent Auditors' Reports*

*For the year ended June 30, 2008*

Issued by the Finance Department

Stephen W. Strong  
Director of Finance



**Redding Redevelopment Agency**  
**Basic Financial Statements**  
**For the year ended June 30, 2008**

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## **INTRODUCTORY SECTION**





777 CYPRESS AVENUE  
P.O. BOX 496071  
REDDING, CA 96049-6071  
530-225-4351  
530-225-4162 FAX

November 7, 2008

To the Honorable Chairman and Members of the Redding Redevelopment Agency Board of Directors:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2008.

Management assumes full responsibility for the completeness and reliability of all the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Caporicci and Larson, a firm of licensed certified public accountants, have issued an unqualified ("clean") opinion on the Redding Redevelopment Agency's financial statements for the year ended June 30, 2008. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

### **Profile of the Redding Redevelopment Agency**

The City Council of the City of Redding, acting pursuant to the provisions of Community Redevelopment Law [California Health and Safety Code § 33000, et seq.], activated the Agency on August 4, 1958. The Agency has broad authority to acquire, develop, administer, and sell or lease property, including the right of eminent domain and the right to issue long-term debt and expend proceeds.

The five members of the City Council serve as the governing body of the Agency and exercise all rights, powers duties, and privileges of the Agency in carrying out redevelopment activities. The Assistant City Manager serves as Executive Director and Secretary of the Agency. The City Attorney serves as Agency Council.

The Agency is charged with the goal of eliminating blight within designated geographic areas known as *project areas* through the process of redevelopment. The first project area, adopted in 1968, was the Midtown Project consisting of 10 acres in the heart of downtown Redding. In 1990 Midtown was renamed the Market Street Redevelopment Project and expanded to 2,590 acres. The Canby-Hilltop-Cypress Redevelopment Project Area, containing the City of Redding's major retail area, was established in 1981 and expanded in 1990 to a total size of 2,050 acres. The Agency, along with the redevelopment agencies of the County of Shasta and the City of Anderson, in 1996 adopted the SHASTEK Redevelopment Project Area, a cooperative redevelopment project containing approximately 4,100 acres located in the eastern section of the City of Redding, the northern part of the City of Anderson, and intermingles with portions

of the County of Shasta. In 2006, SHASTECC was amended to include an additional 870 acres. The last project area known as Buckeye is a cooperative redevelopment project between the City of Redding and the County of Shasta. It was established in 2000 and contains 1,063 acres located in the northwest portion of the City of Redding and adjacent unincorporated areas of the County.

The Agency undertakes projects, programs and activities to eliminate blight and improve the physical and economic conditions of its project areas, including downtown revitalization, commercial and retail development, and construction of public facilities. Pursuant to Redevelopment Law, the Agency expends 20% of its tax increment revenue to preserve and improve low- and moderate-income housing.

The Agency, having adopted the City of Redding’s administrative policies and procedures, adopts a two-year budget that is reviewed and updated annually. The budget is prepared by fund (project area) and division (e.g., capital) and is used by the Agency as a planning tool and a work program for the ensuing period. It includes proposed expenditures, anticipated revenues, and amount of indebtedness. The Executive Director may make transfers of appropriations within a division. Transfers of appropriations between divisions and/or funds, however, require the special approval of the Board of Directors.

**Local Economy**

The growth and health of an area’s economy can be determined by monitoring a wide variety of indicators. Listed below are some of these indicators in the Redding Area.

*Population characteristics.* The City of Redding was one of the fastest growing cities in California between 1970 and 1990, growing to 66,462 residents in 1990 from 16,659 in 1970. Since 1990 the City’s population growth has been approximately 1-2% per year. The City’s population of 90,491 has increased 11.9% over the 2000 U.S. Census tabulation. The City’s population represents approximately 50% of Shasta County’s population. The following table indicates population growth for the City and Shasta County from 1970 to 2008:

Year	City of Redding		Shasta County	
	Population	Annualized Percent Change Over Interval	Population	Annualized Percent Change Over Interval
1970	16,659	0.00%	77,640	0.00%
1980	41,995	15.21%	119,449	5.38%
1990	66,432	5.82%	147,036	2.31%
2000	80,865	2.17%	163,256	1.10%
2001	82,543	2.08%	165,699	1.50%
2002	84,560	2.44%	169,300	2.17%
2003	85,703	1.35%	172,000	1.59%
2004	87,280	1.84%	175,705	2.15%
2005	88,459	1.35%	178,197	1.42%
2006	89,162	0.79%	179,835	0.92%
2007	89,682	0.58%	180,666	0.46%
2008	90,491	0.90%	182,236	0.87%

Source: 1970-2000 data from U.S. Census; 2001-2008 data from the California State Department of Finance as of January 1.

The City's population is projected to grow over the next 10 years by approximately 9,416 representing an increase of approximately 10.4%. The Redding area is expected to maintain approximately 50% of the total Shasta County population because of a variety of factors that will support urban development, including utilities (wastewater, storm drainage, water, electric, and solid waste), employment, regional shopping, transportation services, and reduced commuting.

**Housing costs.** Housing in the City is less costly than in many other urban areas of the State of California and on the West Coast. The following table sets forth the median price of housing in other urban areas of California as compared to Redding as of June 2008:

<u>Region</u>	<u>Single Family Homes</u>
Sacramento	\$179,000
<b>Redding</b>	<b>255,000</b>
Los Angeles	415,000
Orange County	470,000
San Francisco	760,000

Source: California Association of Realtors & Shasta County Board of Realtors

**Industry and employment.** Extracting timber and the processing of wood by-products, together with agriculture, tourism, and government, have historically been the major sectors of employment in the City. However, the City's economic base has diversified to a regional service economy supported by retail and wholesale trade plus educational, recreational, medical and governmental services for an area covering several counties.

The major non-local governmental employers in the City and the County include those in medical services, heavy forest products, and retail services. Major employers in the City of Redding and the approximate number of their full-time employees can be found in the statistical section on page 120.

According to the State Employment Development Department, the unemployment rate of the City's metropolitan area was 9.2% on June 30, 2008. The following table sets forth the number and rate (expressed as a percentage) of unemployed persons living within the City's metropolitan area for the month of June 1999 through June 2008:

<u>June 30</u>	<u>Labor Force</u>	<u>Unemployment Number</u>	<u>Rate</u>
1999	73,100	5,100	7.0%
2000	75,700	4,400	5.8%
2001	77,300	4,400	5.7%
2002	82,600	5,700	6.9%
2003	84,000	6,300	7.5%
2004	84,000	6,300	7.5%
2005	83,100	5,900	7.1%
2006	84,400	5,300	6.3%
2007	84,800	6,000	7.0%
2008	87,500	8,100	9.2%

Source: State Department of Employment Development

**Construction activity.** For the past ten calendar years ending December 2007, the City issued building permits valued at a total of \$1,470,377,861. New construction over the ten-year period represents 73.09% of the total construction activity. For the 2007 calendar year 3,380 building permits were issued with a total permit valuation of \$124,086,638. The City of Redding has experienced high growth over the past ten-year period. Following overall statewide trend, year 2007 saw a downturn in permit and related construction activity. This trend is expected to continue in the upcoming year.

The following table sets forth the value and number of permits for new single- and multiple-family dwellings and businesses located in the City for the last four calendar years:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Value - single family*	\$73,217,109	\$120,544,146	\$55,897,416	\$41,725,144
Number of permits	383	720	287	204
Value - multi dwellings*	\$11,364,890	\$14,892,727	\$12,019,895	\$15,488,613
Number of permits	6	30	37	22
Number of units	225	216	131	195
Value - business*	\$29,032,702	\$32,379,315	\$38,299,649	\$31,378,290
Number of permits	70	68	63	50
Value - Total all permits	\$156,729,228	\$222,735,090	\$170,142,515	\$124,086,638
Total permits**	4,073	4,645	3,885	3,380

\* Value of new construction only

\*\* Does not include number of units for multi-dwellings

**Commerce.** The City is a regional center of commerce for several Northern California counties. This is evidenced by its many shopping centers and malls. Support for retail sales is derived from a retail trade area population of approximately 181,000 in the primary trade area and approximately 250,000 in the secondary trade area. The primary trade area consists of the metropolitan urban area, including the cities of Redding, Shasta Lake, and Anderson. The secondary trade area consists of Shasta, Trinity, and Tehama counties. Taxable transactions in the City were approximately \$1.9 billion in calendar year 2007, a 5.7% decrease over the same period for 2006.

<u>Year</u>	<u>Taxable Transactions (in Thousands)</u>	<u>Taxable Transactions Percentage Increase (Decrease)</u>
1998	\$1,198,000	0.0%
1999	1,327,370	10.8%
2000	1,453,052	9.5%
2001	1,561,842	7.5%
2002	1,652,064	5.8%
2003	1,748,793	5.9%
2004	1,898,286	8.5%
2005	2,046,597	7.8%
2006	2,104,055	2.8%
2007	1,983,496	-5.7%

Source: California State Board of Equalization

**Transportation.** The City enjoys a strategic location on U.S. Interstate Highway 5, the principal transportation artery running north-south from Canada to Mexico. The City is also bisected by State Highway 299 and State Route 44, key east-west transportation arteries in Northern California.

The City is served by the Union Pacific Railroad and Amtrak for rail transportation. Greyhound serves the City with bus service. United Express Airlines and Horizon Air provide air service from Redding Municipal Airport to cities throughout California and the Pacific Northwest.

“THE RIDE” is the City’s multi-bus transportation system and offers thirteen different fixed routes, rural service and demand response (curb-to-curb) services. THE RIDE had an average total monthly ridership of more than 57,800 for fiscal year 2007-08.

**Utilities.** Electricity, solid waste collection and disposal, water, storm drainage, and wastewater services are provided by enterprise operations owned and operated by the City. Natural gas is provided by Pacific Gas and Electric Company (PG&E); basic telephone service by AT&T.

**Community Services.** Youth in the area attend school at one of 43 elementary schools, 7 middle schools, 11 charter schools, and 13 high schools. There are several higher educational institutions in the immediate area offering bachelor’s and master’s degrees: Chico State University Center for Regional and Continuing Education (located in the new Health Science & University Center, downtown Redding), National University, Simpson University, and Shasta Bible College & Graduate School. Shasta Community College, a two-year institution, offers both day and evening courses to approximately 16,300 students. In addition, there are several vocational & technical schools offering a diverse range of programs.

The City’s parks system includes 67 developed parks, encompassing 590 acres. Included in this total acreage are 175 acres of natural area parks (improved open space) and 62 miles of trails. In addition, the City has 14 special purpose facilities, including the Redding Convention Center, which hosts cultural/performing arts programs, conferences, and conventions; the Redding Big League Dreams Sports Park; the Redding Aquatic Center; the Senior Citizens Center; 3 boat ramp facilities providing access to the Sacramento River; and various community centers and special event venues such as the Martin Luther King, Jr. Memorial Center and the Caldwell Recreation Center.

The City serves as the primary medical center for Northern California. The City’s two general care hospitals serve approximately 360,000 people in Shasta, Tehama, Trinity, Siskiyou, and Lassen counties. The two hospitals have a total of 519 beds and employ more than 2,450 staff members. In addition, the City also has several specialized hospitals.

**Financial trends.** During the past ten years, the Agency’s expenses related to pass-throughs have increase not only in amount, but also as a percentage of total expenses (a ten-year increase of 19.2 percent). Prior to fiscal year 2003-04 the Agency did not report the pass-through payments to Shasta County and the Mosquito Abatement District since these amounts were not available. In addition to this fact, pass-through payments will most likely continue to grow for two reasons: 1) some pass-through payments increase in direct proportion to increases in tax increment revenue which continues to grow and 2) the Agency entered into agreements with various school districts, as well as Shasta County and the Mosquito Abatement District, to increase the pass-through payments throughout the life of the Agency.

During the same ten-year period, investment income increased in amount by over \$1.5 million while decreasing in percentage of total revenue (a ten-year decrease of 3.9 percent). The reason for this decline is that tax increment revenue, which is the largest single revenue, has continued to grow (a ten-year increase of 16.3 percent) which increases total revenue, whereas investment income has not grown as significantly making it a smaller percentage of total revenue.

### **Long-Term Financial Planning**

The City Council of the City of Redding has adopted the Oasis Road Specific Plan (ORSP) which provides a framework for the development of approximately 665 acres surrounding the Oasis Road and Interstate 5 interchange. A significant portion of the ORSP lies within the boundaries of the Buckeye Redevelopment Project Area. Planned traffic projects within the ORSP are about \$41 million and include the Interstate 5 interchange. It is expected that the City will be requesting approximately \$16.9 million in funding from tax increment to be generated by new development in the Buckeye Project Area. Any use of the tax increment funds will require the approval of both the Redding Redevelopment Agency and the County of Shasta Redevelopment Agency.

In 1999, the City of Redding made a loan of \$2 million to the SHASTEC Redevelopment Project Area to help fund construction of an \$11 million storm-drainage facility. The loan is repayable from certain developer fees and, starting in 2009-10, from tax-increment revenues generated from the Project Area. The loan is expected to be fully repaid by the year 2019.

The Canby-Hilltop-Cypress Redevelopment Project Area, in May 2008, made a \$1.6 million loan to the Market Street Redevelopment Project Area to provide funding for the completion of Phase 2 of the Downtown Mall Roof Removal Project. Annual principal, plus accrued interest payments, are to commence June 1, 2010, with full repayment anticipated by June 30, 2014. The source of funding is tax increment revenue generated by the Market Street Redevelopment Project Area.

In June 2008, it was announced that Shasta Regional Medical Center was for sale with an asking price of more than \$100 million for the facility. The sale will continue to be carefully monitored, as this is the largest taxpayer in the Market Street Redevelopment Project Area.

### **Relevant Financial Policies**

California Community Redevelopment Law, Health and Safety Code Section 33000, et. seq., requires a redevelopment agency to adopt a redevelopment plan for each of its project areas. The plan enables the Agency to collect tax increment, which is a portion of the property taxes generated from a project area. Article XVI, Section 16(b) of the constitution stipulates that agencies may only collect tax increment revenues in order to pay debt. The County of Shasta charges an administrative fee for collecting the tax increment. Redevelopment law requires that twenty percent (20%) of the collected gross tax increment be placed in a separate account and expended on increasing, improving, and preserving the supply of affordable housing. In addition, either by law or agreement, the Agency is obligated to pass through a portion of the tax increment revenues to other taxing entities.

With the adoption of the State of California's budget and Assembly Bill 1389 on September 30, 2008, redevelopment agencies are required to make an additional one-time payment to their County's Educational Revenue Augmentation Fund (ERAF) by May 10, 2009, to assist the programs and operations

of schools that benefit and serve redevelopment project areas. The total financial impact of this legislation to the Redding Redevelopment Agency's five project areas is \$1,058,859.

### **Major Initiatives**

The Agency, in conjunction with the City of Redding and the Hilltop Hotel Business Improvement District (HHBID), is currently constructing the Hilltop Drive Streetscape Project, located in the Canby-Hilltop-Cypress (CHC) Redevelopment Project Area. This project, anticipated to be completed in December 2008, provides for the revitalization of the Hilltop Drive corridor between Cypress Avenue and the I-5 off-ramp leading into the City's primary hotel and business district. The Agency has committed up to \$2 million for the street improvements, with matching funds coming from the HHBID. The City's Electric Utility is responsible for the undergrounding of the utilities.

The SHASTEC Redevelopment Project Area is a collaborative project area with the Cities of Anderson and Redding and the County of Shasta. There are currently three transportation-related projects receiving financial assistance within the Project Area. The first project is the widening of the Sacramento River bridge that connects Airport Road in the County of Shasta with North Street in the City of Anderson. This estimated \$26.9 million project is currently under construction and should be completed in 2010. SHASTEC's contribution to this project is \$1 million. The second project is the widening of a portion of Old Oregon Trail with construction anticipated in 2009. The SHASTEC budget provides \$1.65 million for its design, the acquisition of right-of-way, and construction. The third project lies within the jurisdictional boundaries of the City of Anderson and provides for the widening of North Street. The project is in final design, with construction expected to start in 2009. The SHASTEC budget allocates \$1.15 million to this project.

The SHASTEC Redevelopment Project Area also contains 678 acres which are in the process of being developed as a medium- to large-parcel business park known as the "Stillwater Business Park." The Business Park is expected to develop over the next 20 years. The Project Area has allocated \$10 million to assist the City of Redding with the construction of the "backbone" infrastructure necessary for its development.

In addition, the Buckeye Redevelopment Project Area, a collaborative project area with the City of Redding and the County of Shasta, has three transportation-related projects currently under design. The first two are located in the City of Redding and provide for the construction of a four-lane bridge to replace a two-lane bridge over Churn Creek at Twin View Boulevard and the construction of a traffic signal at the intersection of Lake Boulevard and Keswick Dam Road. The Buckeye budget provides \$450,000 for the design and construction of the traffic signal, with construction anticipated in 2009. The third project lies within the jurisdictional boundaries of the County of Shasta and replaces an aging, one-lane bridge over Churn Creek at Old Oasis Road with a two-lane bridge. Both of the bridge replacement projects will be constructed utilizing Federal bridge replacement funds, with matching funds provided by the Buckeye Redevelopment Project Area.

### **Awards and Acknowledgments**

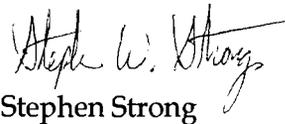
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Redding Redevelopment Agency for the comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the

eighteenth consecutive year that the Agency has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

I would like to take this opportunity to thank the members of the Redding Redevelopment Agency's Board of Directors for their interest and support in the financial operations of the Agency. It is the responsible and progressive manner in which business is conducted that makes the Agency successful. I would also like to make a special recognition of City staff assigned to the Agency for their day-to-day involvement in the operations without whom this presentation would not be possible. In addition, I would like to extend a special thanks to Cathy Bullock, Senior Accountant, who was primarily responsible for the preparation of the financial report. It is the combined effort of all participants that resulted in the issuance of this document.

Respectfully submitted,



Stephen Strong  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Redding Redevelopment  
Agency, California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



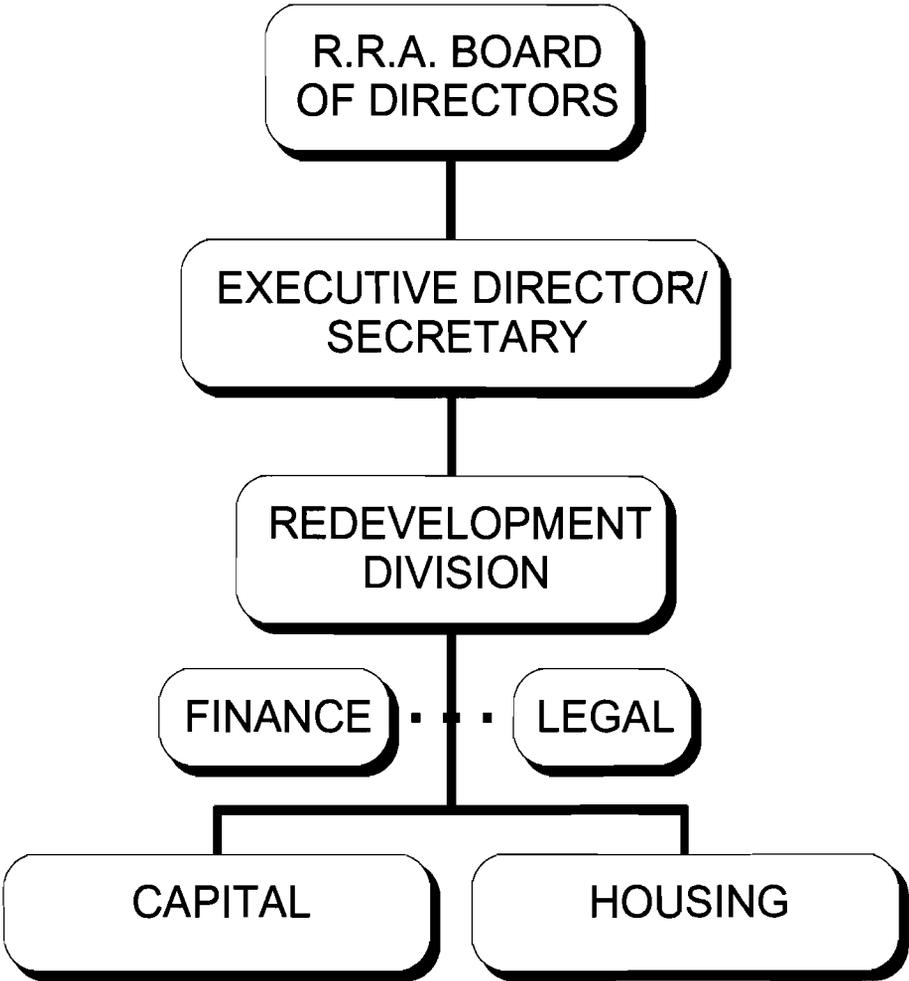
*Oliver S. Cox*

President

*Jeffrey R. Emer*

Executive Director

# Redding Redevelopment Agency Organizational Chart



## **REDDING REDEVELOPMENT AGENCY**

Listing of Elected and Appointed Officials  
June 30, 2008

### **Elected Officials**

Rick Bosetti, Chair Person  
Patrick Jones, Vice Chair Person  
Dick Dickerson, Director  
Ken D. Murray, Director  
Mary Leas Stegall, Director  
Leslie Detwiler, City Treasurer  
Connie Strohmayer, City Clerk

### **Appointed Officials**

Barry Tippin, Executive Director/Secretary/Assistant City Manager  
Stephen Strong, Director of Finance

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**FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

To the Honorable Chairman and Members  
of the Redding Redevelopment Agency  
Redding, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Redding Community Redevelopment Agency (Agency), a component unit of the City of Redding (City), as of and for the year ended June 30, 2008, 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 generally accepted auditing standards in the United States 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 basic financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Subsequent to the basic financial statement date of June 30, 2008 and the year then ended, the United States has entered into a Financial Credit Crisis. Although the United States Federal Government has taken actions which, at least in part, are intended to relieve and correct this Financial Credit Crisis, investments are subject to significant impairment and losses. To date, the Agency has not been informed and is not aware of any investment losses. Accordingly, such investment losses, if any, have not been reflected in the accompanying basic financial statements.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Agency as of June 30, 2008, and the respective changes in financial position for the year then ended in conformity with generally accepted accounting principles in the United States.

As described in Note 1 to the basic financial statements, the Agency adopted Statement of Governmental Accounting Standards Board No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*.

To the Honorable Chairman and Members  
of the Redding Redevelopment Agency  
Redding, California  
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2008 on our consideration of Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Required Supplementary Information, as listed in the foregoing table of contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This Required Supplementary Information is the responsibility of the management of the Agency. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Capricci & Carson*

Oakland, California  
November 18, 2008

## Management's Discussion and Analysis

As management of the Redding Redevelopment Agency (the Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2008. The management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Agency's financial activity, (c) identify changes in the Agency's financial position (its ability to address future challenges), (d) identify any material deviations from the financial plan (approved budget), and (e) identify individual fund issues or concerns.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-10 of this report.

### Financial Highlights

- The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by \$15,007,978 (net assets). Of this amount, \$3,268,861 is a deficit in unrestricted net assets.
- The Agency's total net assets increased by \$3,883,170. Tax increment revenue was \$17,180,089 which was more than what was anticipated. Investment income was \$2,784,737 which was approximately \$16,700 less than anticipated.
- As of the close of the current fiscal year, the Agency's funds reported combined ending fund balances of \$65,798,161, an increase of \$2,803,984 in comparison with the prior year. Approximately 72.7 percent, \$47.8 million, of this total amount is available for spending at the government's discretion (unreserved fund balance). The major component of this increase was tax increment revenue and proceeds from the sale of property.
- The Agency's total debt decreased by \$1,847,181 (3.5 percent) during the current fiscal year. The key factor in this decrease was principal payments made during the year.

### 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 comprise three components 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net assets present information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in 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 only result in cash flows in future fiscal periods (e.g., uncollected tax increment).

The government-wide financial statements reflect that the Agency is principally supported by property taxes, operating and capital grants and contributions, and investment income. Operating grants and contributions consisted of a developer's contribution of \$2,750 for a housing project. The capital grants and contributions are principally due to a developer's contribution totaling \$166,979 for a street project and a \$70,000 grant from the State of California for a street lighting project. The governmental activities of the Agency include general government, public safety, public works, recreation and culture, and community development.

The government-wide financial statements can be found on pages 30-31 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Agency are governmental funds.

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

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

The Agency maintains 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the following major funds: Canby-Hilltop-Cypress Special Revenue, Market Street Special Revenue, SHASTE C Special Revenue, Canby-Hilltop-Cypress Debt Service, Market Street Capital Project, Canby-Hilltop-Cypress Capital Project, and SHASTE C Capital Project. Data from the other six governmental funds are combined into a single, aggregated presentation.

The Agency adopts a two-year appropriated budget with an annual review of the budget for all funds. Budgetary comparison schedules have been provided to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 34-40 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 42-63 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which can be found on pages 67-69 of this report.

## Government-wide Financial Analysis

### Redding Redevelopment Agency

#### Net Assets

#### Governmental Activities

	2008	2007	Difference	% Change
Current and other assets	\$ 72,840,006	\$ 67,887,902	\$ 4,952,104	7.29%
Capital assets, net	1,424,658	2,467,843	(1,043,185)	-42.27%
Total assets	<u>74,264,664</u>	<u>70,355,745</u>	<u>3,908,919</u>	<u>5.56%</u>
Current liabilities	7,336,772	4,465,301	2,871,471	64.31%
Long-term liabilities	51,919,914	54,765,636	(2,845,722)	-5.20%
Total liabilities	<u>59,256,686</u>	<u>59,230,937</u>	<u>25,749</u>	<u>0.04%</u>
Net Assets:				
Invested in capital assets, net of related debt	1,116,553	2,159,738	(1,043,185)	-48.30%
Restricted	17,160,286	14,542,876	2,617,410	18.00%
Unrestricted (deficit)	(3,268,861)	(5,577,806)	2,308,945	-41.40%
Total net assets	<u>\$ 15,007,978</u>	<u>\$ 11,124,808</u>	<u>\$ 3,883,170</u>	<u>34.91%</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$15,007,978 at the close of the most recent fiscal year.

By far the largest portion of the Agency's net assets represents resources that are subject to external restrictions on how they may be used. The Agency is required by redevelopment law to restrict 20 percent of the tax increment revenue for housing programs.

An additional portion of the Agency's net assets reflects its investment in capital assets (e.g., land and buildings) less any related debt used to acquire those assets that is still outstanding. Although the Agency's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remainder of net assets is the deficit of \$3,268,861.

At the end of the current fiscal year, the Agency is able to report a positive balance in investment in capital assets, net of related debt, and in restricted net assets. The Agency has a deficit in unrestricted net assets. The same situation held true for the prior fiscal year. The Agency has a deficit in unrestricted net assets due to the nature of redevelopment financing. The Redevelopment Agency issued bonds based on future tax increments to fund infrastructure projects. The infrastructure projects are transferred to the City of Redding; however, the debt remains with the Agency resulting in a deficit.

The Agency's net assets increased by \$3,883,170 during the current fiscal year. The investment in capital assets, net of related debt, decreased by \$1,043,185 (48.3 percent). The decrease is related to the sale of portions of four parcels of property and the donation of two parcels to the City of Redding for right-of-way for two different street projects. The reduction in the deficit of \$2,308,945 (41.4 percent) is primarily

attributable to an increase in tax increment and investment revenue to \$13,742,847 and \$2,031,620, respectively. Net assets restricted for housing programs increased by \$2,617,410 (18.0 percent). The housing program has encumbered funds to be spent on projects, but the expenditures have not taken place. Tax increment revenue and investment income were \$3,437,242 and \$753,117, respectively.

**Governmental activities.** The increase in net assets of the Agency of \$3,883,170 is all related to governmental activities.

Due to the nature of redevelopment agencies, some assets that were purchased were not retained by the Agency, but were given to the City of Redding. These assets become an expense in the period they were purchased. Revenues exceeded expenses in fiscal year 2007-08 and 2006-07. The change in net assets went from a positive \$5,066,645 in fiscal year 2006-07 to a positive \$3,883,170 in 2007-08. The change in net assets was less in the current year versus the prior year because total revenues increased by \$3,254,176 while expenses increased by \$4,437,651. The significant changes were as follows:

- Property tax increment revenue increase by \$2,153,847 (14 percent) during the year. Tax increment revenue has increased yearly in all project areas due to an increase in property values and new construction.
- Investment income decreased by \$142,736 (5 percent) due to a decrease in interest rates and a decrease in the amount of money available for investment. Bond proceeds are being spent on infrastructure projects.
- Operating grants and contributions decreased by \$7,454 (73 percent). The Agency received developer's contributions towards property sales expense for a housing project in fiscal year 2007-08.
- Capital grants and contributions increased by \$24,926 (12 percent). All of these state and private grant revenues furnished resources for infrastructure projects.
- The net increase in expenses is primarily related to an increase in funds spent on community development, park projects and public works infrastructure projects. The increase in interest on long-term debt is related to the bond issue for the SHASTEK Redevelopment Project Area. This is the first full year of debt service payments made on the SHASTEK bonds issued in 2006.

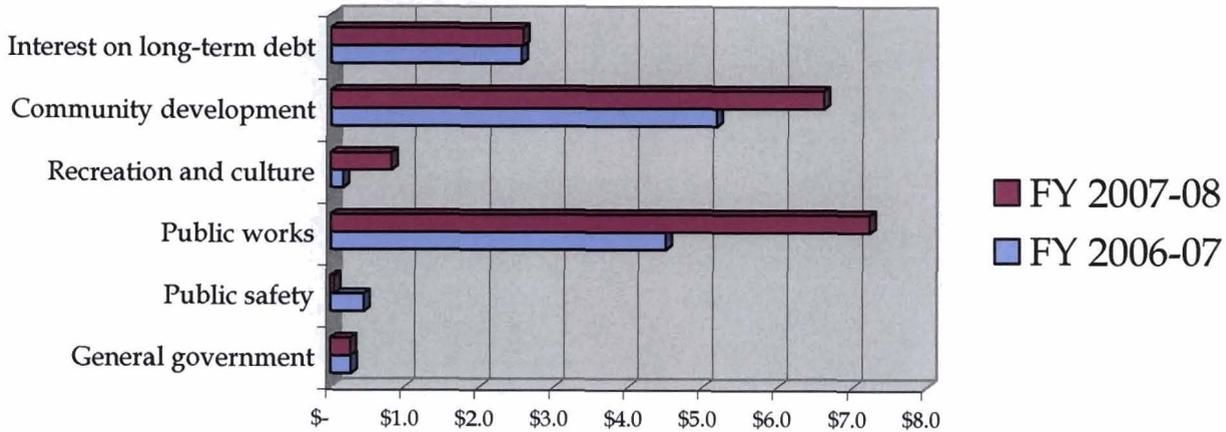
**Redding Redevelopment Agency  
Changes in Net Assets**

	<b>Governmental Activities</b>			
	<b>2008</b>	<b>2007</b>	<b>Difference</b>	<b>% Change</b>
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ 34,672	\$ 25,292	\$ 9,380	37.09%
Operating grants and contributions	2,750	10,204	(7,454)	-73.05%
Capital grants and contributions	236,979	212,053	24,926	11.75%
General revenues:				
Tax increment	17,180,089	15,026,242	2,153,847	14.33%
Interest	2,784,737	2,927,473	(142,736)	-4.88%
Other	-	1,000	(1,000)	-100.00%
Sale of asset	1,217,213	-	1,217,213	100.00%
Total revenues	<u>21,456,440</u>	<u>18,202,264</u>	<u>3,254,176</u>	<u>17.88%</u>
<b>Expenses:</b>				
General government	268,879	275,631	(6,752)	-2.45%
Public safety	51,880	450,392	(398,512)	-88.48%
Public works	7,235,516	4,504,618	2,730,898	60.62%
Recreation and culture	821,734	165,978	655,756	395.09%
Community development	6,613,488	5,181,652	1,431,836	27.63%
Interest on long-term debt	2,581,773	2,557,348	24,425	0.96%
Total expenses	<u>17,573,270</u>	<u>13,135,619</u>	<u>4,437,651</u>	<u>33.78%</u>
Increase in net assets	<u>3,883,170</u>	<u>5,066,645</u>	<u>(1,183,475)</u>	<u>-23.36%</u>
Net assets, beginning of year	11,124,808	6,058,163	5,066,645	83.63%
Net assets, ending	<u>\$ 15,007,978</u>	<u>\$ 11,124,808</u>	<u>\$ 3,883,170</u>	<u>34.91%</u>

The following graphs show an illustrative picture of revenues and expenditures for fiscal year 2007-08 as compared with fiscal year 2006-07.

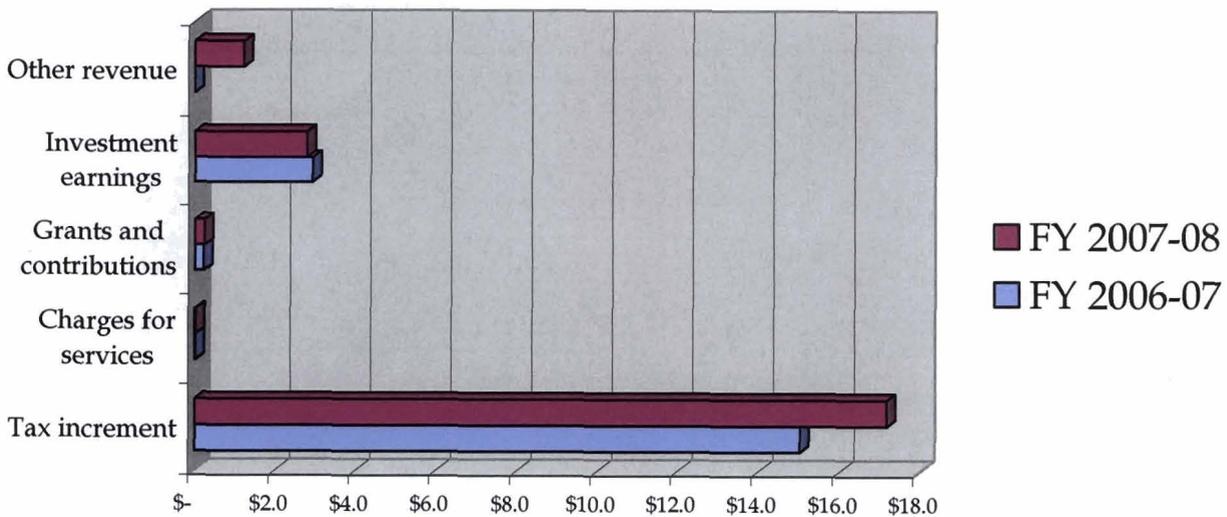
## Expenses by Program

(Amounts expressed in millions)



## Revenue by Source

(Amounts expressed in millions)



## Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of \$65.8 million, an increase of \$2.8 million in comparison with the prior year. The unreserved, undesignated fund balance, which is available for spending at the government's discretion, increased by \$0.5 million while the unreserved, designated portion of the fund balance increased by \$2.1 million. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay debt service (\$7.2 million), 2) for noncurrent notes receivable (\$7.9 million), 3) for assets held for resale (\$2.0 million) and 4) for school projects (\$0.8 million).

Of the major funds, the Canby-Hilltop-Cypress (CHC) Capital Project Fund is the most significant. At the end of the current fiscal year, the unreserved, designated fund balance of the CHC Capital Project Fund was \$7.2 million, while the total fund balance was decreased to \$14.4 million. The net decrease in fund balance by \$0.7 million is primarily related to an increase in pass throughs and an increase in intergovernmental expenditures which represents infrastructure projects transferred to the City of Redding. The unreserved, undesignated fund balance is \$6.9 million, which represents 78.0% of total fund expenditures.

The fund balance of the CHC Special Revenue Fund increased by \$0.9 million. Key to this increase is a reduction of \$0.2 million spent on housing projects. The unreserved, undesignated fund balance decreased by \$1.7 million.

The fund balance of the Market Street Special Revenue Fund increased by \$0.9 million to a total fund balance of \$5.0 million. The net increase in fund balance is primarily related to an increase in tax increment and investment revenue. The unreserved, undesignated fund balance increased by \$492,285.

The fund balance of the SHASTEC Special Revenue Fund increased by \$0.3 million to a total of \$1.1 million. The net increase in fund balance is primarily related to an increase in tax increment and investment revenue. The unreserved, undesignated fund balance increased by \$293,353.

The fund balance of the CHC Debt Service Fund decreased by \$7,931 to a total fund balance of \$5.1 million. The net decrease in fund balance is primarily related to an increase in bond principal retirement.

The Market Street Capital Project Fund's fund balance increased by \$0.6 million to a total fund balance of \$3.0 million. The net increase in fund balance is primarily related to an increase in tax increment revenue and a decrease in funds spent on intergovernmental expenditures. The unreserved, undesignated fund balance decreased by \$1.2 million.

The SHASTEC Capital Project Fund's fund balance increased by \$0.3 million to a total fund balance of \$16.7 million. The net increase in fund balance is primarily related to an increase in tax increment revenue. The unreserved, undesignated fund balance decreased to \$3.4 million.

## Fund Budgetary Highlights

By law a redevelopment agency must set aside 20 percent of the tax increment revenue in a special revenue fund for low- and moderate-income housing. The remainder of the funds is first distributed to the debt service funds to cover current debt obligations and second to the capital project funds. The Canby-Hilltop-Cypress Capital Project Fund is by far the largest fund and serves in some ways as the Agency's general fund.

The primary differences between the original budget and the final amended budget of the CHC Capital Project Fund are briefly summarized as follows:

- \$553,650 for increases in tax increment revenues. Shasta County's estimate of the Agency's tax increment revenue was greater than anticipated during the original budget cycle.
- \$506,070 for an increase in investment revenue.
- \$417,980 for a decrease in real estate rental income.
- \$345,500 for a net decrease in State public works grants.
- \$422,060 for an increase in proceeds from the sale of property.
- \$11,133,870 for increases in various capital projects.

## Capital Asset and Debt Administration

**Capital assets.** The Agency's investment in capital assets for its governmental-type activities as of June 30, 2008, amounted to \$1.4 million (net of accumulated depreciation), a decrease of \$1,043,185. This investment in capital assets includes land and buildings. The Agency sold portions of four parcels of property to outside parties and transferred two parcels to the City of Redding for right-of-way necessary for street projects.

### Redding Redevelopment Agency Capital Assets (Net of Depreciation)

	2008	2007
Land	\$ 1,225,416	\$ 2,258,485
Buildings	199,242	209,358
Total	\$ 1,424,658	\$ 2,467,843

Additional information on the Agency's capital assets can be found in Note 6 on pages 51-52 of this report.

**Long-term debt.** At the end of the current fiscal year, the Agency had total bonded debt outstanding of \$50.9 million. All of this debt represents bonds secured solely by specified revenue sources (i.e., tax allocation bonds). The Agency's total bond debt decreased by \$1,847,181.

**Redding Redevelopment Agency**  
**Outstanding Debt**  
**Tax Allocation Bonds**  
**(Net of Discount/Premium and Unamortized Gain on Refunding)**

	2008	2007
Tax allocation bonds, net	\$ 50,919,902	\$ 52,767,083
Total	\$ 50,919,902	\$ 52,767,083

The Canby-Hilltop-Cypress (CHC) Redevelopment Project Tax Allocation Bonds, Series A and B and CHC Redevelopment Project Area Tax Allocation Refunding Bonds, Series 2003, have a “AA-” rating with Standard and Poor’s and Fitch’s due to bond insurance. The underlying rating is an A- with Standard and Poor’s. The Market Street Redevelopment Project Area Tax Allocation Bonds, Series 2003, and the SHASTEC Project Area Tax Allocation Bonds, Series 2006, have both been rated “BBB+” by Standard and Poor’s and Fitch’s.

Additional information on the Agency’s long-term debt can be found in Note 10 on pages 57-59 of this report.

**Economic Factors and Next Year’s Budget**

- The City of Redding has experienced a steady increase in population since 2000 of 1 to 2 percent per year while the unemployment rate has increased from 5.8 percent in 2000 to 9.2 percent in 2008.
- Inflationary trends in the region other than housing compare favorably to national indices.
- The Agency’s property assessed valuation for all project areas increased \$199.0 million (9.6 percent) in the current year.
- The Canby-Hilltop-Cypress Project Area has been a major success as a redevelopment project area and is one of the City’s prime commercial areas for new development. Assessed valuation has increased \$835.9 million (638.1 percent) over the base year in the original area and \$134.0 million (276.1 percent) over the base year in the amended area.
- It was announced in June 2008 that Shasta Regional Medical Center was for sale with an asking price of more than \$100 million for the facility. This sale will continue to be carefully monitored as the hospital lies within the Market Street Redevelopment Project Area and represents the Project Area’s principal property taxpayer. The 2008-09 assessed valuations provide for a secured property value of \$59,860,000 and an unsecured property value of \$15,444,300 for a combined value of \$75,304,300.

All of these factors were considered in preparing the Agency’s budget for fiscal year 2008-09.

During the fiscal year, unreserved fund balance increase to \$47.8 million. The Agency has appropriated \$14.9 million for spending in the 2008-09 fiscal year budget.

**Requests for Information**

This financial report is designed to provide a general overview of the Redding Redevelopment Agency’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance at the City of Redding, 777 Cypress Avenue, Redding, CA 96001.

## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Redding Redevelopment Agency**  
**Statement of Net Assets**  
**June 30, 2008**

ASSETS	Governmental Activities
Current assets:	
Cash and investments	\$ 34,144,038
Receivables:	
Interest	1,035,429
Intergovernmental	192,242
Taxes	393,101
Other	2,202
Prepaid items	2,553
Assets held for resale	2,026,536
Restricted assets:	
Cash and investments	24,889,105
Interest receivable	121,467
Taxes receivable	960,011
Total current assets	63,766,684
Noncurrent assets:	
Other long-term receivables	198,927
Notes receivable, net	7,941,854
Financing costs, net	932,541
Capital assets:	
Land	1,225,416
Other capital assets, net of depreciation	199,242
Total noncurrent assets	10,497,980
Total assets	74,264,664
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	1,782,313
Accrued liabilities	12,310
Intergovernmental payable, due within one year	2,234,507
Accrued interest payable	1,327,359
Deposits	68,100
Long term debt, due within one year	1,912,183
Total current liabilities	7,336,772
Noncurrent liabilities:	
Unearned revenue	198,926
Intergovernmental payable, due in more than one year	2,713,269
Long-term debt, due in more than one year	49,007,719
Total noncurrent liabilities:	51,919,914
Total liabilities	59,256,686
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	1,116,553
Restricted for:	
Housing	17,160,286
Unrestricted (deficit)	(3,268,861)
Total net assets	\$ 15,007,978

See accompanying Notes to Basic Financial Statements.

**Redding Redevelopment Agency**  
**Statement of Activities and Changes in Net Assets**  
**For the year ended June 30, 2008**

Functions/Programs	Expenses	Program Revenues			Total	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Primary government:</b>						
<b>Governmental activities:</b>						
General government	\$ 268,879	\$ 24,921	\$ -	\$ -	\$ 24,921	\$ (243,958)
Public safety	51,880	-	-	-	-	(51,880)
Public works	7,235,516	7,461	-	236,979	244,440	(6,991,076)
Recreation and culture	821,734	-	-	-	-	(821,734)
Community development	6,613,488	2,290	2,750	-	5,040	(6,608,448)
Interest and fiscal charges	2,581,773	-	-	-	-	(2,581,773)
<b>Total government</b>	<b>\$ 17,573,270</b>	<b>\$ 34,672</b>	<b>\$ 2,750</b>	<b>\$ 236,979</b>	<b>\$ 274,401</b>	<b>(17,298,869)</b>

**General revenues:**

Property taxes	17,180,089
Investment earnings	2,784,737
Sale of asset	1,217,213
<b>Total general revenue</b>	<b>21,182,039</b>
<b>Change in net assets</b>	<b>3,883,170</b>
Net assets - beginning of year	11,124,808
<b>Net assets - end of year</b>	<b>\$ 15,007,978</b>

See accompanying Notes to Basic Financial Statements.

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**FUND FINANCIAL STATEMENTS**

**Redding Redevelopment Agency**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2008**

	Canby-Hilltop- Cypress Special Revenue	Market Street Special Revenue	SHASTEC Special Revenue
<b>ASSETS</b>			
Cash and investments	\$ 8,009,197	\$ 3,684,967	\$ 2,018,888
Interest receivable	695,835	158,491	14,971
Intergovernmental receivable	38,461	-	-
Taxes receivable	202,725	79,232	46,411
Other receivable	1,877	-	-
Prepaid items	-	-	-
Restricted assets:			
Cash and investments	1,217,383	-	-
Interest receivable	9,374	-	-
Taxes receivable	-	-	-
Assets held for sale	778,536	1,248,000	-
Notes receivable, net	7,287,007	654,847	-
<b>Total assets</b>	<b>\$ 18,240,395</b>	<b>\$ 5,825,537</b>	<b>\$ 2,080,270</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 1,908	\$ 449	\$ -
Accrued liabilities	-	-	-
Deferred revenue	823,252	215,463	36,739
Deposits	-	68,100	-
Intergovernmental payable	30,491	588,000	967,862
<b>Total liabilities</b>	<b>855,651</b>	<b>872,012</b>	<b>1,004,601</b>
<b>Fund Balances:</b>			
Reserved for:			
Prepaid items	-	-	-
Assets held for resale	778,536	1,248,000	-
Debt service	-	-	-
School projects	-	-	-
Noncurrent notes receivable	7,276,951	654,847	-
Unreserved, designated reported in:			
Encumbrances - Special revenue funds	4,009,637	1,420,198	20,006
Encumbrances - Capital project funds	-	-	-
Special revenue funds:			
Community development	4,021,900	908,860	-
Debt service	-	-	-
Capital project funds:			
Public works	-	-	-
Recreation and culture	-	-	-
Unreserved, undesignated reported in:			
Special revenue	1,297,720	721,620	1,055,663
Capital project funds	-	-	-
<b>Total fund balances</b>	<b>17,384,744</b>	<b>4,953,525</b>	<b>1,075,669</b>
<b>Total liabilities and fund balances</b>	<b>\$ 18,240,395</b>	<b>\$ 5,825,537</b>	<b>\$ 2,080,270</b>

See accompanying Notes to Basic Financial Statements.

Canby-Hilltop- Cypress Debt Service	Market Street Capital Project	Canby-Hilltop- Cypress Capital Project	SHASTEC Capital Project	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 3,099,267	\$ 12,760,744	\$ 3,393,990	\$ 1,176,985	\$ 34,144,038
-	25,536	106,956	24,872	8,768	1,035,429
-	-	153,781	-	-	192,242
-	903	2,286	578	259,893	592,028
-	325	-	-	-	2,202
-	-	2,553	-	-	2,553
4,999,402	-	3,200,384	13,478,516	1,993,420	24,889,105
1,441	-	35,733	55,653	19,266	121,467
550,409	-	-	-	409,602	960,011
-	-	-	-	-	2,026,536
-	-	-	-	-	7,941,854
<u>\$ 5,551,252</u>	<u>\$ 3,126,031</u>	<u>\$ 16,262,437</u>	<u>\$ 16,953,609</u>	<u>\$ 3,867,934</u>	<u>\$ 71,907,465</u>
\$ -	\$ 97,131	\$ 1,682,825	\$ -	\$ -	\$ 1,782,313
-	-	-	12,310	-	12,310
426,356	-	-	-	566,854	2,068,664
-	-	-	-	-	68,100
-	8,743	139,007	264,872	178,942	2,177,917
<u>426,356</u>	<u>105,874</u>	<u>1,821,832</u>	<u>277,182</u>	<u>745,796</u>	<u>6,109,304</u>
-	-	2,553	-	-	2,553
-	-	-	-	-	2,026,536
5,124,896	-	-	-	2,105,506	7,230,402
-	476,519	316,666	-	-	793,185
-	-	-	-	-	7,931,798
-	-	-	-	-	5,449,841
-	84,360	6,270,392	9,485,065	155,472	15,995,289
-	-	-	-	-	4,930,760
-	-	-	-	-	-
-	2,459,278	971,130	3,835,230	159,720	7,425,358
-	-	-	-	-	-
-	-	-	-	184,846	3,259,849
-	-	6,879,864	3,356,132	516,594	10,752,590
<u>5,124,896</u>	<u>3,020,157</u>	<u>14,440,605</u>	<u>16,676,427</u>	<u>3,122,138</u>	<u>65,798,161</u>
<u>\$ 5,551,252</u>	<u>\$ 3,126,031</u>	<u>\$ 16,262,437</u>	<u>\$ 16,953,609</u>	<u>\$ 3,867,934</u>	<u>\$ 71,907,465</u>

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**Redding Redevelopment Agency**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Government-Wide Statement of Net Assets**  
**June 30, 2008**

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**Total Fund Balances - Total Governmental Funds** **\$ 65,798,161**

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

Capital assets used in governmental activities were not current financial resources and, therefore, were not reported in the governmental funds.	2,909,541
Accumulated depreciation has not been included in the governmental funds.	(1,484,883)
Revenues which are deferred in the governmental funds because they are not currently available are recognized as revenue in the Statement of Activities.	1,869,738
Governmental funds report bond issuance costs as expenditures. In the Statement of Activities, however, the cost of issuance is amortized over the life of the bond.	932,541
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds.	(1,327,359)
Long-term liabilities were not due and payable in the current period and, therefore, they were not reported in the governmental funds. The detail of the long-term liabilities is as follows:	
Tax allocation bonds payable, due within one year	(1,945,000)
Bond discount/premium, due within one year	6,472
Unamortized deferred loss on defeased debt, due within one year	26,345
Tax allocation bonds payable, due in more than one year	(49,475,000)
Bond discount/premium, due in more than one year	94,274
Unamortized deferred loss on defeased debt, due in more than one year	373,007
Intergovernmental payables, due within one year	(56,590)
Intergovernmental payables, due in more than one year	(2,713,269)

**Net Assets (Deficit) of Governmental Activities** **\$ 15,007,978**

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See accompanying Notes to Basic Financial Statements.

**Redding Redevelopment Agency**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2008**

	Canby-Hilltop- Cypress Special Revenue	Market Street Special Revenue	SHASTEC Special Revenue
<b>REVENUES:</b>			
Tax increment	\$ 2,016,346	\$ 791,322	\$ 458,407
Other use of money and property	-	-	-
Intergovernmental revenues	-	-	-
Investment revenue	432,171	141,175	74,766
Other revenue	2,290	2,750	-
<b>Total revenues</b>	<u>2,450,807</u>	<u>935,247</u>	<u>533,173</u>
<b>EXPENDITURES:</b>			
Current:			
Administrative	636,509	20,981	9,933
Professional services	3,704	-	-
Housing assistance	148,415	15,148	209,881
Pass throughs	-	-	-
Community development	-	-	-
Intergovernmental expenditures	-	-	-
Debt service:			
Principal retirement	340,000	-	-
Interest and fiscal charges	435,395	-	-
<b>Total expenditures</b>	<u>1,564,023</u>	<u>36,129</u>	<u>219,814</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>886,784</u>	<u>899,118</u>	<u>313,359</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from sale of assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>886,784</u>	<u>899,118</u>	<u>313,359</u>
<b>FUND BALANCES:</b>			
Beginning of year	16,497,960	4,054,407	762,310
End of year	<u>\$ 17,384,744</u>	<u>\$ 4,953,525</u>	<u>\$ 1,075,669</u>

See accompanying Notes to Basic Financial Statements.

Canby-Hilltop- Cypress Debt Service	Market Street Capital Project	Canby-Hilltop- Cypress Capital Project	SHASTEC Capital Project	Other Governmental Funds	Total Governmental Funds
\$ 2,653,659	\$ 2,665,117	\$ 5,411,726	\$ 699,841	\$ 2,213,673	\$ 16,910,091
-	932	5,223	-	-	6,155
-	-	70,000	13,105	-	83,105
126,896	135,238	800,101	829,582	151,972	2,691,901
-	6,658	181,882	3,692	974	198,246
<u>2,780,555</u>	<u>2,807,945</u>	<u>6,468,932</u>	<u>1,546,220</u>	<u>2,366,619</u>	<u>19,889,498</u>
129,245	131,684	665,889	15,371	105,519	1,715,131
-	1,173	3,988	3,456	217	12,538
-	-	-	-	56,923	430,367
-	1,506,819	2,652,599	320,210	61,976	4,541,604
-	358,437	244,857	322,001	-	925,295
-	262,895	5,254,278	743,972	-	6,261,145
1,105,000	-	-	-	470,585	1,915,585
1,111,553	-	-	-	954,114	2,501,062
<u>2,345,798</u>	<u>2,261,008</u>	<u>8,821,611</u>	<u>1,405,010</u>	<u>1,649,334</u>	<u>18,302,727</u>
<u>434,757</u>	<u>546,937</u>	<u>(2,352,679)</u>	<u>141,210</u>	<u>717,285</u>	<u>1,586,771</u>
-	-	1,217,213	-	-	1,217,213
-	63,626	442,688	158,007	-	664,321
(442,688)	-	-	-	(221,633)	(664,321)
<u>(442,688)</u>	<u>63,626</u>	<u>1,659,901</u>	<u>158,007</u>	<u>(221,633)</u>	<u>1,217,213</u>
<u>(7,931)</u>	<u>610,563</u>	<u>(692,778)</u>	<u>299,217</u>	<u>495,652</u>	<u>2,803,984</u>
5,132,827	2,409,594	15,133,383	16,377,210	2,626,486	62,994,177
<u>\$ 5,124,896</u>	<u>\$ 3,020,157</u>	<u>\$ 14,440,605</u>	<u>\$ 16,676,427</u>	<u>\$ 3,122,138</u>	<u>\$ 65,798,161</u>

**Redding Redevelopment Agency**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes**  
**in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets**  
**For the year ended June 30, 2008**

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**Net Change in Fund Balances - Total Governmental Funds** \$ 2,803,984

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

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal in the corresponding program. This is the net book value of the assets which were disposed. (1,033,069)

In the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. (10,116)

Bond proceeds provided current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal was an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets.

This amount represents long-term bond debt repayments. 1,880,000

This amount represents amortization of bond premium. 3,779

This amount represents amortization of bond discounts. (10,252)

This amount represents amortization of deferred loss on defeased debt. (26,346)

This amount represents long-term notes payable debt repayments. 35,585

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the governmental funds. 349,731

Some expenses reported in the Statement of Activities, that accrue to the benefit of the City, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 9,680

Governmental funds report bond issuance costs as expenditures. In the Statement of Net Assets, however, the cost of issuance is amortized over the life of the bond.

This amount represents the annual amortization of the cost of issuance. (62,624)

Interest expense on long-term debt is reported in the Statement of Activities, but it does not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represents the change in accrued interest from the prior year. (57,182)

**Change in Net Assets of Governmental Activities** \$ 3,883,170

See accompanying Notes to Basic Financial Statements.

**NOTES TO BASIC FINANCIAL STATEMENTS**

**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Redding Redevelopment Agency's (Agency) accounting policies are described below.

**A. Financial Reporting Entity**

As required by generally accepted accounting principles, these financial statements represent all the funds of the Agency. The Agency is a component unit of the City of Redding (City) as the City Council members, in separate session, serves as the governing board of the Agency. Component units are legally separate entities for which the primary government is financially accountable. There are no separate legal entities that are a part of the Agency's reporting entity.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on the Agency activities as a whole. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Basis of Accounting and Measurement Focus**

The government-wide financial statements are reported using the "economic resources" measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the "current financial resources" measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Agency considers property taxes as available if they are collected within 60 days after year-end. The Agency uses a 90-day availability period for revenue recognition for all other governmental fund revenues. Expenditures generally are recorded when a liability is incurred.

**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*C. Basis of Accounting and Measurement Focus, Continued*

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

Those revenues susceptible to accrual are property taxes, certain federal and state grants, interest revenue, and charges for services.

The Agency reports the following major governmental funds:

- The Canby-Hilltop-Cypress Special Revenue Fund accounts for housing set aside required under redevelopment law.
- The Market Street Special Revenue Fund accounts for housing set aside required under redevelopment law.
- The SHASTECC Special Revenue Fund accounts for housing set aside required under redevelopment law.
- The Canby-Hilltop-Cypress Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the Canby-Hilltop-Cypress Project Area.
- The Market Street Capital Project Fund accounts for all the projects in the Market Street Project Area.
- The Canby-Hilltop-Cypress Capital Project Fund accounts for all the projects in the Canby-Hilltop-Cypress Project Area.
- The SHASTECC Capital Project Fund accounts for all the projects in the SHASTECC Project Area.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through enabling legislation.

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

The Agency reports deferred revenue on its balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Agency before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the Agency has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*D. Assets, Liabilities, and Net Assets or Equity*

Cash and Investments

Cash deposits are stated at cost, which approximates fair value. Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement Number 31.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. When purchased, capital assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statements. The valuation for general capital assets is based on historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; equipment, 2 to 15 years.

Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by Agency legislation or external restrictions by other governments, creditors or grantors.

Interfund Transactions

Transactions to allocate resources from one fund to another fund that are not contingent on the incurrence of specific expenditures in the receiving fund are recorded as transfers in and out.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*E. Accounting Pronouncement*

The Agency adopted GASB Statement No. 48, Sales and Pledges of Receivables and Future Revenue and Intra-Entity Transfers of Assets and Future Revenues, during the year ended June 30, 2008. This statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues.

**2. CASH AND INVESTMENTS**

The Agency maintains a cash and investment pool, which includes cash balances and authorized investments of all funds, which the Agency invests to enhance interest earnings. The pooled interest earned is allocated to the funds quarterly, based on average daily cash and investment balances in these funds.

*A. Cash Deposits*

On June 30, 2008, the carrying amount and bank balance of the Agency's deposits were \$447. The total amount was collateralized or insured with securities held by the pledging financial institutions in the Agency's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the Agency's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the Agency's name.

According to California law, the market value of pledged securities with banking institutions must equal at least 110% of the Agency's cash deposits. California law also allows institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the Agency's total cash deposits. The Agency may waive collateral requirements for cash deposits, which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation. The Agency, however, has not waived the collateralization requirements.

The Agency follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on a quarterly basis to the various funds based on average daily cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

*B. Investments*

The Agency reports its investments in accordance with GASB Statement Number 31. This standard requires that the Agency's investments be reported at fair value with realized and unrealized gains or losses reported in the statement of revenues, expenditures and changes in fund balance

**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

**2. CASH AND INVESTMENTS, Continued**

***B. Investments, Continued***

The Agency invests funds in the State Treasurer's Pooled Money Investment Account (PMIA) through the Local Agency Investment Fund (LAIF), a voluntary program created by statute in 1977. The PMIA has regulatory oversight from the Pooled Money Investment Board and an in-house Investment Committee.

LAIF has oversight by the Local Agency Investment Advisory Board. The fair value of the Agency's position in the pool is materially equivalent to the value of pool shares.

In accordance with authorized investment laws, LAIF invests in various structured notes and mortgage-backed securities, such as collateralized mortgage obligations. As of June 30, 2008, 14.72% of LAIF's investment portfolio was invested in structured notes and other asset-backed securities as compared to 3.466% as of June 30, 2007. The Agency valued its investments in LAIF as of June 30, 2008 by multiplying its account balance with LAIF by a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized cost resulting in a factor of .999950219.

***C. Summary of Cash and Investments***

As of June 30, 2008, the Agency had the following cash and investments:

	Fair Value	Investment Maturity in Year Less Than One Year
	<u>                    </u>	<u>                    </u>
<b>Cash and Investments:</b>		
<i>Deposits:</i>		
Deposit	\$ 477	\$ 477
Total deposits	<u>477</u>	<u>477</u>
<i>Investments:</i>		
Local Agency Investment Funds	33,805,561	33,805,561
Guaranteed Investment Contract	338,000	338,000
Total investments	<u>34,143,561</u>	<u>34,143,561</u>
<b>Total Cash and Investments</b>	<u><u>\$ 34,144,038</u></u>	<u><u>\$ 34,144,038</u></u>
<b>Restricted Cash and Investments:</b>		
<i>Investments:</i>		
Certificate of Deposit	\$ 286,595	\$ 286,595
Mutual Fund	640,125	640,125
Local Agency Investment Funds	7,566,732	7,566,732
Guaranteed Investment Contract	15,417,405	15,417,405
U.S. Government Securities	978,248	978,248
<b>Total Restricted Cash and Investments</b>	<u><u>\$ 24,889,105</u></u>	<u><u>\$ 24,889,105</u></u>

**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

**2. CASH AND INVESTMENTS, Continued**

*C. Summary of Cash and Investments, Continued*

Restricted Cash and Investments - Certain proceeds of the Agency’s bonds, as well as certain resources set aside for their repayment, and a certificate of deposit are restricted assets and are included in the cash and investments on the balance sheet. The bond amounts are maintained in a separate bank account and their use is limited by applicable bond covenants. A portion of the Agency’s investment in LAIF has been restricted for future debt service payments. A certificate of deposit is also maintained in a separate bank account and its use is limited to the purchase of wetlands property by an agreement with the Department of Fish and Game of the State of California. Following is a breakdown in the amount and description of restricted cash and investments:

Bond reserve accounts restricted for potential deficiencies in debt service payments	\$ 3,838,433
Investments restricted for future debt service payments	3,154,453
Bond acquisition proceeds restricted for housing and capital projects	17,612,701
Certificate of deposit restricted for the purchase of wetlands property	283,518
<b>Total</b>	<u><u>\$ 24,889,105</u></u>

*D. Risk Disclosures*

Interest Rate Risk - In accordance with its investment policy, the Agency manages its exposure to declines in fair values by limiting the average maturity of its investment portfolio to less than one year, with 96% of investments being available on demand (LAIF and GIC).

Credit Risk - The California Government Code and the investment policy of the Agency authorize the Agency to invest in obligations, participations, or other instruments of the U.S. Government or its agencies, state and municipal bonds, commercial paper of “prime” quality of the highest ranking or of the highest letter and numerical rating as provided by Standard & Poor’s Corporation or Moody’s Investor Service, Inc., bankers’ acceptances, repurchase agreements, medium-term notes of maximum five-year maturity with a rating category of A or its equivalent or better by a nationally recognized rating agency, and LAIF. Reverse repurchase agreements may be made only when prior approval of the Board of Directors has been given. No rating is available from a nationally recognized statistical rating organization for LAIF. As of June 30, 2008, the Federal Home Loan Bank securities were rated Aaa/AAA by Moody’s and Standard & Poor’s respectively.

Concentration of Credit Risk - The Agency has about 70% of its cash invested with LAIF and an additional 26% invested in two guaranteed investment contracts. In addition to the safety provided by investing in high quality securities, LAIF’s policies limit concentration risk by spreading investments over different investment types to minimize the impact of any one industry/investment class and by spreading investments over multiple credits/issuers within an investment type to minimize the credit exposure of the portfolio to any single firm or institution.

**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

**2. CASH AND INVESTMENTS, Continued**

*D.. Risk Disclosures, Continued*

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the Agency's investments in securities are held in the name of the Agency. The Agency's custodial agreement policy prohibits counterparties holding securities not in the Agency's name.

**3. INTERGOVERNMENTAL RECEIVABLES**

Intergovernmental receivables as of June 30, 2008, are comprised of the following:

Special Revenue Funds:		
City of Redding - Prepaid rent	\$	38,461
Capital Project Funds:		
City of Redding - Prepaid rent		153,781
<b>Total</b>		<u><u>\$ 192,242</u></u>

**4. INTERFUND TRANSFERS**

Transfers for the period ended June 30, 2008, are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>		<u>Total</u>
	<u>Debt Service Funds</u>		
	Canby-Hilltop Cypress	Non-major Governmental Funds	
Capital Project Funds:			
Market Street	\$ -	\$ 63,626	\$ 63,626
Canby-Hilltop-Cypress Project	442,688		442,688
SHASTECC Project	-	158,007	158,007
<b>Total</b>	<u><u>\$ 442,688</u></u>	<u><u>\$ 221,633</u></u>	<u><u>\$ 664,321</u></u>

In the Canby-Hilltop-Cypress Debt Service Fund, Market Street Debt Service Fund and SHASTECC Debt Service Fund revenue in excess of the debt service requirements was transferred to the capital projects funds.

**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

**5. NOTES RECEIVABLE**

Notes receivable activity for the year ended June 30, 2008, is as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
5%, 1% , and 0% Rehab Loan	\$ 306,717	\$ 12,166	\$ (9,052)	\$ 309,831
5% Rehab Loan	282,446	-	(44,077)	238,369
DAP Loan	1,584,847	808,824	(8,000)	2,385,671
Shasta Housing Development Corporation	189,750	-	-	189,750
Northern Valley Catholic Social Service Due 2055	1,121,906	-	-	1,121,906
Northern Valley Catholic Social Service Due 2039	250,000	-	-	250,000
Christian Church Home of North California Inc.	1,792,547	-	71,340	1,863,887
Northern Valley Catholic Social Service Due 2022	115,000	-	-	115,000
Redding Shadowbrook Limited	236,000	-	-	236,000
Senior Affordable Housing Corporation	275,000	-	-	275,000
Mercy Oaks Villages, Inc.	500,000	-	-	500,000
Parkview Neighborhood LLC	21,279	-	(21,279)	-
Linden Housing L.P.	18,800	-	-	18,800
Community Revitalization and Development Corp.	62,786	-	(62,786)	-
Community Revitalization and Development Corp.	8,966	-	(8,966)	-
Shasta Builders' Exchange Community Fund	51,432	268,149	-	319,581
Community Revitalization and Development Corp.	-	59,029	-	59,029
Community Revitalization and Development Corp.	-	59,030	-	59,030
<b>Total</b>	<b>\$ 6,817,476</b>	<b>\$ 1,207,198</b>	<b>\$ (82,820)</b>	<b>\$ 7,941,854</b>

Notes receivable as of June 30, 2008, consists of the following:

One 5%, two 1%, and three 0% notes receivable, payable in monthly installments of \$834 including interest. The notes, due through March 2036, are secured by residential real property.	\$ 309,831
Ten 5% notes with principal and accrued interest due upon property transfer or sale, upon death of owner, or upon change of use of the property. The notes are secured by residential real property.	238,369
Seventy-five notes receivable with principal and accrued interest due upon property transfer or sale, upon death of owner, or upon change of use of the property. The interest is calculated at 3% or as a percentage of the loan to the original purchase price of the property, with a maximum of 15% of the property appreciation over the life of the loan. The notes are secured by residential real property.	2,385,671
3% note receivable from Shasta Housing Development Corporation with interest and principal due August 2034. The note is secured by residential real property.	189,750

**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

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**5. NOTES RECEIVABLE, Continued**

Notes receivable as of June 30, 2008, consists of the following (Continued):

Note receivable from Northern Valley Catholic Social Services due January 2055. The note bears interest at 1% and is secured by real property. Payments are due only when there are residual receipts from the project and/or at maturity.	1,121,906
Note receivable from Northern Valley Catholic Social Services due September 2039. The note bears interest at 3% and is secured by real property. Payments are due only when there are residual receipts from the project and/or at maturity.	250,000
Note receivable from Christian Church Homes of Northern California, Inc. due February 2058. The note, which is secured by real property, bears interest at 3%. Payments are due only when there are residual receipts from the project and/or at maturity.	1,863,887
Note receivable from Northern Valley Catholic Social Services due August 2022. The note, which is secured by real property, bears interest at 3% for the first twelve years and 5% thereafter. Payments are due only when there are residual receipts from the project and/or at maturity.	115,000
Note receivable from Redding Shadowbrook Limited due July 2046. The note, which is secured by real property, bears interest at 1%. Payments are due only when there are residual receipts from the project and/or maturity, except all payments shall be deferred until July 2011.	236,000
Note receivable from Senior Affordable Housing Corporation No. 4 due January 2059. The note, which is secured by real property, bears interest at 1%. Payments are due only when there are residual receipts from the project and/or at maturity.	275,000
Note receivable from Mercy Oaks Village, Inc. due December 2059. The note which is secured by real property bears interest at 1%. Payments are due only when there are residual receipts from the project and/or maturity.	500,000
Note receivable from Linden Housing, L.P. due December 2060. The note is secured by real property and bears interest at 0%. Payments are due only when there are residual receipts from the project and/or maturity except that all payments are deferred until December 2025.	18,800
Note receivable from Shasta Builders' Exchange Community Fund. The note is secured by real property and bears interest at 0%. The note is due either upon sale of the AGREE Park Units to eligible buyers or by May 2009, which ever occurs first.	319,581

**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

**5. NOTES RECEIVABLE, Continued**

Notes receivable as of June 30, 2008, consists of the following (Continued):

Note receivable from Community Revitalization and Development Corporation for the acquisition of property. The note is secured by real property and bears interest at 0%. Payments are deferred until the title to the property is transferred, the property is rented, or the loan is refinanced.	59,029
Note receivable from Community Revitalization and Development Corporation for the acquisition of property. The note is secured by real property and bears interest at 0%. Payments are deferred until the title to the property is transferred, the property is rented, or the loan is refinanced.	59,030
<b>Total notes receivable</b>	<u>\$ 7,941,854</u>

**6. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2008, is as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,258,485	\$ -	\$ (1,033,069)	\$ 1,225,416
Total capital assets, not being depreciated	<u>2,258,485</u>	<u>-</u>	<u>(1,033,069)</u>	<u>1,225,416</u>
Capital assets, being depreciated:				
Buildings	1,677,993	-	-	1,677,993
Equipment	6,132	-	-	6,132
Total capital assets being depreciated:	<u>1,684,125</u>	<u>-</u>	<u>-</u>	<u>1,684,125</u>
Less accumulated depreciation for:				
Buildings	(1,468,635)	(10,116)	-	(1,478,751)
Equipment	(6,132)	-	-	(6,132)
Total accumulated depreciation	<u>(1,474,767)</u>	<u>(10,116)</u>	<u>-</u>	<u>(1,484,883)</u>
Total capital assets, being depreciated, net	<u>209,358</u>	<u>(10,116)</u>	<u>-</u>	<u>199,242</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 2,467,843</u>	<u>\$ (10,116)</u>	<u>\$ (1,033,069)</u>	<u>\$ 1,424,658</u>

**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

**6. CAPITAL ASSETS, Continued**

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

Governmental activities:	
Public works	\$ 10,116
<b>Total depreciation expense - governmental activities</b>	<b>\$ 10,116</b>

A summary of changes in capital assets by project area and activity is as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<u>Project Area:</u>				
<u>Market Street</u>				
Land	\$ 695,272	\$ -	\$ (15,735)	\$ 679,537
Buildings	222,260	-	-	222,260
Accumulated depreciation	<u>(20,374)</u>	<u>(7,409)</u>	<u>-</u>	<u>(27,783)</u>
<b>Total Market Street</b>	<b>897,158</b>	<b>(7,409)</b>	<b>(15,735)</b>	<b>874,014</b>
<u>Midtown</u>				
Buildings	1,455,733	-	-	1,455,733
Accumulated depreciation	<u>(1,448,261)</u>	<u>(2,707)</u>	<u>-</u>	<u>(1,450,968)</u>
<b>Total Midtown</b>	<b>7,472</b>	<b>(2,707)</b>	<b>-</b>	<b>4,765</b>
<u>Canby-Hilltop-Cypress</u>				
Land	1,563,213	-	(1,017,334)	545,879
Equipment	6,132	-	-	6,132
Accumulated depreciation	<u>(6,132)</u>	<u>-</u>	<u>-</u>	<u>(6,132)</u>
<b>Total Canby-Hilltop-Cypress</b>	<b>1,563,213</b>	<b>-</b>	<b>(1,017,334)</b>	<b>545,879</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 2,467,843</b>	<b>\$ (10,116)</b>	<b>\$ (1,033,069)</b>	<b>\$ 1,424,658</b>

**7. INTERGOVERNMENTAL PAYABLES**

Intergovernmental payables, as of June 30, 2008, consists of the following:

Notes Payable to the City of Redding

The Agency has two notes payable to the City of Redding.

The Agency made a promissory note with the City on November 6, 2006, to acquire a parking lot for \$588,000. The note will be repaid when the Agency sells this property to facilitate a housing project in downtown Redding. This note payable is current.

**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

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**7. INTERGOVERNMENTAL PAYABLES, Continued**

The second note was approved by City Council on August 25, 1972, for \$550,000 from the City of Redding Electric Utility Fund to the Agency. The balance at June 30, 2008, was \$308,105 with interest at 3 percent to be repaid by periodic payments from tax increment payments, or out of any other funds available, until the total of principal and interest has been repaid. The monies were used for the sole purpose of acquiring an underground public parking facility located at the Midtown Mall. Upon retirement of the debt, the Agency shall convey all of its right to title and interest in the underground public parking facility to the City of Redding in accordance with their agreement dated August 25, 1972. Interest payable as of June 30, 2008, was \$258,807. None of this note payable is current. This debt was issued for the Agency's capital assets, and therefore, is included in the calculation of the net assets invested in capital assets, net of related debt.

Reimbursement Agreements

The City and the Agency have entered into two reimbursement agreements.

The first agreement is a reciprocal one that provides for the Agency, as funds become available from tax increment revenue, to reimburse the City for all amounts paid to the Agency under the Midtown Project Lease. Therefore, in substance, the final source for this reimbursement is the property tax increment revenue. Under this agreement \$35,585 was paid in fiscal year 2007-2008. The balance of this long-term payable is \$675,173 with interest at 3%. None of this balance is current.

The second agreement provides for the Agency, as funds become available, to reimburse the City for expenses incurred on behalf of the Agency's Buckeye, Canby-Hilltop-Cypress, Market Street and SHASTEC project areas. Interest accrues at ten percent per annum. The current balance as of June 30, 2008, is \$120,492.

Obligations to the City of Redding

The Agency has no employees. Administrative and accounting services are provided by the City personnel. Consequently, the Agency has an obligation to the City for accrued salaries, compensated absences and retirement plan contributions. The balance of this obligation at June 30, 2008, was \$135,928 for amounts due within one year and \$155,298 for the long-term portion.

Repayment Agreement

The City and the Agency entered into a repayment agreement executed on May 18, 1999, for the SHASTEC Project Area. The City agreed to provide funds in an amount not to exceed \$2,000,000 from its Risk Management Fund for the Clover Creek Drainage Project. The loan will accrue interest at the same rate as the City's pooled cash account. The principal balance at June 30, 2008, was \$1,574,693. Interest payable as of June 30, 2008, was \$260,987. The Agency agreed to make annual payments of principal and interest starting in fiscal year 2009-2010. The funding source for such payments will be tax increment revenue or bond proceeds secured by the SHASTEC Redevelopment project. None of this payable is current.

**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

**7. INTERGOVERNMENTAL PAYABLES, Continued**

Contractual Obligations to Shasta County and the City of Anderson

The SHASTECC Redevelopment Project Area was formed by a cooperative agreement between the redevelopment agencies of Shasta County, the City of Anderson and the City. As of June 30, 2008, the SHASTECC Project Area has an obligation of \$855,654 to Shasta County and an obligation of \$112,208 to the City of Anderson for their housing programs. The SHASTECC Redevelopment Project Area Capital Project Fund has a short-term obligation to the City of Anderson of \$246,933.

The Buckeye Redevelopment Project Area was formed by a cooperative agreement between the redevelopment agencies of Shasta County and the City. As of June 30, 2008, the Buckeye Project Area has an obligation of \$175,292 to Shasta County for its housing programs.

Following is a summary of the changes in intergovernmental payable amounts as of June 30, 2008:

	Balance 07/01/2007	Additions	Reductions	Balance 06/30/2008
<b>Short-term intergovernmental payable</b>				
<b>Reimbursement Agreements</b>				
Midtown Debt Service Fund	\$ -	\$ 21,084	\$ (21,084)	\$ -
Canby-Hilltop-Cypress Capital Project Fund	-	120,492	-	120,492
Total reimbursement agreement	<u>-</u>	<u>141,576</u>	<u>(21,084)</u>	<u>120,492</u>
<b>Note Payable to City of Redding</b>				
Market Street Housing Fund	588,000	-	-	588,000
Total note payable to City of Redding	<u>588,000</u>	<u>-</u>	<u>-</u>	<u>588,000</u>
<b>Short-Term Obligations to Shasta County and the City of Anderson</b>				
SHASTECC Capital Project Fund	-	246,933	-	246,933
SHASTECC Housing Fund	777,987	189,875	-	967,862
Buckeye Housing Fund	118,369	56,923	-	175,292
Total Short-term obligations to Shasta County and the City of Anderson	<u>896,356</u>	<u>493,731</u>	<u>-</u>	<u>1,390,087</u>
<b>Short-Term Obligations to the City of Redding</b>				
Canby-Hilltop-Cypress Special Revenue Fund	35,370	17,623	-	52,993
Canby-Hilltop-Cypress Capital Project Fund	51,924	-	(4,906)	47,018
Market Street Capital Project Fund	6,978	8,743	(1,392)	14,329
SHASTECC Capital Project Fund	-	17,939	-	17,939
Buckeye Capital Project Fund	-	3,649	-	3,649
Total short-term obligations to the City of Redding	<u>94,272</u>	<u>47,954</u>	<u>(6,298)</u>	<u>135,928</u>
Total short-term intergovernmental payable	<u>1,578,628</u>	<u>683,261</u>	<u>(27,382)</u>	<u>2,234,507</u>

**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

**7. INTERGOVERNMENTAL PAYABLES, Continued**

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008
<u>Long-term intergovernmental payable</u>				
<b>Reimbursement Agreement</b>				
Midtown Debt Service Fund	710,758	-	(35,585)	675,173
Total reimbursement agreement	710,758	-	(35,585)	675,173
<b>Note Payable to City of Redding</b>				
Midtown Debt Service Fund	308,105	-	-	308,105
Total note payable to City of Redding	308,105	-	-	308,105
<b>Repayment Agreement</b>				
SHASTECCapital Project Fund	1,574,693	-	-	1,574,693
Total repayment agreement	1,574,693	-	-	1,574,693
<b>Long-Term Obligations to the City of Redding</b>				
Canby-Hilltop-Cypress Special Revenue Fund	48,172	13,345	-	61,517
Canby-Hilltop-Cypress Capital Projects Fund	98,123	-	(19,712)	78,411
Market Street Capital Project Fund	22,101	-	(6,731)	15,370
Total long-term obligations to the City of Redding	168,396	13,345	(26,443)	155,298
Total long-term intergovernmental payable	2,761,952	13,345	(62,028)	2,713,269
<b>Total intergovernmental payable</b>	<b>\$ 4,340,580</b>	<b>\$ 696,606</b>	<b>\$ (89,410)</b>	<b>\$ 4,947,776</b>

**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

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**8. UNEARNED REVENUE**

Unearned revenue of \$198,926 as of June 30, 2008, in the Statement of Net Assets consists of property tax revenue that is accruing in the Midtown Special Revenue Fund. Project areas approved before 1986 can defer the 20 percent housing set aside until the project area's debt service obligations are met. With the passage of Proposition 13, the Midtown Project Area had to borrow money from the City to meet its lease revenue debt service obligation. Although the lease revenue debt service obligation has been fully funded, the Midtown Project Area still owes the City \$1.24 million in principal and interest and continues to defer its housing obligation until that debt is paid.

**9. DEFERRED REVENUE**

Total deferred revenue of \$2,068,664 on the Balance Sheet as of June 30, 2008, consists of both revenue that is deferred because it is unavailable and revenue that is deferred because it is unearned. Deferred revenue consists of the following for the year ended June 30, 2008:

Unavailable tax increment	\$ 1,048,031
Unearned tax increment	198,927
Unavailable notes revenue	<u>821,706</u>
Total deferred revenue	<u>\$ 2,068,664</u>

**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

**10. LONG-TERM DEBT**

The following is a summary of changes in long-term debt during the year ended June 30, 2008:

	July 1, 2007	Additions	Reductions	June 30, 2008	One Year	Than One Year
<u>Project Area:</u>						
<u>Market Street</u>						
Tax Allocation Bonds 2003 Series	\$ 4,660,000	\$ -	\$ (190,000)	\$ 4,470,000	\$ 195,000	\$ 4,275,000
Less bond discounts	(41,480)	-	2,567	(38,913)	(2,567)	(36,346)
Less unamortized deferred loss on defeased debt	(115,602)	-	7,155	(108,447)	(7,154)	(101,293)
<b>Total Market Street</b>	<b>4,502,918</b>	<b>-</b>	<b>(180,278)</b>	<b>4,322,640</b>	<b>185,279</b>	<b>4,137,361</b>
<u>Canby-Hilltop-Cypress</u>						
Tax Allocation Bonds (Series A)	4,390,000	-	(340,000)	4,050,000	360,000	3,690,000
Tax Allocation Bonds (Series B)	3,500,000	-	-	3,500,000	-	3,500,000
Tax Allocation Bonds 2003 (Series A)	25,750,000	-	(1,105,000)	24,645,000	1,135,000	23,510,000
Add bond premiums	61,059	-	(3,779)	57,280	3,779	53,501
Less bond discounts	(62,359)	-	5,469	(56,890)	(5,468)	(51,422)
Less unamortized deferred loss on defeased debt	(310,096)	-	19,191	(290,905)	(19,191)	(271,714)
<b>Total Canby-Hilltop-Cypress</b>	<b>33,328,604</b>	<b>-</b>	<b>(1,424,119)</b>	<b>31,904,485</b>	<b>1,474,120</b>	<b>30,430,365</b>
<u>SHASTECC</u>						
Tax Allocation Bonds (Series 2006)	15,000,000	-	(245,000)	14,755,000	255,000	14,500,000
Less bond discounts	(64,439)	-	2,216	(62,223)	(2,216)	(60,007)
<b>Total SHASTECC</b>	<b>14,935,561</b>	<b>-</b>	<b>(242,784)</b>	<b>14,692,777</b>	<b>252,784</b>	<b>14,439,993</b>
<b>Total long-term debt</b>	<b>\$ 52,767,083</b>	<b>\$ -</b>	<b>\$ (1,847,181)</b>	<b>\$ 50,919,902</b>	<b>\$ 1,912,183</b>	<b>\$ 49,007,719</b>

Long-term debt consists of the following as of June 30, 2008:

**Tax Allocation Bonds, Series 2003:**

Interest from 2.0% to 5.679% payable March 1 and September 1; maturities are payable September 1 in annual redemptions from \$170,000 to \$400,000; final payment September 1, 2023. Original issue: \$5,185,000. Proceeds from the Series 2003 Bonds are used to finance various capital improvements within the Market Street Redevelopment Area. \$ 4,470,000

**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

**10. LONG-TERM DEBT, Continued**

Long-term debt consists of the following as of June 30, 2008 (Continued):

Tax Allocation Bonds, Series A:

Interest from 2.61% to 6.4% payable on March 1 and September 1; maturities payable on September 1 in annual redemptions from \$280,000 to \$545,000; final payment September 1, 2016. Original issue: \$6,000,000. Proceeds from the Series A Bonds are used for housing projects.	4,050,000
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Tax Allocation Housing Bonds, Series B:

Interest from 4.5% to 4.875% payable March 1 and September 1; maturities are payable beginning September 1, 2016, in annual redemptions from \$105,000 to \$745,000; final payment September 1, 2021. Original issue: \$3,500,000. Proceeds from the Series B Bond are used for housing projects.	\$ 3,500,000
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Tax Allocation Bonds, Series A 2003:

Interest from 2.0% to 5.0% payable March 1 and September 1; maturities are payable September 1 in annual redemptions from \$1,040,000 to \$2,055,000; final payment September 1, 2023. Original issue: \$28,935,000. Proceeds from the Series A 2003 Bonds are used to finance various capital improvements within the Canby-Hilltop-Cypress Redevelopment Area.	24,645,000
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Tax Allocation Bonds, Series 2006:

Interest from 4.0% to 5.0% payable March 1 and September 1; maturities are payable September 1 in annual redemptions from \$245,000 to \$5,585,000; final payment September 1, 2036. Original issue: \$15,000,000. Proceeds from the Series 2006 Bonds are used to finance various capital improvements within the SHASTECC Redevelopment Area.	14,755,000
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Total bonds outstanding	51,420,000
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Discount on Market Street Tax Allocation Bonds, Series 2003	(38,913)
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Discount on Canby-Hilltop-Cypress Tax Allocation Bonds, Series A	(27,808)
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Discount on Canby-Hilltop-Cypress Tax Allocation Bonds, Series B	(29,082)
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Premium on Canby-Hilltop-Cypress Tax Allocation Bonds, Series A 2003	57,280
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Discount on SHASTECC Tax Allocation Bonds, Series 2006	(62,223)
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Unamortized deferred loss on defeased debt	(399,352)
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Total discount/premium and unamortized deferred loss on defeased debt	(500,098)
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Total long-term debt	\$ 50,919,902
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**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

**10. LONG-TERM DEBT, Continued**

Annual requirements to amortize long-term debt outstanding as of June 30, 2008, are set forth below:

Fiscal Year	Principal	Interest	Total
2009	\$ 1,945,000	\$ 2,399,706	\$ 4,344,706
2010	2,015,000	2,324,534	4,339,534
2011	2,100,000	2,240,053	4,340,053
2012	2,190,000	2,145,800	4,335,800
2013	2,290,000	2,044,996	4,334,996
2014-2018	13,180,000	8,473,663	21,653,663
2019-2023	15,970,000	4,867,704	20,837,704
2024-2028	4,875,000	2,095,088	6,970,088
2029-2033	3,430,000	1,302,000	4,732,000
2034-2037	3,425,000	352,875	3,777,875
	<u>\$ 51,420,000</u>	<u>\$ 28,246,419</u>	<u>\$ 79,666,419</u>

The Canby-Hill-Cypress Housing Setaside Tax Allocation Bonds, Series 2001A & B, the Canby-Hill-Cypress Tax Allocation Bonds, Series A 2003, the Market Street Tax Allocation Bonds, Series 2003, and the SHASTECC Tax Allocation Bonds, Series 2006, had issuance costs of \$1,252,645, which were recorded as deferred charges on the Statement of Net Assets. This amount is being amortized over the life of the bonds at \$62,624 annually. As of June 30, 2008, the amount unamortized was \$932,541.

None of the bonded debt was issued for the Agency's capital assets. All of the capital assets financed by the bonded debt have been transferred to the City, and therefore, are not included in the calculation of net assets invested in capital assets, net of related debt.

**11. TAX INCREMENT REVENUE PLEDGED**

The Agency has pledged a portion of future tax increment revenue in the Canby-Hilltop-Cypress Project Area to repay \$6 million and \$3.5 million in tax allocation bonds issued in December of 2001. Proceeds from the \$9.5 million bonds provided funding for housing projects. The bonds are payable solely from housing set aside tax increment revenues and are payable through 2015 and 2021 respectively. Annual principal and interest payments on the bonds are expected to require less than 39 percent of tax increment revenue. The total principal and interest remaining to be paid on the bonds is \$10,725,320. Principal and interest paid for the current year and total tax increment revenue were \$772,695 and \$2,016,346, respectively.

**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

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**11. TAX INCREMENT REVENUE PLEDGED, Continued.**

The Agency has pledged a portion of future tax increment revenue in the Canby-Hilltop-Cypress Project Area to repay \$28.935 million in tax allocation bonds issued in August of 2003. Proceeds from the \$28.935 million bonds provided funding for various infrastructure projects. The bonds are payable solely from tax increment revenues and are payable through 2023. Annual principal and interest payments on the bonds are expected to require less than 28 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$34,933,538. Principal and interest paid for the current year and total tax increment revenue were \$2,213,983 and \$8,065,385, respectively.

The Agency has pledged a portion of future tax increment revenue in the Market Street Project Area to repay \$5.185 million in tax allocation bonds issued in August of 2003. Proceeds from the \$5.185 million bonds provided funding for various infrastructure projects. The bonds are payable solely from tax increment revenues and are payable through 2023. Annual principal and interest payments on the bonds are expected to require less than 14 percent of tax increment revenue. The total principal and interest remaining to be paid on the bonds is \$6,610,498. Principal and interest paid for the current year and total tax increment revenue were \$418,189 and \$3,165,186, respectively.

The Agency has pledged a portion of future tax increment revenue in the SHASTECC Project Area to repay \$15 million in tax allocation bonds issued in August of 2006. Proceeds from the \$15 million bonds provided funding for various infrastructure projects including the Stillwater Industrial Park. The bonds are payable solely from tax increment revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require less than 52 percent of tax increment revenue. The total principal and interest remaining to be paid on the bonds is \$27,397,063. Principal and interest paid for the current year and total tax increment revenue were \$944,821 and \$1,833,627, respectively.

The Agency has pledged a portion of future tax increment revenue in the SHASTECC Project Area to repay a \$2 million loan from the City that was made on May 18, 1999. The loan proceeds funded the Clover Creek Storm Drainage Project. The funding source for the loan payments will be tax increment revenue or bond proceeds and are payable through 2019. Annual principal and interest payments on the loan are expected to require less than 28 percent of tax increment revenue. As of June 30, 2008, the principal balance is \$1,574,693 and the interest balance is \$260,987. No payments are due on this loan until the 2009-2010 fiscal year.

**12. TAX INCREMENT REVENUE**

The County of Shasta assesses, bills and collects property taxes for the Agency. Property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on July 1. They become due November 1 and February 1 and become delinquent after December 10 and April 10. Agency property tax revenues are recognized when levied to the extent that they result in current receivables. The property tax increment revenue is the amount of increase in property taxes due to the increased property valuation over the base year. The old portion of the Market Street Project (the Midtown Project) and Canby-Hilltop-Cypress Project base years are 1973-74 and 1981-82, respectively. The new portion of Market Street Project and the amended Canby-Hilltop-Cypress Project Areas base year is 1989-90. The SHASTECC Project Area base year is 1995-96. The amended SHASTECC Project Area base year is 2006-07. The Buckeye Project Area base year is 1999-2000.

**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

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**13. RISK MANAGEMENT**

The Redevelopment Agency participates in the City's self-insurance programs. The City administers self-insurance programs for property and general liability which affect the Agency. These insurance activities are accounted for in the City's Risk Management Fund, an internal service fund. Agency is a component unit of the City. The liability for insurance claims is estimated on a case-by-case basis for all pending claims. There has been no significant reduction in any of the insurance coverages from the prior year.

Losses in the City's Risk Management Fund have not exceeded charges to the various funds of the City and its component units. Settled claims resulting from these risks have not exceeded co-insurance plan coverage or commercial insurance coverage in any of the past three fiscal years. In accordance with GASB 10, a component unit is not required to include a reconciliation of changes in the aggregate liabilities if it is covered by the primary government.

The City's Risk Management Fund is allowed to make additional assessments to make the pool self-sustaining. The Risk Management Fund does not currently anticipate additional assessments being necessary; however, there is no limit established for additional assessments.

Liability Insurance is administered as a co-insurance plan. The City is self-insured up to \$500,000 with a municipal risk retention pool co-insuring claims from \$500,001 to \$40 million. The Risk Management Fund recognizes revenue from fund charges and accounts for actual expenditures. Funds determined to be at risk are charged a percentage of the total estimated insurance and claim expense. Percentages are based upon loss experience, and the interfund charges are reported as interfund services provided and used. Incurred but not reported claims liabilities have been included in the claims payable amount as of June 30, 2008.

Property Insurance is administered as a co-insurance plan. The City is self-insured for claims up to \$25,000. An insurance company co-insures claims over \$25,000. The Risk Management Fund recognizes revenue from fund charges and accounts for actual expenditures. Funds determined to be at risk are charged a percentage of the total estimated insurance and claim expense. Percentages are based upon loss experience, and the interfund charges are reported as services provided and used. Incurred but not reported claims liabilities have been included in the claims payable amount as of June 30, 2008.

**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

**14. COMMITMENTS**

As of June 30, 2008, the Agency's commitments with construction contractors are as follows:

Fund	Project	Remaining Commitment	Financing Sources
Capital Project:			
CHC	North Market Streetscape	\$ 226,785	Tax Increment revenue
CHC	Rivercrest Park	198,501	Tax Increment revenue
CHC	Churn Creek Road Realignment	2,594,815	Tax Increment revenue
CHC	Hilltop Drive Improvements	2,787,554	Tax Increment revenue & Business Improvement District assessments
SHASTEC	Sacramento River Bridge	972,807	Tax Increment revenue
SHASTEC	Stillwater Industrial Park	<u>8,470,000</u>	Bond proceeds
Total Commitments		<u>\$ 15,250,462</u>	

The Agency committed the following from the Canby-Hilltop-Cypress Redevelopment Project Area: (1) \$1.28 million to the North Market Street Landscaping and Lighting Project. Of this amount, \$226,785 remains encumbered to complete the project; (2) \$730,000 to assist with the development of Phase I of Rivercrest Park. Of this amount, \$198,501 remains encumbered to complete the project; (3) \$7.5 million to assist with the widening of Churn Creek. The encumbrances remaining to complete this project are \$2,594,815; and (4) Up to \$3.8 million to assist with the construction of the Hilltop Drive Streetscape Project, with the Hilltop Hotel Business Improvement District reimbursing the Agency for one-half of its total costs incurred or approximately \$1.9 million. There is currently \$2,787,554 encumbered to complete this project.

The SHASTEC Redevelopment Project Area has committed to the following: (1) \$1 million for the widening of the Sacramento River bridge that connects Airport Road in the County of Shasta with North Street in the City of Anderson. Of this amount, \$972,807 remains encumbered to complete the project; (2) \$10 million to assist with the construction of road and bridge improvements relating to the development of the Stillwater Business Park. Of this amount, \$8,470,000 remains encumbered to complete the project.

The Agency does not have construction contracts, but is committed to funding the following projects.

The Agency has allocated \$3.3 million in the Market Street Redevelopment Project Area for the Downtown Mall Roof Removal Project - Phase 2, thereby assisting in the revitalization of the downtown core area. The project is out for bid, with construction to occur in fiscal year 2008-09.

The Agency has committed the following Housing Set-Aside Funds: (1) \$3,200,000 for the purchase of 112 acres owned by the City for an affordable housing development; (2) Entered into a Disposition and Development Agreement (DDA) in an amount not-to-exceed \$874,000 for the construction of up to 17 affordable three-bedroom, single-family, owner-occupied residences in the Parkview Neighborhood; (3) Entered into a Development Funding Agreement (DFA) in an amount not-to-exceed \$505,000 for the design and construction of three affordable single-family residences which utilize cutting-edge construction technology, energy conservation, and green building practices and materials. Of this amount, \$185,419 remains encumbered to complete this project; (4) Entered into a DDA in an amount not-to-exceed \$240,000

**Redding Redevelopment Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2008**

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**14. COMMITMENTS, Continued.**

for the construction of an affordable four-bedroom rental unit as part of a mixed-use project in a target neighborhood; (5) Entered into a DFA in an amount not-to-exceed \$450,000 to assist with the construction of a 14-unit affordable rental project for very-low-income individuals suffering from mental illness; and (6) Entered into a DFA in an amount not-to-exceed \$530,000 for the design and construction of 2 three- to four-bedroom affordable units in a target neighborhood. Of this amount, \$411,941 remains encumbered to complete this project.

The SHASTEK Redevelopment Project Area has committed to the following: (1) \$1.65 million for the widening of a portion of Old Oregon Trail; and (2) \$650,000 for the widening of North Street, of which \$609,225 still remains available.

The Buckeye Redevelopment Project Area has committed to the following: (1) \$100,000 for the design of a replacement bridge over Churn Creek at Twin View Boulevard. Of this amount, \$95,472 remains encumbered to complete the project; (2) \$15,000 for the design of a replacement bridge over Churn Creek at Old Oasis Road; (3) \$35,000 for the design of a traffic signal at Lake Boulevard and Keswick Dam Road; and (4) \$10,000 for the design of storm drain improvements benefiting the Project Area.

The Agency entered into a Development Funding Agreement for acquisition of property and construction of an affordable single-family residence on in-fill property located in a targeted neighborhood. The Agency's commitment is not to exceed \$225,000.

Conduit Debt

In 2001, the Agency issued conduit bonds to provide financing for improvements at various school sites for the Redding School District. The bonds do not constitute an obligation of the Agency. The bonds are secured by the land and improvements to Bonnyview Elementary School located at 5080 Bidwell Road, Redding, CA 96001. On June 30, 2008, the total outstanding principal on the bonds was \$4,850,000.

**15. SUBSEQUENT EVENTS**

Subsequent to the basic financial statements date of June 30, 2008, and the year then ended, the United States has entered into a Financial Credit Crisis. Although the United States Federal Government has taken actions that, at least in part, are intended to relieve and correct this Financial Credit Crisis, investments are subject to significant impairment and losses. To date, the Agency has not been informed and is not aware of any investment losses. Accordingly, any such investment losses have not been reflected in the accompanying basic financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

**Redding Redevelopment Agency  
Required Supplementary Information  
For the year ended June 30, 2008**

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**1. BUDGETARY PRINCIPLES**

Budget Data

The operating budget of the Agency is adopted by the Board of Directors/Redding City Council prior to July 1 each year primarily on a cash basis. The Agency's Executive Director is authorized to transfer budget amounts between divisions within any fund; however, any revisions that alter the total expenditures of any fund require Board of Director's budget amendment.

Budget information is adopted and presented for the special revenue, debt service and capital project funds. The presentations represent original appropriations adjusted for supplemental appropriations, if any, made during the year. The Agency did not adopt a budget for the Midtown Special Revenue Fund since no revenue was available for expenditures. Project areas approved before 1986 can defer the 20 percent housing set aside until the project area's debt service obligations are met.

Portions of fund equity are recorded as reserves when segregation for future use is necessary and the funds are, therefore, not available for future apportionment or expenditures.

Summary of Differences between Budgetary Basis and Generally Accepted Accounting Principles (GAAP)

The following are the differences between the Agency's budgetary basis and GAAP:

- A. The Agency does not budget for GASB 31 interest income.
- B. The Agency does not budget for accounts payable.
- C. The Agency does not budget for benefit accruals.
- D. The Agency does not budget for transfers to/from the debt service funds when revenue is in excess of or deficient to cover debt service.
- E. The Agency budgets for certain receivables and payables on a cash basis.
- F. The Agency budgets for land to be held for resale as an expenditure.
- G. The Agency budgets for encumbrances (commitments made but not yet expended).

Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as designations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**Redding Redevelopment Agency**  
**Required Supplementary Information - Budgetary Comparison Schedule**  
**Canby-Hilltop-Cypress Special Revenue Fund**  
**For the year ended June 30, 2008**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Tax increment	\$ 1,820,190	\$ 1,954,370	\$ 2,016,346	\$ 61,976
Other use of money and property	408,460	224,460	299,674	75,214
Investment revenue	625,470	474,360	432,171	(42,189)
Other revenue	5,100	2,500	2,290	(210)
<b>Total revenues</b>	<b>2,859,220</b>	<b>2,655,690</b>	<b>2,750,481</b>	<b>94,791</b>
<b>EXPENDITURES:</b>				
Current:				
Administrative	886,100	886,100	630,448	255,652
Professional services	4,000	4,000	3,775	225
Housing assistance	7,857,410	7,858,600	5,722,182	2,136,418
Debt service:				
Principal retirement	340,000	340,000	340,000	-
Interest and fiscal charges	442,700	442,700	435,395	7,305
<b>Total expenditures</b>	<b>9,530,210</b>	<b>9,531,400</b>	<b>7,131,800</b>	<b>2,399,600</b>
<b>Net change in fund balance</b>	<b>(6,670,990)</b>	<b>(6,875,710)</b>	<b>(4,381,319)</b>	<b>2,494,391</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of assets	-	103,000	-	(103,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>103,000</b>	<b>-</b>	<b>(103,000)</b>
<b>Net change in fund balance</b>	<b>(6,670,990)</b>	<b>(6,772,710)</b>	<b>(4,381,319)</b>	<b>2,391,391</b>
<b>FUND BALANCE:</b>				
Beginning of year	16,497,960	16,497,960	16,497,960	-
End of year	\$ 9,826,970	\$ 9,725,250	\$ 12,116,641	\$ 2,391,391

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis:

Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 17,384,744
1. The Agency budgets for and records loan payments received in the revenue accounts, but adjusts the actual payments to loans receivable.	299,674
2. The Agency does not budget for accounts payable adjustments.	(8,557)
3. The Agency budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.	(1,313,715)
4. End of year encumbrances are included in the actual expenditures budgetary basis, but are not included in the Statement of Revenue, Expenditures and Fund Balances.	(4,010,867)
5. The Agency budgeted and paid for rent in a previous period. This amount represent the rent and interest revenue related to the current period.	6,290
6. The Agency budgeted for sale of asset held for resale, but adjusts the revenue to reduce Assets Held for Resale and the gain/loss on the sale.	(289,928)
7. The Agency did not budget for a grant of land held for resale.	49,000
<b>Budgetary fund balance</b>	<b>\$ 12,116,641</b>

**Redding Redevelopment Agency**  
**Required Supplementary Information - Budgetary Comparison Schedule**  
**Market Street Special Revenue Fund**  
**For the year ended June 30, 2008**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Tax increment	\$ 706,480	\$ 762,390	\$ 791,322	\$ 28,932
Other use of money and property	-	7,600	7,604	4
Investment revenue	100,000	147,600	141,175	(6,425)
Other revenue	-	2,750	2,750	-
<b>Total revenues</b>	<b>806,480</b>	<b>920,340</b>	<b>942,851</b>	<b>22,511</b>
<b>EXPENDITURES:</b>				
Current:				
Administrative	33,350	33,350	20,981	12,369
Professional services	700	700	-	700
Housing assistance	2,806,880	2,806,880	1,555,169	1,251,711
<b>Total expenditures</b>	<b>2,840,930</b>	<b>2,840,930</b>	<b>1,576,150</b>	<b>1,264,780</b>
<b>Net change in fund balance</b>	<b>(2,034,450)</b>	<b>(1,920,590)</b>	<b>(633,299)</b>	<b>1,287,291</b>
<b>FUND BALANCE:</b>				
Beginning of year	4,054,407	4,054,407	4,054,407	-
End of year	\$ 2,019,957	\$ 2,133,817	\$ 3,421,108	\$ 1,287,291

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis:

Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 4,953,525
1. The Agency does not budget for accounts payable adjustments.	\$ (1,331)
2. End of year encumbrances are included in the actual expenditures budgetary basis	(1,420,631)
3. The Agency budgets for and records loan payments received in the revenue accounts, but adjusts the actual payment to loans receivable.	7,604
4. The Agency budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.	(118,059)
Budgetary fund balance	<u>\$ 3,421,108</u>

**Redding Redevelopment Agency**  
**Required Supplementary Information - Budgetary Comparison Schedule**  
**SHASTEK Special Revenue Fund**  
**For the year ended June 30, 2008**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Tax increment	\$ 364,540	\$ 375,960	\$ 458,407	\$ 82,447
Investment revenue	80,000	80,000	74,766	(5,234)
<b>Total revenues</b>	<b>444,540</b>	<b>455,960</b>	<b>533,173</b>	<b>77,213</b>
<b>EXPENDITURES:</b>				
Current:				
Administrative	20,730	20,710	9,933	10,777
Housing assistance	40,000	229,910	229,887	23
<b>Total expenditures</b>	<b>60,730</b>	<b>250,620</b>	<b>239,820</b>	<b>10,800</b>
<b>Net change in fund balance</b>	<b>383,810</b>	<b>205,340</b>	<b>293,353</b>	<b>88,013</b>
<b>FUND BALANCE:</b>				
Beginning of year	762,310	762,310	762,310	-
End of year	\$ 1,146,120	\$ 967,650	\$ 1,055,663	\$ 88,013
Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis:				
Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances			\$ 1,075,669	
1. End of year encumbrances are included in the actual expenditures budgetary basis but are not included in the Statement of Revenue, Expenditures and Fund Balance.			(20,006)	
Budgetary fund balance			\$ 1,055,663	

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**SUPPLEMENTARY INFORMATION**

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## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Buckeye Project - This fund is used to account for property tax revenues designated for housing assistance to individuals with very low, low or moderate income.

Midtown Project - This fund is used to account for the housing set aside property tax. The tax will not be collected until the Midtown Project Debt Service Fund retires all the debt of the project area.

### **Debt Service Funds**

Debt service funds are used to account for the payment of interest and principal on general debt.

Midtown Project - This fund is used to account for the resources accumulated and payments made for principal and interest on long-term debt of the Midtown Redevelopment Project Area.

Market Street Project - This fund is used to accumulate monies for payment of tax allocation bonds. Debt service is provided by property tax increment revenue.

SHASTEC Project - This fund is used to accumulate monies for payment of tax allocation bonds. Debt service is provided by property tax increment revenue.

### **Capital Project Funds**

Buckeye Project - This fund is used to account for the financing and construction activities in the Buckeye Redevelopment Project Area. Financing will be provided by future Agency tax allocation bonds. Current activity is ongoing and will span several years.

**Redding Redevelopment Agency**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2008**

	Buckeye Special Revenue	Midtown Special Revenue	Midtown Debt Service	Market Street Debt Service
<b>ASSETS</b>				
Cash and investments	\$ 355,621	\$ -	\$ -	\$ -
Interest receivable	2,582	-	-	-
Taxes receivable	12,165	198,927	-	-
Restricted assets:				
Cash and investments	-	-	-	930,325
Interest receivable	-	-	79	537
Taxes receivable	-	-	4,089	219,871
<b>Total assets</b>	<b>\$ 370,368</b>	<b>\$ 198,927</b>	<b>\$ 4,168</b>	<b>\$ 1,150,733</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Deferred revenue	\$ 10,229	\$ 198,927	\$ 3,128	\$ 166,699
Intergovernmental payable	175,293	-	-	-
<b>Total liabilities</b>	<b>185,522</b>	<b>198,927</b>	<b>3,128</b>	<b>166,699</b>
<b>Fund Balances (deficit):</b>				
Reserved for:				
Debt service	-	-	1,040	984,034
Unreserved, designated for:				
Encumbrances - Capital project funds	-	-	-	-
Public works	-	-	-	-
Unreserved, undesignated for:				
Special revenue funds	184,846	-	-	-
Capital project funds	-	-	-	-
<b>Total fund balances</b>	<b>184,846</b>	<b>-</b>	<b>1,040</b>	<b>984,034</b>
<b>Total liabilities and fund balances</b>	<b>\$ 370,368</b>	<b>\$ 198,927</b>	<b>\$ 4,168</b>	<b>\$ 1,150,733</b>

SHASTE Debt Service	Buckeye Capital Project	Total Non-Major Governmental Funds
\$ -	\$ 821,364	\$ 1,176,985
-	6,186	8,768
-	48,801	259,893
1,063,095	-	1,993,420
18,650	-	19,266
185,642	-	409,602
<u>\$ 1,267,387</u>	<u>\$ 876,351</u>	<u>\$ 3,867,934</u>
\$ 146,955	\$ 40,916	\$ 566,854
-	3,649	178,942
<u>146,955</u>	<u>44,565</u>	<u>745,796</u>
1,120,432	-	2,105,506
-	155,472	155,472
-	159,720	159,720
-	-	184,846
-	516,594	516,594
<u>1,120,432</u>	<u>831,786</u>	<u>3,122,138</u>
<u>\$ 1,267,387</u>	<u>\$ 876,351</u>	<u>\$ 3,867,934</u>

**Redding Redevelopment Agency**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2008**

	Buckeye Special Revenue	Midtown Special Revenue	Midtown Debt Service	Market Street Debt Service
<b>REVENUES:</b>				
Tax increment	\$ 104,444	\$ -	\$ 57,496	\$ 500,169
Investment revenue	12,169	-	484	13,030
Other revenues	-	-	75	-
<b>Total revenues</b>	<b>116,613</b>	<b>-</b>	<b>58,055</b>	<b>513,199</b>
<b>EXPENDITURES:</b>				
Current:				
Administrative	2,461	-	1,264	51,641
Professional services	-	-	-	-
Housing assistance	56,923	-	-	-
Pass throughs	-	-	-	-
Debt service:				
Principal retirement	-	-	35,585	190,000
Interest and fiscal charges	-	-	21,084	229,759
<b>Total expenditures</b>	<b>59,384</b>	<b>-</b>	<b>57,933</b>	<b>471,400</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>57,229</b>	<b>-</b>	<b>122</b>	<b>41,799</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	-	(63,626)
<b>Total other financing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(63,626)</b>
<b>Net change in fund balances</b>	<b>57,229</b>	<b>-</b>	<b>122</b>	<b>(21,827)</b>
<b>FUND BALANCES:</b>				
Beginning of year	127,617	-	918	1,005,861
End of year	\$ 184,846	\$ -	\$ 1,040	\$ 984,034

SHASTE Debt Service	Buckeye Capital Project	Non-Major Governmental Funds
\$ 1,133,786	\$ 417,778	\$ 2,213,673
98,192	28,097	151,972
-	899	974
<u>1,231,978</u>	<u>446,774</u>	<u>2,366,619</u>
36,814	13,339	105,519
-	217	217
-	-	56,923
-	61,976	61,976
245,000	-	470,585
703,271	-	954,114
<u>985,085</u>	<u>75,532</u>	<u>1,649,334</u>
246,893	371,242	717,285
(158,007)	-	(221,633)
<u>(158,007)</u>	<u>-</u>	<u>(221,633)</u>
88,886	371,242	495,652
1,031,546	460,544	2,626,486
<u>\$ 1,120,432</u>	<u>\$ 831,786</u>	<u>\$ 3,122,138</u>

**Redding Redevelopment Agency**  
**Budgetary Comparison Schedule**  
**Canby-Hilltop-Cypress Debt Service Fund - Major Fund**  
**For the year ended June 30, 2008**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Tax increment	\$ 2,276,650	\$ 2,259,690	\$ 2,653,659	\$ 393,969
Investment revenue	100,000	127,210	126,896	(314)
<b>Total revenues</b>	<b>2,376,650</b>	<b>2,386,900</b>	<b>2,780,555</b>	<b>393,655</b>
<b>EXPENDITURES:</b>				
Current:				
Administrative	150,980	150,980	129,245	21,735
Debt service:				
Principal retirement	1,105,000	1,105,000	1,105,000	-
Interest and fiscal charges	1,124,990	1,124,990	1,111,553	13,437
<b>Total expenditures</b>	<b>2,380,970</b>	<b>2,380,970</b>	<b>2,345,798</b>	<b>35,172</b>
<b>Net change in fund balance</b>	<b>(4,320)</b>	<b>5,930</b>	<b>434,757</b>	<b>428,827</b>
<b>FUND BALANCE:</b>				
Beginning of year	5,132,827	5,132,827	5,132,827	-
End of year	\$ 5,128,507	\$ 5,138,757	\$ 5,567,584	\$ 428,827

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis:

Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 5,124,896
1. The Agency does not budget for transfers in/out from the debt service fund.	442,688
Budgetary fund balance	\$ 5,567,584

**Redding Redevelopment Agency**  
**Budgetary Comparison Schedule**  
**Market Street Capital Project Fund - Major Fund**  
**For the year ended June 30, 2008**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Tax increment	\$ 2,360,340	\$ 2,580,870	\$ 2,665,117	\$ 84,247
Other use of money and property	-	930	932	2
Investment revenue	90,000	147,000	135,238	(11,762)
Other revenue	5,000	6,450	6,658	208
<b>Total revenues</b>	<b>2,455,340</b>	<b>2,735,250</b>	<b>2,807,945</b>	<b>72,695</b>
<b>EXPENDITURES:</b>				
Current:				
Administrative	181,470	181,470	131,684	49,786
Professional services	10,000	10,000	1,173	8,827
Pass throughs	1,461,200	1,700,000	1,506,819	193,181
Capital outlay	1,701,345	4,451,345	716,170	3,735,175
<b>Total expenditures</b>	<b>3,354,015</b>	<b>6,342,815</b>	<b>2,355,846</b>	<b>3,986,969</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(898,675)</b>	<b>(3,607,565)</b>	<b>452,099</b>	<b>4,059,664</b>
<b>OTHER FINANCING</b>				
Sale of assets	-	1,600,000	-	(1,600,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>1,600,000</b>	<b>-</b>	<b>(1,600,000)</b>
<b>Net change in fund balance</b>	<b>(898,675)</b>	<b>(2,007,565)</b>	<b>452,099</b>	<b>2,459,664</b>
<b>FUND BALANCE:</b>				
Beginning of year	2,409,594	2,409,594	2,409,594	-
End of year	\$ 1,510,919	\$ 402,029	\$ 2,861,693	\$ 2,459,664

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis:

Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 3,020,157
1. The Agency does not budget for transfers in/out from the debt service fund.	(63,626)
2. The Agency does not budget for accounts payable adjustments.	(2,908)
3. End of year encumbrances are included in the actual expenditures budgetary basis, but are not included in the Statement of Revenue, Expenditures and Changes in Fund Balances.	(91,930)
<b>Budgetary fund balance</b>	<b>\$ 2,861,693</b>

**Redding Redevelopment Agency**  
**Budgetary Comparison Schedule**  
**Canby-Hilltop-Cypress Capital Project Fund - Major Fund**  
**For the year ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Tax increment	\$ 5,004,120	\$ 5,557,770	\$ 5,411,726	\$ (146,044)
Other use of money and property	423,200	5,220	5,223	3
Intergovernmental revenue	415,500	-	70,000	70,000
Investment revenue	350,000	856,070	800,101	(55,969)
Other revenue	85,500	158,670	181,882	23,212
<b>Total revenues</b>	<b>6,278,320</b>	<b>6,577,730</b>	<b>6,468,932</b>	<b>(108,798)</b>
<b>EXPENDITURES:</b>				
Current:				
Administrative	674,640	673,160	640,956	32,204
Professional services	49,780	49,780	3,988	45,792
Pass throughs	2,473,880	2,750,000	2,652,599	97,401
Capital outlay	14,908,870	15,198,140	11,828,312	3,369,828
<b>Total expenditures</b>	<b>18,107,170</b>	<b>18,671,080</b>	<b>15,125,855</b>	<b>3,545,225</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(11,828,850)</b>	<b>(12,093,350)</b>	<b>(8,656,923)</b>	<b>3,436,427</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of assets	2,229,000	2,651,060	2,651,060	-
<b>Total other financing</b>	<b>2,229,000</b>	<b>2,651,060</b>	<b>2,651,060</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(9,599,850)</b>	<b>(9,442,290)</b>	<b>(6,005,863)</b>	<b>3,436,427</b>
<b>FUND BALANCE:</b>				
Beginning of year	15,133,383	15,133,383	15,133,383	-
End of year	\$ 5,533,533	\$ 5,691,093	\$ 9,127,520	\$ 3,436,427

**Redding Redevelopment Agency**  
**Budgetary Comparison Schedule**  
**Canby-Hilltop-Cypress Capital Project Fund - Major Fund, Continued**  
**For the year ended June 30, 2008**

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Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis:

Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances	\$	14,440,605
1. The Agency budgeted and paid for rent in a previous period. This amount represent the rent and interest revenue related to the current period.		25,150
2. The Agency does not budget for transfers in/ out from the debt service fund.		(442,688)
3. The Agency does not budget for accounts payable adjustments.		1,424,327
4. End of year encumbrances are included in the actual expenditures budgetary basis, but are not included in the Statement of Revenue, Expenditures and Changes in Fund Balances.		(7,753,670)
5. The Agency budgets for land sales in the revenue accounts, but adjusts the actual payment to assets held for resale of property or deposits.		1,453,847
6. The Agency budgeted for the deposit on the sale of property in a previous year, but recorded it as an increase in revenue in the current year.		(20,000)
7. The Agency does not budget for benefit accruals.		(51)
Budgetary fund balance	\$	<u>9,127,520</u>

**Redding Redevelopment Agency**  
**Budgetary Comparison Schedule**  
**SHASTEC Capital Project Fund - Major Fund**  
**For the year ended June 30, 2008**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Tax increment	\$ 507,490	\$ 581,720	\$ 699,841	\$ 118,121
Intergovernmental revenues	13,110	13,110	13,105	(5)
Investment revenue	525,000	770,000	829,582	59,582
Other revenue	2,300	2,300	3,692	1,392
<b>Total revenues</b>	<b>1,047,900</b>	<b>1,367,130</b>	<b>1,546,220</b>	<b>179,090</b>
<b>EXPENDITURES:</b>				
Current:				
Administrative	30,470	30,470	15,371	15,099
Professional services	18,000	18,000	3,456	14,544
Pass throughs	260,000	320,220	320,210	10
Capital outlay	13,541,250	13,541,250	10,372,601	3,168,649
<b>Total expenditures</b>	<b>13,849,720</b>	<b>13,909,940</b>	<b>10,711,638</b>	<b>3,198,302</b>
<b>Net change in fund balance</b>	<b>(12,801,820)</b>	<b>(12,542,810)</b>	<b>(9,165,418)</b>	<b>3,377,392</b>
<b>FUND BALANCE:</b>				
Beginning of year	16,377,210	16,377,210	16,377,210	-
End of year	\$ 3,575,390	\$ 3,834,400	\$ 7,211,792	\$ 3,377,392
Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances			\$ 16,676,427	
1. The Agency does not budget for accounts payable adjustments.			178,437	
2. End of year encumbrances are included in the actual expenditures budgetary basis, but are not included in the Statement of Revenue, Expenditures and Changes in Fund Balances.			(9,485,065)	
3. The Agency does not budget for transfers in/out from the debt service fund.			(158,007)	
Budgetary fund balance			\$ 7,211,792	

**Redding Redevelopment Agency**  
**Budgetary Comparison Schedule**  
**Buckeye Special Revenue Fund**  
**For the year ended June 30, 2008**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Tax increment	\$ 87,270	\$ 100,810	\$ 104,444	\$ 3,634
Investment revenue	12,500	12,500	12,169	(331)
<b>Total revenues</b>	<b>99,770</b>	<b>113,310</b>	<b>116,613</b>	<b>3,303</b>
<b>EXPENDITURES:</b>				
Current:				
Administrative	4,000	4,000	2,461	1,539
Housing assistance	100,000	156,930	56,923	100,007
<b>Total expenditures</b>	<b>104,000</b>	<b>160,930</b>	<b>59,384</b>	<b>101,546</b>
<b>Net change in fund balance</b>	<b>(4,230)</b>	<b>(47,620)</b>	<b>57,229</b>	<b>104,849</b>
<b>FUND BALANCE:</b>				
Beginning of year	127,617	127,617	127,617	-
End of year	\$ 123,387	\$ 79,997	\$ 184,846	\$ 104,849

**Redding Redevelopment Agency**  
**Budgetary Comparison Schedule**  
**Midtown Debt Service Fund**  
**For the year ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Tax increment	\$ 37,900	\$ 57,730	\$ 57,496	\$ (234)
Investment revenue	100	500	484	(16)
Other revenue	40	70	75	5
<b>Total revenues</b>	<b>38,040</b>	<b>58,300</b>	<b>58,055</b>	<b>(245)</b>
<b>Current:</b>				
Administrative	1,200	1,300	1,264	36
<b>Debt service:</b>				
Principal retirement	15,630	35,600	35,585	15
Interest and fiscal charges	21,210	21,400	21,084	316
<b>Total expenditures</b>	<b>38,040</b>	<b>58,300</b>	<b>57,933</b>	<b>367</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>122</b>	<b>122</b>
<b>FUND BALANCE:</b>				
Beginning of year	918	918	918	-
End of year	\$ 918	\$ 918	\$ 1,040	\$ 122

**Redding Redevelopment Agency**  
**Budgetary Comparison Schedule**  
**Market Street Debt Service Fund**  
**For the year ended June 30, 2008**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Tax increment	\$ 465,600	\$ 468,690	\$ 500,169	\$ 31,479
Investment revenue	20,000	13,340	13,030	(310)
<b>Total revenues</b>	<b>485,600</b>	<b>482,030</b>	<b>513,199</b>	<b>31,169</b>
<b>EXPENDITURES:</b>				
Current:				
Administrative	61,060	61,060	51,641	9,419
Debt service:				
Principal retirement	190,000	190,000	190,000	-
Interest and fiscal charges	236,190	236,190	229,759	6,431
<b>Total expenditures</b>	<b>487,250</b>	<b>487,250</b>	<b>471,400</b>	<b>15,850</b>
<b>Net change in fund balance</b>	<b>(1,650)</b>	<b>(5,220)</b>	<b>41,799</b>	<b>47,019</b>
<b>FUND BALANCE:</b>				
Beginning of year	1,005,861	1,005,861	1,005,861	-
End of year	\$ 1,004,211	\$ 1,000,641	\$ 1,047,660	\$ 47,019
Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis:				
Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances			\$ 984,034	
1. The Agency does not budget for transfers in/out from the capital project fund.			63,626	
Budgetary fund balance			<u>\$ 1,047,660</u>	

**Redding Redevelopment Agency**  
**Budgetary Comparison Schedule**  
**SHASTEC Debt Service Fund**  
**For the year ended June 30, 2008**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Tax increment	\$ 950,650	\$ 943,650	\$ 1,133,786	\$ 190,136
Investment revenue	45,000	52,000	98,192	46,192
<b>Total revenues</b>	<b>995,650</b>	<b>995,650</b>	<b>1,231,978</b>	<b>236,328</b>
<b>EXPENDITURES:</b>				
Current:				
Administrative	45,820	45,820	36,814	9,006
Debt service:				
Principal retirement	245,000	245,000	245,000	-
Interest and fiscal charges	704,830	704,830	703,271	1,559
<b>Total expenditures</b>	<b>995,650</b>	<b>995,650</b>	<b>985,085</b>	<b>10,565</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>246,893</b>	<b>246,893</b>
<b>FUND BALANCE:</b>				
Beginning of year	1,031,546	1,031,546	1,031,546	-
End of year	<u>\$ 1,031,546</u>	<u>\$ 1,031,546</u>	<u>\$ 1,278,439</u>	<u>\$ 246,893</u>

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis:

Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 1,120,432
1. The Agency does not budget for transfers in/out from the capital project fund.	158,007
Budgetary fund balance	<u>\$ 1,278,439</u>

**Redding Redevelopment Agency**  
**Budgetary Comparison Schedule**  
**Buckeye Capital Project Fund**  
**For the year ended June 30, 2008**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Tax increment	\$ 349,080	\$ 405,220	\$ 417,778	\$ 12,558
Investment revenue	25,000	28,000	28,097	97
Other revenue	450	800	899	99
<b>Total revenues</b>	<b>374,530</b>	<b>434,020</b>	<b>446,774</b>	<b>12,754</b>
Current:				
Administrative	26,540	27,240	22,458	4,782
Professional services	1,300	600	217	383
Pass throughs	60,000	61,980	61,976	4
Capital outlay	50,000	210,000	196,357	13,643
<b>Total expenditures</b>	<b>137,840</b>	<b>299,820</b>	<b>281,008</b>	<b>18,812</b>
<b>Net change in fund balance</b>	<b>236,690</b>	<b>134,200</b>	<b>165,766</b>	<b>31,566</b>
<b>FUND BALANCE:</b>				
Beginning of year	460,544	460,544	460,544	-
End of year	\$ 697,234	\$ 594,744	\$ 626,310	\$ 31,566

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis:

Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 831,786
1. The Agency does not budget for accounts payable adjustments.	(50,004)
2. End of year encumbrances are included in the actual expenditures budgetary basis, but are not included in the Statement of Revenue, Expenditures and Changes in Fund Balances.	(155,472)
Budgetary fund balance	<u>\$ 626,310</u>

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## **STATISTICAL INFORMATION**

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# STATISTICAL SECTION

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This part of the Redding Redevelopment Agency's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Agency's overall financial health.

**Index** **Page**

**Financial Trends** 92

These schedules contain trend information to help the reader understand how the Agency's financial performance and well-being have changed over time.

**Revenue Capacity** 102

These schedules contain information to help the reader assess the Agency's most significant local revenue, property taxes.

**Debt Capacity** 113

These schedules present information to help the reader assess the affordability of the Agency's current levels of outstanding debt and the Agency's ability to issue additional debt in the future.

**Demographic and Economic Information** 120

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Agency's financial activities take place.

**Operating Information** 124

These schedules contain service and infrastructure data to help the reader understand how the information in the Agency's financial report relates to the services the Agency provides and the activities it performs. The Agency has no employees. Administrative and accounting services are provided by City employees.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The Agency implemented GASB Statement No. 34 in fiscal year 2000-01; schedules presenting government-wide information include information beginning in that year.

# REDDING REDEVELOPMENT AGENCY

## Net Assets by Component

### Last Eight Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2000-01	2001-02	2002-03	2003-04	2004-05
<b>Governmental activities:</b>					
Invested in capital assets, net of related debt	\$ 3,516	\$ 1,735	\$ 1,561	\$ 1,518	\$ 1,923
Restricted for housing	9,868	10,569	9,245	10,428	12,318
Unrestricted	(2,932)	(8,538)	(9,150)	(9,036)	(8,763)
<b>Total governmental activities net assets</b>	<b>\$ 10,452</b>	<b>\$ 3,766</b>	<b>\$ 1,656</b>	<b>\$ 2,910</b>	<b>\$ 5,478</b>

Source: RRA Comprehensive Annual Financial Report

Fiscal Year		
2005-06	2006-07	2007-08
\$ 1,881	\$ 2,160	\$ 1,117
12,892	14,543	17,160
(8,060)	(5,578)	(3,269)
<u>\$ 6,713</u>	<u>\$ 11,125</u>	<u>\$ 15,008</u>

# REDDING REDEVELOPMENT AGENCY

## Change in Net Assets

### Last Eight Fiscal Years

#### (accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2000-01	2001-02	2002-03	2003-04	2004-05
<b>Expenses</b>					
Governmental activities:					
General government	\$ 129	\$ 121	\$ 121	\$ 179	\$ 466
Public safety	-	-	-	-	216
Public works	2,811	6,256	2,827	6,423	2,245
Recreation and culture	-	5,437	2,899	1	3,875
Community development	1,102	1,260	4,225	4,330	5,040
Interest and fiscal charges	1,314	1,844	1,731	1,985	2,001
Total governmental activities expenses	<u>\$ 5,356</u>	<u>\$ 14,918</u>	<u>\$ 11,803</u>	<u>\$ 12,918</u>	<u>\$ 13,843</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public works	-	-	1	-	40
Community development	212	10	52	-	1
Operating grants and contributions	140	-	-	4	740
Capital grants and contributions	2,255	967	1,366	2,627	2,249
Total governmental activities program revenues	<u>\$ 2,607</u>	<u>\$ 977</u>	<u>\$ 1,419</u>	<u>\$ 2,631</u>	<u>\$ 3,030</u>
<b>Net (expense) revenue</b>	<u>\$ (2,749)</u>	<u>\$ (13,941)</u>	<u>\$ (10,384)</u>	<u>\$ (10,287)</u>	<u>\$ (10,813)</u>
<b>General Revenue and Other Changes in Net Assets</b>					
Governmental activities:					
Property taxes	\$ 5,699	\$ 6,251	\$ 7,277	\$ 10,462	\$ 11,717
Investment earnings	1,567	1,143	985	1,028	1,304
Miscellaneous	8	1	12	19	45
Gain on sale of assets	-	-	-	32	237
Total governmental activities	<u>\$ 7,274</u>	<u>\$ 7,395</u>	<u>\$ 8,274</u>	<u>\$ 11,541</u>	<u>\$ 13,303</u>
<b>Change in Net Assets</b>	<u>\$ 4,525</u>	<u>\$ (6,546)</u>	<u>\$ (2,110)</u>	<u>\$ 1,254</u>	<u>\$ 2,490</u>

Source: RRA Comprehensive Annual Financial Report

Fiscal Year		
2005-06	2006-07	2007-08
\$ 168	\$ 276	\$ 269
334	450	52
3,928	4,505	7,235
679	166	822
8,393	5,182	6,613
1,975	2,557	2,582
<u>\$ 15,477</u>	<u>\$ 13,136</u>	<u>\$ 17,573</u>

\$ 16	\$ 17	\$ 25
35	8	7
25	1	2
1,089	10	3
609	212	237
<u>\$ 1,774</u>	<u>\$ 248</u>	<u>\$ 274</u>

<u>\$ (13,703)</u>	<u>\$ (12,888)</u>	<u>\$ (17,299)</u>
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\$ 13,079	\$ 15,026	\$ 17,180
1,856	2,927	2,785
3	1	-
-	-	1,217
<u>\$ 14,938</u>	<u>\$ 17,954</u>	<u>\$ 21,182</u>

<u>\$ 1,235</u>	<u>\$ 5,066</u>	<u>\$ 3,883</u>
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# REDDING REDEVELOPMENT AGENCY

## Fund Balances, Governmental Funds

### Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	1998-99	1999-2000	2000-01	2001-02	2002-03
All Governmental Funds					
Reserved	\$ 10,315	\$ 11,166	\$ 11,998	\$ 22,494	\$ 21,326
Unreserved, reported in:					
Special revenue funds	3,179	3,279	3,791	3,240	2,310
Capital project funds	14,485	13,315	14,119	8,298	7,278
Debt service funds	(1,164)	(1,237)	(1,321)	(1,414)	(1,504)
Total all governmental funds	<u>\$ 26,815</u>	<u>\$ 26,523</u>	<u>\$ 28,587</u>	<u>\$ 32,618</u>	<u>\$ 29,410</u>

Source: RRA Comprehensive Annual Financial Report

Fiscal Year				
2003-04	2004-05	2005-06	2006-07	2007-08
\$ 21,930	\$ 13,104	\$ 12,926	\$ 17,854	\$ 17,985
3,066	13,667	13,878	12,848	13,640
5,865	18,963	18,726	32,292	34,173
10,472	(2)	(3)	-	-
<u>\$ 41,333</u>	<u>\$ 45,732</u>	<u>\$ 45,527</u>	<u>\$ 62,994</u>	<u>\$ 65,798</u>

**REDDING REDEVELOPMENT AGENCY**  
**Government Activities Tax Revenues by Source**  
**Last Eight Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

---

<u>Fiscal Year</u>	<u>Property Tax</u>
2000-2001	5,699
2001-2002	6,251
2002-2003	7,277
2003-2004	10,462 <sup>1</sup>
2004-2005	11,718
2005-2006	13,079
2006-2007	15,026
2007-2008	17,180

Source: RRA Comprehensive Annual Financial Report

<sup>1</sup> In FY 2003-04 the Agency reported the pass-through payments and related tax increment to the County and the Mosquito Abatement District for the first time since this was the first year these amounts were available.

**REDDING REDEVELOPMENT AGENCY**  
**Government Activities Tax Revenues by Source**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
(amounts expressed in thousands)

---

<u>Fiscal Year</u>	<u>Property Tax</u>
1998-1999	4,709
1999-2000	4,946
2000-2001	5,591
2001-2002	6,320
2002-2003	7,244
2003-2004	10,433 <sup>1</sup>
2004-2005	11,720
2005-2006	12,978
2006-2007	14,915
2007-2008	16,910

Source: RRA Comprehensive Annual Financial Report

<sup>1</sup> In FY 2003-04 the Agency reported the pass-through payments and related tax increment to the County and the Mosquito Abatement District for the first time since this was the first year these amounts were available.

**REDDING REDEVELOPMENT AGENCY**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

(amounts expressed in thousands)

	Fiscal Year				
	1998-99	1999-00	2000-01	2001-02	2002-03
<b>Revenues</b>					
Tax increment	\$ 4,709	\$ 4,946	\$ 5,591	\$ 6,320	\$ 7,244
Other use of money and property	40	70	91	10	55
Intergovernmental revenues	855	257	2,240	889	886
Investment revenue	1,194	1,331	1,511	1,080	918
Other revenue	53	174	275	14	265
Total revenues	<u>6,851</u>	<u>6,778</u>	<u>9,708</u>	<u>8,313</u>	<u>9,368</u>
<b>Expenditures</b>					
Current:					
Administrative	902	941	1,208	1,159	1,175
Professional services	25	15	96	22	14
Housing assistance	310	504	480	631	2,787
Pass throughs	210	341	294	418	896
Community development	316	3,251	1,698	7,200	4,204
Intergovernmental expenditures	-	-	422	2,082	392
Capital outlay	140	331	1,665	-	323
Debt service:					
Principal retirement	530	550	580	605	1,050
Interest and fiscal charges	1,345	1,315	1,322	1,350	1,739
Bond issuance costs	-	-	-	331	-
Total expenditures	<u>3,778</u>	<u>7,248</u>	<u>7,765</u>	<u>13,798</u>	<u>12,580</u>
Excess of revenues over (under) expenditures	<u>3,073</u>	<u>(470)</u>	<u>1,943</u>	<u>(5,485)</u>	<u>(3,212)</u>
<b>Other Financing Sources (Uses)</b>					
Long-term debt issued	-	-	-	9,500	-
Bond discount	-	-	-	(93)	-
Premium on bonds issued	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-
Gain (loss) on sale of land	363	177	7	249	4
Transfers in	611	414	525	512	993
Transfers out	(611)	(414)	(525)	(512)	(993)
Total other financing sources (uses)	<u>363</u>	<u>177</u>	<u>7</u>	<u>9,656</u>	<u>4</u>
Net change in fund balances	<u>\$ 3,436</u>	<u>\$ (293)</u>	<u>\$ 1,950</u>	<u>\$ 4,171</u>	<u>\$ (3,208)</u>
Debt service as a percentage of noncapital expenditures	52%	27%	31%	17%	23%
Debt service as a percentage of total expenditures	49%	26%	24%	14%	22%
Capital outlay as a percentage of total expenditures	4%	5%	21%	0%	3%

Source: RRA Comprehensive Annual Financial Report

Fiscal Year				
2003-04	2004-05	2005-06	2006-07	2007-08
\$ 10,433	\$ 11,720	\$ 12,978	\$ 14,915	\$ 16,910
30	88	108	7	6
1,879	4,001	1,258	125	83
837	1,205	1,773	2,850	2,692
125	80	558	103	198
<u>13,304</u>	<u>17,094</u>	<u>16,675</u>	<u>18,000</u>	<u>19,889</u>
1,249	1,477	1,500	1,494	1,715
11	14	13	15	13
648	305	2,762	635	430
3,149	4,088	4,963	3,982	4,542
3,362	2,747	2,348	1,452	925
2,420	2,546	1,786	2,748	6,261
-	1,043	23	455	-
280	2,137	1,589	1,595	1,915
1,866	1,942	1,897	2,237	2,501
734	-	-	199	-
<u>13,719</u>	<u>16,299</u>	<u>16,881</u>	<u>14,812</u>	<u>18,302</u>
(415)	795	(206)	3,188	1,587
34,120	1,141	-	15,000	-
(51)	-	-	(66)	-
76	-	-	-	-
(21,837)	-	-	-	-
31	(16)	-	-	1,217
2,599	21,754	372	1,129	664
(2,599)	(21,754)	(372)	(1,129)	(664)
<u>12,339</u>	<u>1,125</u>	<u>-</u>	<u>14,934</u>	<u>1,217</u>
\$ <u>11,924</u>	\$ <u>1,920</u>	\$ <u>(206)</u>	\$ <u>18,122</u>	\$ <u>2,804</u>
21%	27%	21%	28%	24%
16%	25%	21%	26%	24%
0%	6%	0%	3%	0%

# REDDING REDEVELOPMENT AGENCY

## Assessed Value of Taxable Property

### Last Ten Fiscal Years

(in thousands of dollars)

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Fiscal Year Ended June 30	Secured Roll	Unsecured Roll	Total Assessed Value	Total Direct Tax Rate
1999	1,033,602	140,797	1,174,399	1.00%
2000	1,071,866	149,522	1,221,388	1.00%
2001	1,120,131	157,029	1,277,160	1.00%
2002	1,235,183	183,173	1,418,356	1.00%
2003	1,340,190	197,482	1,537,672	1.00%
2004	1,450,942	206,606	1,657,548	1.00%
2005	1,546,176	207,966	1,754,142	1.00%
2006	1,656,258	228,163	1,884,421	1.00%
2007	1,832,825	242,814	2,075,639	1.00%
2008	2,008,182	266,422	2,274,604	1.00%

Note: The estimated actual value of property is not available in California. Property is assessed primarily when sold. The assessed value is then increased by a maximum of 2% per year. Under California Proposition 13 the basic tax rate is 1% without overrides. However, the Redevelopment portion is based on the incremental value which is 1% of the difference between the current year and base year assessed values.

Source: Shasta County Auditor-Controller

# REDDING REDEVELOPMENT AGENCY

## Property Tax Levies and Collections

### Last Four Fiscal Years

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Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 11,029,565	\$ 10,736,094	97.34%	\$ 209,258	\$ 10,945,352	99.24%
2006	12,345,088	12,102,988	98.04%	202,715	12,305,703	99.68%
2007	14,258,774	10,810,387	75.82%	152,298	10,962,685	76.88%
2008	16,301,346	12,294,881	75.42%	-	12,294,881	75.42%

Note: The collection in subsequent years was first made available to the Agency by Shasta County in fiscal year 2005-06. Therefore, the Agency can only report four years of levies and collections.

Source: Shasta County Auditor-Controller

# REDDING REDEVELOPMENT AGENCY

## Assessed Valuations of the Project Areas

### Inception to Date

Canby-Hilltop-Cypress Project	Assessed Valuation			
	Total	Over Base Year	Over Base Year	Over Previous Year
1984-1985	\$ 191,128,630	\$ 59,231,120	44.9%	0.0%
1985-1986	223,390,670	91,493,160	69.4	16.9
1986-1987	260,902,485	129,004,975	97.8	16.8
1987-1988	279,164,832	147,267,322	111.7	7.0
1988-1989	292,948,900	161,051,390	122.1	4.9
1989-1990	317,073,862	182,627,522	135.8	8.2
1990-1991	366,413,718	231,967,378	172.5	15.6
1991-1992	389,975,355	258,927,455	197.6	6.4
1992-1993	431,629,020	300,581,120	229.4	10.7
1993-1994	460,276,275	329,228,375	251.2	6.6
1994-1995	469,795,902	338,748,002	258.5	2.1
1995-1996	484,774,503	353,726,603	269.9	3.2
1996-1997	506,021,159	374,973,259	286.1	4.4
1997-1998	520,598,234	389,550,334	297.3	2.9
1998-1999	543,713,166	412,665,266	314.9	4.4
1999-2000	563,222,318	432,174,418	329.8	3.6
2000-2001	593,131,351	462,083,451	352.6	5.3
2001-2002	621,633,792	490,585,892	374.4	4.8
2002-2003	676,300,328	545,252,428	416.1	8.8
2003-2004	723,259,018	592,216,808	451.9	6.9
2004-2005	753,827,943	622,785,733	475.3	4.2
2005-2006	803,477,949	672,478,957	513.3	6.6
2006-2007	886,445,918	755,446,926	576.7	10.3
2007-2008	966,867,468	835,868,476	638.1	9.1
<b>Base Year 1980-81</b>				
Original amount	134,446,340			
Current amount	130,998,992			

Note: Base year valuation changes as properties are placed into public ownership. The Agency receives the increase in taxes over the base year (tax increment). The County maintains all tax allocation amounts and records.

Source: Shasta County Auditor-Controller

# REDDING REDEVELOPMENT AGENCY

## Assessed Valuations of the Project Areas

### Inception to Date (Continued)

Canby-Hilltop-Cypress Amendment #1	Assessed Valuation		Percent Increase (Decrease)	
	Total	Over Base Year	Over Base Year	Over Previous Year
1991-1992	\$ 62,549,271	\$ 14,006,857	28.9%	- %
1992-1993	69,136,799	20,594,385	42.4	10.5
1993-1994	75,514,477	26,972,063	55.6	9.2
1994-1995	78,958,994	30,416,580	62.7	4.6
1995-1996	77,735,509	29,193,095	60.1	(1.5)
1996-1997	81,876,625	33,334,211	68.7	5.3
1997-1998	82,150,413	33,607,999	69.2	0.3
1998-1999	83,906,739	35,364,325	72.9	2.1
1999-2000	86,362,665	37,820,251	77.9	2.9
2000-2001	89,279,973	40,737,559	83.9	3.4
2001-2002	92,543,521	44,001,107	90.6	3.7
2002-2003	97,071,226	48,528,812	100.0	4.9
2003-2004	104,856,273	56,313,859	116.0	8.0
2004-2005	117,208,594	68,666,180	141.5	11.8
2005-2006	131,404,189	82,861,775	170.7	12.1
2006-2007	156,254,565	107,712,151	221.9	18.9
2007-2008	182,553,475	134,011,061	276.1	16.8
<hr/>				
Base Year 1989-90				
Original amount	48,542,414			

Note: Base year valuation changes as properties are placed into public ownership. The Agency receives the increase in taxes over the base year (tax increment). The County maintains all tax allocation amounts and records.

Source: Shasta County Auditor-Controller

# REDDING REDEVELOPMENT AGENCY

## Assessed Valuations of the Project Areas

### Inception to Date (Continued)

Midtown Project	Assessed Valuation		Percent Increase (Decrease)	
	Total	Over Base Year	Over Base Year	Over Previous Year
1980-1981	\$ 8,464,660	\$ 3,380,760	66.5%	- %
1981-1982	9,712,090	3,628,190	59.6	14.7
1982-1983	9,362,640	4,278,740	84.2	(3.6)
1983-1984	9,590,900	4,507,000	88.7	2.4
1984-1985	9,571,440	4,487,540	88.3	(0.2)
1985-1986	9,397,430	4,313,530	84.8	(1.8)
1986-1987	9,118,420	4,034,520	79.4	(3.0)
1987-1988	9,475,329	4,391,429	86.4	3.9
1988-1989	9,045,794	3,961,894	77.9	(4.5)
1989-1990	9,185,720	4,101,820	80.7	1.5
1990-1991	9,246,015	4,162,115	81.9	0.7
1991-1992	9,437,049	4,353,149	85.6	2.1
1992-1993	11,089,143	6,005,243	118.1	17.5
1993-1994	10,884,196	5,800,296	114.1	(1.8)
1994-1995	10,888,037	5,804,137	114.2	0.0
1995-1996	10,792,442	5,708,542	112.3	(0.9)
1996-1997	9,801,189	4,717,289	92.8	(9.2)
1997-1998	8,581,616	3,497,716	68.8	(12.4)
1998-1999	8,087,206	3,003,306	59.1	(5.8)
1999-2000	7,428,884	2,344,984	46.1	(8.1)
2000-2001	7,139,498	2,055,598	40.4	(3.9)
2001-2002	7,092,358	2,008,458	39.5	(0.7)
2002-2003	7,595,114	2,511,214	49.4	7.1
2003-2004	6,643,014	1,559,114	30.7	(12.5)
2004-2005	5,742,302	2,067,242	56.3	(13.6)
2005-2006	6,455,369	2,780,309	75.7	12.4
2006-2007	6,965,375	3,290,315	89.5	7.9
2007-2008	8,479,232	4,804,172	130.7	21.7
<u>Base Year 1973-74</u>				
Original amount	5,083,900			
Current amount	3,675,060			

Note: Base year valuation changes as properties are placed into public ownership. The Agency receives the increase in taxes over the base year (tax increment). The County maintains all tax allocation amounts and records.

Source: Shasta County Auditor-Controller

**REDDING REDEVELOPMENT AGENCY**  
**Assessed Valuations of the Project Areas**  
**Inception to Date (Continued)**

Market Street (Expanded Project)	Assessed Valuation		Percent Increase (Decrease)	
	Total	Over Base Year	Over Base Year	Over Previous Year
1991-1992	\$ 314,140,593	\$ 29,944,525	10.5%	0.0%
1992-1993	323,147,205	38,951,137	13.7	2.9
1993-1994	351,341,077	67,145,009	23.6	8.7
1994-1995	353,182,209	68,986,141	24.3	0.5
1995-1996	360,988,158	76,792,090	27.0	2.2
1996-1997	371,960,947	87,764,879	30.9	3.0
1997-1998	385,086,690	102,836,626	36.4	3.5
1998-1999	395,121,470	112,871,406	40.0	2.6
1999-2000	403,798,267	121,548,203	43.1	2.2
2000-2001	421,624,890	139,374,826	49.4	4.4
2001-2002	449,083,797	166,833,733	59.1	6.5
2002-2003	483,102,243	201,233,625	71.4	7.6
2003-2004	520,131,134	239,037,046	85.0	7.7
2004-2005	544,985,614	264,335,590	94.2	4.8
2005-2006	561,527,891	280,963,695	100.1	3.0
2006-2007	614,884,263	334,320,067	119.2	9.5
2007-2008	659,946,392	379,930,741	135.7	7.3
<u>Base Year 1989-90</u>				
Original amount	284,196,068			
Current amount	280,015,651			

Note: Base year valuation changes as properties are placed into public ownership. The Agency receives the increase in taxes over the base year (tax increment). The County maintains all tax allocation amounts and records.

Source: Shasta County Auditor-Controller

# REDDING REDEVELOPMENT AGENCY

## Assessed Valuations of the Project Areas

### Inception to Date (Continued)

SHASTEC Project	Assessed Valuation		Percent Increase (Decrease)	
	Total	Over Base Year	Over Base Year	Over Previous Year
1997-1998	\$ 98,629,815 *	\$ 4,426,904 *	4.7%	- %
1998-1999	143,570,454	14,821,562	11.5	45.6
1999-2000	160,575,574	31,826,682	24.7	11.8
2000-2001	165,984,163	37,235,271	28.9	3.4
2001-2002	181,847,501	53,080,929	41.2	9.6
2002-2003	204,356,530	75,618,029	58.7	12.4
2003-2004	227,246,322	98,523,060	76.5	11.2
2004-2005	249,494,215	120,855,953	94.0	9.8
2005-2006	288,565,739	160,101,103	124.6	15.7
2006-2007	307,059,555	178,877,821	139.6	6.4
2007-2008	342,170,071	214,033,661	167.0	11.4
<u>Base Year 1995-96</u>				
Original amount	128,748,892			
Current amount	128,136,410			

Note: Base year valuation changes as properties are placed into public ownership. The Agency receives the increase in taxes over the base year (tax increment). The County maintains all tax allocation amounts and records.

Source: Shasta County Auditor-Controller

\* Does not include unsecured taxes. Only secured tax increment is received in the initial year of the project area.

# REDDING REDEVELOPMENT AGENCY

## Assessed Valuations of the Project Areas

### Inception to Date (Continued)

SHASTECC Project Amendment #1	Assessed Valuation		Percent Increase (Decrease)	
	Total	Over Base Year	Over Base Year	Over Previous Year
2007-2008	\$ 291,620	* \$ 14,746	5.3%	- %
<u>Base Year 2006-07</u>				
Original amount	276,874			

Note: Base year valuation changes as properties are placed into public ownership. The Agency receives the increase in taxes over the base year (tax increment). The County maintains all tax allocation amounts and records.

Source: Shasta County Auditor-Controller

\* Does not include unsecured taxes. Only secured tax increment is received in the initial year of the project area.

# REDDING REDEVELOPMENT AGENCY

## Assessed Valuations of the Project Areas

### Inception to Date (Continued)

Buckeye Project	Assessed Valuation		Percent Increase (Decrease)	
	Total	Over Base Year	Over Base Year	Over Previous Year
2001-2002	\$ 66,155,557	* \$ 2,116,557 *	3.3%	- %
2002-2003	69,246,778	5,207,778	8.1	4.7
2003-2004	75,411,879	11,372,879	17.8	8.9
2004-2005	82,883,490	18,844,490	29.4	9.9
2005-2006	92,989,450	28,950,450	45.2	12.2
2006-2007	104,029,495	39,990,495	62.4	11.9
2007-2008	114,295,767	50,258,655	78.5	9.9
<u>Base Year 1999-2000</u>				
Original amount	64,039,000			
Current amount	64,037,112			

Note: Base year valuation changes as properties are placed into public ownership. The Agency receives the increase in taxes over the base year (tax increment). The County maintains all tax allocation amounts and records.

Source: Shasta County Auditor-Controller

\* Does not include unsecured taxes. Only secured tax increment is received in the initial year of the project area.

# REDDING REDEVELOPMENT AGENCY

## Direct and Overlapping Property Tax Rates

### Last Ten Fiscal Years

(rate per \$100 of assessed value)

Fiscal Year	Basic County, City, School Levy	Overlapping Rates		Total Direct & Overlapping Rate
		School Districts	Bella Vista Water District	
1998-1999	\$ 1.0000	\$ 0.3728	\$ 0.3613	\$ 1.7341
1999-2000	1.0000	0.5187	0.3423	1.8610
2000-2001	1.0000	0.5187	0.3584	1.8771
2001-2002	1.0000	0.4997	0.3634	1.8631
2002-2003	1.0000	0.4907	0.3631	1.8538
2003-2004	1.0000	0.4761	0.3360	1.8121
2004-2005	1.0000	0.4398	0.3472	1.7870
2005-2006	1.0000	0.4211	0.3544	1.7755
2006-2007	1.0000	0.2852	0.3332	1.6184
2007-2008	1.0000	0.2474	0.3344	1.5818

Source: Shasta County Auditor-Controller's records  
Shasta County Tax Rate Schedule

Note: The above amounts reflect the Agency as a whole.

Overlapping rates are those of local and county governments that apply to property owners within the Redding Redevelopment Agency project areas. Not all overlapping rates apply to all the property owners in the RRA project areas; for example, rates for special districts apply only to the proportion of the RRA's property owners whose property is located within the geographic boundaries of the special district.

# REDDING REDEVELOPMENT AGENCY

## Principal Property Tax Payers

Fiscal Year 2007-08 and 1998-99

Taxpayer	2007-08			1998-99		
	Taxable Assessed Value	Rank	Percentage of Total RRA Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total RRA Taxable Assessed Value
Shasta Regional Medical Center LLC *	\$ 54,486,143	1	2.40%	\$ 51,931,265	1	4.42%
Mt. Shasta Mall Associates	31,572,471	2	1.39%			
Charter Communications	27,116,658	3	1.19%			
Lowes HIW, Inc.	21,335,310	4	0.94%			
Shasta Enterprises	20,982,367	5	0.92%	16,423,158	5	1.40%
Sierra Pacific Industries	20,638,070	6	0.91%			
Safeway Stores, Inc.	20,429,106	7	0.90%			
Winco Foods LLC	19,020,312	8	0.84%			
WRI Golden State LLC	15,127,111	9	0.67%			
Knighten, Gary & Patsy	14,475,871	10	0.64%			
Meyer Motels, Ltd.				22,403,004	2	1.91%
Leah F. McConnell 1992 Trust				21,846,635	3	1.86%
James J. Cordano Co., et al				21,579,153	4	1.84%
Wal-Mart				13,339,464	6	1.14%
Vivovich, John T., et al.				12,406,359	7	1.06%
BPP/Goldenstate Acquis. LLC				12,221,995	8	1.04%
Frances W. Kutras				11,683,765	9	0.99%
Tierra Oaks Golf Club, Inc.				10,913,888	10	0.93%
<b>Total</b>	<b>\$ 245,183,419</b>		<b>10.80%</b>	<b>\$ 194,748,686</b>		<b>16.59%</b>

Source: Redding Redevelopment Agency

\* Note: Name changed from National Medical Enterprises Hospital, Inc. in fiscal year 2005-06.

# REDDING REDEVELOPMENT AGENCY

## Legal Debt Margin Information

Last Two Fiscal Years

(amounts expressed in thousands)

Project Area	2006-07	2007-08
SHASTEC		
Debt limit	\$ 50,000	\$ 50,000
Total net debt applicable to limit	14,027	13,730
Legal debt margin	\$ 35,973	\$ 36,270
Total net debt applicable to the limit as a percentage of debt limit	28.05%	27.46%

### Legal Debt Margin Calculation for Fiscal Year 2006-07

Debt limit	\$ 50,000
Debt applicable to limit:	
Tax allocation bonds	14,755
Less: Amount set aside for repayment of debt	(1,025)
Total net debt applicable to limit	13,730
Legal debt margin	\$ 36,270

Note: The SHASTEC Redevelopment Plan caps the bond debt limit to \$50,000,000 at any one time.

**REDDING REDEVELOPMENT AGENCY**  
**Legal Debt Margin Information (Continued)**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

Project Area	Fiscal Year				
	1998-99	1999-2000	2000-01	2001-02	2002-03
<b>Canby-Hilltop-Cypress</b>					
Debt limit	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Total net debt applicable to limit	18,355	17,803	17,375	26,399	25,380
Legal debt margin	\$ 81,645	\$ 82,197	\$ 82,625	\$ 73,601	\$ 74,620
Total net debt applicable to the limit as a percentage of debt limit	18.36%	17.80%	17.38%	26.40%	25.38%

Note: The Canby-Hilltop-Cypress Development Plan caps the bond debt limit to \$100,000,000 at any one time.

Project Area	Fiscal Year				
	1998-99	1999-2000	2000-01	2001-02	2002-03
<b>Market Street</b>					
Debt limit	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Total net debt applicable to limit	1,963	1,939	1,890	1,857	1,814
Legal debt margin	\$ 98,037	\$ 98,061	\$ 98,110	\$ 98,143	\$ 98,186
Total net debt applicable to the limit as a percentage of debt limit	1.96%	1.94%	1.89%	1.86%	1.81%

Note: The Market Street Development Plan caps the bond debt limit to \$100,000,000 at any one time.

Source: RRA Comprehensive Annual Financial Report

Fiscal Year				
2003-04	2004-05	2005-06	2006-07	2007-08
\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
35,531	34,168	32,758	31,367	29,849
<u>\$ 64,469</u>	<u>\$ 65,832</u>	<u>\$ 67,242</u>	<u>\$ 68,633</u>	<u>\$ 70,151</u>
35.53%	34.17%	32.76%	31.37%	29.85%

**Legal Debt Margin Calculation for Fiscal Year 2007-08**

Debt limit	\$ 100,000
Debt applicable to limit:	
Tax allocation bonds	32,195
Less: Amount set aside for repayment of debt	(2,346)
Total net debt applicable to limit	<u>29,849</u>
Legal debt margin	<u>\$ 70,151</u>

Fiscal Year				
2003-04	2004-05	2005-06	2006-07	2007-08
\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
4,766	4,594	4,410	4,227	4,040
<u>\$ 95,234</u>	<u>\$ 95,406</u>	<u>\$ 95,590</u>	<u>\$ 95,773</u>	<u>\$ 95,960</u>
4.77%	4.59%	4.41%	4.23%	4.04%

**Legal Debt Margin Calculation for Fiscal Year 2007-08**

Debt limit	\$ 100,000
Debt applicable to limit:	
Tax allocation bonds	4,470
Less: Amount set aside for repayment of debt	(430)
Total net debt applicable to limit	<u>4,040</u>
Legal debt margin	<u>\$ 95,960</u>

# REDDING REDEVELOPMENT AGENCY

## Pledged-Revenue Coverage

### Last Ten Fiscal Years

(dollars in thousands)

Fiscal Year Ended June 30	Tax Allocation Bonds - Market Street Project Area						Lease Revenue Bonds - Midtown Project Area				
	Property Taxes (1)	Less:		Net Available Revenue	Debt Service		Property Taxes	Debt Service			
		Pass Throughs & Housing Set Aside (2)			Principal	Interest		Coverage	Principal (3)	Interest	Coverage
1999	\$ 1,183	\$ 599	\$ 584	\$ 35	\$ 146	3.23	\$ 35	\$ 60	\$ 20	0.44	
2000	1,221	709	512	35	143	2.87	28	60	16	0.37	
2001	1,460	703	757	40	141	4.19	23	65	13	0.29	
2002	1,801	1,100	701	40	138	3.94	24	70	9	0.30	
2003	2,115	1,446	669	45	135	3.71	29	75	5	0.36	
2004	2,515	1,404	1,111	-	190	5.85	-	-	-	-	
2005	2,781	1,862	919	170	243	2.23	-	-	-	-	
2006	2,963	2,562	401	175	239	0.97	-	-	-	-	
2007	3,526	2,007	1,519	180	234	3.67	-	-	-	-	
2008	3,957	2,298	1,659	190	228	3.97	-	-	-	-	

Fiscal Year	Tax Allocation Bonds - Canby-Hilltop-Cypress Project Area						Housing Set Aside Tax Allocation Bonds Canby-Hilltop-Cypress Project Area				
	Property Taxes	Less:		Net Available Revenue	Debt Service		Property Taxes	Debt Service			
		Pass Throughs & Housing Set Aside			Principal	Interest		Coverage	Principal (4)	Interest	Coverage
1999	\$ 4,702	\$ 2,158	\$ 2,544	\$ 435	\$ 1,108	1.65	\$ -	\$ -	\$ -	-	
2000	4,805	2,249	2,556	455	1,089	1.66	-	-	-	-	
2001	5,253	2,461	2,792	475	1,069	1.81	-	-	-	-	
2002	5,664	2,572	3,092	495	1,048	2.00	1,152	-	111	10.41	
2003	6,203	3,052	3,151	515	1,024	2.05	1,255	415	505	1.36	
2004	6,665	3,385	3,280	-	1,103	2.97	1,333	280	495	1.72	
2005	7,304	3,958	3,346	1,040	1,180	1.51	1,461	290	483	1.89	
2006	7,952	4,220	3,732	1,060	1,159	1.68	1,590	305	470	2.05	
2007	9,049	4,201	4,848	1,085	1,137	2.18	1,810	320	452	2.34	
2008	10,082	4,669	5,413	1,105	1,110	2.44	2,016	340	433	2.61	

Source: RRA Comprehensive Annual Financial Report

Note: Details regarding the Agency's outstanding debt can be found in the notes to the financial statements.

- (1) Included in fiscal years ending 1999 through 2003 is the estimated property taxes collected for Shasta County and the Mosquito Abatement District.
- (2) Included in fiscal years ending 1999 through 2003 is the estimated pass throughs to Shasta County and the Mosquito Abatement District.

Tax Allocation Bonds - SHASTEC Project Area

Fiscal Year Ended June 30	Property Taxes	Less:		Net Available Revenue	Debt Service		Coverage
		Pass Throughs & Housing Set Aside			Principal	Interest	
2007	\$ 1,873	\$ 611	\$ 1,262	\$ -	\$ 382	3.30	
2008	2,292	779	1,513	245	700	1.60	

# REDDING REDEVELOPMENT AGENCY

## Ratios of Outstanding Debt by Type

### Last Ten Fiscal Years

(amounts expressed in thousands, except per capita amount)

Fiscal Year Ended June 30	Governmental Activities			Percentage of Assessed Property Value (2)	Percentage of Personal Income (3)	Per Capita
	Tax Allocation Bonds	Lease Revenue Bonds	Total Bonds (1)			
1999	\$ 23,410	\$ 270	\$ 23,680	2.02%	1.35%	\$ 301
2000	22,920	210	23,130	1.89%	1.25%	291
2001	22,405	145	22,550	1.77%	1.12%	273
2002	31,370	75	31,445	2.22%	1.45%	372
2003	30,395	-	30,395	1.98%	1.38%	355
2004	42,925	-	42,925	2.59%	1.87%	492
2005	41,425	-	41,425	2.36%	1.67%	468
2006	39,885	-	39,885	2.12%	1.54%	447
2007	53,300	-	53,300	2.57%	1.93%	594
2008	51,420	-	51,420	2.26%	1.74%	568

Source: RRA Comprehensive Annual Financial Report

- Note:
- (1) Details regarding the Agency's outstanding debt can be found in Note 10 in the notes to the financial statements.
  - (2) Actual taxable value of property is not available in the State of California.
  - (3) See the Schedule of Demographic and Economic Statistics on page 121 for personal income and population data.

**REDDING REDEVELOPMENT AGENCY**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2008**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (4)	Estimated Share of Overlapping Debt
Direct debt:			
Redding Redevelopment Agency (3)	\$ 51,420,000	100.000%	\$ 51,420,000
Subtotal, direct debt	51,420,000	100.000%	51,420,000
Overlapping debt:			
City of Redding (1):			
City of Redding 1915 Act Bonds	4,447,000	24.633%	1,095,430
Shasta County Schools (2):			
Columbia School District	6,250,000	6.217%	388,563
Enterprise School District	25,774,829	39.412%	10,158,376
Gateway Unified School District	21,124,968	4.631%	978,297
Redding School District	26,425,000	24.165%	6,385,601
Shasta-Tehama-Trinity Joint Community College	31,950,000	14.132%	4,515,174
Shasta Union High School District	27,146,768	20.804%	5,647,614
Shasta Joint Powers Financing Authority (2)	50,900,000	14.091%	7,172,319
Subtotal, overlapping debt	194,018,565		36,341,374
Total direct and overlapping debt	\$ 245,438,565		\$ 87,761,374

Source: (1) City of Redding  
(2) Shasta County Auditor-Controller's Office  
(3) Redding Redevelopment Agency  
(4) Percentages calculated using the Shasta County valuations by taxing district for fiscal year 2007-08.

# REDDING REDEVELOPMENT AGENCY

## Principal Employers in the City of Redding

### Current Year and Nine Years Ago

June 30, 2008

Employer	2008			1999		
	Employees	Rank	Percentage of Total Area Employment	Employees	Rank	Percentage of Total Area Employment
Shasta County *	1,923	1	2.42%	1,713	1	2.58%
Mercy Medical Center	1,600	2	2.02%	1,300	2	1.95%
City of Redding **	873	3	1.10%	748	5	1.12%
Shasta Regional Medical Center	700	4	0.88%			
Shasta Community College	700	5	0.88%	473	6	0.71%
Blue Shield of California	430	6	0.54%	425	7	0.64%
Wal Mart	375	7	0.47%	222	9	0.33%
Redding Rancheria	370	8	0.47%			
United States Post Office	300	9	0.38%	300	8	0.45%
Shasta Head Start	257	10	0.32%			
Redding Medical Center				1,209	3	1.82%
Shasta Paper Company				820	4	1.23%
Pacific Bell				239	10	0.36%
<b>Total</b>	<b>7,528</b>		<b>9.48%</b>	<b>7,449</b>		<b>11.19%</b>

\* Full-time equivalent budgeted positions. This includes employees who work outside of the City.

\*\* Full-time budget positions.

In 2007-08 there were 840 full-time and 343 part-time/temporary positions filled.

In 1998-99 there were 748 full-time and 222 part-time/temporary positions filled.

Source: Derived from the Employment Development Department's (EDD) listing of the top 25 employers in Shasta County. The initial listing was pared down to ten, removing employers outside the City and adding certain employers who do not report to the local EDD. The 1999 ranking is primarily based upon what was reported in the 1999 CAFR, and therefore, includes employers outside of the City.

# REDDING REDEVELOPMENT AGENCY

## Demographic and Economic Statistics

### Last Ten Fiscal Years

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Year	Population (1)	Personal Income (thousands of dollars)	Per Capita Personal Income (2)	Unemployment Rate (4)
1998-1999	78,675	\$ 1,760,353	\$ 22,375	7.0%
1999-2000	79,593	1,854,915	23,305	5.8%
2000-2001	82,543	2,017,599	24,443	5.7%
2001-2002	84,560	2,172,093	25,687	6.9%
2002-2003	85,703	2,208,823	25,773	7.5%
2003-2004	87,280	2,295,813	26,304	7.5%
2004-2005	88,459	2,485,963	28,103	7.1%
2005-2006	89,162	2,586,590	29,010	6.3%
2006-2007	89,682	2,758,798	30,762	7.1%
2007-2008	90,491	2,948,378	32,582	9.2%

Source: (1) State of California  
(2) Bureau of Economic Analysis, U.S. Department of Commerce  
(3) State of California Employment Development Department

Note: Per capita personal income is based on the calendar year information ending during that fiscal year.

# REDDING REDEVELOPMENT AGENCY

## Size by Redevelopment Project Area

### Last Ten Fiscal Years

Fiscal Year	Redding Redevelopment Agency - Square Miles (1)				City of Redding
	Market Street	Canby Hilltop Cypress	SHASTEC	Buckeye	Square Miles (2)
1998-1999	4.05	3.20	6.42	-	59.45
1999-2000	4.05	3.20	6.42	-	60.03
2000-2001	4.05	3.20	6.42	1.67	60.03
2001-2002	4.05	3.20	6.42	1.67	59.77
2002-2003	4.05	3.20	6.42	1.67	59.82
2003-2004	4.05	3.20	6.42	1.67	59.82
2004-2005	4.05	3.20	6.42	1.67	59.82
2005-2006	4.05	3.20	6.42	1.67	59.82
2006-2007	4.05	3.20	7.78	1.67	59.82
2007-2008	4.05	3.20	7.78	1.67	59.82

Source: (1) Redding Redevelopment Agency  
 (2) City of Redding Development Service Department

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# REDDING REDEVELOPMENT AGENCY

## Operating Indicators by Function

### Last Eight Fiscal Years

Function	Fiscal Year				
	2000-2001	2001-02	2002-03	2003-04	2004-05
Public safety:					
Projects under construction	-	-	-	-	1
Public works:					
Projects under construction	10	13	9	11	18
Recreation and culture:					
Projects under construction	4	6	5	3	5
Community development:					
New construction:					
Commercial/public buildings (square footage)	135,000	34,000	53,000	119,681	-
Restoration/rehabilitation:					
Commercial/public buildings (square footage)	-	-	-	21,288	-
Business façade improvements	1	2	4	6	13
Jobs created	100	35	206	295	8
Housing:					
New construction (square footage)	51,100	88,000	-	45,942	47,407
Restoration/rehabilitation (square footage)	24,700	9,200	42,000	4,900	2,969
Households assisted	103	155	305	172	81

Source: Redding Redevelopment Agency

Note: Indicators are not available for the general government function.

Fiscal Year		
2005-06	2006-07	2007-08
-	-	-
16	18	13
4	4	4
7,988	10,172	7,318
-	31,140	-
13	20	18
-	30	-
72,700	80,864	3,521
4,565	-	-
123	105	22

# REDDING REDEVELOPMENT AGENCY

## Capital Asset Statistics by Function

### Last Ten Fiscal Years

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Function	Fiscal Year				
	1998-99	1999-00	2000-01	2001-02	2002-03
General government					
Mall structure	1	1	1	1	1
Public works					
Parcels of land for future development	11	12	12	10	11
Community development					
Parcels of land for future development	7	7	7	7	5
Building - future site of community theater	-	-	-	-	-

Source: Redding Redevelopment Agency

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Fiscal Year				
<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
1	1	1	1	1
11	11	11	10	7
5	5	1	1	1
-	1	1	1	1

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**OTHER SUPPLEMENTAL INFORMATION**



**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 Honorable Chairman and Members  
of the Redding Redevelopment Agency  
Redding, California

We have audited the basic financial statements of the Redevelopment Agency of the City of Redding (Agency), a component unit of the City of Redding (City), as of and for the year ended June 30, 2008, and have issued our report thereon dated November 18, 2008. We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**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 audit 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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

To the Honorable Chairman and Members  
of the Redding Redevelopment Agency  
Redding, California  
Page 2

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions included those provisions of laws identified in the Guidelines for Compliance Audits of California Redevelopment Agencies, issued by the State Controller and as interpreted in the Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the City Council, others within the entity, and The State Controller and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Capricci & Carlson*

Oakland, California  
November 18, 2008