Redding Redevelopment Agency

Redding, California

Comprehensive Annual Financial Report

For the year ended June 30, 2010

Issued by the Finance Department

Stephen W. Strong
Director of Finance

Redding Redevelopment Agency
Basic Financial Statements
For the year ended June 30, 2010

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INTRODUCTORY SECTION

REDDING REDEVELOPMENT Agency
Partners in Progress

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December 7, 2010

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, 2010.

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 & Larson, Inc., a Subsidiary of Marcum LLP, 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, 2010. 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 Counsel.

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 SHASTEC 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, SHASTEC was amended to include an additional 870 acres. The last project area known a 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 66,432 residents in 1990 from 16,659 in 1970. However, lately the City's population growth has slowed. From 2000 to 2005 the City's population grew by an average of 1.84%. Since then the City population growth has only averaged 0.69%. 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 2010:

	City of Redding		Shasta County	
Year	Population	Annualized Percent Change Over Interval	Population	Annualized Percent Change Over Interval
1970	16,659	—	77,640	--
1980	41,995	9.69%	119,449	4.40%
1990	66,432	4.69%	147,036	2.10%
2000	80,865	1.99%	163,256	1.05%
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	90,192	0.57%	181,622	0.53%
2009	90,931	0.82%	183,095	0.81%
2010	91,561	0.69%	184,247	0.63%

Source: 1970-2000 data from U.S. Census; 2001-2009 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 8,638 representing an increase of approximately 9.4%. 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 2010:

Region	Single Family Homes
Sacramento	$155,000
Redding	**192,000**
Los Angeles	335,000
Orange County	442,000
San Francisco	670,000

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 126.

According to the State Employment Development Department, the unemployment rate of the City's metropolitan area was 15.3 percent on June 30, 2010. 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 2000 through June 2010:

June 30		Labor Force	Unemployment Number	Rate
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		84,000	5,300	6.3%
2007		83,900	5,900	7.0%
2008	*	83,500	7,700	9.2%
2009	*	85,400	12,600	14.7%
2010		85,900	13,100	15.3%

Source: State Department of Employment Development (*Years 2008-2009 revised)

Construction activity. For the past ten calendar years ending December 2009, the City issued building permits valued at a total of $1,447,717,619. New construction over the ten-year period represents 72.50% of the total construction activity. For the 2009 calendar year 2,665 building permits were issued with a total permit valuation of $58,940,655. Over the past four years permit activity has declined. Following overall statewide trend, year 2009 saw another downturn in permit and related construction activity. These trends are 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:

	2006	2007	2008	2009
Value - single family*	$55,897,416	$41,725,144	$38,725,138	$17,937,903
Number of permits	287	204	190	94
Value - multi dwellings	$12,019,895	$15,488,613	$9,401,692	$1,455,742
Number of permits (1)	37	22	5	8
Number of units	131	195	214	21
Value - business	$38,299,649	$31,378,290	$21,086,685	$19,730,416
Number of permits	63	50	31	17
Value - Total all permits	$170,142,515	$124,086,638	$103,108,670	$58,940,655
Total permits**	3,885	3,380	3,146	2,665

* Value of new construction only
** Does not include number of units for multi-dwellings
(1) Includes hotel and apartment units - "R" occupancies.
Source: City of Redding, Development Services Department

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 $1.6 billion in calendar year 2009, a 12.7 percent decrease over the same period for 2008.

Year	Taxable Transactions (in Thousands)	Taxable Transactions Percentage Increase (Decrease)
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%)
2008	1,835,601	(7.5%)
2009	1,603,079	(12.7%)

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 Route 44 and Highway 299, 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 Redding Area Bus Authority (RABA) is the City's multi-bus transportation system and offers 13 different fixed routes, rural service and demand response (curb-to-curb) services. RABA had an average total monthly ridership of more than 60,200 for fiscal year 2009-10.

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 41 elementary schools, 8 middle/junior high schools, 11 charter schools, one regional occupation program, and 15 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 15,400 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 198 acres of natural area parks (improved open space) and 62 miles of trails. In addition, the City has 15 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 Redding Soccer Park; the Senior Citizens Center; the Benton Dog Park; 3 boat ramp facilities that provide 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 510 beds and employ more than 2,200 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 increased not only in amount, but also as a percentage of total expenses (a ten-year increase of 46.0 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 five reasons: 1) some pass-through payments increase in direct proportion to increases in tax increment revenue which continues to grow; 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;

3) the Agency entered into an agreement with the City of Redding to partially reimburse the City for monies previously advanced to aid the Agency in the Canby-Hilltop-Cypress and Market Street project areas; 4) the communities instrumental in establishing the Canby-Hilltop-Cypress, SHASTEC and Buckeye project areas have elected to receive pass-through payments as authorized by Redevelopment law; and 5) the elimination of time lines for the establishment of debt in the Canby-Hilltop-Cypress and Market Street Redevelopment Project areas will trigger additional pass throughs.

During the same ten-year period, investment income decreased in amount by over $1.0 million and decreased in percentage of total revenue (a ten-year decrease of 18.1 percent). The reason for the decline was the collapse of the financial markets and the sharp decline in interest rates.

Long-Term Financial Planning

The Agency has a Five-Year Implementation Plan for each of its five project areas. These plans include proposed capital and housing projects as well as the financing necessary to accomplish the outlined goals. The Agency also has long range financial plans for each project area which extend for five years.

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 infrastructure projects within the ORSP, including the Interstate 5 interchange, could exceed $50 million. It is expected that the City will be requesting 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.

The Agency is currently in the process of repaying the following loans: (1) The City of Redding, in 1999, made a loan of $2 million to the SHASTEC Redevelopment Project Area to help fund construction of an $11 million storm-drainage facility. Repayment of this loan, using certain developer fees and tax increment revenues generated from the Project Area, commenced in fiscal year 2009-10. The loan is expected to be fully repaid in 2019; and (2) In May 2008, the Canby-Hilltop-Cypress Redevelopment Project Area made a $1.6 million loan, comprised of proceeds from the sale of property, to the Market Street Redevelopment Project Area to provide funding for the completion of Phase 2 of the Downtown Mall Roof Removal Project. Repayment of this loan from tax increment revenue commenced in fiscal year 2009-10 and is anticipated to be fully repaid by June 2014.

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.

Assembly Bill X4-26 (ABX4-26) was passed in July 2009 as part of the 2009-10 State budget. ABX4-26 requires redevelopment agencies to make Supplemental Educational Revenue Augmentation Fund (SERAF) payments totaling $2.05 billion ($1.7 billion in fiscal year 2009-10 and another $350 million in 2010-11). The California Redevelopment Association (CRA) filed a lawsuit in October 2009; however, in May 2010, the Sacramento Superior Court upheld the legality of ABX4-26, which CRA has subsequently appealed. The Agency made the required May 2010 SERAF payment in the amount of $5,147,929 and has set aside funds in the amount of $1.06 million for the May 2011 payment pending a ruling on the appeal.

Pursuant to Senate Bill 211 (SB211) adopted in 2001, the Redding City Council, on May 4, 2010, adopted ordinances eliminating the time limit for the establishment of debt from both the Canby-Hilltop-Cypress and Market Street Redevelopment Plans. As a result of this action, redevelopment law requires the Agency to commence pass-through payments to those taxing entities which have not previously entered into tax sharing agreements with the Agency. There are tax sharing agreements with all taxing entities except two in Canby-Hilltop-Cypress - the City and the Shasta Water Agency - and four in Market Street - the City, the Shasta Water Agency, the Enterprise School District, and the Anderson-Cottonwood Irrigation District. These additional pass-through payments commenced in fiscal year 2009-10 for the Canby-Hilltop-Cypress Original Area, but will not commence until fiscal year 2011-12 for both the Canby-Hilltop-Cypress and Market Street Amended Areas.

Major Initiatives

The only major initiative budgeted in either the Canby-Hilltop-Cypress or Market Street Redevelopment Project areas is funding in the amount of $5 million from Canby-Hilltop-Cypress for the design and development of a new public safety facility. Both of the project areas were impacted by the SERAF payments with Canby-Hilltop-Cypress paying approximately $3.77 million and Market Street contributing $1.37 million over the two-year period.

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: (1) $1.65 million allocated for the design, acquisition of right-of-way, and construction costs associated with the widening of a portion of Old Oregon Trail; (2) $1 million for the widening of Airport Road; and (3) $350,000 for a traffic signal at the intersection of Fig Tree and Airport Road. In addition, SHASTEC, over the mandated two-year period, will pay a total of $850,980 to SERAF - $705,810 in fiscal year 2009-10 and $145,174 in fiscal year 2010-11.

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 April 2010, the first phase was completed, resulting in 11 of the 16 ready-to-go parcels being available for office and industrial development.

In addition, the Buckeye Redevelopment Project Area, a collaborative project area with the City of Redding and the County of Shasta, has five projects currently under design: (1) construction of a four-lane bridge to replace a two-lane bridge over Churn Creek at Twin View Boulevard; (2) replacement of an aging, one-lane bridge over Churn Creek at Old Oasis Road with a two-lane bridge; (3) replacement of a bridge over Buckeye Creek at Dean Road; (4) design and construction of a traffic signal at Lake Boulevard and Keswick

Dam Road; and (5) storm drainage improvements on Old Oasis Road along Buckeye Creek. Although a new project area, Buckeye will also experience less capital funding for projects due to SERAF payments totaling $197,240 over the two-year period.

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, 2009. This was the twentieth 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 W. Strong

Stephen Strong
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Redding Redevelopment Agency, California

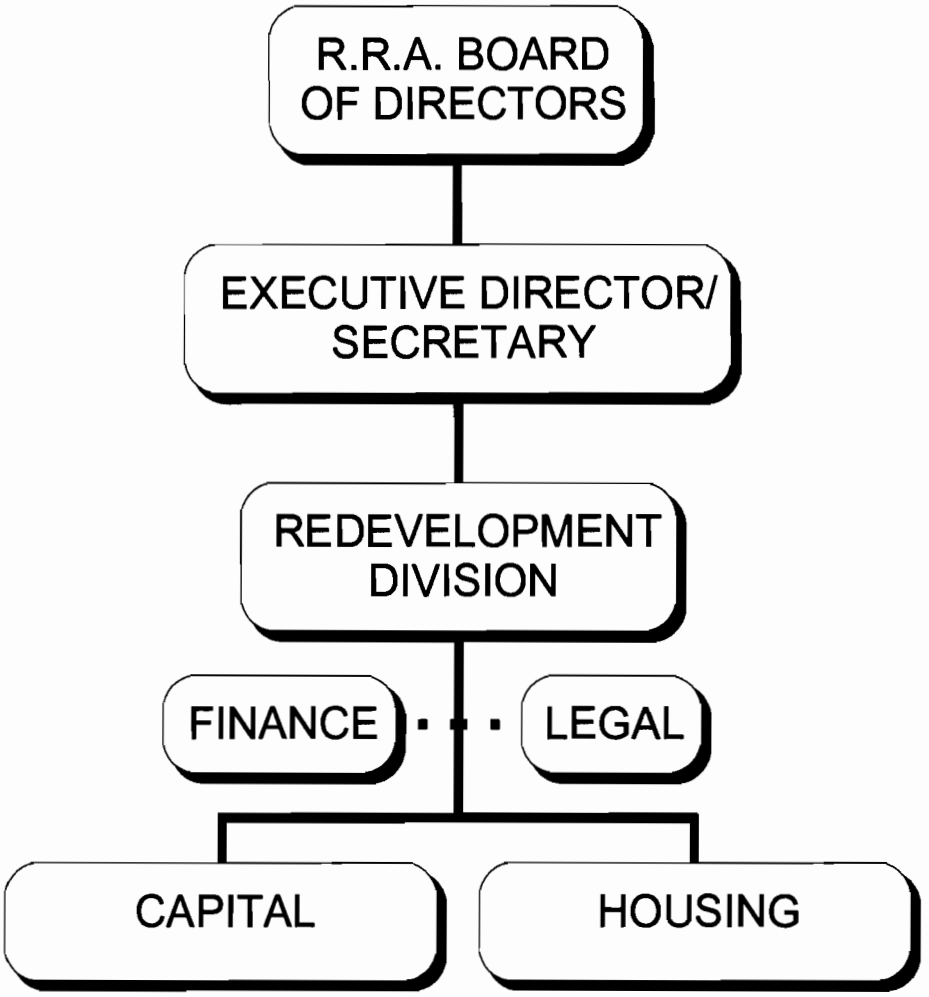
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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.

President

Executive Director

Redding Redevelopment Agency Organizational Chart



REDDING REDEVELOPMENT AGENCY

Listing of Elected and Appointed Officials
June 30, 2010

Elected Officials

Missy McArthur, Chair Person
Dick Dickerson, Vice Chair Person
Rick Bosetti, Director
Patrick H. Jones, Director
Mary Leas Stegall, Director

Appointed Officials

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

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FINANCIAL SECTION

C&L
Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund, and the aggregate remaining fund information and budget information of the Redding Redevelopment Agency (Agency), a component unit of the City of Redding (City), as of and for the year ended June 30, 2010, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Agency as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2010 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Required Supplementary Information, such as Management's Discussion and Analysis, 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 the Required Supplementary Information.

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 and Statistical Sections 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.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
Irvine, California
December 7, 2010

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, 2010. 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 $5,346,594 (net assets). Of this amount, $16,538,217 is a deficit in unrestricted net assets.
- The Agency's total net assets decreased by $6,075,036. Tax increment revenue was $18,252,480 which was $678,342 more than what was anticipated. Investment income was $471,556.
- As of the close of the current fiscal year, the Agency's funds reported combined ending fund balances of $54,719,914, a decrease of $5,146,345 in comparison with the prior year. The major component of this decrease was $12.3 million of pass-through payments to other agencies. Approximately 53.11 percent, $29.1 million, of the ending balances is available for spending at the government's discretion (unreserved fund balance).
- The Agency's total debt decreased by $1,982,181 (4.0 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 presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in 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, capital grants and contributions, and investment income. The capital grants and contributions are principally due to developers' contributions totaling $294,539 for a street 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 32-33 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, SHASTEC Special Revenue, Canby-Hilltop-Cypress Debt Service, Market Street Capital Project, Canby-Hilltop-Cypress Capital Project, and SHASTEC 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 36-42 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 44-67 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 71-73 of this report.

Government-wide Financial Analysis

Redding Redevelopment Agency
Net Assets

	Governmental Activities			
	2010	**2009**	**Difference**	**% Change**
Current and other assets	$ 60,830,605	$ 65,894,254	$ (5,063,649)	-7.68%
Capital assets, net	960,622	962,698	(2,076)	-0.22%
Total assets	61,791,227	66,856,952	(5,065,725)	-7.58%
Current liabilities	6,284,911	5,488,181	796,730	14.52%
Long-term liabilities	50,159,722	49,947,141	212,581	0.43%
Total liabilities	56,444,633	55,435,322	1,009,311	1.82%
Net Assets:				
Invested in capital assets, net of related debt	652,517	654,593	(2,076)	-0.32%
Restricted	21,232,294	20,002,140	1,230,154	6.15%
Unrestricted (deficit)	(16,538,217)	(9,235,103)	(7,303,114)	79.08%
Total net assets	$ 5,346,594	$ 11,421,630	$ (6,075,036)	-53.19%

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 $5,346,594 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 $16,538,217.

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 decreased by $6,075,036 during the current fiscal year. The investment in capital assets, net of related debt, decreased by $2,076 (0.3 percent). The decrease is related to the depreciation of capital assets. The increase in the deficit of $7,303,114 (79.1 percent) is primarily attributable to $15,382,290 in pass-through expenses to other agencies, $2,654,085 spent on public works projects, and an additional $4,224,575 spent on community development. The public works projects included $1.6 million for the

development of Stillwater Industrial Park. The community development projects included a $0.3 million for an aging mall roof removal project, $0.8 million on the Sacramento River Bridge in the City of Anderson, and $0.5 million on the widening of North Street in the City of Anderson, $2.2 million in housing administration and assistance. Net assets restricted for housing programs increased by $1,230,154 (6.2 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 for the housing program were $3,646,201 and $214,966, respectively.

Governmental activities. The decrease in net assets of the Agency of $6,075,036 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. Expenses exceed revenues in fiscal year 2009-10 and 2008-09. The change in net assets went from a negative $3,586,348 in fiscal year 2008-09 to a negative $6,075,036 in 2009-10. The change in net assets was a 69 percent decrease in the current year from the prior year. Total revenues decreased by $1,949,458 while expenses increased by $539,230 in comparison to the prior year. The significant changes were as follows:

- Property tax increment revenue decreased by $549,176 (2.9 percent) during the year. Tax increment revenue decreased in all of the project areas except the SHASTEC and Midtown project areas due to a decrease in property values. This is the first year for a decrease in tax increment revenue in the Canby-Hilltop-Cypress, Market Street, and Buckeye project areas since the inception of these areas.
- Investment income decreased by $690,984 (59.4 percent) due to a decrease in interest rates and a decrease in the amount of money available for investment. Bond proceeds were spent on infrastructure projects.
- Operating grants and contributions decreased by $175,033 (100 percent). The Agency received developers' contributions for removal of a mall roof and for a housing project in fiscal year 2008-09.
- Capital grants and contributions increased by $524,458 (64 percent). All of these private grant revenues furnished resources for an infrastructure project.
- The net increase in expenses is primarily related to an increase of $10,072,685 (106 percent) spent on community development netted against a decrease of $8,893,916 (77 percent) spent on public works infrastructure projects. Pass-through expenses which are included in the community development category were $15,382,290 for fiscal year 2009-10, an increase of $10,420,390 from fiscal year 2008-09.

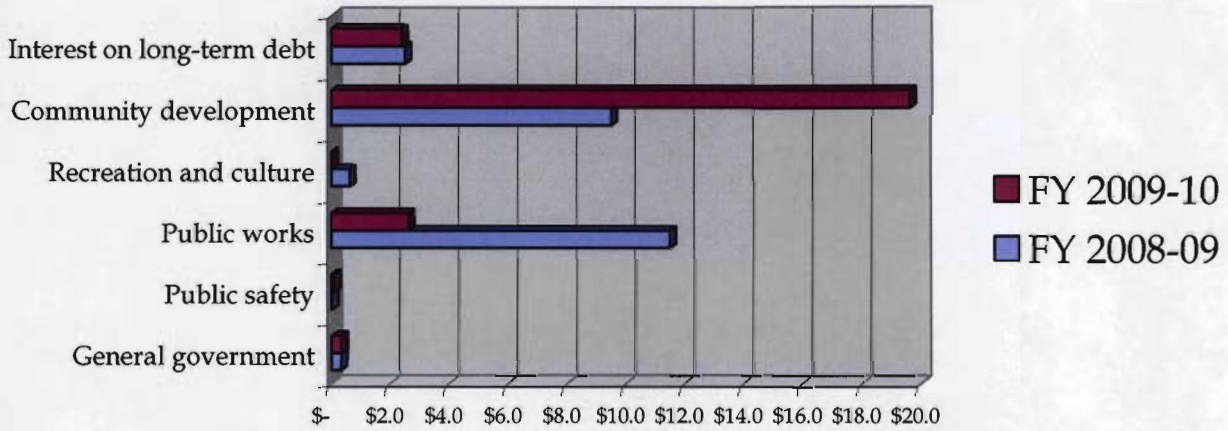
Redding Redevelopment Agency
Changes in Net Assets

	Governmental Activities			
	2010	**2009**	**Difference**	**% Change**
Revenues:				
Program revenues:				
Charges for services	$ 40,962	$ 50,769	$ (9,807)	-19.32%
Operating grants and contributions	-	175,033	(175,033)	-100.00%
Capital grants and contributions	294,539	818,997	(524,458)	-64.04%
General revenues:				
Tax increment	18,252,480	18,801,656	(549,176)	-2.92%
Interest	471,556	1,162,540	(690,984)	-59.44%
Total revenues	19,059,537	21,008,995	(1,949,458)	-9.28%
Expenses:				
General government	336,156	323,856	12,300	3.80%
Public safety	94,762	29,514	65,248	221.07%
Public works	2,654,085	11,548,001	(8,893,916)	-77.02%
Recreation and culture	20,659	631,337	(610,678)	-96.73%
Community development	19,606,865	9,534,180	10,072,685	105.65%
Interest on long-term debt	2,422,046	2,528,455	(106,409)	-4.21%
Total expenses	25,134,573	24,595,343	539,230	2.19%
Increase in net assets	(6,075,036)	(3,586,348)	(2,488,688)	69.39%
Net assets, beginning of year	11,421,630	15,007,978	(3,586,348)	-23.90%
Net assets, ending	$ 5,346,594	$ 11,421,630	$ (6,075,036)	-53.19%

The following graphs show an illustrative picture of revenues and expenditures for fiscal year 2009-10 as compared with fiscal year 2008-09.

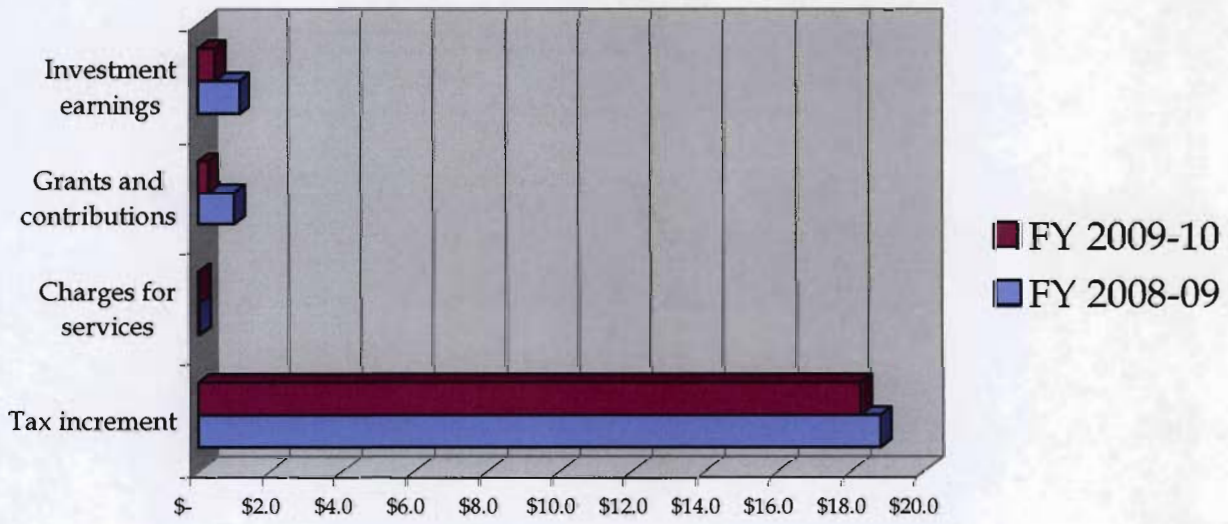
Expenses by Program

(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 $54.7 million, a decrease of $5.1 million from the prior year. The unreserved, undesignated fund balance, which is available for spending at the government's discretion, decreased by $11.0 million while the unreserved, designated portion of the fund balance increased by $2.9 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 ($7.1 million), 2) for noncurrent notes receivable ($11.9 million), 3) for assets held for resale ($4.7 million), 4) for noncurrent advances ($0.9 million), and 5) for school projects ($1.0 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 $5.5 million, while the total fund balance decreased to $10.3 million. The net decrease in fund balance by $2.3 million is primarily related to an increase in pass-through payments. The unreserved, undesignated fund balance is $3.3 million, which represents 37.8 percent of total fund expenditures.

The fund balance of the CHC Special Revenue Fund decreased by $67,915. The net decrease is related to an increase in housing assistance. The unreserved, undesignated fund balance increased by $0.3 million.

The fund balance of the Market Street Special Revenue Fund increased by $0.6 million to a total of $6.5 million. The net increase is related to unspent tax increment revenue. The unreserved, undesignated fund balance increased by $1.2 million.

The fund balance of the SHASTEC Special Revenue Fund increased by $0.4 million to a total of $1.8 million. The net increase in fund balance is primarily related to an increase in unspent tax increment. The unreserved, undesignated fund balance decreased by $1.1 million.

The fund balance of the CHC Debt Service Fund decreased by $19,552 to a total fund balance of $5.0 million. The net decrease in fund balance is primarily related to a decrease in investment income.

The Market Street Capital Project Fund's fund balance decreased by $0.6 million to a total fund balance of $1.7 million. The net decrease in fund balance is primarily related to an increase in pass-through payments. The unreserved, undesignated fund balance decreased by $1.7 million.

The SHASTEC Capital Project Fund's fund balance decreased by $3.3 million to a total fund balance of $7.7 million. The net decrease in fund balance is primarily related to an increase in pass-through payments and an increase in funds spent on community development. The unreserved, undesignated fund balance decreased to $2.1 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:

- $500,150 for a decrease in tax increment revenues. Shasta County's estimate of the Agency's tax increment revenue was less than anticipated during the original budget cycle.
- $34,000 for an increase in developers' contributions.
- $27,000 for an increase in administrative costs.
- $121,000 for an increase in pass-through payments.
- $2,485,110 for an increase in the State of California mandated Supplemental Educational Revenue Augmentation Fund payment.

Capital Asset and Debt Administration

Capital assets. The Agency's investment in capital assets for its governmental-type activities as of June 30, 2010, amounted to $1.0 million (net of accumulated depreciation), a decrease of $2,076. This investment in capital assets includes land and buildings.

Redding Redevelopment Agency
Capital Assets (Net of Depreciation)

	FYE 2010	FYE 2009
Land	$ 960,622	$ 960,622
Buildings	-	2,076
Total	$ 960,622	$ 962,698

Additional information on the Agency's capital assets can be found in Note 7 on pages 55-56 of this report.

Long-term debt. At the end of the current fiscal year, the Agency had total bonded debt outstanding of $47.0 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 $1,982,181.

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

	FYE 2010	FYE 2009
Tax allocation bonds, net	$ 47,025,538	$ 49,007,719
Total	$ 47,025,538	$ 49,007,719

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 an "A" rating with Standard and Poor's and Fitch's. The Market Street Redevelopment Project Area Tax Allocation Bonds, Series 2003, have been rated a "BBB+" by Standard and Poor's and an "A-" by Fitch's. The SHASTEC Project Area Tax Allocation Bonds, Series 2006, have been rated "A-" by Standard and Poor's and Fitch's.

Additional information on the Agency's long-term debt can be found in Note 11 on pages 61-63 of this report.

Economic Factors and Next Year's Budget

- The City of Redding has experienced a steady increase in population since 2000 of .5 to 2 percent per year while the unemployment rate has increased from 5.8 percent in 2000 to 15.3 percent in 2010.
- Inflationary trends in the region other than housing compare favorably to national indices.
- The Agency's property assessed valuation for all project areas decreased $21.0 million (0.9 percent) in fiscal year 2009-10.
- 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 $890.8 million (680.2 percent) over the base year in the original area and $144.5 million (297.7 percent) over the base year in the amended area.
- Projections from the County of Shasta show a decrease in assessed valuation for the Agency as whole of $195.9 million (8.08 percent) in fiscal year 2010-11. The assessed valuation for the Canby-Hilltop-Cypress, Market Street, SHASTEC and Buckeye project areas have decreased in fiscal year 2010-11 while the Midtown project area has increased.
- While the real estate market remains in flux, the Shasta County Assessor's Office has indicated that as of the end of September 2010, the number of petitions being received for property tax reductions for fiscal year 2010-11 has decrease over last year. These temporary reduction requests are being made under Proposition 8 passed in November 1978 to amend Proposition 13 to reflect declines in property value.
- The State of California is requiring the Agency to make Supplemental Educational Revenue Augmentation Fund payments of approximately $1.06 million in fiscal year 2010-11.

All of these factors were considered in preparing the Agency's budget for fiscal year 2010-11.

During the fiscal year, unreserved fund balance decreased to $29.1 million. The Agency has appropriated $34.0 million for spending in the 2010-11 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.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

Redding Redevelopment Agency
Statement of Net Assets
June 30, 2010

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	$ 28,985,787
Receivables:	
Interest	1,047,053
Intergovernmental	141,953
Taxes	487,420
Other	2,736
Prepaid items	7,907
Assets held for resale	4,665,331
Restricted assets:	
Cash and investments	10,971,480
Interest receivable	29,834
Taxes receivable	1,205,436
Total current assets	47,544,937
Noncurrent assets:	
Other long-term receivables	222,722
Notes receivable, net	12,255,653
Financing costs, net	807,293
Capital assets:	
Land	960,622
Other capital assets, net of depreciation	-
Total noncurrent assets	14,246,290
Total assets	61,791,227
LIABILITIES	
Current liabilities:	
Accounts payable	21,984
Accrued liabilities	4,435
Intergovernmental payable, due within one year	3,016,232
Accrued interest payable	1,170,077
Deposits	5,000
Long term debt, due within one year	2,067,183
Total current liabilities	6,284,911
Noncurrent liabilities:	
Unearned revenue	222,722
Intergovernmental payable, due in more than one year	4,946,190
Arbitrage payable, due in more than one year	32,455
Long-term debt, due in more than one year	44,958,355
Total noncurrent liabilities:	50,159,722
Total liabilities	56,444,633
NET ASSETS	
Invested in capital assets, net of related debt	652,517
Restricted for:	
Housing	21,232,294
Unrestricted (deficit)	(16,538,217)
Total net assets	$ 5,346,594

See accompanying Notes to Basic Financial Statements.

Redding Redevelopment Agency
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions	Program Revenues: Total	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Primary government:					
Governmental activities:					
General government	$ 336,156	$ 37,495	$ -	$ 37,495	$ (298,661)
Public safety	94,762	-	-	-	(94,762)
Public works	2,654,085	767	294,539	295,306	(2,358,779)
Recreation and culture	20,659	-	-	-	(20,659)
Community development	19,606,865	2,700	-	2,700	(19,604,165)
Interest and fiscal charges	2,422,046	-	-	-	(2,422,046)
Total government	$ 25,134,573	$ 40,962	$ 294,539	$ 335,501	(24,799,072)

General revenues:	
Property taxes	18,252,480
Investment earnings	471,556
Total general revenue	18,724,036
Change in net assets	(6,075,036)
Net assets - beginning of year	11,421,630
Net assets - end of year	$ 5,346,594

See accompanying Notes to Basic Financial Statements.

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FUND FINANCIAL STATEMENTS

Redding Redevelopment Agency
Balance Sheet
Governmental Funds
June 30, 2010

	Canby-Hilltop-Cypress Special Revenue	Market Street Special Revenue	SHASTEC Special Revenue	Canby-Hilltop-Cypress Debt Service
ASSETS				
Cash and investments	$ 5,069,719	$ 3,048,265	$ 3,149,823	$ -
Interest receivable	840,443	172,352	4,201	-
Intergovernmental receivable	28,400	-	-	-
Taxes receivable	255,967	99,378	57,107	-
Other receivable	1,615	1,121	-	-
Prepaid items	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	4,884,059
Interest receivable	-	-	-	3,074
Taxes receivable	-	-	-	695,001
Interfund receivable	-	-	-	-
Assets held for resale	2,953,858	1,711,473	-	-
Advances to other funds	-	-	-	-
Notes receivable, net	10,007,295	1,772,418	940	-
Total assets	$ 19,157,297	$ 6,805,007	$ 3,212,071	$ 5,582,134
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 1,803	$ 1,765	$ -	$ -
Accrued liabilities	-	-	-	-
Deferred revenue	1,075,426	280,824	47,884	604,487
Interfund payable	-	-	-	-
Deposits	-	5,000	-	-
Advances payable	-	-	-	-
Intergovernmental payable	11,411	-	1,371,807	-
Total liabilities	1,088,640	287,589	1,419,691	604,487
Fund Balances:				
Reserved for:				
Prepaid items	-	-	-	-
Noncurrent advances	-	-	-	-
Assets held for resale	2,953,858	1,711,473	-	-
Debt service	-	-	-	4,977,647
School projects	-	-	-	-
Noncurrent notes receivable	9,961,509	1,766,179	940	-
Unreserved, designated reported in:				
Encumbrances - Special revenue funds	812,277	1,206,358	400	-
Encumbrances - Capital project funds	-	-	-	-
Special revenue funds:				
Community development	3,313,710	342,460	1,499,770	-
Capital project funds:				
Community development	-	-	-	-
Public works	-	-	-	-
Unreserved, undesignated reported in:				
Special revenue	1,027,303	1,490,948	291,270	-
Capital project funds	-	-	-	-
Total fund balances	18,068,657	6,517,418	1,792,380	4,977,647
Total liabilities and fund balances	$ 19,157,297	$ 6,805,007	$ 3,212,071	$ 5,582,134

See accompanying Notes to Basic Financial Statements.

Market Street Capital Project	Canby-Hilltop-Cypress Capital Project	SHASTEC Capital Project	Other Governmental Funds	Total Governmental Funds
$ 2,956,127	$ 8,992,768	$ 4,102,517	$ 1,666,568	$ 28,985,787
4,173	17,001	5,241	3,642	1,047,053
-	113,553	-	-	141,953
2,157	5,084	1,622	288,827	710,142
	-	-	-	2,736
-	7,907	-	-	7,907
-	-	4,009,184	2,078,237	10,971,480
-	-	6,979	19,781	29,834
-	-	-	510,435	1,205,436
-	311,342	-	-	311,342
-	-	-	-	4,665,331
-	926,780	-	-	926,780
325,000	-	-	150,000	12,255,653
$ 3,287,457	$ 10,374,435	$ 8,125,543	$ 4,717,490	$ 61,261,434
$ 2,632	$ 8,587	$ 7,197	$ -	$ 21,984
-	-	4,435	-	4,435
325,000	-	-	719,263	3,052,884
311,342	-	-	-	311,342
-	-	-	-	5,000
926,780	-	-	-	926,780
4,045	65,738	461,699	304,395	2,219,095
1,569,799	74,325	473,331	1,023,658	6,541,520
-	7,907	-	-	7,907
-	926,780	-	-	926,780
-	-	-	-	4,665,331
-	-	-	2,168,568	7,146,215
541,061	491,203	-	-	1,032,264
-	-	-	150,000	11,878,628
-	-	-	-	2,019,035
204,416	102,709	1,143,453	1,041,898	2,492,476
-	-	-	-	5,155,940
233,530	643,510	145,170	33,650	1,055,860
738,651	4,801,590	4,256,130	136,090	9,932,461
-	-	-	116,064	2,925,585
-	3,326,411	2,107,459	47,562	5,481,432
1,717,658	10,300,110	7,652,212	3,693,832	54,719,914
$ 3,287,457	$ 10,374,435	$ 8,125,543	$ 4,717,490	$ 61,261,434

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Redding Redevelopment Agency
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets
June 30, 2010

Total Fund Balances - Total Governmental Funds	$ 54,719,914
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.	2,422,487
Accumulated depreciation has not been included in the governmental funds.	(1,461,865)
Revenues which are deferred in the governmental funds because they are not currently available are recognized as revenue in the Statement of Activities.	2,830,162
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.	807,293
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.	(1,170,077)
Arbitrage payable on long-term debt did not require current financial resources. Therefore, arbitrage payable was not reported as a liability in the governmental funds.	(32,455)
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	(2,100,000)
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	(45,360,000)
Bond discount/premium, due in more than one year	81,329
Unamortized deferred loss on defeased debt, due in more than one year	320,316
Intergovernmental payables, due within one year	(797,137)
Intergovernmental payables, due in more than one year	(4,946,190)
Net Assets (Deficit) of Governmental Activities	$ 5,346,594

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, 2010

	Canby-Hilltop-Cypress Special Revenue	Market Street Special Revenue	SHASTEC Special Revenue	Canby-Hilltop-Cypress Debt Service
REVENUES:				
Tax increment	$ 2,093,059	$ 853,529	$ 574,140	$ 2,657,337
Other use of money and property	133	-	-	-
Investment revenue	50,464	22,395	19,536	9,968
Other revenue	1,566	1,000	-	-
Total revenues	2,145,222	876,924	593,676	2,667,305
EXPENDITURES:				
Current:				
Administrative	630,158	27,630	15,571	161,355
Professional services	2,395	-	6,399	-
Housing assistance	770,010	207,891	210,466	-
Pass throughs	-	-	-	-
Community development	-	-	-	-
Intergovernmental expenditures	-	-	-	-
Debt service:				
Principal retirement	380,000	-	-	1,170,000
Interest and fiscal charges	392,195	-	-	1,042,793
Total expenditures	2,174,758	235,521	232,436	2,374,148
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(29,536)	641,403	361,240	293,157
OTHER FINANCING SOURCES (USES):				
Gain (loss) on sale of asset	(38,379)	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	(312,709)
Total other financing sources (uses)	(38,379)	-	-	(312,709)
Net change in fund balances	(67,915)	641,403	361,240	(19,552)
FUND BALANCES:				
Beginning of year	18,136,572	5,876,015	1,431,140	4,997,199
End of year	$ 18,068,657	$ 6,517,418	$ 1,792,380	$ 4,977,647

See accompanying Notes to Basic Financial Statements.

Market Street Capital Project	Canby-Hilltop-Cypress Capital Project	SHASTEC Capital Project	Other Governmental Funds	Total Governmental Funds
$ 2,920,870	$ 5,714,900	$ 1,164,215	$ 2,202,273	$ 18,180,323
67	-	-	-	200
30,425	125,042	53,041	41,776	352,647
9,811	314,870	6,398	1,655	335,300
2,961,173	6,154,812	1,223,654	2,245,704	18,868,470
143,759	617,681	24,310	154,489	1,774,953
27,846	118,303	9,551	240	164,734
-	-	-	80,882	1,269,249
2,825,570	7,878,120	1,362,680	280,120	12,346,490
536,198	10,406	1,432,927	18,037	1,997,568
-	179,853	1,603,345	17,319	1,800,517
-	-	-	494,121	2,044,121
1,082	-	226,800	915,934	2,578,804
3,534,455	8,804,363	4,659,613	1,961,142	23,976,436
(573,282)	(2,649,551)	(3,435,959)	284,562	(5,107,966)
-	-	-	-	(38,379)
14,068	312,709	113,051	-	439,828
-	-	-	(127,119)	(439,828)
14,068	312,709	113,051	(127,119)	(38,379)
(559,214)	(2,336,842)	(3,322,908)	157,443	(5,146,345)
2,276,872	12,636,952	10,975,120	3,536,389	59,866,259
$ 1,717,658	$ 10,300,110	$ 7,652,212	$ 3,693,832	$ 54,719,914

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, 2010

Net Change in Fund Balances - Total Governmental Funds	$	(5,146,345)
Amounts reported for governmental activities in the Statement of Activities are different because:		
In the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		(2,076)
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.		2,015,000
This amount represents amortization of bond premium.		3,778
This amount represents amortization of bond discounts.		(10,251)
This amount represents amortization of deferred loss on defeased debt.		(26,346)
This amount represents new long-term notes payable debt.		(4,835,800)
This amount represents long-term notes payable debt repayments.		1,829,121
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the governmental funds.		(35,415)
Some expenses reported in the Statement of Activities, that accrue to the benefit of the Agency, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(4,581)
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 an expenditure in the governmental funds. The following amount represents the change in accrued interest from the prior year.		200,503
Change in Net Assets of Governmental Activities	$	(6,075,036)

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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.

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 SHASTEC 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 SHASTEC Capital Project Fund accounts for all the projects in the SHASTEC 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 fund 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.

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 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 one year. 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.

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, 2010, the carrying amount and bank balance of the Agency's deposits were $805. 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 $250,000 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

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, 2010, 5.42% of LAIF's investment portfolio was invested in structured notes and other asset-backed securities. The Agency valued its investments in LAIF as of June 30, 2010, by multiplying its account balance with LAIF by a fair value

2. CASH AND INVESTMENTS, Continued

B. Investments, Continued

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 1.001643776.

C. Summary of Cash and Investments

As of June 30, 2010, the Agency had the following cash and investments:

		Investment Maturity in Year
	Fair Value	Less Than One Year
Cash and Investments:		
Deposits:		
Deposit	$ 805	$ 805
Total deposits	805	805
Investments:		
Local Agency Investment Funds	28,984,982	28,984,982
Total investments	28,984,982	28,984,982
Total Cash and Investments	$ 28,985,787	$ 28,985,787
Restricted Cash and Investments:		
Investments:		
Certificate of Deposit	$ 3,077	$ 3,077
Mutual Fund	26,677	26,677
Local Agency Investment Funds	9,962,315	9,962,315
U.S. Government Securities	979,411	979,411
Total Restricted Cash and Investments	$ 10,971,480	$ 10,971,480

Restricted Cash and Investments - Certain proceeds of the Agency's bonds, as well as certain resources set aside for their repayment 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. 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	$ 3,806,533
Investments restricted for future debt service payments	3,155,763
Bond acquisition proceeds restricted for capital projects	4,009,184
Total	$ 10,971,480

2. CASH AND INVESTMENTS, Continued

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 97% of investments being available on demand (LAIF).

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. Investments in LAIF are not rated as LAIF is a State sponsored investment pool. As of June 30, 2010, 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 approximately 97% of its cash invested with LAIF. Concentration risk disclosures are not required for investment positions in external investment pools.

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, 2010, were comprised of the following:

Special Revenue Funds:		
City of Redding - Prepaid rent	$	28,400
Capital Project Funds:		
City of Redding - Prepaid rent		113,553
Total	$	141,953

4. INTERFUND TRANSFERS

Transfers for the period ended June 30, 2010, were as follows:

	Transfers Out		
	Debt Service Funds		
Transfers In	Canby-Hilltop Cypress	Non-major Governmental Funds	Total
Capital Project Funds:			
Market Street	$ -	$ 14,068	$ 14,068
Canby-Hilltop-Cypress Project	312,709		312,709
SHASTEC Project	-	113,051	113,051
Total	$ 312,709	$ 127,119	$ 439,828

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

5. NOTES RECEIVABLE

Notes receivable activity for the year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
5%, 1% , and 0% Rehab Loans	$ 299,962	$ -	$ (10,274)	$ 289,688
5% Rehab Loans	238,369	940	-	239,309
DAP Loans	3,638,799	192,184	(120,000)	3,710,983
Shasta Housing Development Corporation	189,750	-	-	189,750
Northen Valley Catholic Social Service Due 2055	1,121,906	-	-	1,121,906
Northen Valley Catholic Social Service Due 2039	250,000	-	-	250,000
Christian Church Home of North California, Inc.	1,863,887	-		1,863,887
Northen 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
Linden Housing L.P.	18,800	-	-	18,800
Shasta Builders' Exchange Community Fund	271,160	-	(271,160)	-
Community Revitalization and Development Corp.	59,029	-	-	59,029
Community Revitalization and Development Corp.	59,030	-	-	59,030
Northen Valley Catholic Social Service Due 2064	454,735	345,265	-	800,000
Habitat for Humanity Shasta Cascade	76,000	-	(76,000)	-
K2 Land and Investment LLC	168,475	-	116,525	285,000
Innovations Housing, Inc.	118,750	-	(118,750)	-
Shasta Builders' Exchange Community Fund	119,817	-	(119,817)	-
Community Revitalization and Development Corp.	183,137	68,977	-	252,114
Mercer Development LP	135,338	340,662	-	476,000
K2 Land and Investment LLC-441 Buckeye Terrace	-	61,000	(61,000)	-
K2 Land and Investment LLC-931 Parkview Avenue	-	210,000	-	210,000
K2 Land and Investment LLC-2550 Lanning Avenue	-	112,000	(32,256)	79,744
K2 Land and Investment LLC-2550 Lanning Avenue	-	13,865	-	13,865
K2 Land and Investment LLC-475 Buckeye Terrace	-	120,000	-	120,000
Community Revitalization and Development Corp.	-	406,399	-	406,399
Redding East Street Associates	-	359,149	-	359,149
Riverfront Playhouse	325,000	-	-	325,000
Total	$ 10,717,944	$ 2,230,441	$ (692,732)	$ 12,255,653

5. NOTES RECEIVABLE, Continued

Notes receivable as of June 30, 2010, consisted of the following:

One 5%, two 1%, and three 0% notes receivable, payable in monthly installments of $1,061 including interest. The notes, due through March 2036, are secured by residential real property.	$ 289,688
Ten 5% notes and two 1% 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.	239,309
One hundred and eight 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. The notes are secured by residential real property.	3,710,983
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
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 at maturity, except all payments shall be deferred until July 2011.	236,000

5. NOTES RECEIVABLE, Continued

Notes receivable as of June 30, 2010, consisted of the following (continued):

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 at maturity except that all payments are deferred until December 2025.	18,800
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
Note receivable from Northern Valley Catholic Social Services Saint Clare Court, Inc. due February 2064. 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.	800,000
Note receivable from K2 Land and Investment LLC for the acquisition of property. The note is secured by real property and bears interest at 1%. Payments are deferred for two years. Thereafter, monthly payments of $2,517 are required with the net due on May 26, 2041.	285,000
Note receivable from Community Revitalization and Development Corporation for the acquisition and rehabilitation of property. The note is secured by real property and bears interest at 1%. Payments are deferred for 28 years. Monthly payments of $1,097.07 shall begin on November 25, 2036, and continue until November 25, 2056, at which time the note is to be paid in full.	252,114

5. NOTES RECEIVABLE, Continued

Notes receivable as of June 30, 2010, consisted of the following (continued):

Note receivable from Mercer Development, LP. The note is secured by real property and bears interest at 2%. Monthly payments are to commence 120 days after the Certificate of Occupancy is issued ranging from $1,133 - $1,400. The note is due and payable 30 years from the issuance of the Certificate of Occupancy.	$	476,000
Note receivable from K2 Land and Investment LLC for construction of two affordable rental units. The note is secured by real property and bears interest at 0%. Monthly payments of $400 are to commence in October 2010. The note is due and payable on October 2040.		210,000
Note receivable from K2 Land and Investment LLC. The note is secured by real property and bears interest at 0%. The note is due and payable on February 2015.		79,744
Note receivable from K2 Land and Investment LLC. The note is secured by real property and bears interest at .5% for 25 years and 0% thereafter. Monthly payments are deferred for the first 25 years. For years 26 - 30 the monthly payments are $425. For years 31 - 40 the payments are $2,920. The note is due and payable on February 2050.		13,865
Note receivable from K2 Land and Investment LLC. The note is secured by real property and bears interest at .5% for 25 years and 0% thereafter. Monthly payments are deferred for the first 24 years. Annual installments of $9,212 - $13,000 are due for years 25 - 29 with the final payment due February 2040.		120,000
Note receivable from Community Revitalization and Development Corporation. The note is secured by real property and bears interest at 0%. Monthly payments are deferred for the first 2 1/2 years. Annual installments of $855 - $1,010 are due thereafter with the final payment due September 2040.		406,399
Note receivable from Redding East Street Associates. The note is secured by real property and bears interest at 1%. Payments are due only when there are residual receipts from the project and/or maturity except that all payments are deferred until February 2065.		359,149
Note receivable from Riverfront Playhouse for the acquisition of property. The note is secured by real property and bears interest at 0%. The note is due and payable on March 4, 2014.		325,000
Total notes receivable	$	12,255,653

6. ASSETS HELD FOR RESALE

According to generally accepted accounting principles, assets held for resale are recorded at the lower of cost or market. In fiscal year 2008-09 the Agency purchased a 112-acre parcel of property from the City for a future affordable housing site for $3,204,230. The City obtained the property through a short sale. The City paid a total of $814,783 for the property which included the short sale amount along with the delinquent property taxes and assessments due. In 2006, a conceptual plan was prepared for subdividing the property into 128 residential lots. The design created several small single-family neighborhoods under a concept that would minimize grading and maximize open space. At that time the property was appraised based on the conceptual plan. The fair market value as of that date was estimated at $25,000 per potential lot, or approximately $3.2 million. The Agency paid $4,230 in closing costs. The Agency recorded the property as an asset held for resale at its cost of $3,204,230.

The remainder of assets held for resale is $1,461,101. The Agency's intention is to sell these properties to further its affordable housing programs.

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 960,622	$ -	$ -	$ 960,622
Total capital assets, not being depreciated	960,622	-	-	960,622
Capital assets, being depreciated:				
Buildings	1,455,733	-	-	1,455,733
Equipment	6,132	-	-	6,132
Total capital assets being depreciated:	1,461,865	-	-	1,461,865
Less accumulated depreciation for:				
Buildings	(1,453,657)	(2,076)	-	(1,455,733)
Equipment	(6,132)	-	-	(6,132)
Total accumulated depreciation	(1,459,789)	(2,076)	-	(1,461,865)
Total capital assets, being depreciated, net	2,076	(2,076)	-	-
Governmental activities capital assets, net	$ 962,698	$ (2,076)	$ -	$ 960,622

7. CAPITAL ASSETS, Continued

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

Governmental activities:	
Public works	$ 2,076
Total depreciation expense - governmental activities	$ 2,076

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

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Project Area:				
Market Street				
Land	$ 464,740	$ -	$ -	$ 464,740
Total Market Street	464,740	-	-	464,740
Midtown				
Buildings	1,455,733	-	-	1,455,733
Accumulated depreciation	(1,453,657)	(2,076)	-	(1,455,733)
Total Midtown	2,076	(2,076)	-	-
Canby-Hilltop-Cypress				
Land	495,882	-	-	495,882
Equipment	6,132	-	-	6,132
Accumulated depreciation	(6,132)	-	-	(6,132)
Total Canby-Hilltop-Cypress	495,882	-	-	495,882
Governmental activities capital assets, net	$ 962,698	$ (2,076)	$ -	$ 960,622

8. INTERGOVERNMENTAL PAYABLES

Intergovernmental payables, as of June 30, 2010, consisted of the following:

Notes Payable to the City of Redding

A 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, 2010, 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, 2010, was $277,294. 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.

8. INTERGOVERNMENTAL PAYABLES, Continued

Reimbursement Agreements

The City and the Agency have entered into three 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 $29,121 was paid in fiscal year 2009-2010. The balance of this long-term payable is $580,521 with interest at 3%. The current portion is $31,680.

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, Midtown and SHASTEC project areas. Interest accrues at ten percent per annum. The current balance as of June 30, 2010, is $31,004.

The third agreement provides for the Agency to partially reimburse the City for the previous transfers for fiscal years 1984-85 through 2008-09 that the City had previously elected to forego in order to support the Agency. The City will be reimbursed $2,795,800 from the Canby-Hilltop-Cypress Redevelopment Project Area and $2,040,000 from the Market Street Project Area over a period of eight years. Under this agreement $1,800,000 was paid in fiscal year 2009-10 by the Canby-Hilltop-Cypress Project Area. The balance of the long-term payable is $2,485,800. The current portion is $550,000.

Obligations to the City of Redding

The Agency has no employees. Administrative and accounting services are provided by 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, 2010, was $103,752 for amounts due within one year and $160,891 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, 2010, was $1,574,693. Interest payable as of June 30, 2010, was $135,058. 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. The long-term portion is $1,410,873 and the amount due within one year is $163,820.

8. INTERGOVERNMENTAL PAYABLES, Continued

Contractual Obligations to Shasta County and the City of Anderson

The SHASTEC 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, 2010, the SHASTEC Project Area had an obligation of $1,203,802 to Shasta County and an obligation of $168,005 to the City of Anderson totaling $1,371,807 for their housing programs. The SHASTEC Redevelopment Project Area Capital Project Fund had a short-term obligation to the City of Anderson of $350,194 and $110,399 to Shasta County totaling $460,593.

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, 2010, the Buckeye Project Area had an obligation of $285,539 to Shasta County for its housing programs. The Buckeye Redevelopment Project Area Capital Project Fund has a short-term obligation to Shasta County of $18,037.

8. INTERGOVERNMENTAL PAYABLES, Continued

Following is a summary of the changes in intergovernmental payable amounts as of June 30, 2010:

Short-term intergovernmental payable	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010
Reimbursement agreements				
Midtown Debt Service Fund	$ 25	$ 48,019	$ (16,361)	$ 31,683
Canby-Hilltop-Cypress Capital Project Fund	147,232	5,755,046	(5,871,277)	31,001
Canby-Hilltop-Cypress Debt Service Fund	-	2,152,748	(2,152,748)	-
Canby-Hilltop-Cypress Special Revenue Fund	-	3,290,154	(3,290,154)	-
Market Street Capital Project Fund	-	2,434,929	(2,434,929)	-
Market Street Debt Service Fund	-	414,404	(414,404)	-
Market Street Special Revenue Fund	-	1,282,738	(1,282,738)	-
SHASTEC Capital Project Fund	-	4,742,194	(4,578,374)	163,820
SHASTEC Debt Service Fund	-	945,811	(945,811)	-
SHASTEC Special Revenue Fund	-	28,618	(28,618)	-
Buckeye Capital Project Fund	-	302,979	(302,979)	-
Buckeye Special Revenue Fund	-	80,081	(80,081)	-
Total reimbursement agreements	147,257	21,477,721	(21,398,474)	226,504
Short-term obligations to Shasta County and the City of Anderson				
SHASTEC Capital Project Fund	328,374	460,593	(328,374)	460,593
SHASTEC Housing Fund	1,181,347	190,460	-	1,371,807
Buckeye Capital Project Fund	7,541	18,037	(7,541)	18,037
Buckeye Housing Fund	234,656	50,883	-	285,539
Total short-term obligation to Shasta County and the City of Anderson	1,751,918	719,973	(335,915)	2,135,976
Short-term obligation to the City of Redding				
Canby-Hilltop-Cypress Special Revenue Fund	51,784		(17,472)	34,312
Canby-Hilltop-Cypress Capital Project Fund	45,187	564,812	(1,271)	608,728
Market Street Capital Project Fund	11,934	-	(3,143)	8,791
SHASTEC Capital Project Fund	-	1,106	-	1,106
Buckeye Capital Project Fund	174	641	-	815
Total short-term obligations to the City of Redding	109,079	566,559	(21,886)	653,752
Total short-term intergovernmental payable	2,008,254	22,764,253	(21,756,275)	3,016,232

8. INTERGOVERNMENTAL PAYABLES, Continued

Long-term intergovernmental payable	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010
Reimbursement agreement				
Midtown Debt Service Fund	$ 641,322	$ -	$ (60,801)	$ 580,521
Total reimbursement agreement	641,322	-	(60,801)	580,521
Note payable to the City of Redding				
Midtown Debt Service Fund	308,105	-	-	308,105
Total note payable to the City of Redding	308,105	-	-	308,105
Repayment agreement				
SHASTEC Capital Project Fund	1,574,693	-	(163,820)	1,410,873
Total repayment agreement	1,574,693	-	(163,820)	1,410,873
Long-term obligations to the City of Redding				
Canby-Hilltop-Cypress Special Revenue Fund	66,620	4,197	-	70,817
Canby-Hilltop-Cypress Capital Project Fund	73,365	2,797,643	(2,350,000)	521,008
Market Street Capital Project Fund	14,595	2,040,271	-	2,054,866
Total long-term obligations to the City of Redding	154,580	4,842,111	(2,350,000)	2,646,691
Total long-term intergovernmental payable	2,678,700	4,842,111	(2,574,621)	4,946,190
Total intergovernmental payable	$ 4,686,954	$ 27,606,364	$ (24,330,896)	$ 7,962,422

9. UNEARNED REVENUE

Unearned revenue of $222,722 as of June 30, 2010, in the Statement of Net Assets consisted of property tax revenue that was 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 $1,197,603 in principal and interest and continues to defer its housing obligation until that debt is paid.

10. DEFERRED REVENUE

Total deferred revenue of $3,052,884 on the Balance Sheet as of June 30, 2010, consisted of both revenue that was deferred because it is unavailable and revenue that was deferred because it is unearned. Deferred revenue consisted of the following for the year ended June 30, 2010:

Unavailable tax increment	$ 1,457,818
Unearned tax increment	222,722
Unavailable notes revenue	1,372,344
Total deferred revenue	$ 3,052,884

11. LONG-TERM DEBT

The following is a summary of changes in long-term debt during the year ended June 30, 2010:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year	Due in more Than One Year
Project Area:						
Market Street						
Tax Allocation Bonds 2003 Series	$ 4,275,000	$ -	$ (200,000)	$ 4,075,000	$ 205,000	$ 3,870,000
Less bond discounts	(36,346)	-	2,567	(33,779)	(2,567)	(31,212)
Less unamortized deferred loss on defeased debt	(101,293)	-	7,154	(94,139)	(7,154)	(86,985)
Total Market Street	4,137,361	-	(190,279)	3,947,082	195,279	3,751,803
Canby-Hilltop-Cypress						
Tax Allocation Bonds (Series A)	3,690,000	-	(380,000)	3,310,000	405,000	2,905,000
Tax Allocation Bonds (Series B)	3,500,000	-	-	3,500,000	-	3,500,000
Tax Allocation Bonds 2003 (Series A)	23,510,000	-	(1,170,000)	22,340,000	1,215,000	21,125,000
Add bond premiums	53,501	-	(3,778)	49,723	3,779	45,944
Less bond discounts	(51,422)	-	5,469	(45,953)	(5,468)	(40,485)
Less unamortized deferred loss on defeased debt	(271,714)	-	19,192	(252,522)	(19,191)	(233,331)
Total Canby-Hilltop-Cypress	30,430,365	-	(1,529,117)	28,901,248	1,599,120	27,302,128
SHASTEC						
Tax Allocation Bonds (Series 2006)	14,500,000	-	(265,000)	14,235,000	275,000	13,960,000
Less bond discounts	(60,007)	-	2,215	(57,792)	(2,216)	(55,576)
Total SHASTEC	14,439,993	-	(262,785)	14,177,208	272,784	13,904,424
Total long-term debt	$ 49,007,719	$ -	$ (1,982,181)	$ 47,025,538	$ 2,067,183	$ 44,958,355

11. LONG TERM DEBT, Continued

Long-term debt consisted of the following as of June 30, 2010:

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.	$ 4,075,000
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.	3,310,000
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
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.	22,340,000
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 SHASTEC Redevelopment Area.	14,235,000
Total bonds outstanding	47,460,000

11. LONG-TERM DEBT, Continued

Discount on Market Street Tax Allocation Bonds, Series 2003	(33,779)
Discount on Canby-Hilltop-Cypress Tax Allocation Bonds, Series A	(21,205)
Discount on Canby-Hilltop-Cypress Tax Allocation Bonds, Series B	(24,748)
Premium on Canby-Hilltop-Cypress Tax Allocation Bonds, Series A 2003	49,723
Discount on SHASTEC Tax Allocation Bonds, Series 2006	(57,792)
Unamortized deferred loss on defeased debt	(346,661)
Total discount/premium and unamortized deferred loss on defeased debt	(434,462)
Total long-term debt	$ 47,025,538

Annual requirements to amortize long-term debt outstanding as of June 30, 2010, are set forth below:

Fiscal Year	Principal	Interest	Total
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	2,400,000	1,937,825	4,337,825
2015	2,505,000	1,824,031	4,329,031
2016-2020	14,485,000	7,141,253	21,626,253
2021-2025	12,955,000	3,382,133	16,337,133
2026-2030	2,950,000	1,773,963	4,723,963
2031-2035	3,790,000	941,250	4,731,250
2036-2038	1,795,000	90,874	1,885,874
	$ 47,460,000	$ 23,522,178	$ 70,982,178

The Canby-Hill-Cypress Housing Setaside Tax Allocation Bonds, Series 2001 A & B, the Canby-Hill-Cypress Tax Allocation Bonds, Series A 2003, the Market Street Tax Allocation Bonds, Series 2003, and the SHASTEC 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, 2010, the amount unamortized is $807,293.

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.

12. TAX INCREMENT REVENUE PLEDGED

The Agency has pledged a portion of future tax increment revenue in the Canby-Hilltop-Cypress Project Area to repay $6,000,000 and $3,500,000 in tax allocation bonds issued in December of 2001. Proceeds from the $9,500,000 bonds provided funding for housing projects. The bonds are payable solely from housing set aside tax increment revenues and are payable through 2016 and 2021 respectively. Annual principal and interest payments on the bonds are expected to require less than 37 percent of tax increment revenue. The total principal and interest remaining to be paid on the bonds is $9,184,130. Principal and interest paid for the current year and total tax increment revenue were $769,495 and $2,093,059, respectively.

The Agency has pledged a portion of future tax increment revenue in the Canby-Hilltop-Cypress Project Area to repay $28,935,000 in tax allocation bonds issued in August of 2003. Proceeds from the 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 26 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $30,510,933. Principal and interest paid for the current year and total tax increment revenue were $2,211,223 and $8,372,237, respectively.

The Agency has pledged a portion of future tax increment revenue in the Market Street Project Area to repay $5,185,000 in tax allocation bonds issued in August of 2003. Proceeds from the 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 12 percent of tax increment revenue. The total principal and interest remaining to be paid on the bonds is $5,779,295. Principal and interest paid for the current year and total tax increment revenue were $414,395 and $3,414,117, respectively.

The Agency has pledged a portion of future tax increment revenue in the SHASTEC Project Area to repay $15,000,000 in tax allocation bonds issued in August of 2006. Proceeds from the 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 41 percent of tax increment revenue. The total principal and interest remaining to be paid on the bonds is $25,507,821. Principal and interest paid for the current year and total tax increment revenue were $944,421 and $2,296,561, respectively.

The Agency has pledged a portion of future tax increment revenue in the SHASTEC Project Area to repay a $2,000,000 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 10 percent of tax increment revenue. As of June 30, 2010, the principal balance is $1,574,693 and the interest balance is $135,058. Interest paid for in the current year is $226,800.

12. TAX INCREMENT REVENUE PLEDGED, Continued

The Agency has pledged a portion of future tax increment revenue in the Market Street Project Area to repay a $1,600,000 loan from Canby-Hilltop-Cypress Project Area made on May 1, 2008. The loan proceeds funded the removal of the Downtown Mall roof. The funding source for the loan payments will be tax increment revenue and are payable through 2014. Annual principal and interest payments on the loan are expected to require less than 13 percent of tax increment revenue. As of June 30, 2010, the principal balance is $1,237,040 and the interest balance is $1,082. Principal paid for in the current year is $362,960.

13. 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 SHASTEC Project Area base year is 1995-96. The amended SHASTEC Project Area base year is 2006-07. The Buckeye Project Area base year is 1999-2000.

14. 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, 2010.

14. RISK MANAGEMENT, Continued

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, 2010.

15. COMMITMENTS

As of June 30, 2010, the Agency's commitments with construction contractors are as follows:

Fund	Project	Remaining Commitment	Financing Sources
Capital Project:			
CHC	Rivercrest Park	$ 62,307	Tax Increment revenue
SHASTEC	Stillwater Industrial Park	1,034,563	Bond proceeds
Total Commitments		$ 1,096,870	

The Agency committed $730,000 from the Canby-Hilltop-Cypress Redevelopment Project Area to assist with the development of Phase I of Rivercrest Park. As of year end, $62,307 was encumbered to complete the project.

The SHASTEC Redevelopment Project Area has committed $10 million to assist with the construction of road and bridge improvements relating to the development of the Stillwater Business Park. Of this amount, $1,034,563 remains encumbered for the first phased improvements.

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

- *Canby-Hilltop-Cypress Redevelopment Project Area:* Design and development of a public safety facility, of which $5,023,850 remains unencumbered.
- *Market Street Redevelopment Project Area:* (1) $200,000 for infrastructure improvements along frontage of Agency-owed property located on Buenaventura Boulevard; and (2) $100,000 for infrastructure improvements associated with Shasta Community Health Center's expansion project.
- *SHASTEC Redevelopment Project Area:* (1) $1.65 million for the widening of a portion of Old Oregon Trail; (2) $1.7 million for the widening of North Street, of which $370,268 remains available; (3) $200,000 for the Riverside Avenue/I-5 Interchange project; (4) $350,000 for a traffic signal at the intersection of Fig Tree and Airport Road; and (5) $1 million for the widening of Airport Road.

15. COMMITMENTS, Continued

- *Buckeye Redevelopment Project Area:* (1) $650,000 for the design and construction of a replacement bridge over Churn Creek at Twin View Boulevard. Of this amount, $645,472 remains encumbered to complete the project; (2) $150,000 for the design and construction of a replacement bridge over Churn Creek at Old Oasis Road, of which $135,000 remains unencumbered; (3) $450,000 for the design and construction of a traffic signal at Lake Boulevard and Keswick Dam Road, of which $391,040 remains encumbered to complete the project; (4) $30,000 for the design of a replacement bridge over Buckeye Creek at Dean Road; and (5) $20,000 for storm drainage improvements on Old Oasis Road along Buckeye Creek.

In addition, the Agency has committed the following Housing Set-Aside Funds: (1) Owner Participation Agreement (OPA) in an amount not-to-exceed $1.15 million for the construction of 20 affordable senior units. Of this amount, $790,851 remains encumbered to complete this project; (2) Disposition and Development Agreement (DDA) in an amount not-to-exceed $787,000 for the construction of 4 one-bedroom and 2 two-bedroom affordable units in a mixed-use project as part of the Downtown 300; (3) Development Funding Agreement in an amount not-to-exceed $530,000 for the acquisition, design, and construction of 2 three- to four-bedroom affordable units in a target neighborhood. Of this amount, $411,941 remains encumbered to complete the project; (4) DDA in an amount not-to-exceed $750,000 for the construction of 11 affordable units, 5 one-bedroom and 6 two-bedroom, in a mixed-use project in a target neighborhood. A total of $736,135 remains encumbered to complete the project; and (5) conceptual approval to provide an amount not-to-exceed $500,000 to assist with the construction of 56 senior affordable units.

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, 2010, the total outstanding principal on the bonds was $4,605,000.

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REQUIRED SUPPLEMENTARY INFORMATION

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 Directors' 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.
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, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Tax increment	$ 2,157,600	$ 2,032,560	$ 2,093,059	$ 60,499
Other use of money and property	6,000	290,920	292,232	1,312
Investment revenue	78,000	48,320	50,464	2,144
Other revenue	2,050	1,500	1,566	66
Total revenues	2,243,650	2,373,300	2,437,321	64,021
EXPENDITURES:				
Current:				
Administrative	909,950	909,950	623,868	286,082
Professional services	4,020	4,020	2,437	1,583
Housing assistance	5,901,400	5,901,400	2,946,890	2,954,510
Debt service:				
Principal retirement	380,000	380,000	380,000	-
Interest and fiscal charges	399,500	399,500	392,195	7,305
Total expenditures	7,594,870	7,594,870	4,345,390	3,249,480
Excess (deficiency) of revenues over (under) expenditures	(5,351,220)	(5,221,570)	(1,908,069)	3,313,501
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	-	112,000	112,000	-
Total other financing sources (uses)	-	112,000	112,000	-
Net change in fund balance	(5,351,220)	(5,109,570)	(1,796,069)	3,313,501
FUND BALANCE:				
Beginning of year	18,136,572	18,136,572	18,136,572	-
End of year	$ 12,785,352	$ 13,027,002	$ 16,340,503	$ 3,313,501

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	$ 18,068,657
1. The Agency budgets for and records loan payments received in the revenue accounts, but adjusts the actual payments to loans receivable.	292,098
2. The Agency does not budget for accounts payable adjustments.	(796)
3. The Agency budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.	(1,284,356)
4. End of year encumbrances are included in the actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures and Fund Balances.	(813,769)
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 budgets for land purchases in the expenditure accounts, but adjusts the actual payment to assets held for resale.	(78,000)
7. The Agency budgets for the sale of assets, but adjust the revenue to Assets Held for Resale and the Gain/Loss on the Sale of Asset.	150,379
Budgetary fund balance	$ 16,340,503

Redding Redevelopment Agency
Budgetary Comparison Schedule
Market Street Special Revenue Fund
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Tax increment	$ 902,760	$ 850,710	$ 853,529	$ 2,819
Investment revenue	25,000	28,330	22,395	(5,935)
Other revenue	-	1,000	1,000	-
Total revenues	927,760	880,040	876,924	(3,116)
EXPENDITURES:				
Current:				
Administrative	39,140	39,200	27,630	11,570
Professional services	700	640	-	640
Housing assistance	4,050,740	4,050,740	3,267,684	783,056
Total expenditures	4,090,580	4,090,580	3,295,314	795,266
Net change in fund balance	(3,162,820)	(3,210,540)	(2,418,390)	792,150
FUND BALANCE:				
Beginning of year	5,876,015	5,876,015	5,876,015	-
End of year	$ 2,713,195	$ 2,665,475	$ 3,457,625	$ 792,150

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	$ 6,517,418
1. The Agency does not budget for accounts payable adjustments.	(54,784)
2. End of year encumbrances are included in the actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures and Changes in Fund Balances.	(1,994,453)
3. The Agency budgets for land purchases in the expenditure accounts, but adjusts the actual payment to asset held for resale.	(211,473)
4. The Agency budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.	(799,083)
Budgetary fund balance	$ 3,457,625

Redding Redevelopment Agency
Required Supplementary Information - Budgetary Comparison Schedule
SHASTEC Special Revenue Fund
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Tax increment	$ 472,050	$ 502,970	$ 574,140	$ 71,170
Investment revenue	50,000	23,000	19,536	(3,464)
Total revenues	522,050	525,970	593,676	67,706
EXPENDITURES:				
Current:				
Administrative	21,240	21,240	15,571	5,669
Professional services	16,400	16,400	6,399	10,001
Housing assistance	1,995,010	1,210,480	211,806	998,674
Total expenditures	2,032,650	1,248,120	233,776	1,014,344
Net change in fund balance	(1,510,600)	(722,150)	359,900	1,082,050
FUND BALANCE:				
Beginning of year	1,431,140	1,431,140	1,431,140	-
End of year	$ (79,460)	$ 708,990	$ 1,791,040	$ 1,082,050

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	$ 1,792,380
1. End of year encumbrances are included in the actual expenditures budgetary basis but are not included in the Statement of Revenues, Expenditures and Fund Balances.	(400)
2. The Agency budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.	(940)
Budgetary fund balance	$ 1,791,040

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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, 2010

	Buckeye Special Revenue	Midtown Special Revenue	Midtown Debt Service	Market Street Debt Service
ASSETS				
Cash and investments	$ 399,007	$ -	$ -	$ -
Interest receivable	1,781	-	-	-
Taxes receivable	13,148	222,722	-	-
Restricted assets:				
Cash and investments	-	-	-	913,127
Interest receivable	-	-	23	577
Taxes receivable	-	-	6,233	275,774
Notes receivable, net	150,000	-	-	-
Total assets	$ 563,936	$ 222,722	$ 6,256	$ 1,189,478
LIABILITIES AND FUND BALANCES				
Liabilities:				
Deferred revenue	$ 12,333	$ 222,722	$ 5,363	$ 242,987
Intergovernmental payable	285,539	-	3	-
Total liabilities	297,872	222,722	5,366	242,987
Fund Balances (deficit):				
Reserved for:				
Debt service	-	-	890	946,491
Noncurrent notes receivable	150,000	-	-	-
Unreserved, designated reported in:				
Encumbrances - Capital project funds	-	-	-	-
Capital project funds:				
Community development				
Public works	-	-	-	-
Unreserved, undesignated for:				
Special revenue funds	116,064	-	-	-
Capital project funds	-	-	-	-
Total fund balances	266,064	-	890	946,491
Total liabilities and fund balances	$ 563,936	$ 222,722	$ 6,256	$ 1,189,478

SHASTEC Debt Service	Buckeye Capital Project	Total Non-Major Governmental Funds
$ -	$ 1,267,561	$ 1,666,568
-	1,861	3,642
-	52,957	288,827
1,165,110	-	2,078,237
19,181	-	19,781
228,428	-	510,435
-	-	150,000
$ 1,412,719	$ 1,322,379	$ 4,717,490
$ 191,532	$ 44,326	$ 719,263
-	18,853	304,395
191,532	63,179	1,023,658
1,221,187	-	2,168,568
-	-	150,000
-	1,041,898	1,041,898
	33,650	33,650
-	136,090	136,090
-	-	116,064
-	47,562	47,562
1,221,187	1,259,200	3,693,832
$ 1,412,719	$ 1,322,379	$ 4,717,490

Redding Redevelopment Agency
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2010

	Buckeye Special Revenue	Midtown Special Revenue	Midtown Debt Service	Market Street Debt Service
REVENUES:				
Tax increment	$ 103,064	$ -	$ 61,361	$ 493,247
Investment revenue	2,574	-	297	1,864
Other revenue	-	-	157	-
Total revenues	105,638	-	61,815	495,111
EXPENDITURES:				
Current:				
Administrative	2,942	-	1,786	67,776
Professional services	-	-	-	-
Housing assistance	80,882	-	-	-
Pass throughs	-	-	14,550	-
Community development	-	-	-	-
Intergovernmental expenditures	-	-	-	-
Debt service:				
Principal retirement	-	-	29,121	200,000
Interest and fiscal charges	-	-	19,098	215,965
Total expenditures	83,824	-	64,555	483,741
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	21,814	-	(2,740)	11,370
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	(14,068)
Total other financing	-	-	-	(14,068)
Net change in fund balances	21,814	-	(2,740)	(2,698)
FUND BALANCES:				
Beginning of year	244,250	-	3,630	949,189
End of year	$ 266,064	$ -	$ 890	$ 946,491

SHASTEC Debt Service	Buckeye Capital Project	Total Non-Major Governmental Funds
$ 1,132,346	$ 412,255	$ 2,202,273
25,902	11,139	41,776
-	1,498	1,655
1,158,248	424,892	2,245,704
57,323	24,662	154,489
-	240	240
-	-	80,882
-	265,570	280,120
-	18,037	18,037
-	17,319	17,319
265,000	-	494,121
680,871	-	915,934
1,003,194	325,828	1,961,142
155,054	99,064	284,562
(113,051)	-	(127,119)
(113,051)	-	(127,119)
42,003	99,064	157,443
1,179,184	1,160,136	3,536,389
$ 1,221,187	$ 1,259,200	$ 3,693,832

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Redding Redevelopment Agency
Budgetary Comparison Schedule
Canby-Hilltop-Cypress Debt Service Fund - Major Fund
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Tax increment	$ 2,400,100	$ 2,400,100	$ 2,657,337	$ 257,237
Investment revenue	-	-	9,968	9,968
Total revenues	2,400,100	2,400,100	2,667,305	267,205
EXPENDITURES:				
Current:				
Administrative	170,000	170,000	161,355	8,645
Debt service:				
Principal retirement	1,170,000	1,170,000	1,170,000	-
Interest and fiscal charges	1,056,230	1,056,230	1,042,793	13,437
Total expenditures	2,396,230	2,396,230	2,374,148	22,082
Net change in fund balance	3,870	3,870	293,157	289,287
FUND BALANCE:				
Beginning of year	4,997,199	4,997,199	4,997,199	-
End of year	$ 5,001,069	$ 5,001,069	$ 5,290,356	$ 289,287

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	$ 4,977,647
1. The Agency does not budget for transfers in/out from the debt service fund.	312,709
Budgetary fund balance	$ 5,290,356

Redding Redevelopment Agency
Budgetary Comparison Schedule
Market Street Capital Project Fund - Major Fund
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Tax increment	$ 3,127,870	$ 2,918,480	$ 2,920,870	$ 2,390
Other use of money and property	-	-	67	67
Investment revenue	60,000	32,000	30,425	(1,575)
Other revenue	5,000	8,460	9,811	1,351
Total revenues	3,192,870	2,958,940	2,961,173	2,233
EXPENDITURES:				
Current:				
Administrative	187,990	187,990	141,557	46,433
Professional services	51,000	51,000	33,264	17,736
Pass throughs	2,015,680	2,917,510	2,825,570	91,940
Capital outlay	2,518,920	2,518,920	737,994	1,780,926
Debt service:				
Principal retirement	282,540	362,960	362,960	-
Interest and fiscal charges	80,420	-	-	-
Total expenditures	5,136,550	6,038,380	4,101,345	1,937,035
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,943,680)	(3,079,440)	(1,140,172)	1,939,268
OTHER FINANCING SOURCES (USES):				
Long-term debt issued	1,600,000	1,600,000	1,600,000	-
Total other financing sources (uses)	1,600,000	1,600,000	1,600,000	-
Net change in fund balance	(343,680)	(1,479,440)	459,828	1,939,268
FUND BALANCE:				
Beginning of year	2,276,872	2,276,872	2,276,872	-
End of year	$ 1,933,192	$ 797,432	$ 2,736,700	$ 1,939,268

(Continued)

Redding Redevelopment Agency
Budgetary Comparison Schedule
Market Street Capital Project Fund - Major Fund - Continued
For the year ended June 30, 2010

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	$	1,717,658
1. The Agency does not budget for transfers in/out from the debt service fund.		(14,068)
2. The Agency does not budget for accounts payable adjustments.		1,736
3. End of year encumbrances are included in the actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures and Changes in Fund Balances.		(206,748)
4. Advances from other funds are included in actual revenue budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Changes in Fund Balances.		1,600,000
5. Payments on advances are included in actual expenditures budgetary funds, but are not included in the Statement of Revenues, Expenditures, and Changes in Fund Balances.		(362,960)
6. The Agency budgets for interest on loans on a cash basis, not accrual basis.		1,082
Budgetary fund balance	$	2,736,700

(Concluded)

Redding Redevelopment Agency
Budgetary Comparison Schedule
Canby-Hilltop-Cypress Capital Project Fund - Major Fund
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Tax increment	$ 6,230,300	$ 5,730,150	$ 5,714,900	$ (15,250)
Other use of money and property	$ 362,960	$ 362,960	$ 362,960	-
Investment revenue	150,000	150,000	125,042	(24,958)
Other revenue	226,000	268,300	314,870	46,570
Total revenues	6,969,260	6,511,410	6,517,772	6,362
EXPENDITURES:				
Current:				
Administrative	617,880	644,880	584,343	60,537
Professional services	195,500	195,500	134,099	61,401
Pass throughs	3,548,220	6,154,330	6,078,120	76,210
Capital outlay	3,567,330	3,567,330	1,863,414	1,703,916
Total expenditures	7,928,930	10,562,040	8,659,976	1,902,064
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(959,670)	(4,050,630)	(2,142,204)	1,908,426
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(1,800,000)	(1,800,000)	-
Total other financing sources (uses)	-	(1,800,000)	(1,800,000)	-
Net change in fund balance	(959,670)	(5,850,630)	(3,942,204)	1,908,426
FUND BALANCE:				
Beginning of year	12,636,952	12,636,952	12,636,952	-
End of year	$ 11,677,282	$ 6,786,322	$ 8,694,748	$ 1,908,426

(Continued)

Redding Redevelopment Agency
Budgetary Comparison Schedule
Canby-Hilltop-Cypress Capital Project Fund - Major Fund - Continued
For the year ended June 30, 2010

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	$	10,300,110
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.		(312,709)
3. The Agency does not budget for accounts payable adjustments.		8,243
4. End of year encumbrances are included in the actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures and Changes in Fund Balances.		(88,952)
5. The Agency does not budget for benefit accruals.		(54)
6. Advances from other funds are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Changes in Fund Balances.		(1,600,000)
8. Repayment of advances are included in actual revenue budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Changes in Fund Balances.		362,960
Budgetary fund balance	$	8,694,748

(Concluded)

Redding Redevelopment Agency
Budgetary Comparison Schedule
SHASTEC Capital Project Fund - Major Fund
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Tax increment	$ 934,260	$ 1,053,160	$ 1,164,215	$ 111,055
Investment revenue	55,000	40,000	53,041	13,041
Other revenue	2,000	5,400	6,398	998
Total revenues	991,260	1,098,560	1,223,654	125,094
EXPENDITURES:				
Current:				
Administrative	34,310	34,310	21,295	13,015
Professional services	18,000	18,000	9,551	8,449
Pass throughs	485,170	1,378,870	1,378,853	17
Capital outlay	8,350,310	8,350,310	4,087,534	4,262,776
Debt service:				
Interest and fiscal charges	226,800	226,800	226,800	-
Total expenditures	9,114,590	10,008,290	5,724,033	4,284,257
Net change in fund balance	(8,123,330)	(8,909,730)	(4,500,379)	4,409,351
FUND BALANCE:				
Beginning of year	10,975,120	10,975,120	10,975,120	-
End of year	$ 2,851,790	$ 2,065,390	$ 6,474,741	$ 4,409,351

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	$ 7,652,212
1. The Agency does not budget for accounts payable adjustments.	85,268
2. End of year encumbrances are included in the actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures and Changes in Fund Balances.	(1,149,688)
3. The Agency does not budget for transfers in/out from the debt service fund.	(113,051)
Budgetary fund balance	$ 6,474,741

Redding Redevelopment Agency
Budgetary Comparison Schedule
Buckeye Special Revenue Fund
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Tax increment	$ 116,630	$ 101,250	$ 103,064	$ 1,814
Investment revenue	8,250	3,400	2,574	(826)
Total revenues	124,880	104,650	105,638	988
EXPENDITURES:				
Current:				
Administrative	5,000	5,000	2,942	2,058
Housing assistance	80,000	160,890	130,882	30,008
Total expenditures	85,000	165,890	133,824	32,066
Net change in fund balance	39,880	(61,240)	(28,186)	33,054
FUND BALANCE:				
Beginning of year	244,250	244,250	244,250	-
End of year	$ 284,130	$ 183,010	$ 216,064	$ 33,054

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	$ 266,064
1. The Agency budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.	(50,000)
Budgetary fund balance	$ 216,064

Redding Redevelopment Agency
Budgetary Comparison Schedule
Midtown Debt Service Fund
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Tax increment	$ 57,000	$ 61,450	$ 61,361	$ (89)
Investment revenue	100	100	297	197
Other revenue	50	50	157	107
Total revenues	57,150	61,600	61,815	215
Current:				
Administrative	1,700	1,790	1,786	4
Pass throughs	3,000	14,550	14,550	-
Debt service:				
Principal retirement	34,450	29,130	29,121	9
Interest and fiscal charges	21,000	19,100	19,098	2
Total expenditures	60,150	64,570	64,555	15
Net change in fund balance	(3,000)	(2,970)	(2,740)	230
FUND BALANCE:				
Beginning of year	3,630	3,630	3,630	-
End of year	$ 630	$ 660	$ 890	$ 230

Redding Redevelopment Agency
Budgetary Comparison Schedule
Market Street Debt Service Fund
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Tax increment	$ 483,180	$ 484,370	$ 493,247	$ 8,877
Investment revenue	-	-	1,864	1,864
Total revenues	483,180	484,370	495,111	10,741
EXPENDITURES:				
Current:				
Administrative	66,000	67,780	67,776	4
Debt service:				
Principal retirement	200,000	200,000	200,000	-
Interest and fiscal charges	222,400	220,620	215,965	4,655
Total expenditures	488,400	488,400	483,741	4,659
Net change in fund balance	(5,220)	(4,030)	11,370	15,400
FUND BALANCE:				
Beginning of year	949,189	949,189	949,189	-
End of year	$ 943,969	$ 945,159	$ 960,559	$ 15,400

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	$ 946,491
1. The Agency does not budget for transfers in/out from the capital project fund.	14,068
Budgetary fund balance	$ 960,559

Redding Redevelopment Agency
Budgetary Comparison Schedule
SHASTEC Debt Service Fund
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Tax increment	$ 953,930	$ 961,780	$ 1,132,346	$ 170,566
Investment revenue	45,000	45,000	25,902	(19,098)
Total revenues	998,930	1,006,780	1,158,248	151,468
EXPENDITURES:				
Current:				
Administrative	49,500	57,350	57,323	27
Debt service:				
Principal retirement	265,000	265,000	265,000	-
Interest and fiscal charges	684,430	684,430	680,871	3,559
Total expenditures	998,930	1,006,780	1,003,194	3,586
Net change in fund balance	-	-	155,054	155,054
FUND BALANCE:				
Beginning of year	1,179,184	1,179,184	1,179,184	-
End of year	$ 1,179,184	$ 1,179,184	$ 1,334,238	$ 155,054

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	$ 1,221,187
1. The Agency does not budget for transfers in/out from the capital project fund.	113,051
Budgetary fund balance	$ 1,334,238

Redding Redevelopment Agency
Budgetary Comparison Schedule
Buckeye Capital Project Fund
For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Tax increment	$ 466,510	$ 405,000	$ 412,255	$ 7,255
Investment revenue	20,000	12,500	11,139	(1,361)
Other revenue	500	1,200	1,498	298
Total revenues	487,010	418,700	424,892	6,192
Current:				
Administrative	29,950	29,950	24,662	5,288
Professional services	1,300	1,300	240	1,060
Pass throughs	104,650	273,600	265,570	8,030
Capital outlay	1,334,120	1,253,830	1,068,831	184,999
Total expenditures	1,470,020	1,558,680	1,359,303	199,377
Net change in fund balance	(983,010)	(1,139,980)	(934,411)	205,569
FUND BALANCE:				
Beginning of year	1,160,136	1,160,136	1,160,136	-
End of year	$ 177,126	$ 20,156	$ 225,725	$ 205,569

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	$ 1,259,200
1. The Agency does not budget for accounts payable adjustments.	10,496
2. End of year encumbrances are included in the actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures and Changes in Fund Balances.	(1,043,971)
Budgetary fund balance	$ 225,725

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STATISTICAL INFORMATION

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STATISTICAL SECTION

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	98
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	108
These schedules contain information to help the reader assess the Agency's most significant local revenue, property taxes.	
Debt Capacity	119
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	126
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	130
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.

REDDING REDEVELOPMENT AGENCY

Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2000-01	2001-02	2002-03	2003-04	2004-05
Governmental activities:					
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)
Total governmental activities net assets	$ 10,452	$ 3,766	$ 1,656	$ 2,910	$ 5,478

Source: RRA Comprehensive Annual Financial Report

Fiscal Year				
2005-06	2006-07	2007-08	2008-09	2009-10
$ 1,881	$ 2,160	$ 1,117	$ 655	$ 653
12,892	14,543	17,160	20,002	21,232
(8,060)	(5,578)	(3,269)	(9,235)	(16,538)
$ 6,713	$ 11,125	$ 15,008	$ 11,422	$ 5,347

REDDING REDEVELOPMENT AGENCY

Change in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2000-01	2001-02	2002-03	2003-04	2004-05
Expenses					
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	$ 5,356	$ 14,918	$ 11,803	$ 12,918	$ 13,843
Program Revenues					
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	$ 2,607	$ 977	$ 1,419	$ 2,631	$ 3,030
Net (expense) revenue	$ (2,749)	$ (13,941)	$ (10,384)	$ (10,287)	$ (10,813)
General Revenue and Other Changes in Net Assets					
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	$ 7,274	$ 7,395	$ 8,274	$ 11,541	$ 13,303
Change in Net Assets	$ 4,525	$ (6,546)	$ (2,110)	$ 1,254	$ 2,490

Source: RRA Comprehensive Annual Financial Report

Fiscal Year				
2005-06	2006-07	2007-08	2008-09	2009-10
$ 168	$ 276	$ 269	$ 324	$ 336
334	450	52	30	95
3,928	4,505	7,235	11,548	2,654
679	166	822	631	21
8,393	5,182	6,613	9,534	19,607
1,975	2,557	2,582	2,528	2,422
$ 15,477	$ 13,136	$ 17,573	$ 24,595	$ 25,135
$ 16	$ 17	$ 25	$ 32	$ 37
35	8	7	4	1
25	1	2	15	3
1,089	10	3	175	-
609	212	237	819	295
$ 1,774	$ 248	$ 274	$ 1,045	$ 336
$ (13,703)	$ (12,888)	$ (17,299)	$ (23,550)	$ (24,799)
$ 13,079	$ 15,026	$ 17,180	$ 18,802	$ 18,252
1,856	2,927	2,785	1,162	472
3	1	-	-	-
-	-	1,217	-	-
$ 14,938	$ 17,954	$ 21,182	$ 19,964	$ 18,724
$ 1,235	$ 5,066	$ 3,883	$ (3,586)	$ (6,075)

REDDING REDEVELOPMENT AGENCY

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year				
	2000-01	2001-02	2002-03	2003-04	2004-05
All Governmental Funds					
Reserved	$ 11,998	$ 22,494	$ 21,326	$ 21,930	$ 13,104
Unreserved, reported in:					
Special revenue funds	3,791	3,240	2,310	3,066	13,667
Capital project funds	14,119	8,298	7,278	5,865	18,963
Debt service funds	(1,321)	(1,414)	(1,504)	10,472	(2)
Total all governmental funds	$ 28,587	$ 32,618	$ 29,410	$ 41,333	$ 45,732

Source: RRA Comprehensive Annual Financial Report

Fiscal Year				
2005-06	2006-07	2007-08	2008-09	2009-10
$ 12,926	$ 17,854	$ 17,985	$ 22,720	$ 25,657
13,878	12,848	13,640	11,019	10,101
18,726	32,292	34,173	26,127	18,962
(3)	-	-	-	-
$ 45,527	$ 62,994	$ 65,798	$ 59,866	$ 54,720

REDDING REDEVELOPMENT AGENCY

Government Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)

(amounts expressed in thousands)

Fiscal Year	Property Tax
2000-2001	$ 5,699
2001-2002	6,251
2002-2003	7,277
2003-2004	10,462 [1]
2004-2005	11,718
2005-2006	13,079
2006-2007	15,026
2007-2008	17,180
2008-2009	18,802
2009-2010	18,252

Source: RRA Comprehensive Annual Financial Report

[1] 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)

Fiscal Year	Property Tax
2000-2001	$ 5,591
2001-2002	6,320
2002-2003	7,244
2003-2004	10,433 [1]
2004-2005	11,720
2005-2006	12,978
2006-2007	14,915
2007-2008	16,910
2008-2009	18,464
2009-2010	18,180

Source: RRA Comprehensive Annual Financial Report

[1] 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				
	2000-01	2001-02	2002-03	2003-04	2004-05
Revenues					
Tax increment	$ 5,591	$ 6,320	$ 7,244	$ 10,433	$ 11,720
Other use of money and property	91	10	55	30	88
Intergovernmental revenues	2,240	889	886	1,879	4,001
Investment revenue	1,511	1,080	918	837	1,205
Other revenue	275	14	265	125	80
Total revenues	9,708	8,313	9,368	13,304	17,094
Expenditures					
Current:					
Administrative	1,208	1,159	1,175	1,249	1,477
Professional services	96	22	14	11	14
Housing assistance	480	631	2,787	648	305
Pass throughs	294	418	896	3,149	4,088
Community development	1,698	7,200	4,204	3,362	2,747
Intergovernmental expenditures	422	2,082	392	2,420	2,546
Capital outlay	1,665	-	323	-	1,043
Debt service:					
Principal retirement	580	605	1,050	280	2,137
Interest and fiscal charges	1,322	1,350	1,739	1,866	1,942
Bond issuance costs	-	331	-	734	-
Total expenditures	7,765	13,798	12,580	13,719	16,299
Excess of revenues over (under) expenditures	1,943	(5,485)	(3,212)	(415)	795
Other Financing Sources (Uses)					
Long-term debt issued	-	9,500	-	34,120	1,141
Bond discount	-	(93)	-	(51)	-
Premium on bonds issued	-	-	-	76	-
Payment to refunding bond escrow agent	-	-	-	(21,837)	-
Gain (loss) on sale of land	7	249	4	31	(16)
Transfers in	525	512	993	2,599	21,754
Transfers out	(525)	(512)	(993)	(2,599)	(21,754)
Total other financing sources (uses)	7	9,656	4	12,339	1,125
Net change in fund balances	$ 1,950	$ 4,171	$ (3,208)	$ 11,924	$ 1,920
Debt service as a percentage of noncapital expenditures	31%	17%	23%	21%	27%
Debt service as a percentage of total expenditures	24%	14%	22%	16%	25%
Capital outlay as a percentage of total expenditures	21%	0%	3%	0%	6%

Source: RRA Comprehensive Annual Financial Report

Fiscal Year				
2005-06	2006-07	2007-08	2008-09	2009-10
$ 12,978	$ 14,915	$ 16,910	$ 18,464	$ 18,180
108	7	6	1	-
1,258	125	83	11	-
1,773	2,850	2,692	1,057	353
558	103	198	1,033	335
16,675	18,000	19,889	20,566	18,868
1,500	1,494	1,715	1,897	1,775
13	15	13	25	165
2,762	635	430	581	1,269
4,963	3,982	4,542	4,962	12,346
2,348	1,452	925	3,423	1,998
1,786	2,748	6,261	11,189	1,800
23	455	-	-	-
1,589	1,595	1,915	1,979	2,044
1,897	2,237	2,501	2,441	2,579
-	199	-	-	-
16,881	14,812	18,302	26,497	23,976
(206)	3,188	1,587	(5,931)	(5,108)
-	15,000	-	-	-
-	(66)	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	1,217	-	(38)
372	1,129	664	751	440
(372)	(1,129)	(664)	(751)	(440)
-	14,934	1,217	-	(38)
$ (206)	$ 18,122	$ 2,804	$ (5,931)	$ (5,146)
21%	28%	24%	17%	19%
21%	26%	24%	17%	19%
0%	3%	0%	0%	0%

REDDING REDEVELOPMENT AGENCY

Assessed Value of Taxable Property

Last Ten Fiscal Years

(in thousands of dollars)

Fiscal Year Ended June 30	Secured Roll	Unsecured Roll	Total Assessed Value	Total Direct Tax Rate
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%
2009	2,142,005	303,728 *	2,445,733 *	1.00%
2010	2,120,217	304,559	2,424,776	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

* Amounts restated by the Shasta County Auditor-Controller

REDDING REDEVELOPMENT AGENCY

Property Tax Levies and Collections

Last Six Fiscal Years

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%	$ 225,751	$ 10,961,845	99.39%
2006	12,345,088	12,102,988	98.04%	248,944	12,351,932	100.06%
2007	14,258,774	13,852,679 *	97.15%	263,278	14,115,957	99.00%
2008	16,286,747	15,729,319 *	96.58%	322,736	16,052,055	98.56%
2009	18,010,241 *	17,614,502 *	97.80%	242,751	17,857,253	99.15%
2010	17,826,420	17,578,925	98.61%	-	17,578,925	98.61%

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 six years of levies and collections.

Source: Shasta County Auditor-Controller

* Amounts restated

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%	- %
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
2008-2009	1,028,407,337	897,408,345	685.0	6.4
2009-2010	1,021,734,056	890,778,064	680.2	(0.6)

Base Year 1980-81	
Original amount	$ 134,446,340
Current amount	130,955,992

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
2008-2009	197,364,533	148,822,119	306.6	8.1
2009-2010	193,058,470	144,516,056	297.7	(2.2)

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 Total	Assessed Valuation Over Base Year	Percent Increase (Decrease) Over Base Year	Percent Increase (Decrease) 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
2008-2009	9,196,031	5,520,971	150.2	8.5
2009-2010	9,540,991	5,865,931	159.6	3.8

Base Year 1973-74	
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%	- %
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
2008-2009	715,562,607	435,546,956	155.5	8.4
2009-2010	706,460,908	426,488,651	152.3	(1.3)

Base Year 1989-90	
Original amount	$ 284,196,068
Current amount	279,972,257

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: Total	Assessed Valuation: Over Base Year	Percent Increase (Decrease): Over Base Year	Percent Increase (Decrease): 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
2008-2009	375,106,054 **	246,969,644 **	192.7	9.6
2009-2010	378,248,107	250,199,700	195.4	0.8

Base Year 1995-96	
Original amount	$ 128,748,892
Current amount	128,048,407

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.

** Amounts restated per the Shasta County Auditor-Controller

REDDING REDEVELOPMENT AGENCY

Assessed Valuations of the Project Areas
Inception to Date (Continued)

SHASTEC 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%	- %
2008-2009	295,325	18,451	6.7	1.3
2009-2010	345,313	68,439	24.7	16.9
Base Year 2006-07				
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
2008-2009	119,801,510	55,764,398	87.1	4.8
2009-2010	115,387,729	51,350,617	80.2	(3.7)

Base Year 1999-2000	
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: School Districts	Overlapping Rates: Bella Vista Water District	Total Direct & Overlapping Rate
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
2008-2009	1.0000	0.2846	0.3529	1.6375
2009-2010	1.0000	0.3175	0.3700	1.6875

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 2009-10 and 2000-01

	2009-10			2000-01		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total RRA Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total RRA Taxable Assessed Value
MPT of Shasta LP *	$ 61,057,200	1	2.52%	$ 57,077,653	1	4.47%
Mt. Shasta Mall Associates	33,133,454	2	1.37%			
Shasta Enterprises	23,317,035	3	0.96%	11,287,448	5	0.88%
Safeway Stores, Inc.	22,037,991	4	0.91%			
Lowes HIW, Inc.	22,019,190	5	0.91%			
Charter Communications	21,155,438	6	0.87%			
Winco Foods LLC	20,247,690	7	0.84%			
Sierra Pacific Industries	19,292,550	8	0.80%			
WRI Golden State LLC	15,738,235	9	0.65%			
Knighten, Gary & Patsy	14,530,150	10	0.60%	10,137,010	7	0.79%
James J. Cordano Co., et al				20,774,154	2	1.63%
Meyer Motels, Ltd.				19,169,267	3	1.50%
BPP/Goldenstate Acquis. LLC				12,466,436	4	0.98%
Leah F. McConnell 1992 Trust				11,123,289	6	0.87%
Western Investment RE Trust				9,127,000	8	0.71%
Red Lions Hotels, Inc.				8,821,050	9	0.69%
Costco Wholesale Corporation				8,093,070	10	0.63%
Total	$ 252,528,933		10.43%	$ 168,076,377		13.15%

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 Four Fiscal Years
(amounts expressed in thousands)

Project Area SHASTEC	2006-07	2007-08	2008-09	2009-10
Debt limit	$ 50,000	$ 50,000	$ 50,000	$ 50,000
Total net debt applicable to limit	14,027	13,730	13,424	13,109
Legal debt margin	$ 35,973	$ 36,270	$ 36,576	$ 36,891
Total net debt applicable to the limit as a percentage of debt limit	28.05%	27.46%	26.85%	26.22%

Legal Debt Margin Calculation for Fiscal Year 2009-10	
Debt limit	$ 50,000
Debt applicable to limit:	
Tax allocation bonds	14,235
Less: Amount set aside for repayment of debt	(1,126)
Total net debt applicable to limit	13,109
Legal debt margin	$ 36,891

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				
Canby-Hilltop-Cypress	2000-01	2001-02	2002-03	2003-04	2004-05
Debt limit	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000
Total net debt applicable to limit	17,375	26,399	25,380	35,531	34,168
Legal debt margin	$ 82,625	$ 73,601	$ 74,620	$ 64,469	$ 65,832
Total net debt applicable to the limit as a percentage of debt limit	17.38%	26.40%	25.38%	35.53%	34.17%

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

Project Area	Fiscal Year				
Market Street	2000-01	2001-02	2002-03	2003-04	2004-05
Debt limit	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000
Total net debt applicable to limit	1,890	1,857	1,814	4,766	4,594
Legal debt margin	$ 98,110	$ 98,143	$ 98,186	$ 95,234	$ 95,406
Total net debt applicable to the limit as a percentage of debt limit	1.89%	1.86%	1.81%	4.77%	4.59%

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				
2005-06	2006-07	2007-08	2008-09	2009-10
$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000
32,758	31,367	29,849	28,424	26,931
$ 67,242	$ 68,633	$ 70,151	$ 71,576	$ 73,069
32.76%	31.37%	29.85%	28.42%	26.93%

Legal Debt Margin Calculation for Fiscal Year 2009-10

Debt limit	$ 100,000
Debt applicable to limit:	
Tax allocation bonds	29,150
Less: Amount set aside for repayment of debt	(2,219)
Total net debt applicable to limit	26,931
Legal debt margin	$ 73,069

Fiscal Year				
2005-06	2006-07	2007-08	2008-09	2009-10
$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000
4,410	4,227	4,040	3,856	3,657
$ 95,590	$ 95,773	$ 95,960	$ 96,144	$ 96,343
4.41%	4.23%	4.04%	3.86%	3.66%

Legal Debt Margin Calculation for Fiscal Year 2009-10

Debt limit	$ 100,000
Debt applicable to limit:	
Tax allocation bonds	4,075
Less: Amount set aside for repayment of debt	(418)
Total net debt applicable to limit	3,657
Legal debt margin	$ 96,343

REDDING REDEVELOPMENT AGENCY

Pledged-Revenue Coverage
Last Ten Fiscal Years
(dollars in thousands)

	Tax Allocation Bonds - Canby-Hilltop-Cypress Project Area						Housing Set Aside Tax Allocation Bonds Canby-Hilltop-Cypress Project Area			
		Less:								
Fiscal	Property	Pass Throughs & Housing	Net Available	Debt Service			Property	Debt Service		
Year	Taxes	Set Aside	Revenue	Principal	Interest	Coverage	Taxes	Principal	Interest	Coverage
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
2009	10,638	4,932	5,706	1,135	1,076	2.58	2,128	360	412	2.76
2010 *	10,465	9,971	494	1,170	1,041	0.22	2,093	380	389	2.72

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) District.

(2) Included in fiscal years ending 2001 through 2003 is the estimated pass throughs to Shasta County and the Mosquito Abatement District.

* The State of California passed legislation that required redevelopment agencies to shift tax increment revenue to schools via the Supplemental Educational Revenue Augmentation Funds (SERAF). The amounts listed below by project area are included in in the pass through amounts for fiscal year 2009-10:

Canby-Hilltop-Cypress Project Area - $3,128,618

Market Street Project Area - $1,135,359

SHASTEC Project Area - $705,811

Fiscal Year Ended June 30	Tax Allocation Bonds - SHASTEC Project Area					
	Property Taxes	Less: Pass Throughs & Housing Set Aside	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2007	$ 1,873	$ 611	$ 1,262	$ -	$ 382	3.30
2008	2,292	779	1,513	245	700	1.60
2009	2,651	924	1,727	255	690	1.83
2010 *	2,871	1,937	934	265	679	0.99

Fiscal Year Ended June 30	Tax Allocation Bonds - Market Street Project Area						Lease Revenue Bonds - Midtown Project Area			
	Property Taxes (1)	Less: Pass Throughs & Housing Set Aside (2)	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Property Taxes	Debt Service Principal	Debt Service Interest	Coverage
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	-	-	-	-
2009	4,551	2,607	1,944	195	222	4.66	-	-	-	-
2010 *	4,268	3,679	589	200	214	1.42	-	-	-	-

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: Tax Allocation Bonds	Governmental Activities: Lease Revenue Bonds	Total Bonds (1)	Percentage of Assessed Property Value (2)	Percentage of Personal Income (3)	Per Capita
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%	1.90%	594
2008	51,420	-	51,420	2.26%	1.66%	570
2009	49,475	-	49,475	2.02%	1.58%	544
2010	47,460	-	47,460	1.96%	1.50%	518

Source: RRA Comprehensive Annual Financial Report

Note:
(1) Details regarding the Agency's outstanding debt can be found in Note 11 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 127 for personal income and population data.

REDDING REDEVELOPMENT AGENCY
Direct and Overlapping Governmental Activities Debt
As of June 30, 2010

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (4)	Estimated Share of Overlapping Debt
Direct debt:			
Redding Redevelopment Agency (1)	$ 47,460,000	100.000%	$ 47,460,000
Subtotal, direct debt	47,460,000	100.000%	47,460,000
Overlapping debt:			
City of Redding (2):			
City of Redding 1915 Act Bonds	1,661,000	27.587%	458,220
County of Shasta (3):			
Shasta Joint Powers Financing Authority	47,610,000	15.512%	7,385,263
Shasta County Capital Lease Obligation	1,114,141	15.512%	172,826
Shasta County Schools (3):			
Columbia School District	3,850,000	8.580%	330,330
Enterprise School District	24,059,829	41.845%	10,067,835
Gateway Unified School District	26,750,685	4.372%	1,169,540
Junction School District	131,067	13.974%	18,315
Pacheco Elementary School District	3,504,956	17.306%	606,568
Redding School District	15,680,000	26.874%	4,213,843
Shasta-Tehama-Trinity Joint Community College	30,435,000	15.556%	4,734,469
Shasta Union High School District	24,968,513	22.709%	5,670,100
Subtotal, overlapping debt	179,765,191		34,827,309
Total direct and overlapping debt	$ 227,225,191		$ 82,287,309

Source: (1) Redding Redevelopment Agency
(2) City of Redding
(3) Shasta County Auditor-Controller's Office
(4) Percentages calculated using the Shasta County valuations by taxing district for fiscal year 2008-09.

REDDING REDEVELOPMENT AGENCY
Principal Employers in the City of Redding
Current Year and Nine Years Ago
June 30, 2010

	2010			2001		
Employer	Employees	Rank	Percentage of Total Area Employment	Employees	Rank	Percentage of Total Area Employment
Shasta County *	1,924	1	2.64%	1,800	1	2.54%
Mercy Medical Center	1,600	2	2.20%	1,570	2	2.21%
City of Redding **	822	3	1.13%	749	5	1.06%
Shasta Community College	700	4	0.96%			
Shasta Regional Medical Center	600	5	0.82%			
Blue Shield of California	470	6	0.65%			
Wal Mart	400	7	0.55%			
Redding Rancheria	310	8	0.43%	425	9	0.60%
United States Post Office	300	9	0.41%			
Shascade	250	10	0.34%			
Redding Medical Center				1,209	3	1.71%
Shasta Nursery				850	4	1.20%
Sierra Pacific Industries				650	6	0.92%
J & A Food Service				600	7	0.85%
Plainwell Paper Company				452	8	0.64%
Holiday Markets				425	9	0.60%
Total	7,376		10.13%	8,730		12.33%

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

** Full-time budget positions.

In 2009-10 there were 822 full-time and 321 part-time/temporary positions filled.

In 2000-01 there were 749 full-time and 223 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 2001 ranking is primarily based upon what was reported in the 2001 CAFR, and therefore, includes employers outside of the City.

REDDING REDEVELOPMENT AGENCY

Demographic and Economic Statistics

Last Ten Fiscal Years

Year	Population (1)	Personal Income (thousands of dollars)	Per Capita Personal Income (2)	Unemployment Rate (3)
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	2,810,455	31,338	7.0%
2007-2008	90,192	3,089,978	34,260	9.2%
2008-2009	90,931	3,139,575	34,527	14.7%
2009-2010	91,561	3,156,382	34,473	15.3%

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

	Redding Redevelopment Agency - Square Miles (1)				City of Redding
Fiscal Year	Market Street	Canby Hilltop Cypress	SHASTEC	Buckeye	Square Miles (2)
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
2008-2009	4.05	3.20	7.78	1.67	59.82
2009-2010	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 Ten 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	2008-09	2009-10
-	-	-	-	-
16	18	13	8	8
4	4	4	1	-
7,988	10,172	7,318	-	-
-	31,140	-	-	-
13	20	18	22	15
-	30	-	-	36
72,700	80,864	3,521	2,616	27,367
4,565	-	-	-	14,004
123	105	22	32	13

REDDING REDEVELOPMENT AGENCY

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year 2000-01	2001-02	2002-03	2003-04	2004-05
General government					
Mall structure	1	1	1	1	1
Public works					
Parcels of land for future development	12	10	11	11	11
Community development					
Parcels of land for future development	7	7	5	5	5
Building - future site of community theater	-	-	-	-	1

Source: Redding Redevelopment Agency

Fiscal Year				
2005-06	2006-07	2007-08	2008-09	2009-10
1	1	1	1	1
11	10	7	7	7
1	1	1	-	-
1	1	1	-	-

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OTHER SUPPLEMENTAL INFORMATION

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Certified Public Accountants

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 Board of Directors
of the Redding Redevelopment Agency
Redding, California

We have audited the basic financial statements of the Redding Redevelopment Agency (Agency), a component unit of the City of Redding (City), as of and for the year ended June 30, 2010, and have issued our report thereon dated December 7, 2010. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be significant deficiencies or material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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 *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions 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 Board, 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.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
Irvine, California
December 7, 2010