

**COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT  
for the  
REDDING REDEVELOPMENT AGENCY  
(A Component Unit of the City of Redding)**

**Redding, California**

**FISCAL YEAR ENDED JUNE 30, 2004**

**ISSUED BY THE FINANCE DIVISION**

**STEPHEN W. STRONG  
FINANCE OFFICER**



REDDING REDEVELOPMENT AGENCY  
(A Component Unit of the City of Redding)  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2004

TABLE OF CONTENTS

	Page
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal .....	3
GFOA Certificate of Achievement .....	15
Organizational Chart .....	16
List of Officials .....	17
 <b>FINANCIAL SECTION</b>	
Independent Auditor's Report .....	20
Management's Discussion and Analysis .....	22
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	32
Statement of Activities .....	34
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	36
Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Assets .....	39
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	40
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities ...	42
Notes to the Financial Statements .....	43
Required Supplementary Information:	
Budgetary Comparison Schedules:	
Canby-Hilltop-Cypress Special Revenue Fund .....	62
Canby-Hilltop-Cypress Special Projects Fund .....	63
Supplementary Information:	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds .....	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds .....	70
Budgetary Comparison Schedules:	
Midtown Debt Service Fund .....	72
Canby-Hilltop-Cypress Debt Service Fund .....	73
Market Street Capital Project Fund .....	74
Canby-Hilltop-Cypress Capital Project Fund .....	75
SHASTECCapital Project Fund .....	76
Market Street Special Revenue Fund .....	77

	Page
SHASTECH Special Revenue Fund .....	78
Buckeye Special Revenue Fund .....	79
Market Street Debt Service Fund .....	80
Buckeye Capital Project Fund .....	81
<b>STATISTICAL SECTION</b>	
Net Assets by Component - Last Four Fiscal Years .....	85
Change in Net Assets - Last Four Fiscal Years .....	86
Fund Balances, Governmental Funds - Last Ten Fiscal Years .....	87
Change in Fund Balances, Governmental Funds - Last Ten Fiscal Years .....	88
Government Activities Tax Revenues by Source - Last Ten Fiscal Years .....	90
Property Tax Levies and Collections - Last Ten Fiscal Years .....	91
Assessed Valuations of the Project Areas .....	92
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years .....	98
Principal Property Tax Payers .....	99
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years .....	100
Direct and Overlapping Governmental Activities Debt .....	101
Legal Debt Margin Information - Last Ten Fiscal Years .....	102
Pledged-Revenue Coverage - Last Ten Fiscal Years .....	103
Construction, Bank Deposits, and Property Value - Last Ten Fiscal Years .....	104
Principal Employers in the Great Redding Metropolitan Area .....	105
Demographic Statistics - Last Ten Fiscal Years .....	106
Operating Indicators by Function - Last Four Fiscal Years .....	107
<b>OTHER SUPPLEMENTAL INFORMATION</b>	
Independent Auditor's Report on Compliance and on Internal Control .....	110

# INTRODUCTORY SECTION

# *Redding Redevelopment Agency*

---

December 1, 2004

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Redding Redevelopment Agency (the Agency) for the fiscal year ended June 30, 2004.

This report consists of management's representations concerning the finances of the Agency. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Agency has established a comprehensive internal control framework that is designed both to protect the Agency's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Agency's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Agency's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Agency's financial statements have been audited by Hathaway and Ksenzulak, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Agency for the fiscal year ended June 30, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Agency's financial statements for the fiscal year ended June 30, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Agency's MD&A can be found immediately following the report of the independent auditors.

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

The City Council of the City of Redding, acting pursuant to the provisions of the Community Redevelopment Law (California Health and Safety Code § 33000, et seq.), activated the Agency on August 4, 1958. The Agency is charged with the goal of eliminating blight within designated geographic areas through the process of redevelopment. 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.

Redevelopment activity is financed by secured and unsecured taxes collected in designated project areas that would go to other taxing entities in the absence of redevelopment. This allocation, known as tax increment revenue, is pursuant to State law. The assessed valuation (base roll) of a project area is determined the year prior to adoption of the redevelopment plan. Thereafter, any increases in tax increment due to increased assessed valuation over the base roll are remitted to the Agency. Of that amount, 20 percent must be set aside in a special fund to be used for the purposes of increasing, improving and preserving low- and moderate-income housing. The remaining funds are used to pay debt of the Agency for various capital projects, statutory pass-throughs under Assembly Bill (AB) 1290, and any agreements with other taxing entities prior to AB 1290, including the County and public schools serving a project area.

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.

Formal redevelopment activity commenced in 1968 with the adoption of the Redevelopment Plan for the Midtown Project consisting of 10 acres in the heart of downtown Redding. The Redevelopment Plan was renamed the Market Street Redevelopment Project in 1990 and expanded to 2,590 acres. The Agency established the Canby-Hilltop-Redevelopment Plan (CHC) in 1981. CHC encompassed 1,250 acres comprising much of the eastern retail area of the City of Redding. It was significantly expanded in 1990 to include lands both north and south of the original project area increasing its size to a total of 2,050 acres.

The redevelopment agencies of the County of Shasta and the Cities of Anderson and Redding adopted SHASTEAC, a cooperative redevelopment project, in 1996. The project area contains approximately 4,100 acres comprising the most eastern portion of the City of Redding, the northern portion of the City of Anderson, and intermingled with portions of the County of Shasta. Buckeye, a joint cooperative redevelopment project between the redevelopment agencies of the City of Redding and the County of Shasta, was established in July 2000. This project area contains 1,063 acres and is situated in the northwest portion of the City of Redding, where the City's boundary is contiguous to the County of Shasta's boundary line, with the northern portion of the project area lying within the unincorporated portion of the County. The City of Redding Redevelopment Agency is lead agency for SHASTEAC and Buckeye and oversees all financial matters relative to the two project areas.

The budget serves as the foundation for the Agency's financial planning and control. The Agency, having adopted the City of Redding's administrative policies and procedures, implements a two-year

budget with an annual review of the budget in accordance with Community Redevelopment Law. The Agency's fiscal year is from July 1 through the following June 30. The budget is submitted each May to the Agency's Board of Directors, who, depending on the budget cycle, by June 30, adopts either a two-year budget or reviews and amends the current two-year budget. The appropriated budget is prepared by fund (project area) and division (e.g., capital). The Executive Director may make transfers of appropriations within a division. Transfers of appropriations between divisions, however, require the special approval of the Board of Directors and must be permitted by Redevelopment Law. Transfers of appropriations between funds is prohibited. Budget to actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. This comparison for all major funds is presented in the required supplementary information section of this report on pages 62-63. Budget comparisons for all other funds are presented in the supplementary information on pages 72-81.

### Local Economy

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

**Population characteristics.** The City of Redding was one of the fastest growing cities in California between 1970 and 1990, growing to 66,462 residents in 1990 from 16,659 in 1970. Since 1990 the City's population growth has been approximately 2% per year. The City's population of 87,280 has increased 7.9% over the 2000 U.S. Census tabulation. The City's population represents approximately 50% of Shasta County's population. The following table indicates population growth for the City and Shasta County from 1970 to 2004:

Year	<u>City of Redding</u>		<u>Shasta County</u>	
	Population	Annualized Percent Change Over Interval	Population	Annualized Percent Change Over Population
1970	16,659	3.04%	77,640	9.67%
1980	41,995	15.21	119,449	5.39
1990	66,462	5.83	147,036	2.31
2000	80,865	2.17	163,256	1.10
2001	82,543	2.08	165,669	1.48
2002	84,560	2.44	169,300	2.19
2003	85,703	1.35	172,000	1.59
2004	87,280	1.84	175,705	2.15

Source: 1970-2000 data from U.S. Census; 2001-04 data from the California State Department of Finance as of January 1.

The following table sets forth a projection of the City's population growth over the next 10 years, a projected growth for the community of approximately 15,000 representing an increase of approximately 17.1%:

<u>Year</u>	<u>Population (Rounded)</u>
2004	87,500
2009	96,400
2014	102,500

Source: Economic Sciences Corporation

The Redding area is expected to maintain 50% or more 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 in 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 2004:

<u>Region</u>	<u>Single Family Homes</u>
<b>Redding</b>	<b>\$239,000</b>
Sacramento	321,010
Los Angeles	445,140
Orange County	657,930
San Francisco	655,990

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

**Industrial development cost and lease rates.** Industrial land costs vary with the degree of available infrastructure and proximity to other related and supportive industries. A prime site is one that has readily available utilities (gas, water, wastewater, and electric) and has access to transportation systems, including a major freeway system, trucking, railway, and an airport. Following are comparative amounts for the 2004 cost per square foot for a fully improved five-acre parcel of industrial land, including all bonds and assessments:

<u>Region</u>	<u>Average Prime</u>
<b>Redding</b>	<b>\$2.50 - 3.50</b>
Chico	3.25
Sacramento	4.50 - 6.00
San Jose	15.00 - 20.00

Source: Coldwell Banker Commercial Properties

The monthly lease rate for industrial buildings varies with location, infrastructure, type, and square footage of the building. The following table compares monthly 2004 lease rates from several areas for a metal fabricated building of 10,000 square feet containing a small office and facilities, roll-up doors, and paved parking:

<u>Region</u>	<u>Gross Basis</u>
Sacramento	\$0.38-\$0.50
Chico	0.40-0.45
<b>Redding</b>	<b>0.45</b>
San Jose	0.90

Source: Coldwell Banker Commercial Properties

**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. Over the last two decades, 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 government employers in the City and the County include those in medical services, heavy forest products, and retail services. Major private employers in the greater Redding metropolitan area and the approximate number of their respective full time employees can be found in the statistical section on page 105.

According to the State Employment Development Department, the unemployment rate of the City's metropolitan area was 7.9% on June 30, 2004. 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 1997 through June 2004:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Labor Force</u>	<u>Unemployment</u> <u>Number</u>	<u>Rate</u>
1997	74,100	6,500	8.8%
1998	72,900	6,600	9.1%
1999	73,500	5,100	6.9%
2000	76,200	5,100	6.7%
2001	75,500	4,600	6.1%
2002	77,500	5,400	7.0%
2003	81,800	6,200	7.6%
2004	84,200	6,700	7.9%

Source: State Department of Employment Development

**Construction activity.** For the past ten calendar years ending December 2003, the City issued building permits valued at a total of \$1,165,787,187. New construction over the ten-year period represents 75% of the total construction activity. For the 2003 calendar year 4,242 building permits were issued with a total permit valuation of \$183,513,594. The City of Redding is experiencing moderate growth at this time. Current trends indicate that the City of Redding will continue to grow at a moderate growth rate in the years to come.

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 three calendar years:

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Value/single family *	\$79,087,448	\$96,289,276	\$85,405,901
Number of permits	506	587	471
Value - multi dwellings *	\$415,756	\$6,451,892	\$7,852,015
Number of permits	2	24	7
Number of units	6	97	129
Value - business *	\$31,697,413	\$34,446,221	\$25,138,672
Number of permits	74	45	74
Value - Total all permits	\$136,689,172	\$178,620,374	\$183,513,594
Total permits**	3,349	3,840	4,242

\* Value of new construction only

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

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 176,000 in the primary trade area and approximately 246,400 people 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 reached \$1,748,793,000 in calendar year 2003, a 5.9% increase over the same period for 2002. The number of outlets reporting taxable sales to the California State Board of Equalization remained fairly constant, with 2,900 in 1997 and increasing to 3,061 in 2003, as reported in the table that follows:

<u>Year</u>	<u>Number of Outlets</u>	<u>Taxable Transactions (In Thousands)</u>	<u>Taxable Transactions Percentage Increase(Decrease)</u>
1997	2,900	1,165,153	4.2
1998	2,884	1,198,000	2.8
1999	2,836	1,327,370	10.8
2000	2,863	1,453,052	9.5
2001	2,906	1,561,842	7.5
2002	2,984	1,652,064	5.8
2003	3,061	1,748,793	5.9

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 Mexico to Canada. The City is also bisected by State Highway 299 and State Route 44, key east-west transportation arteries in Northern California.

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

“THE RIDE” is the City’s multi-bus transportation system and offers thirteen different fixed routes, rural service and demand response (curb-to-curb) services. THE RIDE had an average total monthly ridership of more than 60,000 for fiscal year 2003-04.

**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 SBC.

**Community Services.** Youth in the area attend school at one of 24 elementary schools, 9 middle schools, and 8 high schools. Shasta College, a two-year institution, offers both day and evening courses to approximately 11,000 students. Simpson College, a four-year liberal arts institution, has current enrollment of approximately 1,200 students.

The City's parks system includes 63 developed parks, encompassing 406 acres. Included in this total acreage are 68 acres of natural area parks (improved open space) and 27 miles of trails. In addition, the City has 14 special purpose facilities, including the Redding Convention Center, which hosts cultural/performing arts programs, conferences, and conventions; the Redding Big League Dreams Sports Park; the Aquatic Center; the Senior Citizens Center; 3 boat ramp facilities providing access to the Sacramento River; and various community centers and special event venues such as the Martin Luther King, Jr. Memorial Center; the Teen Center; and the Civic Center Community room.

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 542 beds and employ more than 2,400 staff members. In addition, the City also has several specialized hospitals.

#### **Significant Events and Accomplishments Fiscal Year 2003-04**

**Development Partnerships.** (1) The Agency, as part of its development partnership program, expended \$832,000 for the cost of frontage and off-site improvements associated with the development of a \$9.5 million customer-service and claims-processing center by Blue Shield of California. The center opened with approximately 280 employees. (2) The Agency entered into a Disposition and Development Agreement on Agency-owned surplus property at the southwest corner of Buenaventura Boulevard and Westside Road. The purpose of the Agreement is to develop an approximate 5,000-square-foot medical facility. The goal is to have the facility constructed within two and one-half years. Pursuant to the Agreement, the Agency set aside \$85,000 of the sale proceeds for off-site improvements along the property's frontage.

**Cascade Theatre Restoration Project.** Partnering with the JPR Foundation, Inc., and the Cascade Theatre Restoration Committee, the Agency expended \$640,000 through June 2004 toward restoring the Theatre into a multiple-use performing arts venue. The Agency's funding has assisted with structural and facade improvements to the building. Renovation has been completed and the theatre held its grand opening in July 2004.

**Storefront Improvement Loan Program.** Six businesses participated this fiscal year in the Storefront Improvement Program. The Agency expended a total of \$28,356 in assistance with facade improvements.

**Sports Complex.** The Agency contributed \$2.1 million toward the acquisition of land and development of a special use park for the enjoyment of softball, baseball, in-door hockey, and other

recreational activities. The portion of the complex known as Big League Dreams was completed at a cost of \$19.3 million. It opened to the public in July 2004.

***Clover Creek Preserve.*** A \$2.7 million grant was applied for and received from the California Department of Water Resources under the Flood Protection Corridor Program. This brings the total budget for the project to over \$10 million.

***North Market Street Streetscape.*** The Agency entered into a contribution agreement with Caltrans to provide funding for lighting improvements in conjunction with Caltrans' planned roadway rehabilitation project along State Route 273 from Quartz Hill Road to Lake Boulevard in the North Market Street Corridor. The Agency contributed \$486,000 for the lighting improvements, and will follow-up with landscaping and water features in fall 2005.

***Browning Street Extension.*** The Browning Street road widening and extension between Hilltop Drive and Canby Road was completed at a total cost of \$1,056,000, including property acquisition and road construction. The street, which was opened to the public in November 2003, provides two 12-foot-wide travel lanes and a 6-foot-wide bicycle lane, but has been designed to support future widening to four lanes. A traffic signal at the intersection of Hilltop Drive and Browning Street was added to the Project. Browning Street provides an efficient east-west circulation alternative around the regional commercial area to the south, thereby helping ease demands on Dana Drive and other area streets.

***Traffic Signals.*** Traffic signals were installed at the intersection of Old Oregon Trail and Old 44 Drive to improve public safety and relieve traffic congestion. Total cost of the signal was \$217,660, of which the Agency's share was \$146,120.

***Tax Allocation Bonds.*** On August 28, 2003, the Agency successfully sold \$28,935,000 of Canby-Hilltop-Cypress (CHC) Tax Allocation Bonds and \$5,185,000 of Market Street Tax Allocation Bonds. The purpose of the bonds was to refund three existing bond issues and to fund the construction of future redevelopment projects in the two Project Areas. Of the above-noted amounts, \$9 million and \$2.75 million are new monies for the CHC and Market Street Project Areas, respectively.

***Parkview Neighborhood Revitalization.*** Twenty-six substandard housing units and one commercial building were demolished during the year as part of the Agency's revitalization effort. All qualifying tenants received compensation for being displaced and were found affordable housing to which they were relocated. A Disposition and Development Agreement was executed for the construction of 33 residential units in the core of the neighborhood. Construction has begun on the project.

***Martin Luther King, Jr. Neighborhood.*** The Agency entered into a Disposition and Development Agreement with Habitat for Humanity for the development of three single-family homes on Agency-owned infill lots. The first residence was completed in June 2004. The second residence was completed late summer 2004 and the third residence is currently under construction. Two homeowners have applied for and received help with rehab improvements to their homes, 12 rental units have been renovated, and plans have been approved for 2 new triplexes.

***Southern California Presbyterian Homes.*** The Agency approved a residual-receipts loan in the amount of \$275,000 to Southern California Presbyterian Homes to assist with the development of a 57-unit affordable senior-housing complex. Construction began in July 2003 and was completed in summer 2004.

### **Projects from 2004-05 and Beyond**

***Shasta College.*** Shasta College, the Agency, and the City of Redding entered into an Agreement to facilitate development of a new 45,000-square-foot Health Sciences Center on the site of the former Rite Aid building at the north end of the enclosed Downtown Redding Mall. The new facility will house the College's nursing and dental hygiene programs, with an expected daily attendance of 130 students and staff. Trilogy Architecture was hired to develop design and construction documents and cost estimates for the work to be accomplished by the City and the Agency, including demolition of the Mall's roof, construction of a new Mall entrance, and improvements to the common area to convert it to an open-air pedestrian plaza or street. Construction of the Health Sciences Center should begin in 2005.

***Riverfront Playhouse.*** Plans are to acquire property as part of the Downtown revitalization effort and enter into an agreement with Riverfront Players for the disposition and renovation of the property and the relocation of the Riverfront Playhouse to Downtown.

***Placer and California Streets.*** The Agency and City entered into an Agreement with a local doctor to facilitate a combination of private and public improvements in conjunction with the renovation of two properties located at the corner of Placer and California Streets, a key intersection in Downtown. Renovation of the buildings is currently underway. The public improvements are to be completed within four years. Renovation of the properties, along with completion of the public improvements, will accomplish several of the goals outlined in the Downtown Redding Specific Plan.

***Dana Drive Streetscape.*** Landscaped medians and other improvements will be constructed on Dana Drive from Churn Creek Road to Friendly Lane. The purpose of the medians are (1) to reduce the number of vehicle accidents by limiting the left-turn movements in and out of businesses along Dana Drive and (2) to enhance the appearance of the corridor as a preventative to physical and economic blight.

***Churn Creek Road Widening and Realignment.*** Widen and realign a major north-south arterial. The proposal is to widen Churn Creek Road between Denton Way and Arizona Street and realign and widen the remainder of the road between Arizona Street and Alrose Lane. The realignment will necessitate the acquisition of additional right-of-way.

***North Market Street Corridor Improvements.*** The Agency and the City are working cooperatively with Caltrans to improve the function and appearance of the State Route 273 (North Market Street) corridor leading into Downtown Redding. Caltrans is currently reconstructing the road and installing new medians. After Caltrans' work is completed, the Agency will install water-feature improvements and landscape the new medians. The project is anticipated to be completed by the end of 2005.

**Hilltop Drive Business Improvement District.** The Agency is assisting the business and property owners in the Hilltop Drive area with the creation of a Business Improvement District (BID). The primary purpose of the BID will be to improve the Hilltop Drive corridor from Highway 44 to Maraglia Street.

**Traffic Signals. Airport/Rancho Roads** - Preliminary design was completed for traffic signals at a congested intersection that services traffic from the cities of Redding and Anderson and the Redding Municipal Airport. Necessary easements were acquired for the relocation of utility lines. The traffic signals will be installed by summer 2005. This intersection is also planned as one of two entrances into a future industrial park. **Clear Creek Road/State Route 273** - The Agency will partner with Caltrans for a traffic signal at this location with the Agency's contribution being approximately \$150,000. **Airport Road/Highway 44 eastbound ramp** - Caltrans proposes to widen the eastbound off ramp in 2005. The Agency will provide up to \$150,000 as match funds for Caltrans to install a traffic signal at the ramp.

**Clower Creek Preserve.** A total of \$4.3 million was expended through the end of fiscal year 2003-04 on the development of a storm-drainage detention facility in the eastern section of the City. The purpose of the facility is to provide needed flood-control protection and floodplain management throughout the Clower Creek drainage basin. Construction started in August 2003 and completion is anticipated by the end of 2004. The Agency, on behalf of the multi-jurisdictional SHASTEC Project, has allocated \$2 million for the project. An additional \$5 million is being provided by the Costa-Machado Water Act of 2000; \$2.7 million from the Department of Water Resource's Flood Protection Control Program; \$334,490 from the Community Development Block Grant Program; and approximately \$520,000 from developers' deposits.

**Police/Public Safety Facility.** The Agency will partner with the City on the development of a new Public Safety Facility to service the three main Police Divisions comprised of Administration, Field Operations, and Investigations and possibly Fire Administration.

**Parkview Riverfront Trail and Park.** A natural park and trail system is being developed on 8.5 acres located at Parkview Avenue/Smile Place and along the Sacramento River. The park will provide paved and unpaved pedestrian trails, a landscaped picnic area, a pedestrian bridge over the on-site, year-round creek, and several locations to sit and enjoy the Sacramento River. The park and trail system was completed in October 2004.

**Parkview Neighborhood Revitalization.** In January 2001, the Parkview Neighborhood Strategic Plan and Action Plan were adopted by the City Council and the Agency. The two Plans set forth a range of significant activities and projects. In addition to developing new housing, activities include rehabilitating existing housing stock, improving infrastructure, developing recreation and open-space amenities for the neighborhood, and developing mixed-uses on the Parkview Avenue corridor. To date, \$4.6 million has been expended on the revitalization effort.

**Martin Luther King, Jr. (MLK) Neighborhood Revitalization.** In February 2003, the City Council and the Agency approved the MLK Neighborhood Revitalization Plan and associated \$7 million budget. The adoption of the plan was the culmination of approximately 18 months of work by staff and a six-member Agency-appointed citizens' ad hoc committee. The plan's goal is to provide a safe, pleasant, family-oriented, multi-cultural residential neighborhood. In May 2004, a second

phase was added to the plan to pursue the creation of a trail along Linden Creek, a program to encourage business owners along Railroad Avenue to improve the appearance of their businesses, and to purchase and assemble property adjacent to the neighborhood for new single-family residential development.

***Transitional Housing.*** The Agency has committed \$1 million toward the development of a transitional facility to provide affordable housing to eligible families that personally commit to overcoming barriers to achieve housing self-sufficiency. A local nonprofit agency, FaithWORKS Community Coalition, Inc., will be responsible for the development and operation of the facility. It is anticipated that the project will be completed by the end of 2005.

***Affordable Rental Project and Self-Help Homeownership Project.*** The City and the Agency are providing land and assistance to the Community Housing Improvement Program, Inc. (CHIP) in conjunction with the above-noted Transitional Housing Project. CHIP will undertake the development of 30 units of affordable rental housing. The civil engineering and architectural design work are being completed. Construction is scheduled to begin in 2005.

### **Cash Management Policies and Practices**

Cash temporarily idle during the year was invested in the State Treasurer's investment pool. The average yield on investments was 1.53 percent. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

### **Risk Management**

The Redevelopment Agency participates in the City of Redding self-insurance programs for property and general liability which effect the Agency. These insurance activities are accounted for in the City of Redding Risk Management Fund, an internal service fund. The Redding Redevelopment Agency is a component unit of the City of Redding. Additional information on the Agency's risk management activity can be found in Note 15 of the financial statements.

### **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the Redding Redevelopment Agency for the comprehensive annual financial report for the fiscal year ended June 30, 2003. This was the fourteenth consecutive year that the Agency has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. 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 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine 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,

A handwritten signature in black ink, appearing to read "Stephen W. Strong". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

Stephen W. Strong  
Finance Officer

# 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, 2003

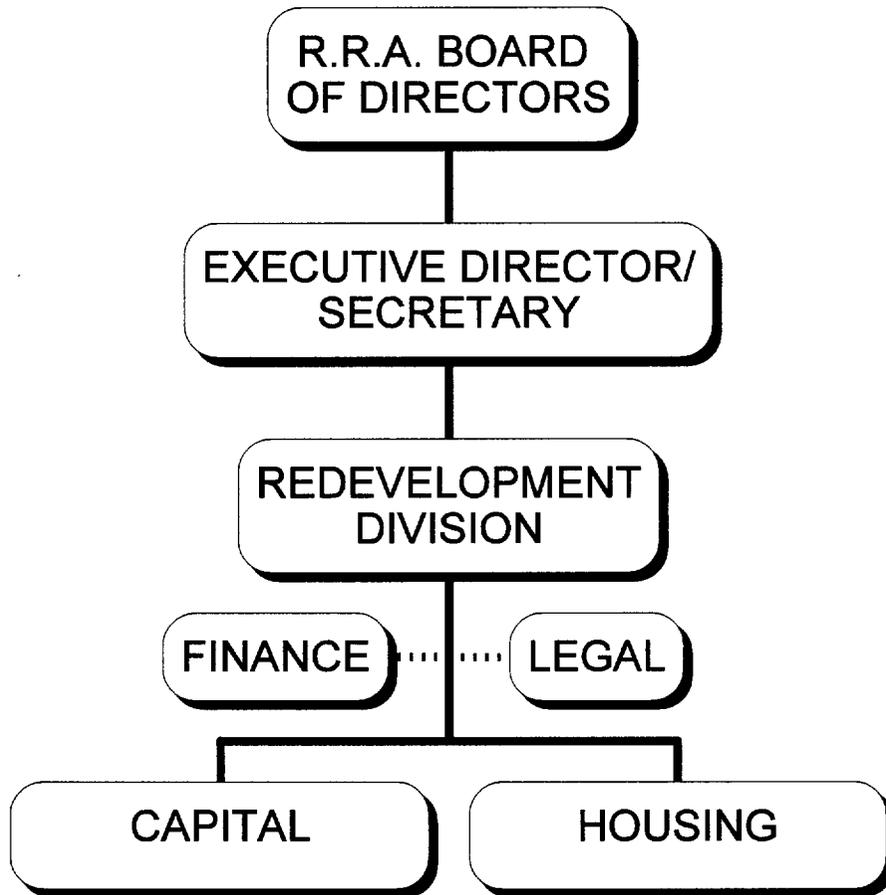
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# Redding Redevelopment Agency Organizational Chart



# **REDDING REDEVELOPMENT AGENCY**

## **Listing of Officials June 30, 2004**

### **Board of Directors**

Mary L. Stegall, Chair Person  
John R. Mathena, Vice Chair Person  
Mark H. Cibula, Director  
Pat Kight, Director  
Michael J. Pohlmeier, Director

### **Other Officials**

Kurt Starman, Executive Director/Secretary  
Mike Warren, City Manager  
Stephen W. Strong, Finance Officer  
Allyn F. Clark, City Treasurer  
Connie Strohmayer, City Clerk

**THIS PAGE INTENTIONALLY LEFT BLANK**

## FINANCIAL SECTION



**Hathaway &  
Ksenzulak, LLP**

Certified Public  
Accountants

1681 East  
Cypress Avenue  
Redding, California  
96002

530.222.2898  
Fax 530.222.2980

Brent Hathaway, CPA  
Karina C. Lapp, CPA  
John Ksenzulak, CPA  
Neil Byzick, CPA  
Lori Goynes, CPA  
James Viola Jr., CPA  
David L. Wallace, CPA  
Samantha Willingham, CPA

**ACCOUNTANTS' REPORT**

Honorable Chairman and Members  
Of the Board of Directors  
Redding Redevelopment Agency  
Redding, CA

We have audited the accompanying statements of the governmental activities, each major fund and the aggregate remaining fund information of the Redding Redevelopment Agency, a component unit of the City of Redding, California, as of and for the fiscal year ended June 30, 2004, which collectively comprise the Redding Redevelopment Agency's basic financial statements as listed in the financial section of the table of contents. These financial statements are the responsibility of Redding Redevelopment Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Redding Redevelopment Agency as of June 30, 2004, and the respective changes in financial position, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2004, on our consideration of the Redding Redevelopment Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

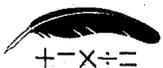
The Management's Discussion and Analysis and the required supplementary information are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Redding Redevelopment Agency's basic financial statements. The accompanying information identified in the table of contents as combining financial statements and supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Redding Redevelopment Agency. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Hathaway & Ksenzulak, LLP*

November 19, 2004



## 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, 2004. 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 3-14 of this report.

### Financial Highlights

- The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by \$2,910,462 (net assets). Of this amount, \$9,035,962 is a deficit in unrestricted net assets.
- The Agency's total net assets increased by \$1,254,001. The increase is largely attributable to the collection of tax increment revenue and investment income in excess of expenses for projects.
- As of the close of the current fiscal year, the Agency's funds reported combined ending fund balances of \$41,333,224, an increase of \$11,923,451 in comparison with the prior year. Approximately 46.9 percent, \$19.4 million, of this total amount is available for spending at the government's discretion (unreserved fund balance).
- The Agency's total debt increased by \$12,053,948 (40 percent) during the current fiscal year. The key factor in this increase was the issuance of two new bonds for capital projects.

### Overview of the Financial Statements

This discussion and analysis are 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 and earned but unused vacation leave).

The government-wide financial statements reflect that the Agency is principally supported by taxes, capital grants and contributions, and investment income. The capital grants and contributions are

principally due to an \$18,060 grant and a \$500 grant for street projects and \$2,608,022 in grants and contributions for a storm drainage basin project. The governmental activities of the Agency include general government, public works, recreation and culture, community development, and pass throughs to other agencies.

The government-wide financial statements can be found on pages 32-34 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 thirteen 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, Canby-Hilltop-Cypress Special Projects, Midtown Debt Service, Canby-Hilltop-Cypress Debt Service, the Market Street Capital Project, the Canby-Hilltop-Cypress Capital Project, and the SHASTECH Capital Project. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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 basic 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 43-59 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 62-63

of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 68-81 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the Agency, assets exceeded liabilities by \$2,910,462 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 (52 percent) 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 \$9,035,962.

<b>Redding Redevelopment Agency</b>	
<b>Net Assets (in millions)</b>	
	<b>Governmental Activities</b>
	<u>2004</u> <u>2003</u>
Current and other assets	\$ 48.4      \$ 33.8
Capital assets, net	<u>1.5</u> <u>1.6</u>
Total assets	<u>49.9</u> <u>35.4</u>
Current liabilities	3.4      1.9
Long term liabilities	<u>43.6</u> <u>31.8</u>
Total liabilities	<u>47.0</u> <u>33.7</u>
Net assets:	
Invested in capital assets, net of related debt	1.5      1.6
Restricted	10.4      9.2
Unrestricted (deficit)	<u>(9.0)</u> <u>(9.1)</u>
Total net assets	<u>\$ 2.9</u> <u>\$ 1.7</u>

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 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 in net assets.

The Agency's net assets increased by \$1,254,001 during the current fiscal year. The investment in capital assets, net of related debt, decreased by \$43,674 ( 3 percent). The decrease is related to the depreciation of buildings. The reduction in the deficit of \$114,246 (1 percent) is primarily attributable to expenses for capital projects in excess of revenues. Net assets restricted for housing programs increased by \$1,183,429 (13 percent). The majority of this increase is related to the tax increment revenue and investment income in excess of housing projects expenses.

**Governmental activities.** The increase in net assets of the Agency of \$1,254,001 is all related to governmental activities.

**Redding Redevelopment Agency  
Changes in Net Assets**

	<b>Governmental Activities</b>	
	<b>2004</b>	<b>2003</b>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 445	\$ 52,958
Operating grants and contributions	4,000	-
Capital grants and contributions	2,626,582	1,365,837
General revenues:		
Tax increment	10,462,394	7,276,905
Interest	1,028,098	985,447
Miscellaneous	50,226	11,704
Total revenues	<u>14,171,745</u>	<u>9,692,851</u>
<b>Expenses:</b>		
General Government	179,531	121,136
Public Works	6,422,453	2,826,506
Recreation and culture	511	2,898,806
Community development	1,180,785	3,341,218
Pass throughs to other agencies	3,149,159	884,109
Interest and fiscal charges on long-term debt	1,985,305	1,730,738
Total expenses	<u>12,917,744</u>	<u>11,802,513</u>
Increase in net assets	1,254,001	(2,109,662)
Net assets - beginning	1,656,461	3,766,123
Net assets - ending	<u>\$ 2,910,462</u>	<u>\$ 1,656,461</u>

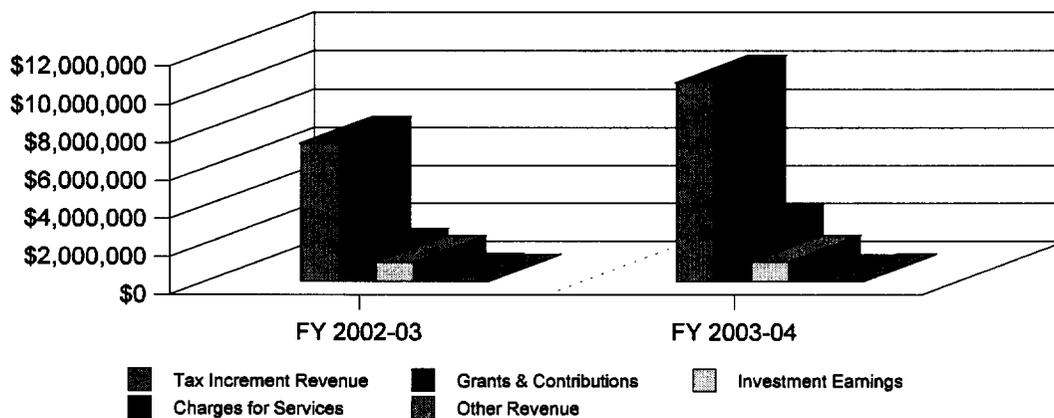
Due to the nature of redevelopment agencies, assets that were purchased were not retained by the Agency, but were given away to the City of Redding. These assets become an expense in the period they were purchased. The Agency has incurred debt to finance housing and capital projects which has allowed the expenses to exceed the revenues in fiscal year 2002-03. Revenues exceeded

expenses in fiscal year 2003-04. The change in net assets went from a negative \$2,109,662 in fiscal year 2002-03 to a positive \$1,254,001 in 2003-04. The change in net assets was greater in the current year versus the prior year because total revenues increased by \$4,478,894 while expenses increased by only \$1,115,231. The significant changes were as follows:

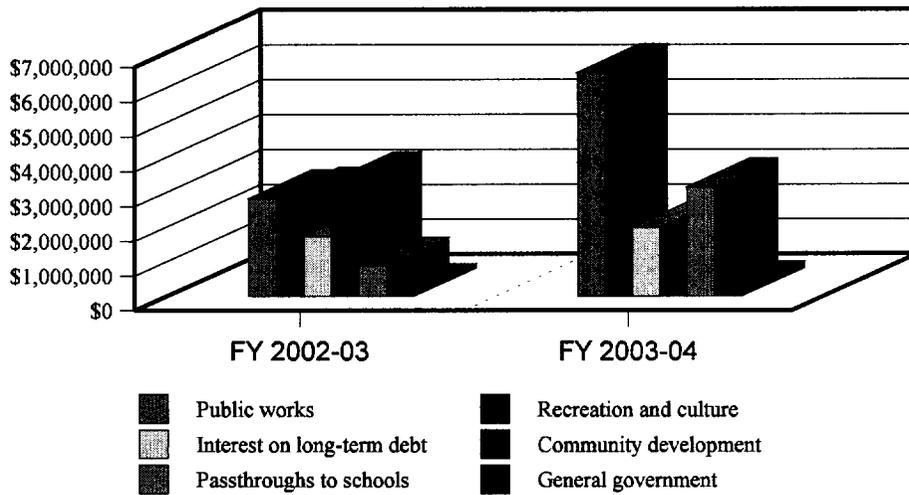
- Property tax increment revenue increased by \$3,185,489 (44 percent) during the year. In fiscal year 2002-03 the tax increment revenue that was passed through to Shasta County and the Mosquito Abatement District was recorded net of the associated pass through expense since the Agency did not know the actual amount. In fiscal year 2003-04 Shasta County reported to the Agency the actual amount of these pass throughs which totaled \$2,345,660. This tax increment revenue as well as an equal amount of expense for pass throughs to other agencies was recorded in the current fiscal year. Tax increment revenue has increased yearly in all project areas due to an increase in property values except in the Midtown Project Area where property values decreased in fiscal year 2003-04.
- Investment income increased by \$42,651 (4 percent) due to an increase in the amount the Agency had invested. Investments increased due to the two new bond issues.
- Charges for services decreased by \$52,513 due to the decrease in rental revenue. The Agency sold some of its property and demolished substandard rentals that are to be replaced by low-income housing.
- Capital grants and contributions increased by \$1,260,745 (92 percent). All of these state and private grant revenues furnished resources for infrastructure and housing projects.
- The net increase in expenses is primarily related to an increase in funds spent on infrastructure projects along with an increase in funds spent on pass through payments to schools and other governmental agencies.

The following graphs show an illustrative picture of revenues and expenditures for fiscal year 2002-03 as compared with fiscal year 2003-04.

### Revenue by Source



### Expenses by Program



### 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.

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

As of the end of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of \$41.3 million, an increase of \$11.9 million in comparison with the prior year. The unreserved, undesignated fund balance, which is available for spending at the government's discretion, increased by \$9.7 million while the unreserved portion of the fund balance designated for continuing projects increased by \$1.6 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 liquidate contracts and purchase orders of the prior period (\$5.9 million), 2) to pay debt service (\$2.6 million), 3) for noncurrent notes receivable (\$5.6 million), 4) for future capital projects (\$6.8 million), and 5) for a variety of other restricted purposes (\$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 \$8.1 million, while the total fund balance was increased to \$8.3 million. The net increase in fund balance by \$0.4 million is primarily related to a transfer in from the CHC Debt Service Fund. As a measure of the fund's liquidity, it may be useful to compare the unreserved fund balance to the total fund expenditures. Unreserved fund balance represents 184 percent of total fund expenditures.

The fund balance of the CHC Special Revenue Fund increased by \$2.2 million. Key to this increase is the \$2.2 million of bond proceeds transferred in from the CHC Special Projects Fund. The unreserved fund balance increased by \$.07 million to a total of \$0.7 million.

The CHC Special Projects Fund accounts for monies used for special housing projects derived from sources other than tax increment revenue and required to be used for housing related projects. The fund balance decreased by \$2.1 million to a total fund balance of \$6.8. The decrease in reserved fund balance is primarily related to transfers out to the CHC Special Revenue Fund to finance housing projects.

The Midtown Debt Service Fund has a deficit fund balance of \$1.5 million, an increase in the deficit by \$21,221. Property values within the Downtown Mall decreased in fiscal year 2003-04. With the passage of Proposition 13, the Midtown Project area had to borrow money from the City of Redding to meet its lease revenue debt service obligation. The lease revenue debt service obligation has now been fully funded, but the tax increment revenue does not cover the current interest on the loans. Therefore, the deficit continues to grow.

The fund balance of the CHC Debt Service Fund increased by \$8.3 million to a total fund balance of \$11.4 million. Key to this increase is the new bond issuance for capital projects of \$28.9 million adjusted by the defeasance of the CHC Series C and D bonds for \$19.7 million.

The Market Street Capital Project Fund's fund balance increased by \$0.3 million to a total fund balance of \$1.9 million. Key to this increase is the receipt of tax increment revenue in excess of monies spent on projects. The unreserved fund balance increased by \$0.04 million.

The SHASTECCAPITAL Project Fund's fund balance decreased by \$0.8 million to a total deficit fund balance of \$0.3 million. Key to this decrease is the expenditures for the Clover Creek drainage project in excess of receipt of tax increment revenue and State grant monies for the current year. The unreserved fund balance decreased by \$3.5 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 are 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.

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

- \$2,795,210 for increases in tax increment revenues. The Agency did not originally budget for the \$1,724,580 in tax increment revenue that was passed on to Shasta County and the Mosquito Abatement District.
- \$1,724,580 for increases in pass-through payments. The Agency did not originally budget for the pass-through payments made to Shasta County and the Mosquito Abatement District.
- \$100,000 for a decrease in the Parkview Trail and Park project.

- \$964,020 for a decrease in the Sports Park project.
- \$246,000 for increases in street projects.
- \$1,200,000 for an increase in the Library project.

**Capital Asset and Debt Administration**

**Capital assets.** The Agency’s investment in capital assets for its governmental-type activities as of June 30, 2004, amounts to \$1.5 million (net of accumulated depreciation). This investment in capital assets includes land and buildings. The total decrease in the Agency’s investment in capital assets for the current fiscal year was 3 percent which represents the depreciation on capital assets for the fiscal year. There was no major activity in capital assets for fiscal year 2003-04.

<b>Redding Redevelopment Agency Capital Assets (Net of Depreciation)</b>		
	<u>2004</u>	<u>2003</u>
Land	\$1,502,450	\$ 1,502,450
Buildings	15,599	59,273
Total	<u>\$1,518,049</u>	<u>\$ 1,561,723</u>

Additional information on the Agency’s capital assets can be found in Note 9 on pages 52-53 of this report.

**Long-term debt.** At the end of the current fiscal year, the Agency had total bonded debt outstanding of \$42.4 million. All of this debt represents bonds secured solely by specified revenue sources (i.e., tax allocation bonds). The Agency’s total bond debt increased by \$12.1 million (40 percent) during the current fiscal year, primarily due to two new bond issues.

<b>Redding Redevelopment Agency Outstanding Debt Tax Allocation Bonds (Net of Discount and Unamortized Gain on Refunding)</b>		
	<u>2004</u>	<u>2003</u>
Tax allocation bonds, net	\$42,364,716	\$30,310,768
Total	<u>\$42,364,716</u>	<u>\$30,310,768</u>

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

Additional information on the Agency’s long-term debt can be found in Note 12 on pages 54-56 of this report.

## **Economic Factors and Next Year's Budget**

- The City of Redding has experienced a steady increase in population since 1996 of one to two percent per year while the unemployment rate has decreased from 8.8 percent in 1997 to 7.9 percent in 2003.
- Inflationary trends in the region compare favorably to national indices.
- The Agency's property assessed valuation for all project areas increased \$119.9 million (7.8 percent) in the current fiscal year.
- In April 2004, Redding Medical Center, Market Street Project Area's number one property tax contributor, was sold to another for-profit entity for approximately \$16 million less than its assessed valuation as shown on the 2003-04 tax roll.
- Reimbursement of infrastructure projects through state grants will add to the increase in projected revenue.
- 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 \$592.2 million (451.9 percent) over the base year in the original area and \$56.3 million (116 percent) over the base year in the amended area.
- The State of California is requiring the Agency to shift \$782,553 in property tax revenue to the Education Revenue Augmentation Fund (ERAF) during fiscal year 2004-05 and an equal amount in fiscal year 2005-06.

All of these factors were considered in preparing the Agency's budget for fiscal year 2004-05.

During the current fiscal year, unreserved fund balance increased to \$19.4 million. The Agency has appropriated \$13.3 million for spending in the 2004-05 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 Finance Officer at the City of Redding, 777 Cypress Avenue, Redding, CA 96001.

## BASIC FINANCIAL STATEMENTS

REDDING REDEVELOPMENT AGENCY  
Statement of Net Assets  
June 30, 2004

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$16,387,675
Receivables:	
Interest	463,872
Intergovernmental	1,139,902
Taxes	291,706
Other receivable	20,250
Deposits	5,000
Assets held for resale	1,313,178
Restricted assets:	
Cash and investments	21,488,630
Interest receivable	83,197
Taxes receivable	415,943
Other long-term receivables	168,310
Notes receivable, net	5,614,722
Financing costs, net	970,705
Capital assets:	
Land	1,502,450
Other capital assets, net of depreciation	<u>15,599</u>
 Total assets	 <u>49,881,139</u>

	<u>Governmental Activities</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 867,625
Accrued liabilities	246,613
Intergovernmental payable	115,034
Accrued interest payable	637,842
Deposits	32,825
Current portion of long-term debt	1,469,399
Accrued liabilities	122,038
Long-term intergovernmental payable	2,415,674
Deferred revenue	168,310
Long-term debt	<u>40,895,317</u>
Total liabilities	<u>46,970,677</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	1,518,049
Restricted for:	
Housing	10,428,375
Unrestricted (deficit)	<u>(9,035,962)</u>
Total net assets	<u>\$ 2,910,462</u>

See accompanying notes to financial statements.

REDDING REDEVELOPMENT AGENCY  
Statement of Activities  
For the Year Ended June 30, 2004

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:					
General government	\$ 179,531	\$ —	\$ —	\$ —	\$ (179,531)
Public works	6,422,453	—	—	2,626,582	(3,795,871)
Recreation and culture	511	—	—	—	(511)
Community development	1,180,785	445	4,000	—	(1,176,340)
Pass throughs to other agencies	3,149,159	—	—	—	(3,149,159)
Interest and fiscal charges on long-term debt	<u>1,985,305</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,985,305)</u>
Total government	<u>\$12,917,744</u>	<u>\$ 445</u>	<u>\$ 4,000</u>	<u>\$ 2,626,582</u>	<u>(10,286,717)</u>

General revenues:	
Property taxes	10,462,394
Investment earnings	1,028,098
Other	18,788
Gain on sale of assets	<u>31,438</u>
Total general revenue	<u>11,540,718</u>
Change in net assets	1,254,001
Net assets - beginning	<u>1,656,461</u>
Net assets - ending	<u>\$ 2,910,462</u>

See accompanying notes to financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

REDDING REDEVELOPMENT AGENCY  
Governmental Funds  
Balance Sheet  
June 30, 2004

	<u>Canby Hilltop Cypress Special Revenue</u>	<u>Canby Hilltop Cypress Special Projects</u>	<u>Midtown Debt Service</u>	<u>Canby Hilltop Cypress Debt Service</u>
<b>ASSETS</b>				
Cash and investments	\$ 2,652,519	\$ —	\$ —	\$ —
Interest receivable	346,183	—	—	—
Intergovernmental receivable	—	—	—	—
Taxes receivable	108,754	—	—	—
Other receivable	20,250	—	—	—
Restricted assets:				
Cash and investments	—	6,747,884	—	11,314,627
Interest receivable	—	24,171	—	46,802
Taxes receivable	—	—	1,478	294,209
Interfund receivable	—	—	—	—
Deposits	—	—	—	—
Assets held for sale	904,308	—	—	—
Advances to other funds	—	—	—	—
Notes receivable, net	<u>5,096,734</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total assets	<u>\$ 9,128,748</u>	<u>\$ 6,772,055</u>	<u>\$ 1,478</u>	<u>\$ 11,655,638</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 23,462	\$ —	\$ —	\$ —
Accrued liabilities	—	—	—	—
Deferred revenue	506,008	—	1,145	248,529
Interfund payable	—	—	—	—
Deposits	19,725	—	—	—
Advances from other funds	—	—	—	—
Intergovernmental payable	<u>51,127</u>	<u>—</u>	<u>1,525,568</u>	<u>—</u>
Total liabilities	<u>600,322</u>	<u>—</u>	<u>1,526,713</u>	<u>248,529</u>
Fund balances:				
Reserved for encumbrances	2,775,901	—	—	—
Reserved for noncurrent notes receivable	5,083,886	—	—	—
Reserved for school projects	—	—	—	—
Reserved for noncurrent advances	—	—	—	—
Reserved for capital projects	—	6,772,055	—	—
Reserved for debt service	—	—	—	2,208,593
Unreserved:				
Designated for continuing projects	668,639	—	—	—
Undesignated (deficit)	<u>—</u>	<u>—</u>	<u>(1,525,235)</u>	<u>9,198,516</u>
Total fund balances	<u>8,528,426</u>	<u>6,772,055</u>	<u>(1,525,235)</u>	<u>11,407,109</u>
Total liabilities and fund balances	<u>\$ 9,128,748</u>	<u>\$ 6,772,055</u>	<u>\$ 1,478</u>	<u>\$ 11,655,638</u>

<u>Market Street Capital Project</u>	<u>Canby Hilltop Cypress Capital Project</u>	<u>SHASTECCapital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,953,101	\$ 8,306,174	\$ 1,312,018	\$ 2,163,863	\$16,387,675
6,339	27,098	6,212	78,040	463,872
—	—	1,139,902	—	1,139,902
1,450	4,195	92,898	252,719	460,016
—	—	—	—	20,250
—	—	241,949	3,184,170	21,488,630
—	—	—	12,224	83,197
—	—	—	120,256	415,943
—	40,000	—	—	40,000
5,000	—	—	—	5,000
—	—	—	408,870	1,313,178
—	72,081	—	—	72,081
—	—	—	517,988	5,614,722
<u>\$ 1,965,890</u>	<u>\$ 8,449,548</u>	<u>\$ 2,792,979</u>	<u>\$ 6,738,130</u>	<u>\$47,504,466</u>
\$ 29,169	\$ 8,150	\$ 805,685	\$ 1,159	\$ 867,625
3,211	9,945	233,457	—	246,613
—	112,081	1,152,583	406,738	2,427,084
—	—	—	40,000	40,000
—	—	—	13,100	32,825
—	—	—	72,081	72,081
3,662	14,551	890,106	—	2,485,014
<u>36,042</u>	<u>144,727</u>	<u>3,081,831</u>	<u>533,078</u>	<u>6,171,242</u>
261,346	85,692	2,715,436	105,760	5,944,135
—	—	—	517,988	5,601,874
819,404	92,103	—	—	911,507
—	72,081	—	—	72,081
—	—	—	—	6,772,055
—	—	—	419,280	2,627,873
849,098	8,054,945	—	1,245,870	10,818,552
—	—	(3,004,288)	3,916,154	8,585,147
<u>1,929,848</u>	<u>8,304,821</u>	<u>(288,852)</u>	<u>6,205,052</u>	<u>41,333,224</u>
<u>\$ 1,965,890</u>	<u>\$ 8,449,548</u>	<u>\$ 2,792,979</u>	<u>\$ 6,738,130</u>	<u>\$47,504,466</u>

See accompanying notes to financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

REDDING REDEVELOPMENT AGENCY  
 Governmental Funds  
 Reconciliation of the Balance Sheet of  
 Governmental Funds to the Statement of Net Assets  
 June 30, 2004

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

Fund balances of governmental funds	\$41,333,224
Capital assets have not been included as financial resources in governmental fund activity.	2,964,315
Accumulated depreciation has not been included in the fund financial statements.	(1,446,266)
Long-term debt that has not been included in the governmental fund activity:	
Tax allocation bonds payable	(42,925,000)
Bond discount/premium	55,550
Bond issuance costs	970,705
Unamortized deferred loss on defeased debt	504,734
Accrued interest payable for the current portion of interest due on tax allocation bonds has not been reported in the governmental funds.	(637,842)
Tax revenue reported as deferred revenue in the governmental funds was recorded as revenue in the statement of activities.	568,446
Grant revenue reported as deferred revenue in the governmental funds was recorded as revenue in the statement of activities.	1,087,064
Notes receivable and/or interest on notes recorded as deferred revenue in the governmental funds was recorded as revenue in the statement of activities.	603,264
Accrued vacation and other leave are not reported in governmental funds, but are recorded as an expense in the statement of activities.	<u>(167,732)</u>
Net assets of governmental activities	<u><u>\$ 2,910,462</u></u>

See accompanying notes to financial statements.

REDDING REDEVELOPMENT AGENCY  
Governmental Funds  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
For the Year Ended June 30, 2004

	Canby Hilltop Cypress Special Revenue	Canby Hilltop Cypress Special Projects	Midtown Debt Service	Canby Hilltop Cypress Debt Service
<b>REVENUES</b>				
Tax increment	\$ 1,332,997	\$ —	\$ 19,244	\$ 1,156,610
Other use of money and property	—	—	—	—
Intergovernmental revenues	—	—	—	—
Investment revenue	447,380	74,711	198	92,366
Other revenue	<u>41,552</u>	<u>—</u>	<u>58</u>	<u>—</u>
Total revenues	<u>1,821,929</u>	<u>74,711</u>	<u>19,500</u>	<u>1,248,976</u>
<b>EXPENDITURES</b>				
Current:				
Administrative	498,877	—	580	105,313
Professional services	5,596	—	—	—
Housing assistance	562,611	—	—	—
Pass throughs	—	—	1,438	—
Capital outlay:				
Project improvements	—	—	—	—
Debt service:				
Principal retirement	280,000	—	—	—
Interest and fiscal charges	498,860	—	38,703	1,108,239
Bond issuance costs	<u>—</u>	<u>—</u>	<u>—</u>	<u>679,606</u>
Total expenditures	<u>1,845,944</u>	<u>—</u>	<u>40,721</u>	<u>1,893,158</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,015)</u>	<u>74,711</u>	<u>(21,221)</u>	<u>(644,182)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	—	—	—	28,935,000
Bond discount	—	—	—	—
Premium on bonds issued	—	—	—	75,576
Payments to refunding bonds escrow agent	—	—	—	(19,698,821)
Proceeds from sale of land	31,438	—	—	—
Transfers in	2,169,184	—	—	—
Transfers out	<u>—</u>	<u>(2,169,184)</u>	<u>—</u>	<u>(414,331)</u>
Total other financing sources (uses)	<u>2,200,622</u>	<u>(2,169,184)</u>	<u>—</u>	<u>8,897,424</u>
Net change in fund balances	2,176,607	(2,094,473)	(21,221)	8,253,242
<b>FUND BALANCES (DEFICIT),</b>				
beginning of year	<u>6,351,819</u>	<u>8,866,528</u>	<u>(1,504,014)</u>	<u>3,153,867</u>
FUND BALANCES (DEFICIT), end of year	<u>\$ 8,528,426</u>	<u>\$ 6,772,055</u>	<u>\$(1,525,235)</u>	<u>\$11,407,109</u>

<u>Market Street Capital Project</u>	<u>Canby Hilltop Cypress Capital Project</u>	<u>SHASTEC Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,736,064	\$ 4,175,379	\$ 881,973	\$ 1,130,712	\$10,432,979
—	30,000	—	445	30,445
18,060	—	1,861,077	—	1,879,137
29,452	121,197	18,362	53,338	837,004
<u>5,121</u>	<u>10,444</u>	<u>67,520</u>	<u>167</u>	<u>124,862</u>
<u>1,788,697</u>	<u>4,337,020</u>	<u>2,828,932</u>	<u>1,184,662</u>	<u>13,304,427</u>
108,986	437,116	33,893	64,409	1,249,174
—	3,129	2,031	—	10,756
—	—	—	85,142	647,753
901,034	2,051,990	177,473	17,224	3,149,159
529,737	1,879,605	3,372,925	—	5,782,267
—	—	—	—	280,000
—	—	22,500	198,178	1,866,480
—	—	—	54,546	734,152
<u>1,539,757</u>	<u>4,371,840</u>	<u>3,608,822</u>	<u>419,499</u>	<u>13,719,741</u>
<u>248,940</u>	<u>(34,820)</u>	<u>(779,890)</u>	<u>765,163</u>	<u>(415,314)</u>
—	—	—	5,185,000	34,120,000
—	—	—	(51,342)	(51,342)
—	—	—	—	75,576
—	—	—	(2,138,086)	(21,836,907)
—	—	—	—	31,438
15,310	414,331	—	—	2,598,825
—	—	—	(15,310)	(2,598,825)
<u>15,310</u>	<u>414,331</u>	<u>—</u>	<u>2,980,262</u>	<u>12,338,765</u>
264,250	379,511	(779,890)	3,745,425	11,923,451
<u>1,665,598</u>	<u>7,925,310</u>	<u>491,038</u>	<u>2,459,627</u>	<u>29,409,773</u>
<u>\$ 1,929,848</u>	<u>\$ 8,304,821</u>	<u>\$ (288,852)</u>	<u>\$ 6,205,052</u>	<u>\$41,333,224</u>

See accompanying notes to financial statements.

REDDING REDEVELOPMENT AGENCY  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2004

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

Net Change in Fund Balances - Total Governmental Funds	\$11,923,451
In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.	(43,674)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	835,880
Long-term debt that has not been included in the governmental fund activity.	(11,372,743)
In the statement of activities, interest is accrued on outstanding bonds; whereas in governmental funds, an interest expenditure is reported when due.	(92,204)
Some expense reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>3,291</u>
Change in Net Assets of Governmental Activities	<u>\$ 1,254,001</u>

See accompanying notes to financial statements.

REDDING REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2004

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the more significant accounting policies of the Redding Redevelopment Agency (Agency), all of which conform to generally accepted accounting principles as applicable to governmental units:

**A. 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 as the City Council members, in separate session, serve 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) 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 Agency only uses governmental activities, which normally are supported by taxes and intergovernmental revenues.

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

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.

REDDING REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Continued)**

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

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 Canby-Hilltop-Cypress Special Projects Fund accounts for funds used for special housing projects derived from sources other than tax increment revenue and required to be used for housing related projects.

The Midtown Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the Midtown project area.

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 SHASTECCAPITAL Project Fund accounts for all the projects in the SHASTECCAPITAL project area.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and 2) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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.

REDDING REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Agency reports deferred revenue on its balance sheet. Deferred revenues arise when a 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 combined balance sheet and revenue is recognized.

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

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.

Cash and Investments

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. When purchased, capital assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statements. The valuation bases for general capital assets are 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; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

Personnel Services

The Agency has no employees. Administrative and accounting services are provided by City of Redding personnel. Consequently, the Agency has an obligation to the City of Redding for compensable absences and retirement plan contributions.

REDDING REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Net Assets

Net assets is 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

Following is a description of the interfund transactions made during the year and the related accounting policies:

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

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

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 resolution.

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.

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 from the debt service funds when revenue is in excess of debt service requirements.
- 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.

REDDING REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2004

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY - (Continued)

Encumbrances

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

NOTE 3 - CASH AND INVESTMENTS

The cash and investments as of June 30, 2004, are displayed on the balance sheet as follows:

Cash and investments	\$16,387,675
Restricted cash and investments	<u>21,488,630</u>
Total	<u>\$37,876,305</u>

Deposits - At June 30, 2004, the carrying amount of the Agency's deposits were \$283,079. The bank balance was \$283,079. Of the bank balance, \$141,130 is covered by Federal depository insurance.

Investments - The Agency reports its investments in accordance with Governmental Accounting Standards Board (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 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 the State Treasurer's Investment Pool (LAIF). Reverse repurchase agreements may be made only when prior approval of the Board of Directors has been given.

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, the State Treasurer's investment pool (LAIF) invests in various structured notes and mortgage-backed securities, such as collateralized mortgage obligations. As of June 30, 2004, 1.603% of LAIF's investment portfolio was invested in structured notes and other asset-backed securities.

REDDING REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2004

NOTE 3 - CASH AND INVESTMENTS - (Continued)

The Agency's cash and investments as of June 30, 2004, are as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Federal Home Loan Bank	\$ 2,618,515
Local Agency Investment Fund	34,907,314
Mutual funds	67,397
Certificate of deposit	241,949
Checking account	<u>41,130</u>
 Total cash and investments	 <u>\$37,876,305</u>

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables as of June 30, 2004, are comprised of the following:

Capital Project Funds:	
State of California - State Water Quality Control Board	\$ 1,087,064
City of Redding	<u>52,838</u>
Total intergovernmental receivables	<u>\$ 1,139,902</u>

NOTE 5 - RESTRICTED CASH AND INVESTMENTS

Certain proceeds of the Agency's bonds, as well as certain resources set aside for their repayment and a certificate of deposit, are restricted assets and are included in the cash and investments on the balance sheet. The bond amounts are maintained in a separate bank account and their use is limited by applicable bond covenants. The certificate of deposit is also maintained in a separate bank account and its use is limited to the purchase of wetlands property. The total amount in these restricted accounts is \$21,488,630. Following is a brief description of the restrictions and the amounts:

The bond reserve account is used to segregate resources set aside for future debt service payments should the Agency not meet schedule debt service payments when due. When the remaining debt service due on the bonds is equal to or less than the reserve account, the reserve account can be used to meet debt service payments. The following amounts are included in the bond reserve account:

Canby-Hilltop-Cypress Series A 2003 reserve account	\$ 2,208,593
Market Street Series 2003 reserve account	<u>419,280</u>
Total	<u>\$ 2,627,873</u>

REDDING REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2004

NOTE 5 - RESTRICTED CASH AND INVESTMENTS - (Continued)

The bond special account is used to segregate resources accumulated for debt service payments over the next twelve months. The following amounts are included in the bond special account:

Canby-Hilltop-Cypress Series A 2003 special account	\$ 11,159
Market Street Series 2003 Bond special account	27
Canby-Hilltop-Cypress Series A special account	10
Canby-Hilltop-Cypress Series B special account	<u>5</u>
Total	<u>\$ 11,201</u>

The bond project account is used to segregate resources accumulated for projects. The following amounts are included in the bond project account:

Canby-Hilltop-Cypress Series A project account	\$ 3,714,617
Canby-Hilltop-Cypress Series B project account	3,033,252
Canby-Hilltop-Cypress Series A 2003 project account	9,094,875
Market Street Series 2003 project account	<u>2,764,863</u>
Total	<u>\$18,607,607</u>

The Agency entered into an agreement with the Department of Fish and Game of the State of California to establish an account that would be used for the purchase of wetlands property. The balance in this account as of June 30, 2004, is \$241,949.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables as of June 30, 2004, are as follows:

<u>Advances Receivable From/Payable to:</u>	<u>Receivable</u>	<u>Payable</u>
Capital Project Funds:		
Canby-Hilltop-Cypress Project	\$ 40,000	\$ —
Buckeye Project	—	40,000

NOTE 7 - ADVANCES RECEIVABLES, PAYABLES AND TRANSFERS

Noncurrent portions of long-term interfund loan receivables are reported as advances and in all governmental fund types offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

REDDING REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2004

NOTE 7 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - (Continued)

<u>Advances Receivable From/Payable to:</u>	<u>Receivable</u>	<u>Payable</u>
Capital Project Funds:		
Canby-Hilltop-Cypress Project	\$ 72,081	\$ —
Buckeye Project	—	72,081

The Canby-Hilltop-Cypress Project Fund advanced amounts to cover formation costs for the Buckeye Project under an agreement dated April 4, 2000. The Agency used proceeds from the sale of otherwise unencumbered property acquired with tax increment revenues to cover the formation costs. The Buckeye Fund is to repay all of the formation costs.

<u>Interfund Transfers:</u>	<u>Transfers in</u>	<u>Transfers Out</u>
Special Revenue Funds:		
Canby-Hilltop-Cypress Project	\$ 2,169,184	\$ —
Canby-Hilltop-Cypress Special Projects	—	2,169,184
Debt Service Funds:		
Canby-Hilltop-Cypress Project	—	414,331
Market Street Project	—	15,310
Capital Project Funds:		
Canby-Hilltop-Cypress Project	414,331	—
Market Street Project	15,310	—
Total	<u>\$ 2,598,825</u>	<u>\$ 2,598,825</u>

In the fund financial statements, total transfers in and out are \$2,598,825. In the Canby-Hilltop-Cypress Special Projects Fund cash was transferred to the Canby-Hilltop-Cypress Special Revenue Fund to cover expenditures for housing projects. In the Canby-Hilltop-Cypress Debt Service Fund and Market Street Debt Service Fund revenue in excess of the debt service requirements was transferred to the capital project funds.

NOTE 8 - NOTES RECEIVABLE

Notes receivable as of June 30, 2004, consist of the following:

Two 8%, three 5% and three 0% notes receivable, payable in monthly installments of \$1,059 including interest. The notes, due through January, 2019, are secured by residential real property.	\$ 91,622
--	-----------

Seventeen 5% notes with principal and accrued interest due upon property transfer or sale, upon death of owner, or upon change of use of the property. The notes are secured by residential real property.	321,451
--	---------

Seventy-five notes receivable with principal and accrued interest due upon property transfer or sale, upon death of owner, or upon change of use of the property. The interest is calculated as a percentage of the loan to the original purchase price of the property, with a maximum of 15%, of the property appreciation over the life of the loan. The notes are secured by residential real property.	1,222,217
---	-----------

REDDING REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2004

NOTE 8 - NOTES RECEIVABLE - (Continued)

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.	1,652,646
Owner participation agreement from Catholic Charities of Sacramento, Inc., due December, 2010. The agreement bears interest at 3.74%.	41,065
Note receivable from Northern Valley Catholic Social Services due August, 2022. The note, which is secured by real property, bears interest at 3% for the first twelve years and 5% thereafter. Payments are due only when there are residual receipts from the project and/or at maturity	115,000
Note receivable from Redding Shadowbrook Limited due July, 2046. The note, which is secured by real property, bears interest at 1%. Payments are due only when there are residual receipts from the project and/or maturity, except all payments shall be deferred until July, 2011.	236,000
Note receivable from Community Revitalization and Development Corporation due upon transfer or sale, rental or refinancing of the property. The note, which is secured by real transfer property, bears interest at 3%.	25,000
Note receivable from Senior Affordable Housing Corporation No. 4 due January, 2059. The note, which is secured by real property, bears interest at 1%. Payments are due only when there are residual receipts from the project and/or at maturity.	275,000
Note receivable from Community Revitalization and Development Corporation due upon property transfer or sale, upon rental or lease of property or upon refinancing of any lien or encumbrance secured by the property. The note, which is secured by real property, bears interest at 0%. Payments are deferred until the principal amount becomes due.	73,065
Total notes receivable	<u>\$ 5,614,722</u>

REDDING REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2004

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 was as follows:

	Balance <u>July 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2004</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,502,450	—	—	\$ 1,502,450
Total capital assets, not being depreciated	<u>1,502,450</u>	<u>—</u>	<u>—</u>	<u>1,502,450</u>
Capital assets, being depreciated:				
Buildings	1,455,733	—	—	1,455,733
Equipment	<u>6,132</u>	<u>—</u>	<u>—</u>	<u>6,132</u>
Total capital assets being depreciated	<u>1,461,865</u>	<u>—</u>	<u>—</u>	<u>1,461,865</u>
Less accumulated depreciation for:				
Buildings	(1,396,460)	(43,674)	—	(1,440,134)
Equipment	<u>(6,132)</u>	<u>—</u>	<u>—</u>	<u>(6,132)</u>
Total accumulated depreciation	<u>(1,402,592)</u>	<u>(43,674)</u>	<u>—</u>	<u>(1,446,266)</u>
Total capital assets, being depreciated, net	<u>59,273</u>	<u>(43,674)</u>	<u>—</u>	<u>15,599</u>
Governmental activities capital assets, net	<u>\$ 1,561,723</u>	<u>\$ (43,674)</u>	<u>\$ —</u>	<u>\$ 1,518,049</u>

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

Governmental activities:	
Public works	\$ 43,674
Total depreciation expense - governmental activities	<u>\$ 43,674</u>

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

<u>Project Area:</u>	Balance <u>July 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2004</u>
<u>Market Street</u>				
Land	\$ 642,167	\$ —	\$ —	\$ 642,167
Total Market Street	<u>642,167</u>	<u>—</u>	<u>—</u>	<u>642,167</u>
<u>Midtown</u>				
Buildings	1,455,733	—	—	1,455,733
Accumulated depreciation	<u>(1,396,460)</u>	<u>(43,674)</u>	<u>—</u>	<u>(1,440,134)</u>
Total Midtown	<u>59,273</u>	<u>(43,674)</u>	<u>—</u>	<u>15,599</u>

REDDING REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2004

NOTE 9 - CAPITAL ASSETS - (Continued)

<u>Project Area:</u>	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2004</u>
<u>Canby-Hilltop-Cypress</u>				
Land	860,283	—	—	860,283
Equipment	6,132	—	—	6,132
Accumulated depreciation	<u>(6,132)</u>	<u>—</u>	<u>—</u>	<u>(6,132)</u>
Total Canby-Hilltop-Cypress	<u>860,283</u>	<u>—</u>	<u>—</u>	<u>860,283</u>
Governmental activities capital assets, net	<u>\$ 1,561,723</u>	<u>\$ (43,674)</u>	<u>\$ —</u>	<u>\$ 1,518,049</u>

NOTE 10 - INTERGOVERNMENTAL PAYABLES

Intergovernmental payables consist of the following:

Reimbursement Agreements

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

The first agreement is a reciprocal one that provides for the Agency, as funds become available from tax increment revenue, to reimburse the City for all amounts paid to the Agency under the Midtown Project Lease. Therefore, in substance, the final source for this reimbursement is the property tax increment revenue. There were no amounts paid in fiscal year 2002-2003 under this agreement.

The second agreement provides for the Agency, as funds become available, to reimburse the City for expenses incurred on behalf of the Agency's Canby-Hilltop-Cypress Project, SHASTECC Project, Market Street Project and Buckeye Project. Interest accrues at ten percent per annum.

Repayment Agreement

The City of Redding and the Agency entered into a repayment agreement executed on May 18, 1999, for the SHASTECC 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 current balance is \$859,000. Interest payable as of June 30, 2004, is \$31,106. 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 SHASTECC Redevelopment project.

Note Payable to City of Redding

City Council approved on August 25, 1972, a loan for \$550,000 from the City of Redding Electric Utility Fund to the Agency. The current balance is \$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 have 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, 2004, is \$221,835.

REDDING REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2004

NOTE 10 - INTERGOVERNMENTAL PAYABLES - (Continued)

Following is a summary of the intergovernmental payable amounts as of June 30, 2004:

<u>Fund</u>	<u>Amount</u>
Special Revenue funds:	
Canby-Hilltop-Cypress Project Reimbursement Agreement	\$ 51,127
Total special revenue funds	<u>51,127</u>
Debt Service funds:	
Midtown Project Reimbursement Agreement	995,628
Midtown Project note payable	<u>529,940</u>
Total debt service funds	<u>1,525,568</u>
Capital Project funds:	
Market Street Project Reimbursement Agreement	3,662
Canby-Hilltop-Cypress Project Reimbursement Agreement	14,551
SHASTEC Project Repayment Agreement	<u>890,106</u>
Total capital project funds	<u>908,319</u>
Total intergovernmental payable	<u>\$ 2,485,014</u>

NOTE 11 - DEFERRED REVENUE

Deferred revenue of \$168,310 as of June 30, 2004, in the Statement of Net Assets consists of property tax revenue that is accruing in the Midtown Special Revenue Fund. Project areas approved before 1986 can defer the 20 percent housing set aside until the project area's debt service obligations are met. With the passage of Proposition 13, the Midtown Project area had to borrow money from the City of Redding 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 of Redding \$1.5 million and continues to defer its housing obligation until that debt is paid.

NOTE 12 - LONG-TERM DEBT

The following is a summary of changes in long-term debt during the year ended June 30, 2004:

<u>Project Area:</u>	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2004</u>	<u>Due Within</u> <u>One Year</u>
<u>Market Street</u>					
Tax Allocation Bonds (Series A)	\$ 1,995,000	\$ —	\$(1,995,000)	\$ —	\$ —
Tax Allocation Bonds 2003 Series	—	5,185,000	—	5,185,000	170,000
Less bond discounts	—	(51,342)	2,161	(49,181)	—
Less unamortized deferred loss on defeased debt	—	(143,086)	6,021	(137,065)	—
Total Market Street	<u>1,995,000</u>	<u>4,990,572</u>	<u>(1,986,818)</u>	<u>4,998,754</u>	<u>170,000</u>

REDDING REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2004

NOTE 12 - LONG-TERM DEBT - (Continued)

<u>Project Area:</u>	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2004</u>	<u>Due Within</u> <u>One Year</u>
<u>Canby-Hilltop-Cypress</u>					
Tax Allocation Bonds (Series A)	5,585,000	—	(280,000)	5,305,000	290,000
Tax Allocation Bonds (Series B)	3,500,000	—	—	3,500,000	—
Tax Allocation Bonds (Series C)	4,870,000	—	(4,870,000)	—	—
Tax Allocation Bonds (Series D)	14,445,000	—	(14,445,000)	—	—
Tax Allocation Bonds 2003 (Series A)	—	28,935,000	—	28,935,000	1,040,000
Add bond premiums	—	75,576	(3,181)	72,395	3,779
Less bond discounts	(84,232)	—	5,468	(78,764)	(8,035)
Less unamortized deferred loss on deceased debt	—	(383,821)	16,152	(367,669)	(26,345)
<b>Total Canby-Hilltop-Cypress</b>	<u>28,315,768</u>	<u>28,626,755</u>	<u>(19,576,561)</u>	<u>37,365,962</u>	<u>1,299,399</u>
 <b>Total long-term debt</b>	 <u>\$30,310,768</u>	 <u>\$33,617,327</u>	 <u>\$(21,563,379)</u>	 <u>\$42,364,716</u>	 <u>\$ 1,469,399</u>

Long-term debt consists of the following as of June 30, 2004:

**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.

\$ 5,185,000

**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 projects.

5,305,000

**Tax Allocation 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 projects.

3,500,000

REDDING REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2004

NOTE 12 - LONG-TERM DEBT - (Continued)

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.

	<u>28,935,000</u>
Total bonds outstanding	<u>42,925,000</u>
Discount on Market St., Series 2003	(49,181)
Discount on Canby-Hilltop-Cypress Tax Allocation Bonds, Series A	(41,016)
Discount on Canby-Hilltop-Cypress Tax Allocation Bonds, Series B	(37,748)
Premium on Canby-Hilltop-Cypress Tax Allocation Bonds, Series A 2003	72,395
Unamortized deferred loss on defeased debt	<u>(504,734)</u>
Total discount/premium and unamortized deferred loss on defeased debt	<u>(560,284)</u>
Total long-term debt	<u>\$42,364,716</u>

Annual requirements to amortize long-term debt outstanding as of June 30, 2004, are set forth below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 1,500,000	\$ 1,905,735	\$ 3,405,735
2006	1,540,000	1,867,155	3,407,155
2007	1,585,000	1,823,760	3,408,760
2008	1,635,000	1,770,866	3,405,866
2009	1,690,000	1,709,885	3,399,885
2010-2014	9,560,000	7,409,145	16,969,145
2015-2019	12,030,000	4,883,066	16,913,066
2020-2024	<u>13,385,000</u>	<u>1,602,259</u>	<u>14,987,259</u>
	<u>\$42,925,000</u>	<u>\$22,971,871</u>	<u>\$65,896,871</u>

NOTE 13 - FUND BALANCE DEFICITS

Midtown Project Debt Service Fund (\$1,525,235) - As a result of Proposition 13, property tax increment revenue in the project area has not increased to the level necessary to make debt service payments. Funds have been advanced from the City of Redding to meet debt service requirements. The debt was paid off in fiscal year end 2003. Funds will now be available to start repaying the advances made from the City.

SHASTECCAPITAL PROJECT FUND (\$288,852) - The deficit is a result of deferring revenue on the state of California grants for the Clover Creek Preserve Project. The deficit will be eliminated when the grant revenue is received.

Buckeye Capital Project Fund (\$33,929) - The deficit is the result of a new project area. The deficit should be eliminated as future tax increments are received.

REDDING REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2004

NOTE 14 - 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 Buckeye Project area base year is 1999-2000.

NOTE 15 - RISK MANAGEMENT

The Redevelopment Agency participates in the City of Redding 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 of Redding Risk Management Fund, an internal service fund. Redding Redevelopment Agency is a component unit of the City of Redding. 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 of Redding 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 of Redding 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 \$25 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 quasi-external transactions. Incurred but not reported claims liability have been included in the claims payable amount as of June 30, 2004.

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 quasi-external transactions. Incurred but not reported claims liability have been included in the claims payable amount as of June 30, 2004.

REDDING REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2004

NOTE 16 - COMMITMENTS

The only construction contracts that existed as of June 30, 2004, were for the Clover Creek storm drainage project. At year end the Agency's commitments with contractors are as follows:

<u>Fund</u>	<u>Project</u>	<u>Remaining Commitment</u>	<u>Financing Sources</u>
SHASTECCapital Project Fund	Clover Creek storm drainage project	<u>\$ 1,881,840</u>	State Water Resources Control Board grant and loan from the City of Redding
Total		<u>\$ 1,881,840</u>	

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 Bonny View Elementary School located at 5080 Bidwell Road, Redding, CA 96001. On June 30, 2004, the total outstanding principle on the bonds was \$5,290,000.

A Disposition and Development Agreement has been entered into with FaithWorks Community Coalition, Inc., for the development of 12 transitional housing units for homeless families with children. The Agency's commitment to this project is land valued at \$30,000 and up to \$1 million in monetary assistance.

The Agency has also entered into an exclusive negotiating agreement with New Urban Builders, Inc., for the development of two Parkview Neighborhood housing sites.

NOTE 17 - DEFEASANCE OF DEBT

On August 28, 2003, the Agency issued \$5.185 million of Market Street Redevelopment Project Tax Allocation Bonds with a true interest rate of 5.27 percent. A portion of these bonds was used to advance refund the Market Street Redevelopment Project Tax Allocation Bonds Series A 1994 with an aggregate interest rate of 6.7 percent and a par value of \$1.995 million. The Series A Bonds are callable on September 1, 2004. A total of \$2,091,985 was used to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the defeased debt. The advance refunding met the requirements of an in-substance debt defeasance and the bonds were removed from the Agency's government-wide financial statements. As of June 30, 2004, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements is \$1,950,000.

As a result of the advance refunding, the Agency reduced its total debt service requirements by \$153,647, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$96,559.

REDDING REDEVELOPMENT AGENCY  
Notes to Financial Statements  
June 30, 2004

NOTE 17 - DEFEASANCE OF DEBT - (Continued)

On August 28, 2003, the Agency issued \$28.935 million of Canby-Hilltop-Cypress Redevelopment Project Tax Allocation Bonds with a true interest rate of 4.70 percent. A portion of these bonds was used to current refund the Canby-Hilltop-Cypress Redevelopment Project Tax Allocation Bonds Series C and D. The Series C Bonds had an average interest rate of 6.0 percent and a par value of \$4.87 million. The Series D had an average interest rate of 5.0 percent and a par value of \$14.445 million. The Series C and D Bonds were defeased with cash from the new bond sale on September 1, 2003.

As a result of the current refunding for Series C, the Agency reduced its total debt service requirements by \$958,885, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$589,130. As a result of the current refunding for Series D, the Agency reduced its total debt service requirements by \$203,229, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$39,440.

THIS PAGE INTENTIONALLY LEFT BLANK

## REQUIRED SUPPLEMENTARY INFORMATION

REDDING REDEVELOPMENT AGENCY  
 Canby-Hilltop-Cypress Special Revenue Fund  
 Budgetary Comparison Schedule  
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Tax increment	\$ 1,259,770	\$ 1,306,680	\$ 1,332,997	\$ 26,317
Other use of money and property	320,000	722,490	744,531	22,041
Investment revenue	195,000	430,350	451,517	21,167
Other revenue	—	5,100	41,552	36,452
<b>Total revenues</b>	<b>1,774,770</b>	<b>2,464,620</b>	<b>2,570,597</b>	<b>105,977</b>
<b>EXPENDITURES:</b>				
Current:				
Administrative	559,090	557,090	498,976	58,114
Professional services	4,000	6,000	5,596	404
Housing assistance	6,678,530	8,282,530	3,488,642	4,793,888
Debt service:				
Principal retirement	280,000	280,000	280,000	—
Interest and fiscal charges	504,670	504,670	498,860	5,810
<b>Total expenditures</b>	<b>8,026,290</b>	<b>9,630,290</b>	<b>4,772,074</b>	<b>4,858,216</b>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,251,520)</u>	<u>(7,165,670)</u>	<u>(2,201,477)</u>	<u>4,964,193</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of land	—	17,030	17,029	(1)
<b>Total other financing sources (uses)</b>	<u>—</u>	<u>17,030</u>	<u>17,029</u>	<u>(1)</u>
<b>Net change in fund balance</b>	<u>(6,251,520)</u>	<u>(7,148,640)</u>	<u>(2,184,448)</u>	<u>4,964,192</u>
<b>FUND BALANCE, beginning</b>	<u>6,351,819</u>	<u>6,351,819</u>	<u>6,351,819</u>	<u>—</u>
<b>BUDGETARY FUND BALANCE, ending</b>	<u>\$ 100,299</u>	<u>\$ (796,821)</u>	<u>\$ 4,167,371</u>	<u>\$ 4,964,192</u>

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

	\$ 8,528,426
1. Financial statement only interest income adjustment per GASB 31.	4,293
2. The Agency budgets for and records loan payments received in the revenue accounts, but adjusts the actual payment to loans receivable.	744,375
3. The Agency does not budget for benefit accruals.	(98)
4. The Agency does not budget for accounts payable adjustments.	4,883
5. The Agency budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.	(259,134)
6. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Fund Balance.	(2,794,176)
7. The Agency does not budget for transfers in from the Special Projects Fund.	(2,169,184)
8. The Agency budgets for amounts held in deposits for the purchase of property and relocation payments, but adjusts the payment to deposits in assets.	122,395
9. The Agency budgets for the sale of assets held for resale, but adjusts the revenue to reduce Assets Held for Resale and the gain/loss on the sale.	(14,409)

Budgetary fund balance **\$ 4,167,371**

REDDING REDEVELOPMENT AGENCY  
 Canby-Hilltop-Cypress Special Projects Fund  
 Budgetary Comparison Schedule  
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Investment revenue	\$ 180,000	\$ 180,000	\$ 110,686	\$ (69,314)
Total revenues	180,000	180,000	110,686	(69,314)
FUND BALANCE, beginning	8,866,528	8,866,528	8,866,528	—
BUDGETARY FUND BALANCE, ending	\$ 9,046,528	\$ 9,046,528	\$ 8,977,214	\$ (69,314)
Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balance to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balance:			\$ 6,772,055	
1. Financial statement only interest income adjustment per GASB 31.			35,975	
2. The Agency does not budget for transfers to the Housing Fund.			2,169,184	
Budgetary fund balance			\$ 8,977,214	

THIS PAGE INTENTIONALLY LEFT BLANK

## SUPPLEMENTAL INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

## **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.

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

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

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.

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.

### **Capital Project Funds**

Capital project funds are used to account for the acquisition and construction of capital facilities.

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, 2004

	<u>Market Street Special Revenue</u>	<u>SHASTEC Special Revenue</u>	<u>Buckeye Special Revenue</u>
<b>ASSETS</b>			
Cash and investments	\$ 1,359,744	\$ 691,544	\$ 40,500
Interest receivable	75,269	2,305	124
Taxes receivable	43,447	23,071	3,568
Restricted assets:			
Cash and investments	—	—	—
Interest receivable	—	—	—
Taxes receivable	—	—	—
Assets held for sale	408,870	—	—
Notes receivable, net	<u>517,988</u>	<u>—</u>	<u>—</u>
 Total assets	 <u>\$ 2,405,318</u>	 <u>\$ 716,920</u>	 <u>\$ 44,192</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 1,159	\$ —	\$ —
Deferred revenue	112,700	16,381	2,147
Interfund payable	—	—	—
Deposits	13,100	—	—
Advances from other funds	<u>—</u>	<u>—</u>	<u>—</u>
 Total liabilities	 <u>126,959</u>	 <u>16,381</u>	 <u>2,147</u>
<b>Fund balances:</b>			
Reserved for encumbrances	105,760	—	—
Reserved for noncurrent notes receivable	517,988	—	—
Reserved for debt service	—	—	—
Unreserved:			
Designated for continuing projects	1,234,870	10,000	1,000
Undesignated (deficit)	<u>419,741</u>	<u>690,539</u>	<u>41,045</u>
 Total fund balances	 <u>2,278,359</u>	 <u>700,539</u>	 <u>42,045</u>
 Total liabilities and fund balances	 <u>\$ 2,405,318</u>	 <u>\$ 716,920</u>	 <u>\$ 44,192</u>

<u>Midtown Special Revenue</u>	<u>Market Street Debt Service</u>	<u>Buckeye Capital Project</u>	<u>Total Nonmajor Governmental Funds</u>
\$ —	\$ —	\$ 72,075	\$ 2,163,863
—	—	342	78,040
168,310	—	14,323	252,719
—	3,184,170	—	3,184,170
—	12,224	—	12,224
—	120,256	—	120,256
—	—	—	408,870
—	—	—	517,988
<u>\$ 168,310</u>	<u>\$ 3,316,650</u>	<u>\$ 86,740</u>	<u>\$ 6,738,130</u>
\$ —	\$ —	\$ —	\$ 1,159
168,310	98,612	8,588	406,738
—	—	40,000	40,000
—	—	—	13,100
—	—	72,081	72,081
<u>168,310</u>	<u>98,612</u>	<u>120,669</u>	<u>533,078</u>
—	—	—	105,760
—	—	—	517,988
—	419,280	—	419,280
—	—	—	1,245,870
—	2,798,758	(33,929)	3,916,154
—	3,218,038	(33,929)	6,205,052
<u>\$ 168,310</u>	<u>\$ 3,316,650</u>	<u>\$ 86,740</u>	<u>\$ 6,738,130</u>

REDDING REDEVELOPMENT AGENCY  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended June 30, 2004

	<u>Market Street Special Revenue</u>	<u>SHASTE Special Revenue</u>	<u>Buckeye Special Revenue</u>
REVENUES:			
Tax increment	\$ 502,984	\$ 220,493	\$ 26,273
Other use of money and property	445	—	—
Investment revenue	11,016	5,941	248
Other revenue	<u>—</u>	<u>—</u>	<u>—</u>
Total revenues	<u>514,445</u>	<u>226,434</u>	<u>26,521</u>
EXPENDITURES:			
Current:			
Administrative	14,448	5,376	687
Housing assistance	85,142	—	—
Pass throughs	—	—	—
Debt service:			
Interest and fiscal charges	—	—	—
Bond issuance costs	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>99,590</u>	<u>5,376</u>	<u>687</u>
Excess (deficiency) of revenues over (under) expenditures	<u>414,855</u>	<u>221,058</u>	<u>25,834</u>
OTHER FINANCING SOURCES (USES):			
Long-term debt issued	—	—	—
Bond discount	—	—	—
Payment to refunding bonds escrow agent	—	—	—
Transfers out	<u>—</u>	<u>—</u>	<u>—</u>
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	414,855	221,058	25,834
FUND BALANCES (DEFICIT), beginning of year	<u>1,863,504</u>	<u>479,481</u>	<u>16,211</u>
FUND BALANCES (DEFICIT), end of year	<u>\$ 2,278,359</u>	<u>\$ 700,539</u>	<u>\$ 42,045</u>

<u>Midtown Special Revenue</u>	<u>Market Street Debt Service</u>	<u>Buckeye Capital Project</u>	<u>Total Nonmajor Governmental Funds</u>
\$ —	\$ 275,871	\$ 105,091	\$ 1,130,712
—	—	—	445
—	34,967	1,166	53,338
<u>—</u>	<u>—</u>	<u>167</u>	<u>167</u>
<u>—</u>	<u>310,838</u>	<u>106,424</u>	<u>1,184,662</u>
—	39,989	3,909	64,409
—	—	—	85,142
—	—	17,224	17,224
—	196,011	2,167	198,178
<u>—</u>	<u>54,546</u>	<u>—</u>	<u>54,546</u>
<u>—</u>	<u>290,546</u>	<u>23,300</u>	<u>419,499</u>
<u>—</u>	<u>20,292</u>	<u>83,124</u>	<u>765,163</u>
—	5,185,000	—	5,185,000
—	(51,342)	—	(51,342)
—	(2,138,086)	—	(2,138,086)
<u>—</u>	<u>(15,310)</u>	<u>—</u>	<u>(15,310)</u>
<u>—</u>	<u>2,980,262</u>	<u>—</u>	<u>2,980,262</u>
—	3,000,554	83,124	3,745,425
<u>—</u>	<u>217,484</u>	<u>(117,053)</u>	<u>2,459,627</u>
<u>\$ —</u>	<u>\$ 3,218,038</u>	<u>\$ (33,929)</u>	<u>\$ 6,205,052</u>

REDDING REDEVELOPMENT AGENCY  
Midtown Debt Service Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Tax increment	\$ 25,000	\$ 19,500	\$ 19,244	\$ (256)
Investment revenue	—	—	198	198
Other revenue	—	—	<u>59</u>	<u>59</u>
 Total revenues	 <u>25,000</u>	 <u>19,500</u>	 <u>19,501</u>	 <u>1</u>
EXPENDITURES:				
Current:				
Administrative	1,000	580	580	—
Professional services	500	—	—	—
Pass throughs	2,900	1,440	1,438	2
Debt Service:				
Interest and fiscal charges	<u>20,600</u>	<u>33,200</u>	<u>31,713</u>	<u>1,487</u>
 Total expenditures	 <u>25,000</u>	 <u>35,220</u>	 <u>33,731</u>	 <u>1,489</u>
Excess (deficiency) of revenues over (under) expenditures	—	(15,720)	(14,230)	1,490
FUND BALANCE (DEFICIT), beginning	<u>(1,504,014)</u>	<u>(1,504,014)</u>	<u>(1,504,014)</u>	<u>—</u>
BUDGETARY FUND BALANCE (DEFICIT), ending	<u>\$(1,504,014)</u>	<u>\$(1,519,734)</u>	<u>\$(1,518,244)</u>	<u>\$ 1,490</u>
Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balance to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balance:			\$(1,525,235)	
1. The Agency budgets for interest on loans on a cash, not accrual basis.			<u>6,991</u>	
Budgetary fund balance			<u>\$(1,518,244)</u>	

REDDING REDEVELOPMENT AGENCY  
Canby-Hilltop-Cypress Debt Service Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Tax increment	\$ 1,992,130	\$ 1,047,950	\$ 1,156,610	\$ 108,660
Investment revenue	<u>100,000</u>	<u>200,000</u>	<u>238,061</u>	<u>38,061</u>
Total revenues	<u>2,092,130</u>	<u>1,247,950</u>	<u>1,394,671</u>	<u>146,721</u>
<b>EXPENDITURES:</b>				
Current:				
Administrative	130,000	130,000	106,663	23,337
Debt Service:				
Principal retirement	540,000	—	—	—
Interest and fiscal charges	1,014,270	1,117,950	1,108,239	9,711
Bond issuance costs	<u>—</u>	<u>694,260</u>	<u>679,606</u>	<u>14,654</u>
Total expenditures	<u>1,684,270</u>	<u>1,942,210</u>	<u>1,894,508</u>	<u>47,702</u>
Excess (deficiency) of revenues over (under) expenditures	<u>407,860</u>	<u>(694,260)</u>	<u>(499,837)</u>	<u>194,423</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Long-term debt issued	—	28,935,000	28,935,000	—
Premium on bonds issued	<u>—</u>	<u>75,580</u>	<u>75,576</u>	<u>(4)</u>
Total other financing sources (uses)	<u>—</u>	<u>29,010,580</u>	<u>29,010,576</u>	<u>(4)</u>
Net change in fund balance	407,860	28,316,320	28,510,739	194,419
FUND BALANCE, beginning	<u>3,153,867</u>	<u>3,153,867</u>	<u>3,153,867</u>	<u>—</u>
BUDGETARY FUND BALANCE, ending	<u>\$ 3,561,727</u>	<u>\$31,470,187</u>	<u>\$31,664,606</u>	<u>\$ 194,419</u>

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

	\$11,407,109
1. Financial statement only interest income adjustment per GASB 31.	145,695
2. Excess funds from debt service transferred to capital projects.	414,331
3. The Agency does not budget for accounts payable adjustments.	(1,350)
4. The Agency does not budget for payments to refunding bonds escrow agent	<u>19,698,821</u>
Budgetary fund balance	<u>\$31,664,606</u>

REDDING REDEVELOPMENT AGENCY  
Market Street Capital Project  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Tax increment	\$ 977,700	\$ 1,685,970	\$ 1,736,064	\$ 50,094
Intergovernmental revenues	—	160,000	18,060	(141,940)
Investment revenue	35,000	35,000	37,536	2,536
Other revenue	—	500	5,121	4,621
	<u>1,012,700</u>	<u>1,881,470</u>	<u>1,796,781</u>	<u>(84,689)</u>
EXPENDITURES:				
Current:				
Administrative	123,600	123,600	108,986	14,614
Professional services	10,000	10,000	—	10,000
Pass throughs	578,550	1,189,640	901,034	288,606
Capital Outlay:				
Project improvements	<u>972,090</u>	<u>1,406,590</u>	<u>812,882</u>	<u>593,708</u>
	<u>1,684,240</u>	<u>2,729,830</u>	<u>1,822,902</u>	<u>906,928</u>
Excess (deficiency) of revenues over (under) expenditures	(671,540)	(848,360)	(26,121)	822,239
FUND BALANCE, beginning	<u>1,665,598</u>	<u>1,665,598</u>	<u>1,665,598</u>	<u>—</u>
BUDGETARY FUND BALANCE, ending	<u>\$ 994,058</u>	<u>\$ 817,238</u>	<u>\$ 1,639,477</u>	<u>\$ 822,239</u>
Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balance to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balance:			\$ 1,929,848	
1. Financial statement only interest income adjustment per GASB 31.			8,083	
2. Excess funds from debt service transferred to capital projects.			(15,310)	
3. The Agency does not budget for accounts payable adjustments.			12,713	
4. The Agency budgets for deposits made for the purchase of property, but adjusts the payment to deposits in assets.			(5,000)	
5. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Fund Balances.			<u>(290,857)</u>	
Budgetary fund balance			<u>\$ 1,639,477</u>	

REDDING REDEVELOPMENT AGENCY  
 Canby-Hilltop-Cypress Capital Project  
 Budgetary Comparison Schedule  
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Tax increment	\$ 1,415,750	\$ 4,210,960	\$ 4,175,379	\$ (35,581)
Other use of money and property	30,000	30,000	30,000	—
Investment revenue	129,250	129,250	161,834	32,584
Other revenue	—	—	10,444	10,444
	<u>1,575,000</u>	<u>4,370,210</u>	<u>4,377,657</u>	<u>7,447</u>
<b>EXPENDITURES:</b>				
Current:				
Administrative	520,850	530,250	437,129	93,121
Professional services	148,500	139,100	18,129	120,971
Pass throughs	674,990	2,399,570	2,051,990	347,580
Capital Outlay:				
Project improvements	<u>6,607,130</u>	<u>6,989,110</u>	<u>2,002,347</u>	<u>4,986,763</u>
	<u>7,951,470</u>	<u>10,058,030</u>	<u>4,509,595</u>	<u>5,548,435</u>
Excess (deficiency) of revenues over (under) expenditures	(6,376,470)	(5,687,820)	(131,938)	5,555,882
FUND BALANCE, beginning	<u>7,925,310</u>	<u>7,925,310</u>	<u>7,925,310</u>	<u>—</u>
BUDGETARY FUND BALANCE, ending	<u>\$ 1,548,840</u>	<u>\$ 2,237,490</u>	<u>\$ 7,793,372</u>	<u>\$ 5,555,882</u>

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

	\$ 8,304,821
1. Financial statement only interest income adjustment per GASB 31.	36,933
2. The Agency does not budget for interest earned on wetlands cash deposit that were transferred to the City of Redding.	3,703
3. Excess funds from debt service transferred to capital projects.	(414,331)
4. The Agency does not budget for accounts payable adjustments.	(45,874)
5. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Fund Balance.	<u>(91,880)</u>
Budgetary fund balance	<u>\$ 7,793,372</u>

REDDING REDEVELOPMENT AGENCY  
SHASTEC Capital Project  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Tax increment	\$ 664,140	\$ 819,830	\$ 881,973	\$ 62,143
Intergovernmental revenue	2,879,790	1,861,077	1,861,077	—
Investment revenue	20,000	20,000	24,165	4,165
Other revenues	—	—	<u>67,520</u>	<u>67,520</u>
Total revenues	<u>3,563,930</u>	<u>2,700,907</u>	<u>2,834,735</u>	<u>133,828</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Administrative	53,650	55,160	33,893	21,267
Professional services	14,000	14,000	2,031	11,969
Pass throughs	165,340	219,590	177,473	42,117
<b>Capital Outlay:</b>				
Project improvements	<u>5,587,610</u>	<u>8,646,299</u>	<u>6,175,091</u>	<u>2,471,208</u>
Total expenditures	<u>5,820,600</u>	<u>8,935,049</u>	<u>6,388,488</u>	<u>2,546,561</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,256,670)</u>	<u>(6,234,142)</u>	<u>(3,553,753)</u>	<u>2,680,389</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from loan	<u>2,000,000</u>	<u>859,000</u>	<u>859,000</u>	<u>—</u>
Total other financing sources (uses)	<u>2,000,000</u>	<u>859,000</u>	<u>859,000</u>	<u>—</u>
Net change in fund balance	(256,670)	(5,375,142)	(2,694,753)	2,680,389
FUND BALANCE, beginning	<u>491,038</u>	<u>491,038</u>	<u>491,038</u>	<u>—</u>
BUDGETARY FUND BALANCE, ending	<u>\$ 234,368</u>	<u>\$(4,884,104)</u>	<u>\$(2,203,715)</u>	<u>\$ 2,680,389</u>

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

	\$ (288,852)
1. Financial statement only interest income adjustment per GASB 31.	5,803
2. The Agency does not budget for accounts payable adjustments.	712,174
3. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Fund Balance.	(3,514,340)
4. The Agency budgets for interest expense on loans on a cash basis only.	22,500
5. The Agency budgets for advances, but adjusts the revenue to intergovernmental payables.	<u>859,000</u>
Budgetary fund balance	<u>\$(2,203,715)</u>

REDDING REDEVELOPMENT AGENCY  
 Nonmajor Special Revenue Funds  
 Budgetary Comparison Schedule  
 For the Year Ended June 30, 2004

	Market Street Special Revenue			Variance with Final Budget- Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final	Budgetary Basis	
REVENUES:				
Tax increment	\$ 436,120	\$ 477,080	\$ 502,984	\$ 25,904
Other use of money and property	—	—	445	445
Investment revenue	<u>20,000</u>	<u>20,000</u>	<u>15,975</u>	<u>(4,025)</u>
Total revenues	<u>456,120</u>	<u>497,080</u>	<u>519,404</u>	<u>22,324</u>
EXPENDITURES:				
Current:				
Administrative	16,000	16,000	14,448	1,552
Professional services	700	700	—	700
Housing assistance	<u>793,850</u>	<u>943,850</u>	<u>193,910</u>	<u>749,940</u>
Total expenditures	<u>810,550</u>	<u>960,550</u>	<u>208,358</u>	<u>752,192</u>
Excess (deficiency) of revenues over (under) expenditures	(354,430)	(463,470)	311,046	774,516
FUND BALANCE, beginning	<u>1,863,504</u>	<u>1,863,504</u>	<u>1,863,504</u>	<u>—</u>
BUDGETARY FUND BALANCE, ending	<u>\$ 1,509,074</u>	<u>\$ 1,400,034</u>	<u>\$ 2,174,550</u>	<u>\$ 774,516</u>

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

	\$ 2,278,359
1. Financial statement only interest income adjustment per GASB 31.	4,959
2. The Agency does not budget for accounts payable adjustments.	(2,048)
3. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Fund Balance.	<u>(106,720)</u>
Budgetary fund balance	<u>\$ 2,174,550</u>

REDDING REDEVELOPMENT AGENCY  
 Nonmajor Special Revenue Funds  
 Budgetary Comparison Schedule  
 For the Year Ended June 30, 2004

	SHASTECC Special Revenue			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final	Budgetary Basis	Positive (Negative)
REVENUES:				
Tax increment	\$ 166,100	\$ 197,150	\$ 220,493	\$ 23,343
Investment revenue	<u>10,000</u>	<u>10,000</u>	<u>8,378</u>	<u>(1,622)</u>
Total revenues	<u>176,100</u>	<u>207,150</u>	<u>228,871</u>	<u>21,721</u>
EXPENDITURES:				
Current:				
Administrative	<u>9,000</u>	<u>9,000</u>	<u>5,376</u>	<u>3,624</u>
Total expenditures	<u>9,000</u>	<u>9,000</u>	<u>5,376</u>	<u>3,624</u>
Excess (deficiency) of revenues over (under) expenditures	167,100	198,150	223,495	25,345
FUND BALANCE, beginning	<u>479,481</u>	<u>479,481</u>	<u>479,481</u>	<u>—</u>
BUDGETARY FUND BALANCE, ending	<u>\$ 646,581</u>	<u>\$ 677,631</u>	<u>\$ 702,976</u>	<u>\$ 25,345</u>

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

	\$ 700,539
1. Financial statement only interest income adjustment per GASB 31.	<u>2,437</u>
Budgetary fund balance	<u>\$ 702,976</u>

REDDING REDEVELOPMENT AGENCY  
 Nonmajor Special Revenue Funds  
 Budgetary Comparison Schedule  
 For the Year Ended June 30, 2004

	Buckeye Special Revenue			Variance with Final Budget- Positive (Negative)
	Budgeted Amounts		Actual Amounts Budgetary Basis	
	Original	Final		
REVENUES:				
Tax increment	\$ 14,530	\$ 22,751	\$ 26,273	\$ 3,522
Investment revenue	<u>600</u>	<u>600</u>	<u>356</u>	<u>(244)</u>
Total revenues	<u>15,130</u>	<u>23,351</u>	<u>26,629</u>	<u>3,278</u>
EXPENDITURES:				
Current:				
Administrative	<u>500</u>	<u>700</u>	<u>687</u>	<u>13</u>
Total expenditures	<u>500</u>	<u>700</u>	<u>687</u>	<u>13</u>
Excess (deficiency) of revenues over (under) expenditures	14,630	22,651	25,942	3,291
FUND BALANCE, beginning	<u>16,211</u>	<u>16,211</u>	<u>16,211</u>	<u>—</u>
BUDGETARY FUND BALANCE, ending	<u>\$ 30,841</u>	<u>\$ 38,862</u>	<u>\$ 42,153</u>	<u>\$ 3,291</u>

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

\$ 42,045

1. Financial statement only interest income adjustment per GASB 31.

108

Budgetary fund balance

\$ 42,153

REDDING REDEVELOPMENT AGENCY  
 Nonmajor Debt Service Funds  
 Budgetary Comparison Schedule  
 For the Year Ended June 30, 2004

	Market Street Debt Service			Variance with Final Budget- Positive (Negative)
	Budgeted Amounts		Actual Amounts Budgetary Basis	
	Original	Final		
REVENUES:				
Tax increment	\$ 230,160	\$ 253,990	\$ 275,871	\$ 21,881
Investment revenue	<u>2,000</u>	<u>35,000</u>	<u>38,340</u>	<u>3,340</u>
Total revenues	<u>232,160</u>	<u>288,990</u>	<u>314,211</u>	<u>25,221</u>
EXPENDITURES:				
Current:				
Administrative	45,000	45,000	39,989	5,011
Debt Service:				
Principal retirement	45,000	—	—	—
Interest and fiscal charges	140,160	197,950	196,011	1,939
Bond issuance costs	<u>—</u>	<u>54,490</u>	<u>54,546</u>	<u>(56)</u>
Total expenditures	<u>230,160</u>	<u>297,440</u>	<u>290,546</u>	<u>6,894</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,000</u>	<u>(8,450)</u>	<u>23,665</u>	<u>32,115</u>
OTHER FINANCING SOURCES (USES):				
Long-term debt issued	—	5,185,000	5,185,000	—
Bond discount	<u>—</u>	<u>(51,350)</u>	<u>(51,342)</u>	<u>8</u>
Total other financing sources (uses)	<u>—</u>	<u>5,133,650</u>	<u>5,133,658</u>	<u>8</u>
Net change in fund balance	2,000	5,125,200	5,157,323	32,123
FUND BALANCE, beginning	<u>217,484</u>	<u>217,484</u>	<u>217,484</u>	<u>—</u>
BUDGETARY FUND BALANCE, ending	<u>\$ 219,484</u>	<u>\$ 5,342,684</u>	<u>\$ 5,374,807</u>	<u>\$ 32,123</u>

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

	\$ 3,218,038
1. Financial statement only interest income adjustment per GASB 31.	3,373
2. Excess funds from debt service transferred to capital projects.	15,310
3. The Agency does not budget for payments to refunding bonds escrow agent.	<u>2,138,086</u>
Budgetary fund balance	<u>\$ 5,374,807</u>

REDDING REDEVELOPMENT AGENCY  
 Nonmajor Capital Project Funds  
 Budgetary Comparison Schedule  
 For the Year Ended June 30, 2004

	Buckeye Capital Project			Variance with Final Budget- Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final	Budgetary Basis	
REVENUES:				
Tax increment	\$ 58,130	\$ 98,214	\$ 105,091	\$ 6,877
Investment revenue	500	500	1,362	862
Other revenue	<u>—</u>	<u>—</u>	<u>167</u>	<u>167</u>
Total revenues	<u>58,630</u>	<u>98,714</u>	<u>106,620</u>	<u>7,906</u>
EXPENDITURES:				
Current:				
Administrative	4,930	6,180	3,909	2,271
Professional services	1,050	1,050	—	1,050
Pass throughs	8,800	22,440	17,224	5,216
Debt service:				
Principal retirement	30,000	30,000	30,000	—
Interest	<u>4,500</u>	<u>4,500</u>	<u>2,167</u>	<u>2,333</u>
Total expenditures	<u>49,280</u>	<u>64,170</u>	<u>53,300</u>	<u>10,870</u>
Excess (deficiency) of revenues over (under) expenditures	9,350	34,544	53,320	18,776
FUND BALANCE, beginning	<u>(117,053)</u>	<u>(117,053)</u>	<u>(117,053)</u>	<u>—</u>
BUDGETARY FUND BALANCE, ending	<u>\$ (107,703)</u>	<u>\$ (82,509)</u>	<u>\$ (63,733)</u>	<u>\$ 18,776</u>

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

	\$ (33,929)
1. Financial statement only interest income adjustment per GASB 31.	196
2. The Agency budgets for and records payments on loans in the expenditure accounts, but adjusts the actual loan to advances payable to other funds.	<u>(30,000)</u>
Budgetary fund balance	<u>\$ (63,733)</u>

THIS PAGE INTENTIONALLY LEFT BLANK

## STATISTICAL SECTION

## Statistical Section

This part of the 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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Agency's financial performance and well-being have changed over time.	85
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the Agency's most significant local revenue source, the property tax.	90
<b>Debt Capacity</b> 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.	100
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Agency's financial activities take place.	104
<b>Operating Information</b> These schedules contain service 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.	107

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Agency implemented GASB Statement 34 in fiscal year 2000-01; schedules presenting governmental-wide information include information beginning in that year.

**REDDING REDEVELOPMENT AGENCY**  
**Net Assets by Component**  
**Last Four Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

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

Source: RRA Comprehensive Annual Financial Report

**REDDING REDEVELOPMENT AGENCY**

Change in Net Assets

Last Four Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

Expenses	Fiscal Year			
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
<b>Governmental activities:</b>				
General government	\$ 129	\$ 121	\$ 121	\$ 179
Public Works	2,811	6,256	2,827	6,423 <sup>1</sup>
Recreation and culture	-	5,437	2,899	1
Community development	810	852	3,341	1,181
Pass throughs to other agencies	292	408	884	3,149 <sup>2</sup>
Interest and fiscal charges	1,314	1,844	1,731	1,985
<b>Total governmental activities expenses</b>	<u>\$ 5,356</u>	<u>\$ 14,918</u>	<u>\$ 11,803</u>	<u>\$ 12,918</u>
 <b>Program Revenues</b>				
<b>Governmental activities:</b>				
Charges for services:				
Public works	-	-	1	-
Community development	212	10	52	-
Operating grants and contributions	140	-	-	4
Capital grants and contributions	2,255	967	1,366	2,627 <sup>3</sup>
<b>Total governmental activities program revenues</b>	<u>\$ 2,607</u>	<u>\$ 977</u>	<u>\$ 1,419</u>	<u>\$ 2,631</u>
 <b>Net (expense) revenue</b>	<u>\$ (2,749)</u>	<u>\$ (13,941)</u>	<u>\$ (10,384)</u>	<u>\$ (10,287)</u>
 <b>General Revenue and Other Changes in Net Assets</b>				
<b>Governmental activities:</b>				
Property taxes	5,699	6,251	7,277	10,462 <sup>2</sup>
Investment earnings	1,567	1,143	985	1,028
Miscellaneous	8	1	12	19
Gain on sale of assets	-	-	-	32
<b>Total governmental activities</b>	<u>\$ 7,274</u>	<u>\$ 7,395</u>	<u>\$ 8,274</u>	<u>\$ 11,541</u>
 <b>Change in Net Assets</b>	<u>\$ 4,525</u>	<u>\$ (6,546)</u>	<u>\$ (2,110)</u>	<u>\$ 1,254</u>

Source: RRA Comprehensive Annual Financial Report

<sup>1</sup> Increase from the prior year due to increase in infrastructure projects.

<sup>2</sup> In FY 2003-04 the Agency reported the pass through payments and related tax increment to the County and the Mosquito Abatement District for the first time since this was the first year these amounts were available.

<sup>3</sup> Increase from the prior year due to capital grants for infrastructure projects.

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

	Fiscal Year									
	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-2000</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
All Governmental Funds										
Reserved	\$ 11,777	\$ 9,076	\$ 14,308	\$ 10,313	\$ 10,315	\$ 11,166	\$ 11,998	\$ 22,494	\$ 21,326	\$ 21,930
Unreserved, reported in:										
Special revenue funds	1,194	1,454	2,378	3,054	3,179	3,279	3,791	3,240	2,310	3,066
Capital projects funds	15,036	16,074	9,693	11,103	14,485	13,315	14,119	8,298	7,278	5,865 <sup>1</sup>
Debt service funds	(952)	(996)	(1,028)	(1,091)	(1,164)	(1,237)	(1,321)	(1,414)	(1,504)	10,472 <sup>2</sup>
Total all governmental funds	<u>\$ 27,055</u>	<u>\$ 25,608</u>	<u>\$ 25,351</u>	<u>\$ 23,379</u>	<u>\$ 26,815</u>	<u>\$ 26,523</u>	<u>\$ 28,587</u>	<u>\$ 32,618</u>	<u>\$ 29,410</u>	<u>\$ 41,333</u>

Source: RRA Comprehensive Annual Financial Report

<sup>1</sup> The decrease from the prior period was caused by an increase in funds spent on infrastructure projects over the revenue collected for these projects.

<sup>2</sup> The increase from the prior period is due to unspent bond proceeds from two issuances.

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

	Fiscal Year									
	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
<b>Revenues</b>										
Tax increment	\$ 3,748	\$ 3,714	\$ 3,900	\$ 4,319	\$ 4,709	\$ 4,946	\$ 5,591	\$ 6,320	\$ 7,244	\$ 10,433
Other use of money and property	14	15	18	2	40	70	91	10	55	30
Intergovernmental revenues	27	813	200	442	855	257	2,240	889	886	1,879
Investment revenue	1,336	1,280	1,467	1,265	1,194	1,331	1,511	1,080	918	837
Other revenue	6	-	-	968	53	174	275	14	265	125
<b>Total revenues</b>	<u>5,131</u>	<u>5,822</u>	<u>5,585</u>	<u>6,996</u>	<u>6,851</u>	<u>6,778</u>	<u>9,708</u>	<u>8,313</u>	<u>9,368</u>	<u>13,304</u>
<b>Expenditures</b>										
<b>Current:</b>										
Administrative	354	428	792	655	902	941	1,208	1,159	1,175	1,249
Professional services	62	60	44	18	25	15	96	22	14	11
Housing assistance	312	328	160	582	310	504	480	631	2,787	648
Pass throughs	131	22	-	130	210	341	294	418	896	3,149
<b>Capital outlay:</b>										
Project improvements	2,398	4,592	3,188	5,857	397	3,359	3,777	8,222	3,421	5,782
Real estate purchases	161	-	-	-	59	210	-	1,060	1,498	-
Equipment purchases	3	17	14	8	-	13	8	-	-	-
<b>Debt service:</b>										
Principal retirement	480	465	485	505	530	550	580	605	1,050	280
Interest and fiscal charges	1,423	1,390	1,365	1,365	1,345	1,315	1,322	1,350	1,739	1,866
Bond issuance costs	-	-	-	-	-	-	-	331	-	734
<b>Total expenditures</b>	<u>5,324</u>	<u>7,302</u>	<u>6,048</u>	<u>9,120</u>	<u>3,778</u>	<u>7,248</u>	<u>7,765</u>	<u>13,798</u>	<u>12,580</u>	<u>13,719</u>
<b>Excess of revenues over (under) expenditures</b>	(193)	(1,480)	(463)	(2,124)	3,073	(470)	1,943	(5,485)	(3,212)	(415)

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

	Fiscal Year									
	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
<b>Other Financing</b>										
<b>Sources (Uses)</b>										
Long-term debt issued	-	-	-	-	-	-	-	9,500	-	34,120 <sup>2</sup>
Bond discount	-	-	-	-	-	-	-	(93)	-	(51) <sup>2</sup>
Premium on bonds issued	-	-	-	-	-	-	-	-	-	76 <sup>2</sup>
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	(21,837) <sup>2</sup>
Proceeds from sale of land	-	33	206	153	363	177	7	249	4	31
Transfers in	129	127	-	2,311	611	414	525	512	993	2,599
Transfers out	(129)	(127)	-	(2,311)	(611)	(414)	(525)	(512)	(993)	(2,599)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>33</u>	<u>206</u>	<u>153</u>	<u>363</u>	<u>177</u>	<u>7</u>	<u>9,656</u>	<u>4</u>	<u>12,339</u>
<b>Net change in fund balances</b>	<u>\$ (193)</u>	<u>\$ (1,447)</u>	<u>\$ (257)</u>	<u>\$ (1,971)</u>	<u>\$ 3,436</u>	<u>\$ (293)</u>	<u>\$ 1,950</u>	<u>\$ 4,171</u>	<u>\$ (3,208)</u>	<u>\$ 11,924</u>
<b>Debt service as a percentage of noncapital expenditures</b>	37%	27%	33%	23%	52%	27%	31%	14%	23%	16%

Source: RRA Comprehensive Annual Financial Report

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

<sup>2</sup> The Agency defeased debt and issued two new bond series in FY 2003-04.

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

<u>Fiscal Year</u>	<u>Property Tax</u>
1994-1995	\$ 3,748
1995-1996	3,714
1996-1997	3,900
1997-1998	4,319
1998-1999	4,709
1999-2000	4,946
2000-2001	5,591
2001-2002	6,320
2002-2003	7,244
2003-2004	10,433 <sup>1</sup>

Source: RRA Comprehensive Annual Financial Report

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

**REDDING REDEVELOPMENT AGENCY**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Current Supplemental Tax Collections</u>	<u>Percent of Current/ Supplemental Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
1994-1995	\$ 4,514,306	\$ 4,203,961	\$ 217,308	97.94%	\$ 514,053	\$ 4,935,322	109.33%	\$ 451,433	10.00%
1995-1996	4,728,706	4,495,649	51,158	96.15	190,489	4,737,296	100.18	585,311	12.38
1996-1997	5,078,468	4,790,676	119,156	96.68	221,290	5,131,122	101.04	386,666	7.61
1997-1998	5,401,690	5,337,208	115,356	100.94	264,841	5,717,405	105.84	406,774	7.53
1998-1999	5,850,512	5,523,842	310,258	99.72	253,826	6,087,926	104.06	419,477	7.17
1999-2000	6,321,475	6,088,902	110,896	98.08	247,526	6,447,324	101.99	559,295	8.85
2000-2001	6,872,915	6,532,003	205,196	98.03	339,247	7,076,446	102.96	752,385	10.95
2001-2002	7,639,848	7,326,336	408,383	101.24	333,054	8,067,773	105.60	742,132	9.71
2002-2003	8,842,574	8,476,907	483,846	101.34	301,269	9,262,022	104.74	802,831	9.08
2003-2004	10,045,223	9,795,101	586,449	103.35	182,358	10,563,908	105.16	707,649	7.04

Note: Basis for property tax rates is \$100 per assessed valuation.  
The above amounts reflect the Agency as a whole.  
The actual amounts of tax increment revenue passed through to Shasta County & the Mosquito Abatement District were not available until FY 2003-04. In the years prior to FY 2003-04 the estimated pass through amounts were allocated to Current, Supplemental & Delinquent Tax Collections as a percent of the actual Current, Supplemental & Delinquent Tax Collections remitted to the Agency.

Source: Shasta County Auditor-Controller records  
Redding Redevelopment Agency

REDDING REDEVELOPMENT AGENCY  
Assessed Valuations of the Project Areas  
Inception to Date

Canby-Hilltop-Cypress Project	Assessed Valuation		Percent Increase (Decrease)	
	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
<u>Base Year</u>				
1980-1981		134,446,340		
Amended in 1991-1992		131,042,210		

Source: Shasta County Auditor-Controller

Note: Amended by passage of AB454, established an adjusted base year assessed value by County Assessor for 1991-92.

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
<hr/>				
Base Year				
1989-1990	48,542,414			

Source: Shasta County Auditor-Controller

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

Midtown Project	Assessed Valuation		Percent Increase (Decrease)	
	Total	Over Base Year	Over Base Year	Over Previous Year
1980-1981	\$ 8,464,660	\$ 3,380,760	66.5%	- %
1981-1982	9,712,090	3,628,190	59.6	14.7
1982-1983	9,362,640	4,278,740	84.2	(3.6)
1983-1984	9,590,900	4,507,000	88.7	2.4
1984-1985	9,571,440	4,487,540	88.3	(0.2)
1985-1986	9,397,430	4,313,530	84.8	(1.8)
1986-1987	9,118,420	4,034,520	79.4	(3.0)
1987-1988	9,475,329	4,391,429	86.4	3.9
1988-1989	9,045,794	3,961,894	77.9	(4.5)
1989-1990	9,185,720	4,101,820	80.7	1.5
1990-1991	9,246,015	4,162,115	81.9	0.7
1991-1992	9,437,049	4,353,149	85.6	2.1
1992-1993	11,089,143	6,005,243	118.1	17.5
1993-1994	10,884,196	5,800,296	114.1	(1.8)
1994-1995	10,888,037	5,804,137	114.2	0.0
1995-1996	10,792,442	5,708,542	112.3	(0.9)
1996-1997	9,801,189	4,717,289	92.8	(9.2)
1997-1998	8,581,616	3,497,716	68.8	(12.4)
1998-1999	8,087,206	3,003,306	59.1	(5.8)
1999-2000	7,428,884	2,344,984	46.1	(8.1)
2000-2001	7,139,498	2,055,598	40.4	(3.9)
2001-2002	7,092,358	2,008,458	39.5	(0.7)
2002-2003	7,595,114	2,511,214	49.4	7.1
2003-2004	6,643,014	1,559,114	30.7	(12.5)
<u>Base Year</u>				
1973-1974	5,083,900			

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	10.7%	- %
1992-1993	323,147,205	38,951,137	13.9	2.9
1993-1994	351,341,077	67,145,009	23.9	8.7
1994-1995	353,182,209	68,986,141	24.5	0.5
1995-1996	360,988,158	76,792,090	27.3	2.2
1996-1997	371,960,947	87,764,879	31.2	3.0
1997-1998	385,086,690	102,836,626	36.6	3.5
1998-1999	395,121,470	112,871,406	40.2	2.6
1999-2000	403,798,267	121,548,203	43.2	2.2
2000-2001	421,624,890	139,374,826	49.6	4.4
2001-2002	449,083,797	166,833,733	59.4	6.5
2002-2003	483,102,243	201,233,625	71.6	7.6
2003-2004	520,131,134	239,037,046	85.0	7.7
<hr/>				
Base Year				
1989-1990	281,094,088			

Source: Shasta County Auditor-Controller

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

SHASTEK Project	Assessed Valuation		Percent Increase (Decrease)	
	Total	Over Base Year	Over Base Year	Over Previous Year
1997-1998	\$ 98,629,815	* \$ 4,426,904 *	4.7%	- %
1998-1999	143,570,454	14,821,562	11.5	45.6
1999-2000	160,575,574	31,826,682	24.7	11.8
2000-2001	165,984,163	37,235,271	28.9	3.4
2001-2002	181,847,501	53,080,929	41.2	9.6
2002-2003	204,356,530	75,618,029	58.7	12.4
2003-2004	227,246,322	98,523,060	76.5	11.2
<u>Base Year</u>				
1995-1996	128,748,892			
Amended in 2001-02	128,723,262			

Source: Shasta County Auditor-Controller

\* Does not include unsecured taxes. Only secured tax increment received in initial year of 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	4.7%	- %
2002-2003	69,246,778	5,207,778	8.1	4.7
2003-2004	75,411,879	11,372,879	17.8	8.9
<u>Base Year</u>				
1999-2000	64,039,000			

Source: Shasta County Auditor-Controller

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

REDDING REDEVELOPMENT AGENCY  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(rate per \$100 of assessed value)

Fiscal Year	Basic County, City, School Levy	Overlapping Rates			Total Direct & Overlapping Rate
		School Districts	Bella Vista Water District	Community Services District	
1994-1995	\$ 1.0000	\$ 0.2912	\$ 0.3245	\$ 0.0313	\$ 1.6470
1995-1996	1.0000	0.2097	0.3483	0.0373	1.5953
1996-1997	1.0000	0.3930	0.3368	0.1348	1.8646
1997-1998	1.0000	0.4722	0.3698	0.0104	1.8524
1998-1999	1.0000	0.3728	0.3613	-	1.7341
1999-2000	1.0000	0.5187	0.3423	-	1.8610
2000-2001	1.0000	0.5187	0.3584	-	1.8771
2001-2002	1.0000	0.4997	0.3634	-	1.8631
2002-2003	1.0000	0.4907	0.3631	-	1.8538
2003-2004	1.0000	0.4761	0.3360	-	1.8121

Source: Shasta County Auditor-Controller's records  
Shast 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 2003-04 and 1994-95

Taxpayer	2003-04			1994-95		
	Taxable Assessed Value	Rank	Percentage of Total RRA Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total RRA Taxable Assessed Value
National Medical Enterprises Hospital, Inc.	\$ 76,117,233	1	4.59% <sup>a</sup>	\$ 32,255,857	1	3.53%
Miller Properties LLC	28,932,726	2	1.75%			
Safeway, Inc.	25,548,938	3	1.54%			
Shasta Enterprises	14,765,086	4	0.89%	19,405,126	4	2.13%
Meyer Motels, Ltd.	14,443,953	5	0.87%	10,350,412	7	1.13%
WRI Golden State LLC	13,993,380	6	0.84%			
Macys West	12,890,994	7	0.78%			
Red Lion Motels, Inc.	12,128,730	8	0.73%	9,930,488	9	1.09%
Robert W. Dewey	11,582,551	9	0.70%			
Chatsworth Products, Inc.	10,623,992	10	0.64%			
Leah F. McConnell 1992 Trust				25,897,179	2	2.84%
James J. Cordano Co., et al				19,610,611	3	2.15%
SAVI-Bradford				12,798,064	5	1.40%
C. H. and Marlene Marx				11,546,461	6	1.26%
Gary and Patsy Knighten				10,046,169	8	1.10%
Shasta Associates, Ltd.				9,880,263	10	1.08%
<b>Total</b>	<b>\$ 221,027,583</b>		<b>13.33%</b>	<b>\$ 161,720,630</b>		<b>17.71%</b>

Source: Redding Redevelopment Agency

<sup>a</sup> The National Medical Enterprises Hospital, Inc., sold Redding Medical Center in April 2004 for approximately \$16 million less than its assessed valuation as shown on the 2003-04 tax roll.

**REDDING REDEVELOPMENT AGENCY**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Percentage of Assessed Property Value <sup>1</sup>	Per Capita
	Tax Allocation Bonds	Lease Revenue Bonds	Total Bonds		
1994-95	\$ 25,180,000	\$ 485,000	\$ 25,665,000	2.81%	\$ 339
1995-96	24,765,000	435,000	25,200,000	2.70%	329
1996-97	24,330,000	385,000	24,715,000	2.55%	320
1997-98	23,880,000	330,000	24,210,000	2.21%	310
1998-99	23,410,000	270,000	23,680,000	2.02%	301
1999-2000	22,920,000	210,000	23,130,000	1.89%	291
2000-01	22,405,000	145,000	22,550,000	1.77%	273
2001-02	31,370,000	75,000	31,445,000	2.22%	372
2002-03	30,395,000	-	30,395,000	1.98%	355
2003-04	42,925,000	-	42,925,000	2.59%	492

Source: RRA Comprehensive Annual Financial Report

Note: Details regarding the Agency's outstanding debt can be found in the notes to the financial statements. In fiscal year 2003-04 the Agency issued \$34.12 million in tax allocation bonds which included \$21.09 in refunding bonds. See the schedule of Demographic Statistics on page 106 for population data.

<sup>1</sup> Actual taxable value of property is not available in the State of California.

REDDING REDEVELOPMENT AGENCY  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2004

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (4)</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt:			
City of Redding (1):			
City of Redding	\$ 350,000	30.162%	\$ 105,567
City of Redding 1915 Act Bonds	9,140,000	100.000% <sup>a</sup>	9,140,000
Shasta County Schools (2):			
Anderson Union High School District	8,692,163	5.088%	442,257
Columbia School District	4,805,000	8.996%	432,258
Enterprise School District	19,385,320	42.864%	8,309,324
Gateway Unified School District	9,998,161	14.563%	1,456,032
Junction School District	1,688,932	12.713%	214,714
Redding School District	23,300,000	26.178%	6,099,474
Shasta College	10,500,000	16.920%	1,776,600
Shasta Union High School District	18,254,739	22.614%	4,128,127
Shasta Joint Powers Financing Authority (2)	<u>59,570,000</u>	16.863%	<u>10,045,289</u>
Subtotal, overlapping debt	<u>165,684,315</u>		<u>42,149,642</u>
Direct debt			
Redding Redevelopment Agency (3)	<u>42,925,000</u>	100.000%	<u>42,925,000</u>
Total direct and overlapping debt	<u>\$ 208,609,315</u>		<u>\$ 85,074,642</u>

Source: (1) City of Redding  
(2) Shasta County Auditor-Controller's Office  
(3) Redding Redevelopment Agency  
(4) Percentages calculated using the Shasta County valuations by taxing district for fiscal year 2003-04.

<sup>a</sup> The City of Redding's percentage was used as the Redding Redevelopment Agency's percentage is not available.

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

Project Area	Fiscal Year									
Canby-Hilltop-Cypress	1994-95	1995-96	1996-97	1997-98	1998-99	2000-01	2001-02	2001-02	2002-03	2003-04
Debt limit	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Total net debt applicable to limit	<u>19,163</u>	<u>18,231</u>	<u>17,322</u>	<u>18,707</u>	<u>18,355</u>	<u>17,803</u>	<u>17,375</u>	<u>26,399</u>	<u>25,380</u>	<u>35,531</u>
Legal debt margin	<u>\$ 80,837</u>	<u>\$ 81,769</u>	<u>\$ 82,678</u>	<u>\$ 81,293</u>	<u>\$ 81,645</u>	<u>\$ 82,197</u>	<u>\$ 82,625</u>	<u>\$ 73,601</u>	<u>\$ 74,620</u>	<u>\$ 64,469</u>
Total net debt applicable to the limit as a percentage of debt limit	19.16%	18.23%	17.32%	18.71%	18.36%	17.80%	17.38%	26.40%	25.38%	35.53%

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

**Legal Debt Margin Calculation for Fiscal Year 2003-04**

Debt limit	\$ 100,000
Debt applicable to limit:	
Tax allocation bonds	37,740
Less: Amount set aside for repayment of debt	<u>(2,209)</u>
Total net debt applicable to limit	<u>35,531</u>
Legal debt margin	<u>\$ 64,469</u>

Project Area	Fiscal Year									
Market Street	1994-95	1995-96	1996-97	1997-98	1998-99	2000-01	2001-02	2001-02	2002-03	2003-04
Debt limit	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Total net debt applicable to limit	<u>1,982</u>	<u>2,062</u>	<u>2,033</u>	<u>1,999</u>	<u>1,963</u>	<u>1,939</u>	<u>1,890</u>	<u>1,857</u>	<u>1,814</u>	<u>4,766</u>
Legal debt margin	<u>\$ 98,018</u>	<u>\$ 97,938</u>	<u>\$ 97,967</u>	<u>\$ 98,001</u>	<u>\$ 98,037</u>	<u>\$ 98,061</u>	<u>\$ 98,110</u>	<u>\$ 98,143</u>	<u>\$ 98,186</u>	<u>\$ 95,234</u>
Total net debt applicable to the limit as a percentage of debt limit	1.98%	2.06%	2.03%	2.00%	1.96%	1.94%	1.89%	1.86%	1.81%	4.77%

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

**Legal Debt Margin Calculation for Fiscal Year 2003-04**

Debt limit	\$ 100,000
Debt applicable to limit:	
Tax allocation bonds	5,185
Less: Amount set aside for repayment of debt	<u>(419)</u>
Total net debt applicable to limit	<u>4,766</u>
Legal debt margin	<u>\$ 95,234</u>

Source: RRA Comprehensive Annual Financial Report

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

Fiscal Year	Tax Allocation Bonds - Market Street Project Area						Lease Revenue Bonds - Midtown Project Area			
	Property Taxes <sup>1</sup>	Less: Pass Throughs & Housing Set Aside <sup>2</sup>	Net Available Revenue	Debt Service		Coverage	Property Taxes	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
1994-95	\$ 737	\$ 241	\$ 496	\$ 10	\$ 153	3.04	\$ 64	\$ 45	\$ 32	0.84
1995-96	781	260	521	25	152	2.95	62	50	30	0.78
1996-97	892	444	448	30	150	2.49	64	50	26	0.84
1997-98	1,146	543	603	30	148	3.39	41	55	23	0.53
1998-99	1,183	599	584	35	146	3.23	35	60	20	0.44
1999-2000	1,221	709	512	35	143	2.87	28	60	16	0.37
2000-01	1,460	703	757	40	141	4.19	23	65	13	0.29
2001-02	1,801	1,100	701	40	138	3.94	24	70	9	0.30
2002-03	2,115	1,446	669	45	135	3.71	29	75	5	0.36
2003-04	2,515	1,404	1,111	-	190	5.85				

Fiscal Year	Tax Allocation Bonds - Canby-Hilltop-Cypress Project Area						Housing Set Aside Tax Allocation Bonds Canby-Hilltop-Cypress Project Area			
	Property Taxes <sup>1</sup>	Less: Pass Throughs & Housing Set Aside <sup>2</sup>	Net Available Revenue	Debt Service		Coverage	Property Taxes	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
1994-95	\$ 4,012	\$ 1,912	\$ 2,100	\$ 425	\$ 1,167	1.32				
1995-96	3,974	1,807	2,167	390	1,155	1.40				
1996-97	4,171	1,909	2,262	405	1,141	1.46				
1997-98	4,384	1,995	2,389	420	1,125	1.55				
1998-99	4,702	2,158	2,544	435	1,108	1.65				
1999-2000	4,805	2,249	2,556	455	1,089	1.66				
2000-01	5,253	2,461	2,792	475	1,069	1.81				
2001-02	5,664	2,572	3,092	495	1,048	2.00	1,152	-	111	10.41
2002-03	6,203	3,052	3,151	515	1,024	2.05	1,255	415	505	1.36
2003-04	6,665	3,385	3,280	-	1,103	2.97	1,333	280	495	1.72

Source: RRA Comprehensive Annual Financial Report

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

<sup>1</sup> Included in fiscal years ending 1995 through 2003 is the estimated property taxes collected for Shasta County and the Mosquito Abatement District.

<sup>2</sup> Included in fiscal years ending 1995 through 2003 is the estimated pass throughs to Shasta County and the Mosquito Abatement District.

<sup>3</sup> The Midtown Lease Revenue Bonds were paid off in FY 2002-03.

<sup>4</sup> The CHC Housing Set Aside Tax Allocation Bonds were issued in FY 2001-02.

**REDDING REDEVELOPMENT AGENCY**  
**Construction, Bank Deposits, and Property Value for the City of Redding**  
**Last Ten Fiscal Years**

Fiscal Year	Commercial Construction (1)		Residential Construction (1)		Bank (2)	Property Value (3)
	Number of Permits	Value	Number of Permits	Value	Deposits (in Thousands)	Net of Exemptions
1994-1995	37	\$ 16,416,571	438	\$ 48,135,407	\$ 919,550	\$ 3,396,250,270
1995-1996	41	18,651,672	445	41,389,865	989,752	3,532,913,750
1996-1997	38	23,088,365	348	43,713,864	1,215,695	3,624,085,948
1997-1998	44	15,102,753	299	38,160,866	1,227,618	3,745,977,100
1998-1999	39	18,173,791	412	53,853,459	1,237,740	3,869,055,992
1999-2000	48	16,881,795	436	66,752,009	1,367,764	3,995,611,068
2000-2001	60	30,887,531	493	76,887,447	1,481,148	4,171,918,500
2001-2002	77	31,600,773	533	85,959,447	1,703,000	4,423,059,616
2002-2003	67	41,508,110	542	92,342,906	1,774,000	4,763,431,030
2003-2004	90	26,719,045	398	75,553,921	*	5,165,861,131

Note: Assessed valuations include supplemental tax rolls.  
Residential and commercial construction reflect new building activity only.

Source: (1) City of Redding Development Services Department  
(2) State Chartered Banks Information (\* June 2004 information not available at this time)  
(3) Shasta County Assessor's Office

REDDING REDEVELOPMENT AGENCY  
Principal Employers in the Greater Redding Metropolitan Area  
Fiscal Year 2003-04 and 1994-95

Employer	2003-04			1994-95		
	Employees	Rank	Percentage of Total Area Employment	Employees	Rank	Percentage of Total Area Employment
Mercy Medical Center	1,562	1	1.86%	1,140	1	1.57%
Holiday Markets	1,050	2	1.25%			
Shasta Regional Medical Center	850	3	1.01%			
Sierra Pacific Industries	690	4	0.82%	160	10	0.22%
Redding Rancheria	612	5	0.73%			
Blue Shield of California	600	6	0.71%			
J & A Food Service	600	7	0.71%			
Shasta Nursery	600	8	0.71%			
Wal Mart	456	9	0.54%			
Pacific Gas and Electric	275	10	0.33%	330	5	0.46%
Redding Medical Center				740	2	1.02%
Shasta Community College				650	3	0.90%
Simpson Paper Company				620	4	0.86%
United States Post Office				325	6	0.45%
Loralie Originals				230	7	0.32%
CH2M Hill				225	8	0.31%
Meyer Motels				220	9	0.30%
<b>Total</b>	<b>7,295</b>		<b>8.67%</b>	<b>4,640</b>		<b>6.41%</b>

Source: Greater Redding Chamber of Commerce

REDDING REDEVELOPMENT AGENCY  
Demographic Statistics  
Last Ten Fiscal Years

Fiscal Year	Redding Redevelopment Agency - Square Miles (1)				City of Redding				
	Market Street	Canby Hilltop Cypress	SHASTECC	Buckeye	Square Miles (2)	Population (3)	Median Income (4)	School Enrollment (5)	Unemployment Rates (6)
1994-1995	4.05	3.20			59.90	75,770	*	12,942	11.0%
1995-1996	4.05	3.20			60.00	76,690	34,800	12,999	9.6
1996-1997	4.05	3.20	6.42		60.00	77,353	36,100	13,734	8.7
1997-1998	4.05	3.20	6.42		60.00	78,084	37,100	14,224	8.8
1998-1999	4.05	3.20	6.42		60.00	78,675	37,500	14,640	7.4
1999-2000	4.05	3.20	6.42		60.00	79,593	37,700	14,266	6.6
2000-2001	4.05	3.20	6.42	1.67	60.00	82,543	38,800	14,928	6.1
2001-2002	4.05	3.20	6.42	1.67	60.00	84,560	39,200	14,934	7.0
2002-2003	4.05	3.20	6.42	1.67	59.76	85,703	45,400	14,595	7.6
2003-2004	4.05	3.20	6.42	1.67	59.76	87,280	49,100	14,477	7.9

Source: (1) Redding Redevelopment Agency  
(2) City of Redding Development Services Department  
(3) State of California  
(4) City of Redding Housing Division - Median for a family of four  
(5) Shasta County Office of Education  
(6) State of California Employment Development Department  
\* Information unavailable

REDDING REDEVELOPMENT AGENCY  
 Operating Indicators by Function  
 Last Four Fiscal Years

<u>Function</u>	<u>Fiscal Year</u>			
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
Public Works				
Projects under construction	10	13	9	11
Recreation and culture				
Projects under construction	4	6	5	3
Community development				
New construction				
Commerical/public buildings (square footage)	135,000	34,000	53,000	119,681
Restoration/rehabilitation				
Commerical/public buildings (square footage)	-	-	-	21,288
Business façade improvements	1	2	4	6
Jobs created	100	35	206	295
Housing:				
New construction (square footage)	51,100	88,000	-	45,942
Restoration/rehabilitation (square footage)	24,700	9,200	42,000	4,900
Households assisted	103	155	305	172

Source: Redding Redevelopment Agency

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

THIS PAGE INTENTIONALLY LEFT BLANK

## OTHER SUPPLEMENTAL INFORMATION



Hathaway &  
Ksenzulak, LLP  
Certified Public  
Accountants

1681 East  
Cypress Avenue  
Redding, California  
96002

530.222.2898  
Fax 530.222.2980

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

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

We have audited the financial statements of Redding Redevelopment Agency, a component unit of the City of Redding, California, as of and for the year ended June 30, 2004. 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.

Brent Hathaway, CPA  
Karina C. Lapp, CPA  
John Ksenzulak, CPA  
Neil Byzick, CPA  
Lori Goynes, CPA  
James Viola Jr., CPA  
David L. Wallace, CPA  
Samantha Willingham, CPA

Compliance

As part of obtaining reasonable assurance about whether Redding Redevelopment Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions include those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Redding Redevelopment Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic 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 material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

*Hathaway & Ksenzulak, LLP*

November 19, 2004