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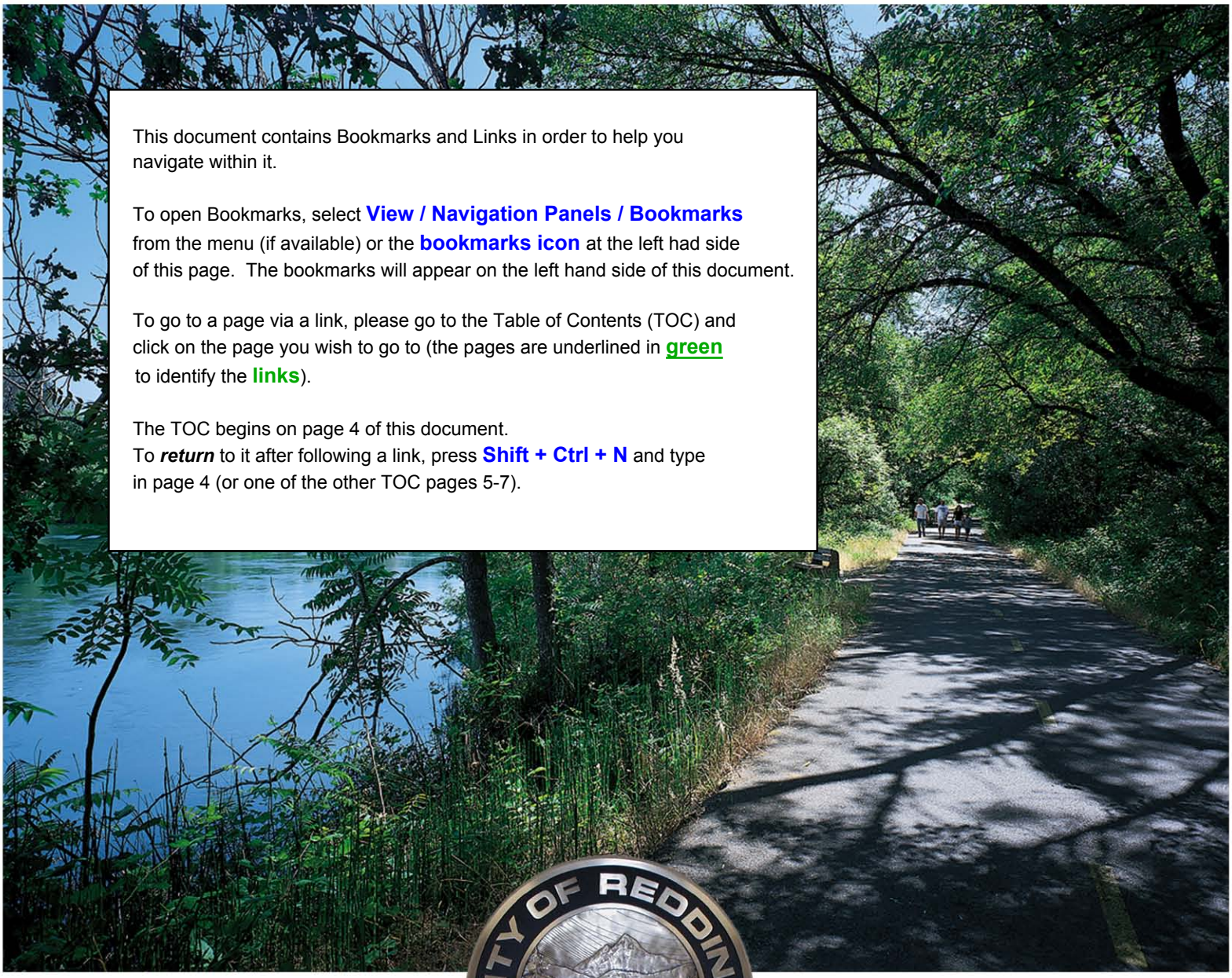

Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2009

City of Redding

Redding, California

Comprehensive Annual Financial Report

For the Year ended June 30, 2009

ISSUED BY FINANCE DIVISION

STEPHEN W. STRONG
DIRECTOR OF FINANCE

City of Redding
Comprehensive Annual Financial Reports
For the year ended June 30, 2009
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INTRODUCTORY SECTION

CITY OF REDDING

ADMINISTRATIVE SERVICES DEPARTMENT
FINANCE DIVISION
777 Cypress Avenue, Redding, CA 96001-2718
P.O. Box 496071, Redding, CA 96049-6071
530.225.4079 FAX 530.225-4324

December 16, 2009

Honorable Mayor, Members of
City Council, and City Manager
City of Redding, California 96001

Honorable Members:

In accordance with State and local statutes, the City of Redding hereby submits the Comprehensive Annual Financial Report for the year ended June 30, 2009. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and result of operations of the City in accordance with generally accepted accounting principles; and that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs have been made.

Caporicci & Larson, a firm of licensed certified public accountants has issued an unqualified ("clean") opinion on the City of Redding's financial statements for fiscal year ended June 30, 2009.

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 City's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY

The City of Redding is a general law city, incorporated under the laws of the State of California in 1887. A council of five members elected at large for alternating four-year

terms governs the City. The Mayor, Vice-Mayor, City Manager, and City Attorney are appointed by the City Council. The City Clerk and City Treasurer are also elected officials and serve four-year terms.

Redding is the county seat for Shasta County and is located on the Sacramento River approximately 160 miles north of Sacramento, the state capital, and 150 miles east of the Pacific Ocean at the northernmost end of the Sacramento Valley. The City has an estimated population of 90,898 and encompasses approximately 60 square miles within the corporate limits. Extracting timber and the processing of wood byproducts along with agriculture, tourism and government have historically been the pillars of the local economy. Over the past few decades, there has been a general shift toward a service-based economy.

REPORTING ENTITY AND ITS SERVICES

This report includes all of the funds of the City. Financial information for separate legal entities related to the City of Redding includes the Redding Housing Authority, Redding Redevelopment Agency, Redding Area Bus Authority, the Redding Joint Powers Financing Authority and the Redding Capital Services Corporation. All are accounted for in the City's financial statements in accordance with Governmental Accounting and Financial Reporting Standards. Component unit financial reports are on file with the City.

City Council members in separate sessions serve as the governing board of the Redding Joint Powers Financing Authority, the Redding Capital Services Corporation and Redding Redevelopment Agency. All five members of the City Council sit on the eight-member governing board of the Redding Area Bus Authority and the six member Housing Authority's board. City staff provides accounting and administrative services to all five agencies. Additional detail is provided in Note 1, Subparagraph A of the financial statements.

Redding is a full-service city. This includes public safety (police and fire), highways and streets, public improvements, planning and zoning, recreation and parks, library, airports, convention and auditorium facility, utilities (electric, water, wastewater, storm drainage, and solid waste collection and disposal), and general administrative services.

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 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 0.5% to 2% per year. The City's population of 90,898 has increased 12.4% 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 2009:

	City of Redding		Shasta County	
Year	Population	Annualized Percent Change over Interval	Population	Annualized Percent Change over Interval
1970	16,659	–-	77,640	---
1980	41,995	9.69%	119,449	4.40%
1990	66,432	4.69%	147,036	2.10%
2000	80,865	1.99%	163,256	1.05%
2001	82,543	2.08%	165,669	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%
2005	88,459	1.35%	178,197	1.42%
2006	89,162	0.79%	179,835	0.92%
2007	89,682	0.58%	180,666	0.46%
2008	90,192	0.57%	181,622	0.53%
2009	90,898	0.78%	183,023	0.77%

Source: 1970-2000 data from U.S. Census; 2001-2009 data from the California State Department of Finance as of January 1

The City's population, over the next 10 years, is projected to grow by approximately 11,024 an increase of approximately 12.2%. The Redding area is expected to maintain approximately 50% of the total Shasta County population because of a variety of factors that will support urban development, including utilities (wastewater, storm drainage, water, electric, and solid waste), employment, regional shopping, transportation services, and reduced commuting.

Housing Costs - Housing in the City is less costly than in many other urban areas 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 2009:

Region	Median Home Price
Redding	$210,000
Sacramento	$140,000
Los Angeles County	$325,000
Orange County	$415,500
San Francisco	$635,000

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

Industry and Employment - Extracting timber and the processing of wood by-products, together with agriculture, tourism, and government, have historically been the major sectors of employment in the City. However, the City's economic base has diversified to a regional service economy supported by retail and wholesale trade plus educational, recreational, medical, and government 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 employers in the City of Redding, their products or services, and the approximate number of their respective full time employees as of June 2009 are listed in the following table:

Employer	Product/Services	Employees
Shasta County (*)	County Services	1,925
Mercy Medical Center	Medical Facilities/Services	1,600
City of Redding (**)	City Services	860
Shasta Community College	Education	700
Shasta Regional Medical Center	Medical Facilities/Services	600
Blue Shield of California	Health Care Insurance	430
Wal Mart	Retail	375
Redding Rancheria	Casino/Redding Rancheria	370
United States Post Office	Postal Service	300
Shasta Head Start	Early Childhood Education	250

(*) Full –time equivalent budgeted positions. This includes employees who work outside of the City.
(**) Full-time budgeted positions. In 2007-08 there were 840 full-tme and 343 part-time/temporary positions filled.
Source: Derived from the Employment Development Department's (EDD) listing of the top employers in Shasta County.

According to the State Employment Development Department, the unemployment rate of the City's metropolitan area was 15.4 percent on June 30, 2009. The following table sets forth the number and rate (expressed as a percentage) of unemployed persons living within the City's metropolitan area for the month of June 2000 through June 2009:

Fiscal Year Ending June 30		Labor Force	Unemployment Number	Rate
2000		75,700	4,400	5.8%
2001		77,300	4,400	5.7%
2002		82,600	5,700	6.9%
2003		84,000	6,300	7.5%
2004		84,000	6,300	7.5%
2005		83,100	5,900	7.1%
2006	*	84,000	5,300	6.3%
2007	*	83,900	5,900	7.0%
2008	*	84,000	7,800	9.3%
2009		85,500	13,100	15.4%

Source: State Department of Employment (*Years 2006-2008 Revised)

Construction Activity - For the past ten calendar years ending December 2008, the City issued building permits valued at a total of $1,482,470,066. New construction over the ten-year period represents 73.04% of the total construction activity. For the 2008 calendar year 3,146 building permits were issued, with a total permit valuation of $103,108,670. The City of Redding has experienced high growth over the past ten year period. Following overall statewide trends, year 2008 saw a downturn in permit and related construction activity. These trends are expected to continue in the upcoming year.

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

	2005	2006	2007	2008
Value Single Family*	$120,544,146	$55,897,416	$41,725,144	$38,725,138
Number of Permits	720	287	204	190
Value Multi-dwellings	$14,892,727	$12,019,895	$15,488,613	$9,401,692
Number of Permits(1)	30	37	22	5
Number of Units	216	131	195	214
Value Business	$32,379,315	$38,299,649	$31,378,290	$21,086,685
Number of Permits	68	63	50	31
Value Total all Permits	$222,735,090	$170,142,515	$124,086,638	$103,108,670
Total Permits**	4,645	3,885	3,380	3,146

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

Commerce - The City is a regional center of commerce for several Northern California counties. This is evidenced by its many shopping centers and malls. Support for retail sales is derived from a retail trade area population of approximately 181,000 in the primary trade area and approximately 250,000 in the secondary trade area. The primary trade area consists of the metropolitan urban area, including the cities of Redding, Shasta Lake, and Anderson. The secondary trade area consists of Shasta, Trinity, and Tehama counties.

Taxable transactions in the City were approximately $1.8 billion in calendar year 2008, a 7.5% decrease over the same period for 2007.

Year	Taxable Transactions (In Thousands)	Taxable Transactions Percentage Increase (Decrease)
1998	1,198,000	2.8%
1999	1,327,370	10.8%
2000	1,453,052	9.5%
2001	1,561,842	7.5%
2002	1,652,064	5.8%
2003	1,748,793	5.9%
2004	1,898,286	8.5%
2005	2,046,597	7.8%
2006	2,104,055	2.8%
2007	1,983,496	-5.7%
2008	1,835,601	-7.5%

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.

Redding Area Bus Authority (RABA) is the City's multi-bus transportation system and offers thirteen different fixed routes, rural service and demand response (curb-to-curb) services. RABA had an average total monthly ridership of approximately 62,000 for fiscal year 2008-09.

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

Community Services - Youth in the area attend school at one of 41 elementary schools, 8 middle/junior high schools, 11 charter schools and 15 high schools. There are several higher educational institutions in the immediate area offering bachelor and master's degrees: Chico State University Center for Regional and Continuing Education (located

in the new Health Science & University Center, downtown Redding), National University, Simpson University, and Shasta Bible College & Graduate School. Shasta Community College, a two-year institution, offers both day and evening courses to approximately 17,100 students. In addition, there are several Vocational & Technical schools offering a diverse range of programs.

The City's parks system includes 67 developed parks, encompassing over 590 developed acres. Included in this total acreage are 198 acres of natural area parks (improved open space), and 62 miles of trails. In addition, the City has 15 special purpose facilities, including the Redding Convention Center, which hosts cultural/performing arts programs, conferences, and conventions; the Redding Aquatic Center; the Redding Big League Dreams Sports Park; the Redding Soccer Park; the Senior Citizens Center; the Benton Dog Park; 3 boat ramp facilities that provide access to the Sacramento River; and various community centers and special event venues such as the Martin Luther King, Jr. Center, and the Caldwell Recreation Center.

The City serves as the primary medical center for Northern California. The City's two general care hospitals serve approximately 360,000 people in Shasta, Tehama, Trinity, Siskiyou, and Lassen counties. The two hospitals have a total of 519 beds and employ approximately 2,200 staff members. In addition, the City also has several specialized hospitals.

LONG-TERM FINANCIAL PLANNING

The City has long range financial plans (typically ten years) for all of its major funds. It is the policy of the City Council that all funds except Electric maintain a minimum of 5% of expenditures in cash reserves in all years of their financial plans. Due to the dynamic industry, it is Council policy that the Electric Fund maintain a minimum of 20% of expenditures in cash reserve. All of the City's long range financial plans meet these criteria.

City plans include the development of Stillwater Business Park, currently under construction. The Stillwater Business Park is a large parcel business park necessary to support the economic development goals of the City of Redding and the region. The core facility will consist of 687 acres, of which approximately 340 acres will be developed and more than 300 acres set aside as preserve. The Business Park design will allow for various uses which include Light Industrial, General Industrial and Professional Offices. The project is designed to accommodate as many as 7,500 employees and an estimated 4,400,000 square feet of floor area.

The City is in the process of replacing the Cypress Street Bridge. The replacement of the bridge is expected to cost $78 million and be completed in December 2010. The cost of the bridge is being financed through Federal and State grants and local impact fees.

Another major project the City is working on is a new 45 MW combined cycle gas powered generator (Unit 6) at the Redding Power Plant. The project is expected to cost $65 million and be completed in 2010. Other major projects in the City's plans include the expansion of both the Buckeye Water Treatment Plant and the Clear Creek Wastewater Treatment Plant and the widening of Airport Road. The City is also considering a new police building.

FEDERAL GRANTS SINGLE AUDIT APPROACH

The City of Redding is required to undergo a single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. This report has been prepared under the "single audit" concept. Under this approach, one agency is recognized as the cognizant agency or oversight agency of the Office of Management and Budget. In the case of the City of Redding, the Housing and Urban Development Office has been assigned as the single audit oversight agency. The financial report will be reviewed by the oversight agency for compliance with all Federal grant requirements, and notification of the results will be provided to other Federal agencies. A separate schedule of Federal financial assistance is available upon request.

As a recipient of Federal, State, and County financial assistance, the City of Redding is responsible for implementing an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. The results of the City of Redding's single audit for the fiscal year ended June 30, 2009 provided no instances of material weaknesses in the internal control structure or significant violation of applicable laws and regulations.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Redding for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This was the 25th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government 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.

A 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 requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the government also received GFOA's Distinguished Budget Presentation award for its biennial budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

ACKNOWLEDGMENTS

I would like to take this opportunity to thank the members of the Audit Committee and the City Council for their cooperation and support in conducting the financial operations of the City in a responsible and progressive manner. Appreciation is also expressed to all City departments who contributed information provided in this financial report and the Finance Department's staff who made this presentation possible. In addition, I would like to extend a special thanks and recognition to Dennice Maxwell, Assistant Finance Officer, who was primarily responsible for the coordination of the audit and preparation of the financial report. It is the combined effort of all participants that resulted in the issuance of this document.

Stephen W. Strong
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Redding California

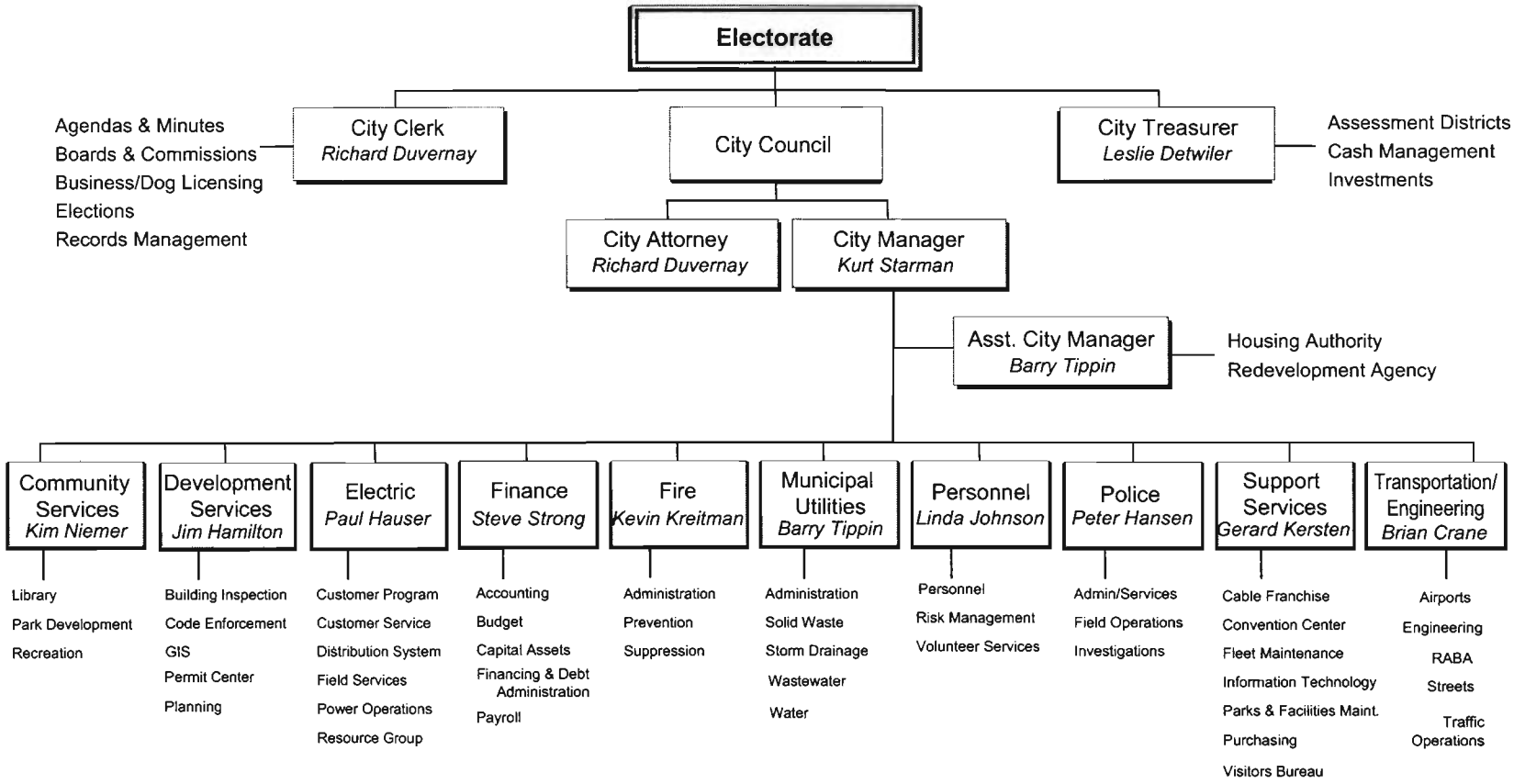
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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

City of Redding Organization Chart



Effective 6/30/09

MUNICIPAL OFFICIALS

City Council

Mayor..... Rick Bosetti
Vice Mayor ..... Patrick H. Jones
Council Member.....Dick Dickerson
Council Member.....Missy McArthur
Council Member.....Mary Stegall

Administrative Personnel

City Manager.....Kurt Starman
Assistant City Manager.....Barry Tippin
CityAttorney/CityClerk.....Richard Duvernay
City Treasurer.....Leslie Detwiler
Director of Community Services.....Kim Niemer
Director of Development Services.....Jim Hamilton
Director of Electric.....Paul Hauser
Director of Finance ..... Steve Strong
Director of Municipal Utilities.....Barry Tippin
Director of Personnel .....Linda Johnson
Director of Support Services.....Gerard Kersten
Director of Transportation & Engineering.....Brian Crane
Fire Chief.....Kevin Kreitman
Police Chief ..... Peter Hansen

FINANCIAL SECTION

C&L
Caporicci & Larson
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
of the City of Redding
Redding, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redding, California (City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Subsequent to the basic financial statements date of June 30, 2009 and the year then ended, the State of California (State) has borrowed and proposed taking funds from local governments including the City. These actions by the State include:

- 8% of Property Taxes borrowed -- to be repaid in 3 years
- Gas Tax payments deferred -- to be paid after January 1, 2010
- Redevelopment Agency funds -- prepared to be taken for fiscal year 2010

These above amounts are significant to the City and may affect its ongoing operations. Certain lawsuits are in process to stop such State actions. For more detailed information, see Note 22 in the Notes to Basic Financial Statements.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

Toll Free Ph: (877) 862-2200 Toll Free Fax: (866) 436-0927

Oakland
180 Grand Ave., Suite 1365
Oakland, California 94612

Orange County
9 Corporate Park, Suite 100
Irvine, California 92606

Sacramento
777 Campus Commons Rd., Suite 200
Sacramento, California 95825

San Diego
4858 Mercury, Suite 106
San Diego, California 92111

As described in Note 1 to the basic financial statements, the City adopted Statement of Governmental Accounting Standards Board No 49. *Accounting and Financial Reporting for Pollution Remediation Obligation,* No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statement on Auditing Standards.*

In accordance with Government Auditing Standards, we have also issued our report dated December 9, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis, budgetary comparison information and other information as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

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

Caporicci & Larson

Oakland, California
December 9, 2009

Management's Discussion and Analysis

As management of the City of Redding (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ending June 30, 2009. The management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address future challenges), (d) identify any material deviations from the financial plan (approved budget), and (e) identify individual fund issues or concerns.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal (beginning on page 3) and the financial statements (beginning on page 39).

FINANCIAL HIGHLIGHTS

- The City's net assets increased by $35.9 million. The governmental net assets increased by $39.4 million and the business-type net assets decreased by $3.5 million

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $121 million, a decrease of $22.6 million in comparison with the prior year. Approximately 48.1% of this total amount, $58.3 million, is available for spending at the government's discretion (unreserved fund balance).

- At the end of the current fiscal year, the unreserved fund balance for the General Fund was $5.1 million, or 6.8% of the total General Fund expenditures. This is a $8.3 million decrease from the prior year.

- The City's total debt increased by $1 million (net of bond premiums, discounts and unamortized losses on defeased debt) during the year ending June 30, 2009. The increase is due primarily to borrowing $14.4 million in state loans for waste water infrastructure. This increase was offset by $14.2 million in regular scheduled debt payments. In addition, $0.8 million of bond premiums, discounts, and losses on defeased debt were amortized.

USING THIS FINANCIAL REPORT/ OVERVIEW OF REPORT

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of 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 to provide the reader further understanding of the City.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements consist of the following parts:

Statement of Net Assets: This statement presents information on all the City's assets and liabilities, with the difference between the two reported as **net assets**. Over time, the change in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Statement of Activities: This statement presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flow in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, police, fire, public works, planning, recreation and culture, and community development. The business-type activities of the City include water, wastewater, electric, transportation (airport and bus), storm drainage, solid waste, and convention center. Also included in the government-wide financial statements are the Redding Housing Authority, Redding Redevelopment Agency, Redding Area Bus Authority (RABA), and the Redding Joint Power Financing Authority. While these agencies are legally separate agencies, their governing boards consist entirely of City Council members or in the case of RABA, the majority of the board members are members of the City Council. They function for all practical purposes as departments of the City, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 40-43 of this report.

Fund Financial Statements

A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories as follows:

Governmental Funds: These funds are used to account for essentially the same functions reported as government 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 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 City maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and General Capital Project Fund, which are considered to be major funds. Data from the other seventeen governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 49-55 of this report.

Proprietary Funds: The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water Utility, Wastewater Utility, Electric Utility, Airport Fund, Redding Area Bus Authority, Storm Drainage Utility, Solid Waste Utility and the Convention Center Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for centralized activities and services performed by certain departments for other departments of the City. The City has five internal service funds; the Equipment Fund to account for all maintenance of the motorized fleet and communication system; the Information Systems Fund to account for the data processing activities of the City; the Risk Management Fund to account for the self-insurance activities of the City; the General Support Services Fund which accounts for mail, printing, records management and building maintenance activities; and the Municipal Utilities Support Fund, which accounts for the administrative management function of the municipal utilities and some public works. Because these services predominantly benefit governmental rather than business-type functions, they have been included within government activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric Utility, Water Utility, Wastewater Utility and Solid Waste Utility, which are considered to be major funds of the City. Data from the other enterprise funds is combined into a single aggregated presentation. The internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 57-67 of this report.

Fiduciary Funds: The City only maintains agency funds. Agency funds are used to account for resources held for other parties outside the government. Agency funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. Only a separate statement of net assets is presented, since assets equal liabilities.

The basic fiduciary fund financial statement can be found on page 71 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 74-121 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain supplemental information and statistical information that may be useful to the users of the City's financial statements. This information can be found in the last two sections of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. During the City's fiscal year ended 2009, net assets changed as follows (all amounts are in thousands):

	Government Activities	Business Activities	Total
Beginning Net Assets	$296,750	$364,313	$661,063
Increase net assets	39,399	(3,521)	$35,878
Ending net assets	$336,149	$360,792	$696,941

The City's total net assets increased by 5.4% from a year ago, increasing from $661 million to $697 million. Net assets from governmental activities increased by 13.3% while net assets from business activities decreased by 1.0%. The $39.4 million increase in net assets from governmental activities

is primarily due to revenues earned that are restricted and can only be used for capital assets. Therefore, these revenues do not have an offsetting expense in the current year government-wide financial statements.

The $3.5 million decrease in net assets from business-type activities is primarily due to the planned draw down of Electric reserves offset by funds being accumulated for current and future capital projects in other funds.

The following schedule displays a summary breakdown of the City's net assets as of June 30, 2009 and 2008:

Net Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and Other Assets	$164,023	$189,048	$197,017	$246,448	$361,040	$435,496
Capital Assets, net	314,314	255,100	452,847	400,412	767,161	655,512
Total Assets	478,337	444,148	649,864	646,860	1,128,201	1,091,008
Current Liabilities	28,124	27,627	39,125	46,126	67,249	73,753
Long Term Liabilities	114,316	119,771	249,694	236,420	364,010	356,191
Total Liabilities	142,440	147,398	288,819	282,546	431,259	429,944
Net Assets:						
Invested in capital assets, net of related debt	215,774	213,545	271,839	257,415	487,613	470,960
Restricted	46,969	48,000	13,641	14,417	60,610	62,417
Unrestricted	73,406	35,205	75,312	92,481	148,718	127,686
Total Net Assets	$336,149	$296,750	$360,792	$364,313	$696,941	$661,063

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by $697 million at the June 30, 2009. Most of the City's net assets (70%) are invested in capital assets (i.e., land, buildings, utility plants, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, (9%) represent resources that are subject to external restrictions as to how they may be used. The remaining balance of $148.7 million is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors or for investments in capital assets. Only $73.4 million of the unrestricted net assets pertain to governmental activities, the balance can only be used for the utilities and other business activities of the City.

The following schedule shows the various components that caused the City's net assets to increase:

Changes in Net Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program Revenues						
Charges for service	$ 11,597	$ 13,550	$ 211,371	$ 207,738	$ 222,968	$ 221,288
Operating grants	17,411	16,263	4,800	4,311	22,211	20,574
Capital grants and contributions	52,891	22,032	10,277	13,702	63,168	35,734
General Revenues						
Sales Tax	19,376	21,647			19,376	21,647
Property Tax	34,820	33,238			34,820	33,238
Investment earnings	4,065	6,493	6,273	7,738	10,338	14,231
Other	5,974	7,893	1	2	5,975	7,895
Total Revenues	146,134	121,116	232,722	233,491	378,856	354,607
Expenses:						
General Government	7,726	7,083			7,726	7,083
Police	28,282	27,717			28,282	27,717
Fire	17,190	17,619			17,190	17,619
Public Works	12,754	9,760			12,754	9,760
Planning	5,634	5,750			5,634	5,750
Recreation and Culture	11,598	10,965			11,598	10,965
Community Development	20,804	15,160			20,804	15,160
Interest on Long-Term Debt	5,169	5,367			5,169	5,367
Electric			173,452	163,293	173,452	163,293
Water			12,647	12,570	12,647	12,570
Wastewater			13,686	13,378	13,686	13,378
Storm Drainage			2,499	2,564	2,499	2,564
Solid Waste			18,229	18,702	18,229	18,702
Transportation			10,340	9,838	10,340	9,838
Convention Center			2,967	2,953	2,967	2,953
Total Expenses	109,157	99,421	233,820	223,298	342,977	322,719
Increase in net assets before transfers	36,977	21,695	(1,098)	10,193	35,879	31,888
Transfers	2,422	2,613	(2,422)	(2,613)		
Increase in net assets	39,399	24,308	(3,520)	7,580	35,879	31,888
Net assets July 1	296,750	272,442	364,313	356,733	661,063	629,175
Net assets June 30	$ 336,149	$ 296,750	$ 360,793	$ 364,313	$ 696,942	$ 661,063

Governmental Activities

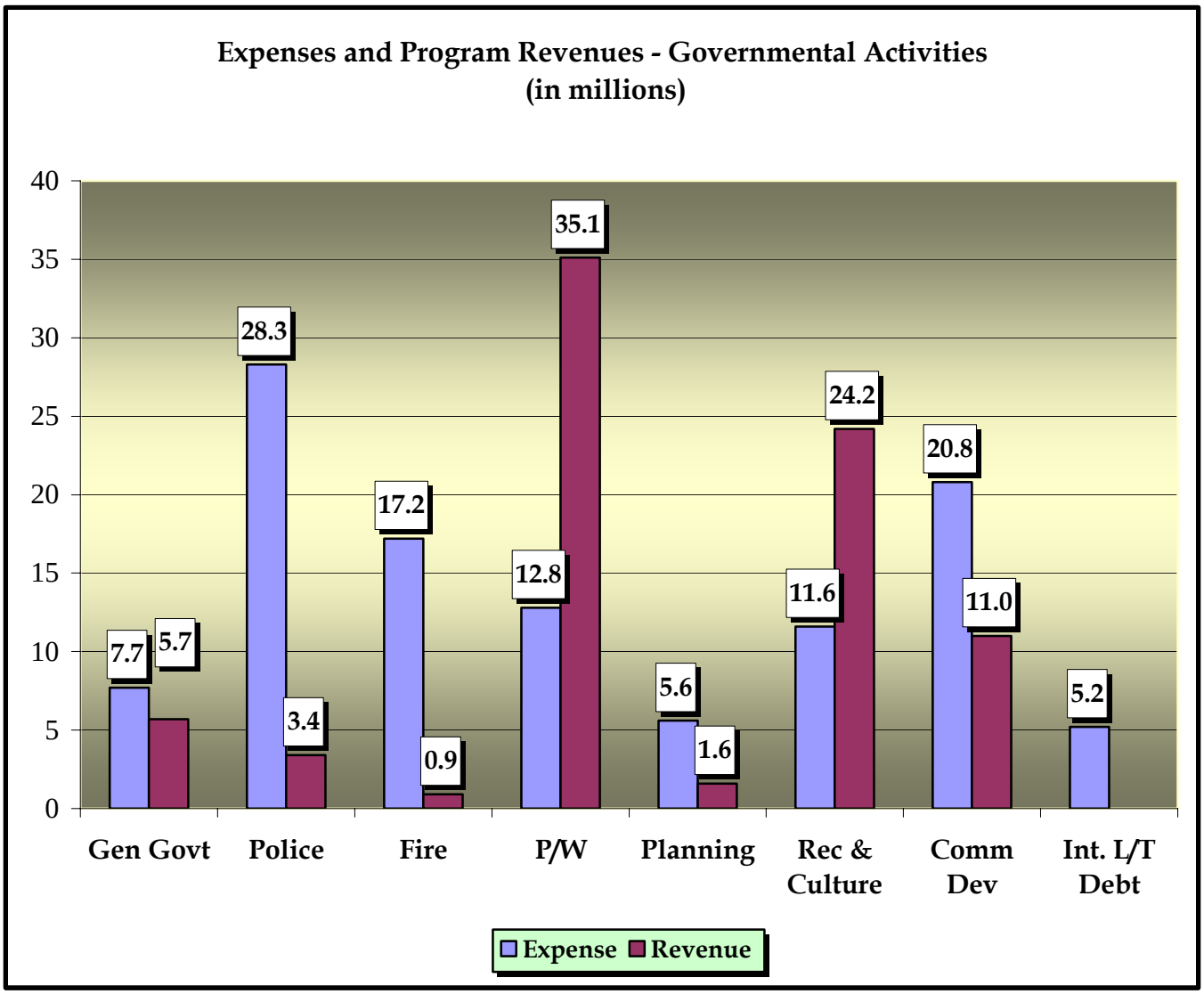
The governmental activities program expenses exceed program revenues by $27.3 million; however, general revenues and transfers were $66.7 million resulting in an increase in governmental activities net assets of $39.4 million. This increase accounted for 110% of the total growth in the net assets of the City.

Taxes decreased by 2.1% from the prior year. This decrease is due to a reduction in sales tax due to the severe economic recession. The sales tax reduction was partially offset by an increase in the overall tax value (as determined by California law) of real property. Tax rates were not changed during the year.

Community Development expense increased by $5.6 million due primarily due to the following reasons:

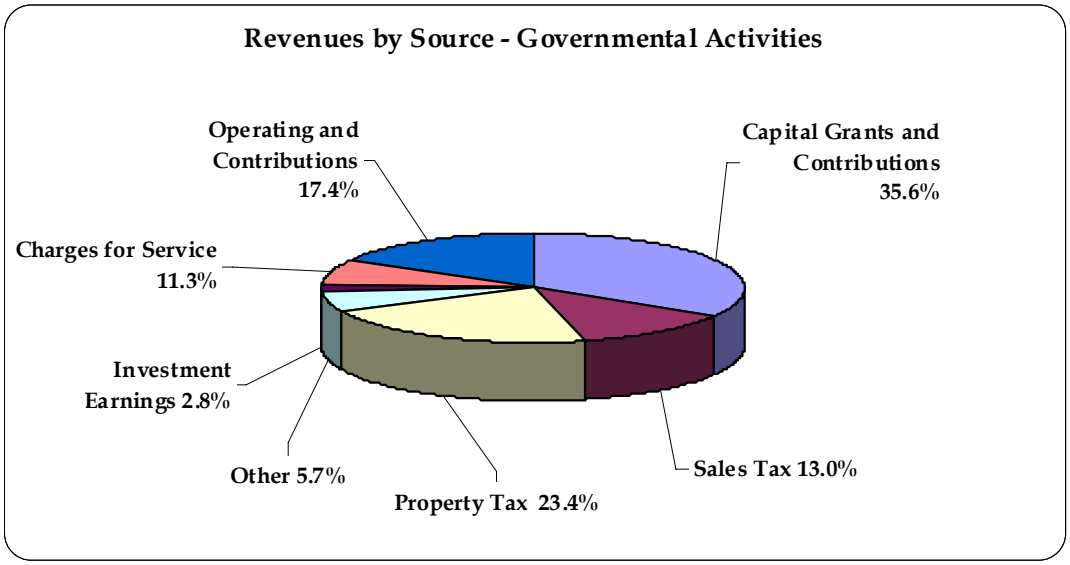
1. The City increased its Federal housing assistance payments by $1.7 million.
2. The City contributed $1.1 million to a non profit organization to establish a revolving loan fund for housing projects.
3. The Redevelopment Agency expended $2.1 million on the removal of the Downtown Mall.

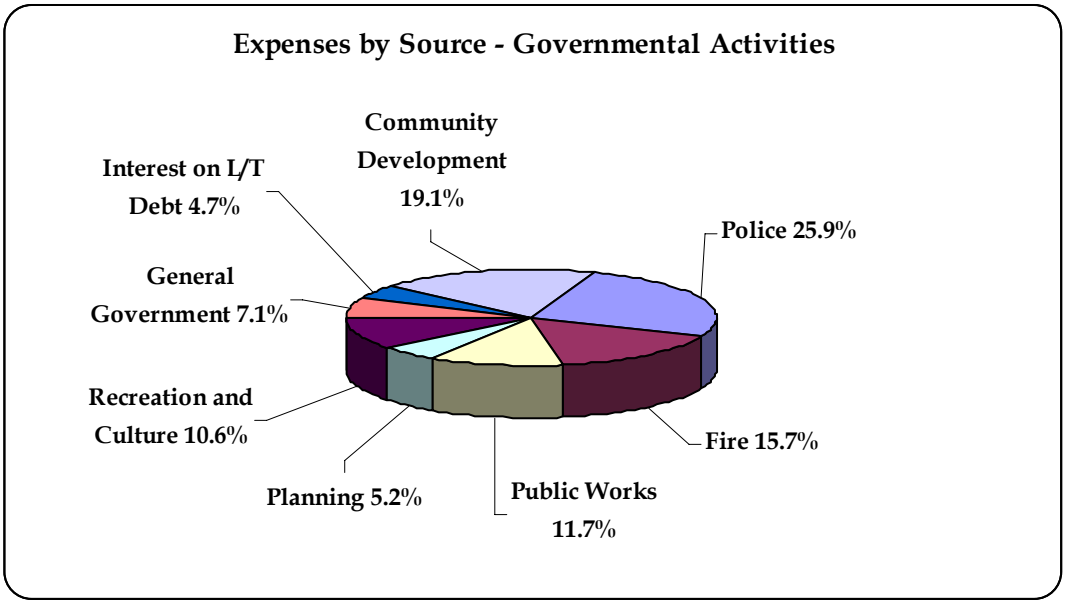
Public Works expenses increased by $3 million due to increased street maintenance work.



As shown in the expenses and program revenue graph above, Public Works revenues exceeded program expenses by $22.3 million and Recreation and Culture revenues exceeded program expenses by $12.6 million. The reason for revenues exceeding expenses is that program revenues from Public Works include $31.2 million in capital grants and contributions and Recreation and Culture program revenues include $21.3 million in capital grants and contributions. The capital grants and contributions were used for capital assets as they could not be used to cover operating expenses.

The following graphs show an illustrative picture of where the City funds come from and where they are spent.





Business-Type Activities

Business-type activities decreased the City's net assets by $3.5 million. Key elements of this decrease are as follows:

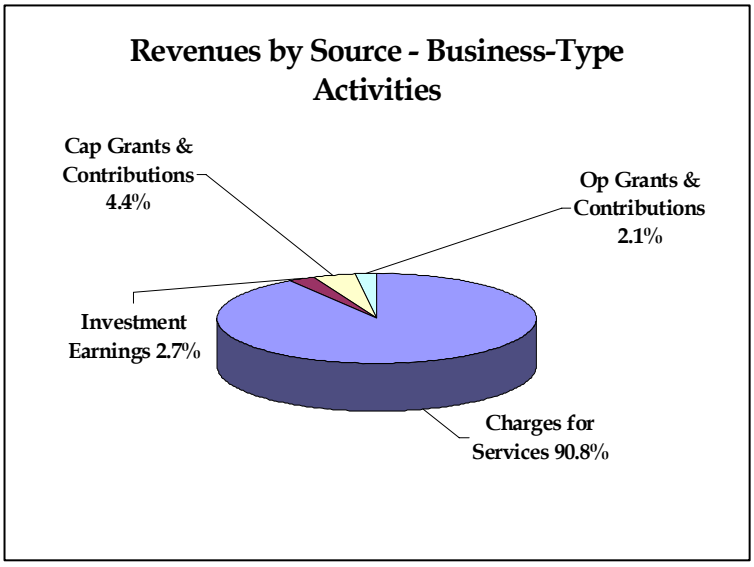
- Revenues exceed expenses for water and wastewater as funds are being accumulated for current and future capital projects. The increase was offset by a planned reduction in electric reserves.

The following schedule shows business-type activities revenues and expenses.

Revenues, Transfers and Expenditures - Business - Type Activities
(in thousands)

	Revenue		Expense		Changes in net assets	
	2009	2008	2009	2008	2009	2008
Electric	$157,800	$153,967	$173,452	$163,293	($15,652)	($9,326)
Water	16,172	17,639	12,647	12,570	3,525	5,069
Wastewater	20,635	21,157	13,686	13,378	6,949	7,779
Storm Drainage	1,610	2,573	2,499	2,564	(889)	9
Solid Waste	17,958	18,802	18,229	18,703	(271)	99
Transportation	11,302	10,664	10,341	9,838	961	826
Convention Center	970	950	2,966	2,953	(1,996)	(2,003)
Investment Earnings	6,273	7,738			6,273	7,738
Transfers	(2,422)	(2,613)			(2,422)	(2,613)
Other	1	2			1	2
Total	230,299	230,879	233,820	223,299	(3,521)	7,580

The Electric Utility change in net assets is $6.3 million less than in the prior year primarily due to a planned draw down of reserves and higher cost of power. Due to a dry year not as much hydro power was available. Delivery of hydro electric power from Western Area Power Authority was below that of an average year's results, which resulted in an increase in the cost of power.



Typically business-type activities charge customers for the services provided and the related necessary capital costs. As can be seen from the above graph, charges for services make up the vast majority (90.8%) of the revenues of the business-type activities.

Financial Analysis of the Government's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City'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 fiscal year ended June 30, 2009, the City's governmental funds reported combined ending fund balances of $121 million, a decrease of $23 million in comparison to June 30, 2008. Approximately 48.1% of this total ($58.3 million) is considered unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for 1) non current advances, notes and receivables ($28.9 million), 2) to pay debt service ($7.1 million), 3) for capital projects ($19 million), or 4) miscellaneous other items.

The General Fund is the chief operating fund of the City. At June 30, 2009, unreserved fund balance was $5.1 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 6.8% of the total General Fund expenditures, while total fund balance represents 13.3% of total General Fund expenditures.

The fund balance of the City's General Fund decreased by $9.7 million during the year ended June 30, 2009.

General Fund revenues decreased $5.2 million, while expenditures increased by $4.1 million from FYE 2008 to 2009. The decrease in revenue was due primarily to a decrease in taxes of $2.9 million (6.7%) primarily due to lower sales taxes due to the global recession. Tax rates were not changed during the year. Licenses and permits and charges for services decreased by $1.7 million primarily due lower building related revenues, again due to the slow economy. Interest revenue was $0.6 million lower than the prior year due to lower interest rates and lower reserves

The $4.1 million increase in expenditures is due to the following:

$2.6 million increase in street related expenditures, primarily covered by gas taxes or grants. $1.5 million increase in Police from an increase in grant expenditures, a 2.7% increase in salaries, wages and benefits, and increase cost associated with retirements. Capital outlay also increased by $0.8 million. These increases were offset by reductions made by the City to help offset lower revenues than anticipated in the General Fund.

Other financing sources increased by $3.3 million. The increase is due to increases in net transfers primarily from gas taxes and grants for the increased street work.

The Capital Project Fund accounts for the financing and construction activities of the City. At June 30, 2009, unreserved fund balance was $12.4 million. Unreserved fund balance represents 33.5% of the total Capital Project Funds expenditures, while total fund balance represents 77.9% of the total Capital Project Fund expenditures.

The fund balance of the City's Capital Project Fund decreased $4.8 million during the year ended June 30, 2009.

Capital Project Fund revenues increased $7.9 million and expenditures increased $8.5 million. The increase in revenue was primarily due to revenues received from grants.

The $8.5 million increase is due to increases in the South Bonnyview Road widening project and the Cypress Bridge project.

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The following schedule shows the changes in net assets of the major proprietary funds and restricted and unrestricted portions of net assets of the major proprietary funds of the City.

Changes in Net Assets Major Proprietary Funds
(in thousands)

	Net Assets July 1, 2008	Changes in Net Assets	Net Assets June 30, 2009
Electric Utility	$137,440	(17,082)	$120,358
Water Utility	$70,701	4,591	$75,292
Wastewater Utility	$85,504	8,264	$93,768
Solid Waste Collection/Disposal	$28,995	1,169	$30,164

Net Assets - Restricted and Unrestricted
Major Proprietary Funds as of June 30, 2009
(in thousands)

	Invested in Capital Assets, Net of Related Debt	Restricted Net Assets	Unrestricted Net Assets	Total Net Assets
Electric Utility	$80,379	-	39,979	$120,358
Water Utility	$59,353	17	15,922	$75,292
Wastewater Utility	$70,078	11,104	12,586	$93,768
Solid Waste Collection/Disposal	$15,737	-	14,427	$30,164

The factors affecting the above changes in net assets and other factors regarding the proprietary funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City adopts two one-year budgets every other year. The fiscal year ending June 30, 2009 was the first year of the two-year budget process. Differences between the original General Fund budget and the amended General Fund budget expenditures are shown below:

General Fund Original and Amended Budget
(in thousands)

	Original	Amended	Increase (Decrease)
General Government	$ 7,276	$ 7,867	$ 591
Public Safety:			
Police	27,845	29,391	1,546
Fire Safety	16,505	17,186	681
Public Works	14,113	16,248	2,135
Planning	5,870	5,488	(382)
Recreation and culture	5,973	5,836	(137)
Principal payments	1,020	1,315	295
Interest payments and bond costs	2,013	2,041	28
Total Expenditures	$ 80,615	$ 85,372	$ 4,757

As shown in the previous table, the General Fund's original budget was increased by $4.8 million or approximately 5.9%. The reasons for this increase are as follows:

- The Police budget increased by $1.5 million due, the increase is due to grants and grant type agreements approved and received after the budget was originally adopted ($2.2 million). It is the City policy not to include grant expenditures in the original adopted budget if grant approval has not been finalized. These grants were for drug enforcement, traffic enforcement and school resource officers along with other Police related activities. The City does not include rolling stock appropriations in its original budget. The Police department budget increased by $0.5 million due to rolling stock. It is a Council policy to maintain a rolling stock fund separate from the General Fund which departments, with the City Manager approval can transfer funds to the General Fund and amend the adopted budget for the transfers.
- Public Works' budget increased by $2.2 million due to grants and grant type expenditures that were approve after the budget was adopted. The funds were used for street maintenance and improvement. The Public Works' budget also increased by $0.2 million for rolling stock.
- General Government increased by $0.8 million due to higher separation costs. During the year positions were eliminated to help deal with the effects of the severe global recession, which resulted in higher separation costs than originally anticipated. All increased cost were budgeted in the Non Departmental budget, which is included in general government, regardless of the function
- Fire budget increased by $0.8 to cover additional overtime. The additional overtime was due to assistance provided to other agency within the State and for coverage within the City. Fire's budget was also increased by $0.2 million for rolling stock as described above.
- Debt service increased by $0.3 million due to rolling stock payments as describe above.
- Due to the global recession and decrease in City revenues the City reduced its General Fund budget by $2 million during the year to keep the General Fund Ten Year Plan in balance with a minimum 5% reserve in all years of the Plan. The reductions affected all departments in the General Fund.

During the year revenues were less than budgetary, thus requring the need to draw upon existing fund balances.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009, totaled $767 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, utility plants, collections, generation, distributions and transmissions systems, improvements, machinery and equipment, park facilities, roads, and bridges. The total increase in the City's investment in capital assets for the current year was $111 million (an 23.2% increase for governmental activities and 13.1% for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Developers added an estimated $2.3 million of water, wastewater, electric, storm drainage improvements, streets, sidewalks and traffic signals.
- The City took over the Shasta County Library operations and the County donated the Library to the City valued at $19.4 million,
- Electric Utility spent $20.7 million in the current year on the new generation plant project.
- The City spent $3.3 million on the Hilltop Drive improvements. The City also spent $9.8 million on the South Bonnyview widening project and $3.3 million on the Churn Creek Road realignment .
- The City spent $22.4 million in the current year on the $72 million Cypress Bridge Project.
- $18.9 million was spent on the Clear Creek Wastewater expansion project.
- $11.4 million was spent on the Stillwater Business Park project.

The next two pages show changes to Capital Assets in governmental and business-type activities.

Changes in capital assets consist of the following:

Changes in Capital Assets
(in thousands)
Governmental Activities

	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 28,879	$ 1,824	$ (1,068)	$ (52)	$ 29,583
Construction in process	44,441	47,582		(19,192)	72,831
Total capital assets, not being depreciated	73,320	49,406	(1,068)	(19,244)	102,414
Capital assets, being depreciated:					
Buildings	41,277	15,492	(222)	250	56,797
Improvements other than buildings	94,590	7		3,447	98,044
Infrastructure	123,867	980		15,244	140,091
Automotive equipment	9,355	1,138	(538)	610	10,565
Furnishings and equipment	4,913	3,152	(296)	225	7,994
Assets under capital lease:					
Furnishings and equipment	290				290
Automotive equipment	1,272	739		(550)	1,461
Total capital assets, being depreciated	275,564	21,508	(1,056)	19,226	315,242
Less accumulated depreciation for:					
Buildings	(15,721)	(1,704)	28		(17,397)
Improvements other than buildings	(25,093)	(4,101)			(29,194)
Infrastructure	(41,276)	(2,836)			(44,112)
Automotive equipment	(6,504)	(821)	501	(505)	(7,329)
Furnishings and equipment	(4,237)	(628)	296		(4,569)
Assets under capital lease:					
Furnishings and equipment	(267)	(8)			(275)
Automotive equipment	(686)	(225)		445	(466)
Total accumulated depreciation	(93,784)	(10,323)	825	(60)	(103,342)
Total capital assets, being depreciated, net	181,780	11,185	(231)	19,166	211,900
Governmental activities capital assets, net	$ 255,100	$ 60,591	$ (1,299)	$ (78)	$ 314,314

See Note 5 to the Financial Statements for additional information regarding capital assets.

Changes in capital assets consist of the following (continued):

Changes in Capital Assets
(in thousands)
Business-Type Activities

	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	$ 17,443	$ 346	$ -	$ -	$ 17,789
Construction in progress	53,905	71,743	(23)	(30,075)	95,550
Total capital assets, not being depreciated	71,348	72,089	(23)	(30,075)	113,339
Capital assets, being depreciated:					
Utility plants	524,468	1,228	(16,279)	29,939	539,356
Buildings	44,613	-	(10)	-	44,603
Improvements other than buildings	35,036	47	(53)	120	35,150
Automotive equipment	27,902	3,171	(1,843)	(59)	29,171
Furnishings and equipment	13,993	356	(413)	93	14,029
Assets under capital lease:					
Furnishings and equipment	634	-	-	-	634
Total capital assets, being depreciated	646,646	4,802	(18,598)	30,093	662,943
Less accumulated depreciation for:					
Utility plants	(245,001)	(17,665)	15,915	-	(246,751)
Buildings	(22,907)	(1,244)	-	-	(24,151)
Improvements other than buildings	(22,347)	(2,000)	15	-	(24,332)
Automotive equipment	(15,285)	(2,168)	1,567	59	(15,827)
Furnishings and equipment	(11,578)	(650)	394	-	(11,834)
Assets under capital lease:					
Furnishings and equipment	(465)	(75)	-	-	(540)
Total accumulated depreciation	(317,583)	(23,802)	17,891	59	(323,435)
Total capital assets, being depreciated, net	329,063	(19,000)	(707)	30,152	339,508
Business-type activities capital assets, net	$ 400,411	$ 53,089	$ (730)	$ 77	$ 452,847

See Note 5 to the Financial Statements for additional information regarding capital assets.

Long Term Debt

The following schedule shows the changes in long-term debt for the year not including unamortized deferred loss on defeasance, bond discounts and bond premiums (amounts are in thousands).

	Balance June 30, 2008	Additional Transfers	Reductions	Balance June 30, 2009
Governmental Activities:				
Capital leases Payable	$ 868		$ 310	$ 558
Lease Revenue Bonds	50,261		2,422	47,839
Redevelopment Bonds	51,420		1,945	49,475
Special assessment debt	4,393	38	979	3,452
State Loans	34		19	15
Total Government Activities	106,976	38	5,675	101,339
Business-Type Acitivities				
General Obligation debt				
State Loan Payable	22,561	14,400	1,022	35,939
Revenue Bonds	34,330		2,798	31,532
Certificates of participation	192,940		4,655	188,285
Capital leases	318		61	257
Special Assessment debt (payable from enterprise funds)	74		74	-
Total Business-Type Activities	250,223	14,400	8,610	256,013
Total outstanding long-term debt	$ 357,199	$ 14,438	$ 14,285	$ 357,352

The City's total debt increased by $153,000 during the year ended June 30, 2009. The increase is due primarily to issuing $14.4 million in State loans for wastewater treatment plant upgrade. This increase was partially offset by the decrease due to regular scheduled debt payments.

Currently, the City's legal debt margin is $300 million. However, this relates only to general obligation type bonds. Other factors such as available revenues, special assessment pledges, etc. will affect the City's actual capacity to issue future debt.

Additional information on the City's long-term debt can be found in note 10 on pages 95-103 of this report.

Economic Factors and Next Year's Budgets and Rates

- The City of Redding has experienced an increase in population since 2006 of less than one percent per year while the unemployment rate has increased from 6.3% in 2006 to 15.4% in 2009.

- Inflationary trends in the region compare favorably to national indices.

- Overall tax revenue for the City's General Fund decreased by 6.7% during the year. This was primarily due to lower sales taxes due to the poor economy, but property and other taxes were also lower than in the prior year. Tax rates were not changed. The City expects sales tax to decrease by 9% and property tax by 2.5% in fiscal year 2009-10

- Building activity in the City was down in fiscal year 2009 and the City expects it to remain below the historical average during the fiscal year 2009-10.

- The recession will continue in fiscal year 2010.

All of these factors were considered in preparing the City's budget for 2009-10 fiscal year.

During the current fiscal year, unreserved fund balance in the General Fund decreased to $5.1 million. The City anticipates spending approximately $1.4 million of this amount in the 2009-10 fiscal year budget. This amount, adjusted for certain known factors, has been included in the City's 10-year financial plan and the City continues to maintain a 5% cash reserve in all years.

The utilities had planned the following rate increases when their biennial budgets were built: Electric - 7.8%, Water - 6.0%, Wastewater – 9.4% and Solid Waste – 3%. Rate increases for all Utilities have been approved.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. This report can be found on the City of Redding website, www.ci.redding.ca.us under City Departments, Finance. Questions concerning any information provided in this report or request for additional financial information should be directed to:

The City of Redding - Finance Department
777 Cypress Avenue
Redding, CA 96001

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Redding
Statement of Net Assets
June 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 73,187,531	$ 97,018,137	$ 170,205,668
Receivables:			
Interest	2,364,572	791,222	3,155,794
Accounts, net	998,541	20,244,570	21,243,111
Taxes	4,841,852	-	4,841,852
Current intergovenmental	12,102,382	1,970,391	14,072,773
Notes	29,706,894	-	29,706,894
Special assessments	1,832,389	-	1,832,389
Pacificorp Energy	-	2,629,583	2,629,583
Other	1,020,622	-	1,020,622
Internal balances	5,961,200	(5,961,200)	-
Inventories	396,900	7,963,719	8,360,619
Prepaid items	1,442,444	1,753,080	3,195,524
Assets held for sale	2,166,319	-	2,166,319
Restricted assets:			
Cash and investments	25,213,754	62,927,928	88,141,682
Interest receivable	23,583	-	23,583
Taxes receivable	1,112,176	-	1,112,176
Power acquistion costs, net	-	1,362,168	1,362,168
Prepaid purchase cost	-	4,570,000	4,570,000
Financing costs, net	1,904,660	845,111	2,749,771
Capital assets:			
Land and construction in progress	102,414,232	113,339,683	215,753,915
Other capital assets, net of depreciation	211,899,880	339,507,754	551,407,634
Investment in JPA	-	648,920	648,920
Total assets	478,589,931	649,611,066	1,128,200,997

(Continued)

See accompanying Notes to Basic Financial Statements.

City of Redding
Statement of Net Assets
June 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	$ 3,553,838	$ 17,631,971	$ 21,185,809
Accrued liabilities	4,967,515	1,945,592	6,913,107
Intergovernmental payable	1,925,094	2,396,835	4,321,929
Accrued interest payable	1,295,137	1,412,263	2,707,400
Unearned revenue	2,033,160	5,535,174	7,568,334
Landfill closing costs, due within one year	-	100,000	100,000
Claims and judgements payable, due within one year	3,623,058	-	3,623,058
Deposits	105,102	4,470,356	4,575,458
Compensated absences, due within one year	3,546,151	1,774,241	5,320,392
Long-term debt, due within one year	5,745,425	8,328,886	14,074,311
Accounts payable from restricted	14,928	-	14,928
Arbitrage payable	32,455	-	32,455
Claims and judgements payable, due in more than one year	6,166,451	-	6,166,451
Landfill closing costs, due in more than one year	-	1,503,282	1,503,282
Accrued compensated absences, due in more than one year	7,521,813	4,184,989	11,706,802
Accrued liabilities, due in more than one year	6,981,122	4,897,673	11,878,795
Long-term debt, due in more than one year	94,929,433	234,637,458	329,566,891
Total liabilities	142,440,682	288,818,720	431,259,402
NET ASSETS			
Invested in capital assets, net of related debt	215,773,740	271,838,921	487,612,661
Restricted for:			
Capital outlay	-	13,641,475	13,641,475
Debt service	820,581	20	820,601
Housing	25,190,841	-	25,190,841
Community development	19,490,351	-	19,490,351
Public works	1,467,358	-	1,467,358
Unrestricted	73,406,378	75,311,930	148,718,308
Total net assets	$ 336,149,249	$ 360,792,346	$ 696,941,595

(Concluded)

City of Redding

Statement of Activities and Changes in Net Assets

For the year ended June 30, 2009

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Program Revenues: Total
Primary Government:					
Governmental activities:					
General government	$ 7,726,275	$ 5,465,585	$ 207,478	$ -	$ 5,673,063
Police	28,282,449	1,308,844	1,942,872	167,580	3,419,296
Fire	17,189,677	673,451	45,645	141,903	860,999
Public works	12,753,802	492,040	3,324,766	31,244,477	35,061,283
Planning	5,634,317	1,595,092	202	-	1,595,294
Recreation and culture	11,598,055	2,028,822	881,560	21,336,620	24,247,002
Community development	20,803,513	32,940	11,008,928	-	11,041,868
Interest on long-term debt	5,168,490	-	-	-	-
Total governmental activities	109,156,578	11,596,774	17,411,451	52,890,580	81,898,805
Business-type activities:					
Electric	173,451,814	157,529,886	-	269,987	157,799,873
Water	12,646,773	14,128,755	2,611	2,040,546	16,171,912
Wastewater	13,686,453	17,190,847	-	3,444,290	20,635,137
Storm drainage	2,498,787	1,200,246	192,889	217,545	1,610,680
Solid waste	18,228,705	17,201,828	74,797	681,870	17,958,495
Transportation	10,340,798	3,151,051	4,529,257	3,621,410	11,301,718
Convention center	2,966,577	968,712	-	860	969,572
Total business-type activities	233,819,907	211,371,325	4,799,554	10,276,508	226,447,387
Total primary government	$ 342,976,485	$ 222,968,099	$ 22,211,005	$ 63,167,088	$ 308,346,192

General Revenues and Transfers:

Taxes:

Property taxes, levied for general purpose

Dedicated property taxes

Transient occupancy taxes

Sales taxes

Motor vehicle taxes

Franchise taxes

Other taxes

Total taxes

Investment income (loss)

Other

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of year

Net assets - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
$ (2,053,212)	$ -	$ (2,053,212)
(24,863,153)	-	(24,863,153)
(16,328,678)	-	(16,328,678)
22,307,481	-	22,307,481
(4,039,023)	-	(4,039,023)
12,648,947	-	12,648,947
(9,761,645)	-	(9,761,645)
(5,168,490)	-	(5,168,490)
(27,257,773)	-	(27,257,773)
-	(15,651,941)	(15,651,941)
-	3,525,139	3,525,139
-	6,948,684	6,948,684
-	(888,107)	(888,107)
-	(270,210)	(270,210)
-	960,920	960,920
-	(1,997,005)	(1,997,005)
-	(7,372,520)	(7,372,520)
(27,257,773)	(7,372,520)	(34,630,293)
16,356,238	-	16,356,238
18,464,025	-	18,464,025
3,625,101	-	3,625,101
19,375,971	-	19,375,971
260,061	-	260,061
992,321	-	992,321
996,583	-	996,583
60,070,300	-	60,070,300
4,065,026	6,272,631	10,337,657
100,000	979	100,979
2,421,943	(2,421,943)	-
66,657,269	3,851,667	70,508,936
39,399,496	(3,520,853)	35,878,643
296,749,753	364,313,199	661,062,952
$ 336,149,249	$ 360,792,346	$ 696,941,595

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements
Proprietary Fund Financial Statements
Fiduciary Fund Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund – This fund is the general operating fund of the City which accounts for all financial resources except those required to be accounted for in another fund.

General Capital Projects Fund – This fund was established to account for the financing and construction activities of the general government.

City of Redding
Balance Sheet
Governmental Funds
June 30, 2009

	General Fund	General Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 5,379,521	$ 17,777,289	$ 39,379,316	$ 62,536,126
Interest receivable	55,217	135,643	2,075,395	2,266,255
Accounts receivable, net	822,016	-	140,586	962,602
Intergovernmental receivable	1,394,988	7,902,185	2,805,209	12,102,382
Taxes receivable	4,189,435	-	652,417	4,841,852
Other receivable	998,317	-	22,305	1,020,622
Due from other funds	327,058	-	-	327,058
Prepaid items	855,578	-	34,646	890,224
Inventories	284,732	-	-	284,732
Restricted assets:				
Cash and investments	2,348,929	7,681,832	15,182,993	25,213,754
Interest receivable	-	-	23,583	23,583
Taxes receivable	-	-	1,112,176	1,112,176
Interfund receivable	-	-	56,181	56,181
Assets held for sale	-	-	2,166,319	2,166,319
Advances to other funds	3,493,537	-	953,131	4,446,668
Special assessments receivable	-	-	1,832,389	1,832,389
Notes receivable	-	-	29,706,894	29,706,894
Total assets	$ 20,149,328	$ 33,496,949	$ 96,143,540	$ 149,789,817

(Continued)

See accompanying Notes to Basic Financial Statements.

City of Redding
Balance Sheet
Governmental Funds
June 30, 2009

	General Fund	General Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 288,393	$ 2,494,438	$ 234,541	$ 3,017,372
Accrued liabilities	4,279,185	32,525	140,439	4,452,149
Intergovernmental payable	104,393	4,290	1,778,582	1,887,265
Due to other funds	-	-	163,203	163,203
Accounts payable from restricted assets	-	14,928	-	14,928
Interfund payable	56,180	60,000	-	116,180
Deferred revenues	3,639,676	2,074,151	7,401,877	13,115,704
Deposits	6,881	-	97,103	103,984
Advances from other funds	1,729,877	58,057	4,099,974	5,887,908
Total liabilities	10,104,585	4,738,389	13,915,719	28,758,693
Fund Balances:				
Reserved for:				
Prepaid items	855,578	-	34,646	890,224
Inventories	284,732	-	-	284,732
Assets held for resale	-	-	2,166,319	2,166,319
Noncurrent advances	3,493,537	-	924,731	4,418,268
Debt service	-	-	10,707,065	10,707,065
Capital projects	271,844	16,390,857	2,378,363	19,041,064
Noncurrent notes receivable	-	-	28,851,943	28,851,943
Unreserved, designated for:				
Encumbrances	1,372,259	12,367,703	-	13,739,962
Rolling stock	469,973	-	-	469,973
Future expenditures/contingencies	2,535,000	-	-	2,535,000
Reported in:				
Special revenue	-	-	8,933,742	8,933,742
Capital projects	-	-	9,299,348	9,299,348
Unreserved,undesignated reported in:				
General fund	761,820	-	-	761,820
Special revenue funds	-	-	5,324,788	5,324,788
Capital projects fund	-	-	14,820,724	14,820,724
Debt service funds	-	-	(1,213,848)	(1,213,848)
Total fund balances	10,044,743	28,758,560	82,227,821	121,031,124
Total liabilities and fund balances	$ 20,149,328	$ 33,496,949	$ 96,143,540	$ 149,789,817

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City of Redding

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets

June 30, 2009

Total Fund Balances - Total Governmental Funds	$	121,031,124
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets have not been included as financial resources in governmental fund activity.		401,436,538
Accumulated depreciation has not been included in the governmental fund financial statements.		(93,712,096)
Financing costs net of amortization		1,904,660
Long-term debt that has not been included in the governmental fund activity.		(100,674,858)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.		(1,295,137)
The net other post employment benefit obligation has not been reported in the governmental funds.		(5,954,675)
Revenue reported as deferred revenue in the governmental funds was recorded as revenue in the statement of activities.		11,500,030
Internal service fund net assets included in the governmental activities on the statement of activities.		12,381,259
Business portion of operating transfer from Internal Service Funds.		(664,324)
Arbitrage payable that has not been included in the governmental funds.		(32,455)
Accrued vacation and other leave not reported in governmental funds, but recorded as expense in the Statement of Activities.		(9,770,817)
Net Assets of Governmental Activities	$	336,149,249

See accompanying Notes to Basic Financial Statements.

City of Redding

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2009

	General Fund	General Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	$ 15,847,264	$ -	$ 18,464,025	$ 34,311,289
Sales and use taxes	19,034,139	-	272,517	19,306,656
Other taxes	5,614,006	-	-	5,614,006
Special assessments	8,332	-	1,676,483	1,684,815
Licenses and permits	839,951	-	79,533	919,484
Intergovernmental revenues	2,981,041	24,710,646	16,513,678	44,205,365
Charges for services	2,506,586	-	1,187,191	3,693,777
Fines, forfeitures, and penalties	1,104,220	-	228,799	1,333,019
Use of money and property	6,429,495	-	5,166	6,434,661
Interest revenue	351,688	1,260,445	2,011,956	3,624,089
Other	748,209	3,666,251	1,701,427	6,115,887
Total revenues	55,464,931	29,637,342	42,140,775	127,243,048
EXPENDITURES:				
Current:				
General government	6,724,246	-	273,049	6,997,295
Community development	-		21,607,335	21,607,335
Public safety:				
Police	27,336,536	-	201,023	27,537,559
Fire	16,788,749	-	-	16,788,749
Public works	7,088,642	220,102	552,760	7,861,504
Planning	5,437,393	-	-	5,437,393
Recreation and culture	5,247,269	164,594	2,028,130	7,439,993
Capital outlay	3,805,908	34,686,441	11,623,606	50,115,955
Debt service:				
Principal	1,520,487	1,230,000	2,960,000	5,710,487
Interest and fiscal charges	1,840,557	630,134	2,761,058	5,231,749
Bond issuance costs	-	-	-	-
Total expenditures	75,789,787	36,931,271	42,006,961	154,728,019
REVENUES OVER (UNDER) EXPENDITURES	(20,324,856)	(7,293,929)	133,814	(27,484,971)
OTHER FINANCING SOURCES (USES):				
Sale of assets	233,399	-	-	233,399
Capital leases issued	-	-	-	-
Transfers in	15,602,796	2,645,909	1,519,500	19,768,205
Transfers out	(5,199,257)	(184,267)	(9,702,292)	(15,085,816)
Total other financing sources (uses)	10,636,938	2,461,642	(8,182,792)	4,915,788
Net change in fund balances	(9,687,918)	(4,832,287)	(8,048,978)	(22,569,183)
FUND BALANCES:				
Beginning of year	19,732,661	33,590,847	90,276,799	143,600,307
End of year	$ 10,044,743	$ 28,758,560	$ 82,227,821	$ 121,031,124

See accompanying Notes to Basic Financial Statements.

City of Redding

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets

For the year ended June 30, 2009

Net Change in Fund Balances - Total Governmental Funds	$	(22,569,183)
Amounts reported for governmental activities in the Statement of Activities and Changes in Net Assets were different because:		
Governmental funds reported acquisition of capital assets as part of capital outlay expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.		50,115,955
Transfers of capital assets from Enterprise Funds to governmental funds.		(77,418)
In the Statement of Activities, donated assets are reported as a capital contribution.		20,509,563
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in governmental funds.		(9,049,099)
Disposal of capital assets is reported in the Governmental-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources. Therefore, it is not reported as expenditures in governmental funds.		(1,153,959)
- Net book value of the assets disposed		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(112,771)
In the Statement of Activities, the net other post employment benefit obligation has been accrued.		(2,711,692)
Repayment of bond principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets.		5,710,487
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represented the change in accrued interest from the prior year.		(81,622)
Compensated absences in the Statement of Activities is reported as an expense but is not reported in the governmental funds.		135,839
Arbitrage in the Statement of Activities is reported as an expense but is not reported in the governmental funds.		(32,455)
Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds was reported with governmental activities.		(619,825)
Business portion of operating transfer from Internal Service Funds.		(664,324)
Change in Net Assets of Governmental Activities	$	39,399,496

See accompanying Notes to Basic Financial Statements.

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PROPRIETARY FUND FINANCIAL STATEMENTS

Major Enterprise Funds:

Electric Utility – This fund was established to account for the operations of the City's electric utility, a self-supporting activity which renders a service on a user-charge basis to residents and businesses.

Water Utility – This fund was established to account for the operations of the City's water utility, a self-supporting activity which renders a service on a user-charge basis to residents and businesses.

Wastewater Utility - This fund was established to account for the operations of the City's wastewater utility, a self-supporting activity which renders a service on a user-charge basis to residents and businesses.

Solid Waste Collection/Disposal - This fund was established to account for the operations of the City's solidwaste collection and disposal, a self-supporting activity which renders a service on a user-charge basis to residents and businesses.

Internal Service Funds:

These funds are used to account for interdepartmental operations where it is the stated intent that costs of providing services to the departments of the City on a continuing basis be financed or recovered primarily by charges to the user departments.

City of Redding
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Enterprise Funds		
	Electric Utiltiy	Water Utility	Waste Water Utility
ASSETS			
Current assets:			
Cash and investments	$ 33,055,410	$ 14,908,416	$ 25,597,620
Interest receivable	275,510	119,412	214,608
Accounts receivable, net	15,317,420	1,575,652	1,563,769
Prepaid items	1,477,936	48,869	57,167
Intergovernmental receivable	-	42,900	-
Inventories	7,152,988	607,141	41,690
Interfund receivable	-	-	-
Pacificorp Energy receivable	2,629,583	-	-
Total current assets	59,908,847	17,302,390	27,474,854
Noncurrent assets:			
Restricted assets:			
Cash and investments	60,518,586	1,213,666	-
Interest receivable		-	-
Total restricted assets	60,518,586	1,213,666	-
Capital assets:			
Land	4,224,700	396,915	2,793,557
Construction in progress	46,786,274	5,472,416	36,272,884
Utility plants	283,244,651	95,785,543	135,973,068
Buildings	4,585,086	3,604,902	2,613,886
Improvements other than buildings	2,893,543	-	138,158
Automotive equipment	4,314,010	1,988,095	1,502,652
Furnishings and equipment	6,672,838	561,171	1,028,679
Assets under capital lease	-	-	-
Total capital assets	352,721,102	107,809,042	180,322,884
Less: accumulated depreciation	(154,855,682)	(39,904,791)	(60,798,830)
Net capital assets	197,865,420	67,904,251	119,524,054
Other assets:			
Power acquisition costs, net	1,362,168	-	-
Prepaid purchase cost	4,570,000	-	-
Advances to other funds	2,544,280	-	962,151
Financing costs, net	339,508	181,800	208,547
Investment in JPA	648,920	-	-
Total other assets	9,464,876	181,800	1,170,698
Total noncurrent assets	267,848,882	69,299,717	120,694,752
Total assets	327,757,729	86,602,107	148,169,606

See accompanying Notes to Basic Financial Statements.

Enterprise Funds			Governmental Activities
Solid Waste Collection/ Disposal	Non-Major Enterprise Funds	Total	Internal Service Funds
$ 18,573,677	$ 4,883,011	$ 97,018,134	$ 10,651,405
148,667	33,025	791,222	98,318
1,576,234	211,495	20,244,570	35,939
125,483	43,625	1,753,080	552,220
30,740	1,896,751	1,970,391	-
-	161,900	7,963,719	112,168
-	-	-	60,000
-	-	2,629,583	-
20,454,801	7,229,807	132,370,699	11,510,050
905,456	290,220	62,927,928	-
-	-	-	-
905,456	290,220	62,927,928	-
1,571,091	8,803,507	17,789,770	110,810
26,376	6,991,963	95,549,913	-
-	24,354,229	539,357,491	-
14,141,504	19,657,156	44,602,534	-
964,569	31,152,909	35,149,179	2,384,243
13,640,424	7,725,548	29,170,729	10,564,413
3,306,431	2,459,521	14,028,640	1,699,323
-	634,209	634,209	1,460,557
33,650,395	101,779,042	776,282,465	16,219,346
(15,063,211)	(52,812,514)	(323,435,028)	(9,629,676)
18,587,184	48,966,528	452,847,437	6,589,670
-	-	1,362,168	-
-	-	4,570,000	-
-	-	3,506,431	4,141,424
93,018	22,238	845,111	-
-	-	648,920	-
93,018	22,238	10,932,630	4,141,424
19,585,658	49,278,986	526,707,995	10,731,094
40,040,459	56,508,793	659,078,694	22,241,144

City of Redding
Statement of Net Assets
Proprietary Funds, Continued
June 30, 2009

	Enterprise Funds		
	Electric Utiltiy	Water Utility	Waste Water Utility
LIABILITIES			
Current liabilities (payable from current assets):			
Accounts payable	12,654,755	265,621	3,502,081
Accrued liabilities	1,073,140	158,645	213,217
Accrued interest payable	1,041,267	37,602	237,514
Claims and judgements payable	-	-	-
Intergovernmental payable	2,272,450	44,426	1,870
Due to other funds	-	-	-
Deferred revenues	3,240,473	258,515	-
Deposits	2,711,290	-	-
Accrued compensated absences, due with in one year	1,040,691	131,035	174,574
Landfill closure costs, due with in one year	-	-	-
Capital leases, due with in one year	-	-	-
Long-term debt, due with in one year	4,482,842	706,539	1,180,124
State loan, due with in one year	-	-	1,094,948
Total current liabilities (payable from current assets)	28,516,908	1,602,383	6,404,328
Long-term liabilities:			
Accrued compensated absences, due in more than one year	2,349,237	318,765	414,801
Landfill closure costs, due in more than one year	-	-	-
Advances from other funds	-	-	-
Accrued liabilities, due in more than one year	3,019,608	330,395	411,414
Claims and judgements, due in more than one year		-	-
Capital leases, due in more than one year	-	-	-
Long-term debt, due in more than one year	173,514,098	9,058,471	13,215,989
State loan, due in more than one year	-	-	33,955,102
Total long-term liabilities	178,882,943	9,707,631	47,997,306
Total liabilities	207,399,851	11,310,014	54,401,634
NET ASSETS			
Invested in capital assets, net of related debt	80,379,137	59,352,909	70,077,891
Restricted for:			
Capital projects	-	17,313	11,103,887
Debt service	-	-	-
Other	-	-	-
Unrestricted	39,978,741	15,921,871	12,586,194
Total net assets	$ 120,357,878	$ 75,292,093	$ 93,767,972

See accompanying Notes to Basic Financial Statements.

Enterprise Funds			Governmental Activities
Solid Waste Collection/ Disposal	Non-Major Enterprise Funds	Total	Internal Service Funds
381,049	828,465	17,631,971	536,466
308,681	191,909	1,945,592	515,366
76,176	19,704	1,412,263	-
-	-	-	3,623,058
77,446	643	2,396,835	37,829
-	163,854	163,854	-
29,179	2,007,007	5,535,174	417,487
1,719,201	39,865	4,470,356	1,118
302,132	125,809	1,774,241	367,116
100,000	-	100,000	-
-	57,190	57,190	-
677,699	45,620	7,092,824	-
-	83,924	1,178,872	-
3,671,563	3,563,990	43,759,172	5,498,440
798,175	304,011	4,184,989	930,031
1,503,282	-	1,503,282	-
-	4,857,603	4,857,603	1,349,011
825,364	310,892	4,897,673	1,026,447
-		-	6,166,451
-	199,169	199,169	-
3,078,430	810,276	199,677,264	-
-	805,923	34,761,025	-
6,205,251	7,287,874	250,081,005	9,471,940
9,876,814	10,851,864	293,840,177	14,970,380
15,736,490	46,292,494	271,838,921	6,589,670
-	2,520,275	13,641,475	-
20	-	20	-
-	-	-	-
14,427,135	(3,155,840)	79,758,101	681,094
$ 30,163,645	$ 45,656,929	$ 365,238,517	$ 7,270,764

(Concluded)

Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.

Proprietary Funds total net assets	$ 365,238,517
Less business-type portion of the Internal Service Fund	(4,446,171)
Statement of Activities: Change in Net Assets	$ 360,792,346

City of Redding
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the year ended June 30, 2009

	Enterprise Funds		
	Electric Utility	Water Utility	Waste Water Utility
OPERATING REVENUES:			
User fees and charges	$ 86,511,826	$ 13,898,956	$ 17,161,972
Wholesale power sales	65,846,133	-	-
Rental charges	-	-	-
Other operating revenue	5,119,490	15,441	3,690
Total operating revenues	157,477,449	13,914,397	17,165,662
OPERATING EXPENSES:			
Cost of power, water, and transportation	90,770,250	134,752	-
Maintenance, operations, and administration	63,250,669	9,301,341	8,873,576
Depreciation and amortization	12,409,431	3,020,054	4,021,167
Total operating expenses	166,430,350	12,456,147	12,894,743
OPERATING INCOME (LOSS)	(8,952,901)	1,458,250	4,270,919
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	3,271,233	734,418	1,266,665
Interest expense	(7,060,873)	(242,951)	(834,468)
Intergovernmental revenues	-	502,609	1,126,700
Gain (loss) on disposal of assets	(62,843)	80,417	48,431
Other non-operating revenues (expenses)	(125,684)	1,631,648	1,705,260
Total nonoperating revenues (expenses)	(3,978,167)	2,706,141	3,312,588
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(12,931,068)	4,164,391	7,583,507
Capital contributions	269,987	378,797	637,516
Transfers in	411,207	47,765	42,682
Transfers out	(4,832,090)	-	-
Change in net assets	(17,081,964)	4,590,953	8,263,705
NET ASSETS:			
Beginning of year	137,439,842	70,701,140	85,504,267
End of year	$ 120,357,878	$ 75,292,093	$ 93,767,972

See accompanying Notes to Basic Financial Statements.

Enterprise Funds			Governmental Activities
Solid Waste Collection/ Disposal	Non-Major Enterprise Funds	Total	Internal Service Funds
$ 15,847,724	$ 2,797,055	$ 136,217,533	$ 54,641,389
-	-	65,846,133	-
-	1,316,166	1,316,166	-
1,352,170	1,197,181	7,687,972	38,339
17,199,894	5,310,402	211,067,804	54,679,728
-	3,054,950	93,959,952	-
15,529,738	8,485,320	105,440,644	53,531,618
1,663,907	4,087,418	25,201,977	1,274,037
17,193,645	15,627,688	224,602,573	54,805,655
6,249	(10,317,286)	(13,534,769)	(125,927)
809,889	190,424	6,272,629	705,740
(250,028)	(135,436)	(8,523,756)	(170,891)
74,797	4,530,045	6,234,151	(104)
(21,623)	(7,583)	36,799	26,138
418,203	426,692	4,056,119	-
1,031,238	5,004,142	8,075,942	560,883
1,037,487	(5,313,144)	(5,458,827)	434,956
-	3,614,960	4,901,260	1,765,918
131,413	1,874,965	2,508,032	8,177
-	(175,300)	(5,007,390)	(2,191,208)
1,168,900	1,481	(3,056,925)	17,843
28,994,745	45,655,448	368,295,442	7,252,921
$ 30,163,645	$ 45,656,929	$ 365,238,517	$ 7,270,764

Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.

Proprietary Funds changes in net assets	$ (3,056,925)
Add internal Service Funds income - business-type activity	(463,928)
Statement of Activities: Change in Net Assets	$ (3,520,853)

City of Redding
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2009

	Enterprise Funds		
	Electric Utility	Water Utility	Waste Water Utility
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 159,020,728	$ 14,084,010	$ 17,234,787
Cash paid to suppliers	(138,621,376)	(6,783,625)	(5,154,764)
Cash paid to employees	(21,878,258)	(2,784,671)	(3,359,504)
Other income received	5,119,490	15,441	3,690
Net cash provided (used) by operating activities	3,640,584	4,531,155	8,724,209
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Intergovernmental revenue received	-	-	-
Advances from other funds	-	-	-
Repayment of advances from other funds	-	-	-
Advances to other funds	(59,697)	-	(35,087)
Repayment of advances to other funds	200,000	-	547,904
Transfers in	411,207	47,765	42,682
Transfers out	(4,832,090)	-	-
Other revenue	-	213,738	14,702
Net cash provided (used) by noncapital financing activities	(4,280,580)	261,503	570,201
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grant received	-	761,124	1,126,700
Proceeds from sale of assets	343,375	80,417	48,431
Purchase of capital assets	(30,330,007)	(6,060,840)	(28,329,484)
Interest paid	(6,572,827)	(186,328)	(614,417)
Proceeds from from long-term debt	(90,792)	-	14,400,133
Principal paid on long-term debt	(4,655,000)	(745,000)	(2,255,971)
Principal paid on capital leases	-	-	-
Cash collected for future capital outlay	52,437	1,437,910	1,690,558
Net cash provided (used) by capital and related financing activities	(41,252,814)	(4,712,717)	(13,934,050)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment revenue received	3,663,360	758,609	1,359,075
Net cash provided (used) by investing activities	3,663,360	758,609	1,359,075
Net increase (decrease) in cash and cash equivalents	(38,229,450)	838,550	(3,280,565)
CASH AND CASH EQUIVALENTS:			
Beginning of year	131,803,446	15,283,532	28,878,185
End of year	$ 93,573,996	$ 16,122,082	$ 25,597,620

See accompanying Notes to Basic Financial Statements.

Enterprise Funds			Governmental Activities
Solid Waste Collection/ Disposal	Non-Major Enterprise Funds	Total	Internal Service Funds
$ 18,667,407	$ 5,359,804	$ 214,366,736	$ 54,703,393
(11,025,591)	(8,584,609)	(170,169,965)	(43,604,444)
(6,729,546)	(2,708,256)	(37,460,235)	(8,131,343)
1,352,170	978	6,491,769	1,510
2,264,440	(5,932,083)	13,228,305	2,969,116
73,574	4,221,270	4,294,844	(104)
-	234,803	234,803	(1,570,613)
-	(378,237)	(378,237)	(79,109)
-	-	(94,784)	-
-	-	747,904	399,496
131,413	1,874,965	2,508,032	-
-	(175,300)	(5,007,390)	(877,242)
1,933	9,736	240,109	-
206,920	5,787,237	2,545,281	(2,127,572)
-	2,662,475	4,550,299	-
254,770	2,666	729,659	4,364
(1,986,767)	(4,456,300)	(71,163,398)	(121,021)
(214,875)	(134,461)	(7,722,908)	(170,891)
-	-	14,309,341	-
(690,000)	(164,752)	(8,510,723)	-
-	(60,777)	(60,777)	-
-	416,956	3,597,861	-
(2,636,872)	(1,734,193)	(64,270,646)	(287,548)
859,792	212,535	6,853,371	703,232
859,792	212,535	6,853,371	703,232
694,280	(1,666,504)	(41,643,689)	1,257,228
18,784,853	6,839,735	201,589,751	9,394,177
$ 19,479,133	$ 5,173,231	$ 159,946,062	$ 10,651,405

(Continued)

City of Redding
Statement of Cash Flows
Proprietary Funds, Continued
For the year ended June 30, 2009

	Enterprise Funds		
	Electric Utility	Water Utility	Waste Water Utility
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	$ (8,952,901)	$ 1,458,250	$ 4,270,919
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	12,409,431	3,020,054	4,021,167
(Increase) decrease in accounts receivable	6,662,769	185,054	72,815
(Increase) decrease in intergovernmental receivable		(42,900)	-
(Increase) decrease in inventories	(288,877)	(52,197)	2,146
(Increase) decrease in prepaid items	(244,097)	(40,680)	(47,822)
(Increase) decrease in investment in JPA	(130,718)	-	-
Increase (decrease) in accounts payable	(4,648,107)	(145,101)	21,983
Increase (decrease) in accrued liabilities	107,270	15,612	70,485
Increase (decrease) in claims and judgements payable		-	-
Increase (decrease) in deposits	361,203	-	-
Increase (decrease) in intergovernmental payable	(2,464,421)	(69,699)	(3,670)
Increase (decrease) in deferred revenues	(906,581)	-	-
Increase (decrease) in accrued compensated absences	5,569	33,515	89,559
Increase (decrease) in accrued landfill closure costs		-	-
Increase (decrease) in claims and judgements payable long-term	-	-	-
Increase (decrease) in accrued liabilities long-term	1,730,044	169,247	226,627
Total adjustments	12,593,485	3,072,905	4,453,290
Net cash provided (used) by operating activities	$ 3,640,584	$ 4,531,155	$ 8,724,209
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Plant contributed from developers	$ 269,987	$ 328,797	$ 637,516
Non-cash change in deposits	-	-	-
Equipment transfers	-	50,000	-
Total non-cash capital and related financing activities	$ 269,987	$ 378,797	$ 637,516

See accompanying Notes to Basic Financial Statements.

Enterprise Funds			Governmental Activities
Solid Waste Collection/ Disposal	Non-Major Enterprise Funds	Total	Internal Service Funds
$ 6,249	$ (10,317,286)	$ (13,534,769)	$ (125,927)
1,663,907	4,087,418	25,201,977	1,274,037
52,479	33,038	7,006,155	(4,964)
-		(42,900)	-
-	(10,205)	(349,133)	(2,429)
(106,863)	(36,120)	(475,582)	1,129,323
-	-	(130,718)	-
(25,558)	110,006	(4,686,777)	61,210
(36,710)	59,126	215,783	130,810
-	-	-	599,667
326,768	10,265	698,236	541
10,838	(1,380)	(2,528,332)	18,698
-	-	(906,581)	30,140
44,998	(26,820)	146,821	(17,444)
(98,931)	-	(98,931)	-
-	-	-	(681,657)
427,263	159,875	2,713,056	557,111
2,258,191	4,385,203	26,763,074	3,095,043
$ 2,264,440	$ (5,932,083)	$ 13,228,305	$ 2,969,116
$ -	$ 217,545	$ 1,453,845	$ -
(416,270)	-	(416,270)	1,765,918
-	5,186	55,186	-
$ (416,270)	$ 222,731	$ 1,092,761	$ 1,765,918

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FIDUCIARY FUND FINANCIAL STATEMENTS

Agency Funds

These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They are used to account for assets held in an agency capacity for others and therefore cannot be used to support the City's programs.

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City of Redding
Statement of Agency Net Assets
Agency Funds
June 30, 2009

ASSETS		
Cash and cash equivalents	$	1,396,055
Accounts receivable		7,759
Interest receivable		22,266
Total assets	$	1,426,080
LIABILITIES		
Deposits	$	1,426,080
Total liabilities	$	1,426,080

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Redding as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a full range of services including police and fire protection; sanitation, electric, water, and wastewater services; the construction and maintenance of highways, streets and infrastructure; recreational activities and cultural events.

The primary government of the City has five component units - Redding Housing Authority, Redding Joint Powers Financing Authority, Redding Capital Service Corporation, Redding Area Bus Authority, and the Redding Redevelopment Agency. Using the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, management determined that all five component units should be blended.

The City is a general law city in the State of California. The City is governed by an elected City Council consisting of five council members. These financial statements present all the fund types of the City and its component units. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Following is a brief description of each of the blended component units.

Redding Housing Authority (Authority) manages certain programs which are funded by the U.S. Department of Housing and Urban Development, primarily to provide services under the Housing Assistance Payments Program. The five City Council members and one person appointed by the City Council, in a separate session, serve as the governing board of the Authority. The financial activity of the Authority has been included in the City's financial statements as a special revenue fund.

Redding Joint Powers Financing Authority (JPA) was created by a joint exercise of power agreement between the City and the Redding Housing Authority with the purpose of financing public capital improvements. City Council members, in a separate session, serve as the governing board of the JPA. The financing activity of the JPA has been included in the City's financial statements in the enterprise funds.

Redding Capital Services Corporation (a nonprofit public benefit corporation) was organized under the Nonprofit Public Benefit Corporation Law of the State of California to provide financial assistance to the City, by constructing, financing, purchasing and selling and leasing various public facilities, land and equipment for the use, benefit and enjoyment of the public serviced by the City. City council

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Reporting Entity, Continued

members, in a separate session, serve as the board of directors of the corporation. The financing activity of the corporation has been included in the City's financial statements in the enterprise funds.

Redding Area Bus Authority (RABA) is a separate governmental entity formed under a joint powers agreement between the County of Shasta, City of Shasta Lake, the City of Anderson and the City of Redding. RABA's governing board comprises members of both the County's, and the cities of Redding, Anderson, and Shasta Lake's governing boards based on population ratios within the service area. Currently, the City Council provides five of the eight board members. The function of RABA is to provide the most cost effective public transportation system utilizing federal and state funding participation. The financial activity of RABA has been included in the City's financial statements as an enterprise fund.

Redding Redevelopment Agency (Agency) is a separate governmental entity whose purpose is to prepare and implement plans for improvement, rehabilitation, and development of blighted areas within the City. The City Council members, in separate session, serve as the governing board of the Agency. The financial activities of the Agency have been included in these financial statements in the special revenue funds, capital project funds and debt service funds.

Financial statements for each of the individual component units may be obtained from the Finance Department of the City of Redding at 777 Cypress Avenue, Redding, California 96001.

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 all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers property taxes as available if they are collected within sixty days of the end of the current fiscal period. A ninety day availability period is used 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.

The reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Property taxes, sales taxes, transient occupancy tax, grants, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fiduciary fund financial statements include a statement of net assets. The City's fiduciary funds represent agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for on the accrual basis of accounting.

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.

D. Basis of Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate self-balancing set of accounts for its assets, other debits, liabilities, other credits, equity, revenue and expenditures or expenses, as appropriate.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Basis of Presentation, Continued

Governmental Funds - Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Enterprise Funds - account for operations (1) that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City has elected to follow Governmental Accounting Standards Board (GASB) pronouncements, and not Financial Accounting Standards Board (FASB) pronouncements after 1989, as presented by GASB Statement Number 20.

Internal Service Funds - account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis. Internal service funds used by the City are:

Risk Management - used to account for the accumulation of monies necessary to pay for worker's compensation claims, health, dental and visions claims and liability claims under a self-insurance program.

Equipment Fund - this fund is used to account for vehicle maintenance and communication costs.

Information Systems - this fund is used to provide computer technology services as well as providing programming and general information systems support services.

General Support Services Fund - these funds are used to provide printing, reprographics, geographic services, records retention, building and maintenance services, volunteer services and employee services.

Municipal Utilities Support – this fund is used to account for the management and technician support given to the Utilities and Street Maintenance funds.

<u>Fiduciary Funds</u>

Agency Funds - used to account for assets held by a governmental unit as an agent for individuals, governmental entities (other than the City) and non-public organizations. This fund is used to account for deposits and collects monies for various community events which are remitted to the organizers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Basis of Presentation, Continued

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The General Capital Projects Fund accounts for the financing and construction activities of the general government.

The City reports the following major proprietary funds:

The Electric Utility Fund accounts for the operations of the City's electric utility, a self-supporting activity which renders a service on a user-charge basis to residents and businesses.

The Water Utility Fund accounts for the operations of the City's water utility, a self-supporting activity which renders a service on a user-charge basis to residents and businesses.

The Wastewater Utility Fund accounts for the operations of the City's wastewater utility, a self-supporting activity which renders a service on a user-charge basis to residents and businesses.

The Solid Waste Fund accounts for the operations of the City's solid waste utility, a self-supporting activity which renders a service on a user-charge basis to residents and businesses.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's business type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the government's internal service funds are charges to customers

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Basis of Presentation, Continued

for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Assets, Liabilities, and Net Assets or Equity

Cash and Investments

The City pools idle cash from all funds for the purpose of increasing income through investment activities. Cash deposits are stated at cost, which approximates fair value. Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement Number 31. Investment income is recorded as revenue in the individual funds based on the computed average interest rate of all investments and the average daily cash balance of each fund. For purposes of the statement of cash flows of the proprietary fund types, cash and cash equivalents include all investments, as the City operates an internal cash management pool which maintains the general characteristics of a demand deposit account.

General Receivables and Property Taxes Receivable

The City records an allowance for doubtful accounts on general accounts receivable based on the experience method.

The County of Shasta assesses, bills, and collects property taxes for the City. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1. They become due November 1 and February 1 and become delinquent December 10 and April 10. City property tax revenue is recognized when levied to the extent that it is available (collected within 60 days of year-end).

Inventories

Inventories are physically counted at year-end and valued at their average cost. All inventories consist of expendable supplies held for consumption. The cost is recorded as inventory when items are purchased and as expenditures when the items are used (the consumption method of accounting for inventories). The weighted average method is used for establishing the cost of inventory consumed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than $5,000 and an estimated useful life in excess of one year. Such

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Assets, Liabilities, and Net Assets or Equity, Continued

Capital Assets, Continued

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Asset Types	Useful Life (in years)
Public doman infrastructure	50
Utility plants	20-50
Buildings	10-30
Improvements other than buildings	5-40
Equipment, furnishings and vehicles	5-7
Assets under capital lease	4-30
System infrastructure	30

Pension Plan

All full-time and certain part-time City employees are members of the State of California Public Employees' Retirement System (PERS), an agent multiple-employer defined benefit pension plan. The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually as of June 30 by the PERS's actuary.

Vacation and Sick Pay

Vacation pay is vested to the employees as it accrues and is payable upon retirement or termination. Sick leave, however, does not vest to the employees and is payable only when sick leave is taken, except when an individual has been employed by the City for ten years or longer. If the employee severs their relationship with the City after having been employed ten or more years, they receive from 33-1/3% to 60% payoffs depending on length of service. If the employee retires from the City after

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Assets, Liabilities, and Net Assets or Equity, Continued

Vacation and Sick Pay, Continued

having been employed ten or more years, they have the option to take from 33-1/3% to 60% payoffs, per various Memoranda of Understandings, of their accrued sick pay as additional termination pay and have the remaining accrued sick pay extend their term of service for retirement benefit purposes. Vacation pay and 33-1/3% to 60% of the sick pay of employees with terms of services equal to or exceeding ten years have been accrued in the accompanying government-wide financial statements and the accompanying proprietary fund financial statements.

Deferred Revenue

In the government-wide financial statements, unearned revenue is recorded for transactions for which revenues have not been earned.

In the fund financial statements, deferred revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records deferred revenues when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which does not materially differ from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Assets, Liabilities, and Net Assets or Equity, Continued

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

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

Tap and similar fees have been reported as non-operating revenues in the City's statement of revenue expense and changes in net assets for proprietary funds.

Use of 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. New Pronouncements

In 2009, the city adopted new account standards in order to conform to the following Governmental Accounting Standards Board Statement (GASB):

- GASB Statement No. 49, *Accounting and Financial Reporting by Employers for Pollution Remediation Obligations* – this statement addresses accounting and financial report standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

- GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* – this statement incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. New Pronouncements, Continued

- GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards* - this Statement incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants (AICPA) auditing literature into the GASB's accounting and financial reporting literature for state and local governments.

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2009, are as follows:

	Government-Wide Statement of Net Assets				
	Governmental Activities	Business Activities	Total	Fiduciary Funds Statement of Net Assets	Total
Cash and investments	$ 73,187,531	$ 97,018,137	$ 170,205,668	$ 1,396,055	$ 171,601,723
Restricted cash and investments	$ 25,213,754	$ 62,927,928	$ 88,141,682	$ -	$ 88,141,682

The City maintains a cash and investment pool that is available for use by all funds, except for funds of the Housing Authority, Redding Redevelopment Agency, and Redding Area Bus Authority (these funds have segregated accounts). Each fund's portion of the cash and investment pool or segregated accounts is displayed on the Statement of Net Assets and the Fund Financial Statement Balance Sheets as "Cash and Investments."

Deposits - At June 30, 2009, the carrying amount of the City's deposits was $46,280,887, of which $36,792,440 was restricted and $9,488,447 was unrestricted. The bank balance was $46,995,291. Of the bank balance, $400,000 was covered by Federal depository insurance, and $46,595,291 was covered by collateral held in the pledging bank's trust department. Such collateral is in the City's name.

Investments - The City reports its investments in accordance with Governmental Accounting Standards Board (GASB) Statement Number 31. This standard requires that the City's investments be reported at fair value with realized and unrealized gains or losses reported in the statement of operations.

The California Government Code and the investment policy of the City authorize the City to invest in obligations, participation, 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, mortgage pass-through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed

2. CASH AND INVESTMENTS, Continued

certificates, consumer receivable pass-through certificates, or consumer receivable-backed bonds, and medium-term notes (issued by U.S. Corporations) of a maximum of five years with a minimum rating category of "A" by a nationally recognized rating service, notes, bonds, or other obligations secured by a valid first priority security interest, and the State Treasurer's Investment Pool (LAIF). Reverse repurchase agreements may be made only when prior approval of the City Council has been given.

The City invests funds in the State Treasurer's Pooled Money Investment Account (PMIA) through 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 City's position in the pool is materially equivalent to the value of pool shares.

In accordance with authorized investment laws, LAIF invests in various structured notes and mortgage-backed securities, such as collateralized mortgage obligations. As of June 30, 2009, 13.23% of LAIF's investment portfolio was invested in structured notes and other asset-backed securities.

At June 30, 2009, the City's investments and deposits were as follows:

Cash and Investments

	Fair Value		
	Unrestricted	Restricted	Total
Deposits	$ 9,488,447	$ 36,792,440	$ 46,280,887
Medium Term Corporate Notes	4,508,220	-	4,508,220
Federal Agency Bonds	98,335,966	1,004,400	99,340,366
U.S. Treasury Notes	1,603,590	-	1,603,590
Local Agency Investment Fund	57,665,500	3,158,258	60,823,758
Guaranteed investment agreement	-	-	-
Mutual Funds	-	47,186,584	47,186,584
Total Investments	162,113,276	51,349,242	213,462,518
Total Cash and Investments	$ 171,601,723	$ 88,141,682	$ 259,743,405

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City varies its maturity dates through out the five-year maturity period. The investments with maturities greater than 5 years pertain to investment agreements within our bond issues. These agreements afford the City long-term fixed interest rates for the duration of the bond issue, with the option to utilize those funds for debt service payments and at the City's option replenish those funds at the fixed rate until the maturity of the investment agreements. The City has no formal policy regarding interest rate risk.

2. CASH AND INVESTMENTS, Continued

As of June 30, 2009, the City had the following investments and maturities:

Unrestricted:	Investments Maturities (in Years)				
Investment Type	Fair Value	Less Than 1	1-2	3-4	5
Medium Term Corporate Notes	4,508,220	$ 1,526,880	$ 1,035,160	$ 1,946,180	$ -
Federal Agency Bonds	98,335,966	3,007,078	3,747,970	52,248,559	39,332,359
U.S. Treasury Notes	1,603,590	-	1,603,590	-	-
Investment in State Treasurer's Investment Pool	57,665,500	57,665,500	-	-	-
Guaranteed investment agreement	-	-	-	-	-
Mutual Funds	-	-	-	-	-
Total	$ 162,113,276	$ 62,199,458	$ 6,386,720	$ 54,194,739	$ 39,332,359

Restricted:	Investments Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1-5	More Than 5
Federal Agency Bonds	$ 1,004,400	$ -	$ 1,004,400	$ -
U.S. Treasury Notes	-	-	-	-
Investment in State Treasurer's Investment Pool	3,158,258	3,158,258	-	-
Guaranteed investment agreement	-	-	-	-
Mutual Funds	47,186,584	47,186,584	-	-
Total	$ 51,349,242	$ 50,344,842	$ 1,004,400	$ -

Credit Risk - As of June 30, 2009, the City's investments in Federal Agency Bonds were rated Aaa by Moody's Investors Service. The City's investments in Medium Term Corporate Notes were rated Aa2 by Moody's Investors Service. Investment in LAIF are not rated as LAIF is a State sponsored investment pool. The City policy limits the percentage invested in various instruments by category.

Custodial Credit Risk - All securities are held in the name of the City. As a result, the City had no custodial credit risk at June 30, 2009.

3. INTERFUND ACTIVITIES

Due To Other Funds	Due From Other Funds: General Fund	Total
Governmental Funds:		
Nonmajor Governmental Funds	$ 163,203	$ 163,203
Enterprise funds:		
Nonmajor Enterprise Funds	163,855	163,855
Total	$ 327,058	$ 327,058

Short term loans recorded as due to and due from other funds were for cash shortages for operations.

Interfund Payable	Interfund Receivable: Nonmajor Governmental Funds	Interfund Receivable: Internal Service Funds	Total
Governmental Funds:			
General Fund	$ 56,180	$ -	$ 56,180
General Capital Projects Fund	-	60,000	60,000
Total	$ 56,180	$ 60,000	$ 116,180

Interfund receivables and payables represented the portion of Advances that are expected to be repaid within 1 year.

4. ADVANCES TO AND FROM OTHER FUNDS

Non-current portions of long-term interfund loan receivables are reported as advances and in all governmental fund types are 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.

Advances from other funds	Advances to other funds: General Fund	Nonmajor Governmental Funds	Electric Utility	Waste Water Utility	Internal Service Funds	Total
Governmental funds:						
General Fund	$ -	$ 311,810	$ 1,418,067	$ -	$ -	$ 1,729,877
General Capital Projects Fund	-	-	-	-	58,057	58,057
Nonmajor Governmental Funds	438,690	641,322	1,126,212	-	1,893,750	4,099,974
Enterprise funds:						
Nonmajor Enterprise Funds	3,054,847	-	-	962,151	840,605	4,857,603
Internal Service Funds	-	-	-	-	1,349,012	1,349,012
Total	$ 3,493,537	$ 953,132	$ 2,544,279	$ 962,151	$ 4,141,424	$ 12,094,523

4. ADVANCES TO AND FROM OTHER FUNDS, Continued

1. The Midtown Project Fund was established to account for the construction of a bi-level public parking facility located within the Midtown Mall. To finance the project, lease revenue bonds were issued; in addition a loan for $550,000 from the Electric Fund to the Redevelopment Agency's (Agency) Midtown Project Fund was approved by City Council on August 25, 1972, and the Electric Fund advanced funds to the Midtown Project Fund (now included in the Parking Fund).

   The loan from the Electric Utility to the Midtown Project Fund will be repaid from the Agency's property tax increment revenues. Interest of three percent accrues on the outstanding principal balance of the loan. The outstanding balance at year end was $576,155, which includes accrued interest.

2. The Electric Utility loaned the Parking Fund additional funds for another parking structure at the Downtown Mall. The outstanding balance at year-end was $550,056.

3. The Agency financed the Midtown Mall Parking structure with lease revenue bonds. Repayment of the lease revenue bonds was to be made from the Redevelopment Agency's property tax increment revenues. However, as the revenue was often less than the annual debt service on the bonds, the Midtown Project fund leased the parking facility to the City of Redding (City) to finance the debt service. A reciprocal agreement between the Midtown Project Fund and the City provided for the reimbursement of the lease payments from property tax increment revenue. Therefore, in substance, the lease revenues paid for the bond debt service (now paid off) while the tax increment revenues reduce the lease liability from the Midtown Project Fund to the City. An advance from the City's Parking Fund to the Midtown Project Fund accounts for the outstanding lease liability to the City. This advance will be paid from the future property tax increment. The year-end balance owed to the Parking Fund was $641,322. Also, in recent years the General Fund has advanced funds to the Parking Fund to cover advances to the Midtown Project and operating expenditures. This balance was $438,690 at year-end.

4. In recent years the General Fund has advanced $8,917,054 to the Airport Fund to finance improvements and operating expenses. The Airport Fund has repaid $6,703,054 to date. This leaves a balance of $2,214,000 due to the General Fund.

5. In recent years the General Fund has advanced $1,110,847 to the Convention Center Fund to finance improvements and operating expenses. The Convention Center has repaid $270,000 to date. This leaves a balance of $840,847 due to the General Fund.

6. The Electric Fund advanced the General Fund to finance a property purchase. The advance is to be repaid, including interest, at the City's average earnings on its pooled cash accounts. The balance at year-end was $1,418,067, including accrued interest.

4. ADVANCES TO AND FROM OTHER FUNDS, Continued

7. Under an agreement, the Wastewater Fund has made payments on the Airport Fund's sewer special assessment. The outstanding balance of the advance, in the amount of $962,151, is to be repaid including interest at the City's average earnings on its pooled cash accounts.

8. The Risk Management Fund advanced funds for the construction of Enterprise Park. The funds are being repaid with interest. The long-term portion of this balance at year-end was $58,057.

9. The Risk Management Fund advanced funds to the Airport Fund to acquire property. There was a balance of $129,300 at year-end.

10. The Risk Management Fund advanced funds to the Convention Center Fund to finance additional improvements. At year-end the balance was $711,305.

11. The City and the Agency entered into a repayment agreement executed on May 18, 1999, for the SHASTEC Project Area. The City agreed to provide funds in an amount not to exceed $2,000,000 from its Risk Management Fund for the Clover Creek Drainage Project. The loan will accrue interest at the same rate as the City's pooled cash account. The Agency agreed to make annual payments of principal and interest starting fiscal year 2009-2010. The funding source for such payments will be tax increment revenue or bond proceeds secured by the SHASTEC Redevelopment project. The year-end balance owed was $1,893,750.

13. In 2005 the Agency and the Redding Housing Authority each prepaid ten year's rent for use of the Civic Center. These entities have received a discounted rent from the General Fund which is being amortized over the 10 year period. The remaining balance at year-end was $311,810.

14. The Risk Management Fund advanced funds to the Equipment Fund to finance the upgrade of the City's 800 megahertz communications system. At year-end the balance was $1,349,012.

5. CAPITAL ASSETS

Changes in capital assets consisted of the following:

	Balance July 1, 2008	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2009
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 28,879,487	$ 1,823,627	$ (1,068,482)	$ (51,872)	$ 29,582,760
Construction in process	44,440,506	47,582,432	-	(19,191,466)	72,831,472
Total capital assets, not being depreciated	73,319,993	49,406,059	(1,068,482)	(19,243,338)	102,414,232
Capital assets, being depreciated:					
Buildings	41,276,808	15,491,985	(222,260)	250,000	56,796,533
Improvements other than buildings	94,590,713	7,392	-	3,446,715	98,044,820
Infrastructure	123,867,249	979,979	-	15,243,726	140,090,954
Automotive equipment	9,355,352	1,137,545	(538,267)	609,783	10,564,413
Furnishings and equipment	4,912,536	3,152,878	(296,393)	225,476	7,994,497
Assets under capital lease:					
Furnishings and equipment	289,878	-	-	-	289,878
Automotive equipment	1,272,190	738,648	-	(550,281)	1,460,557
Total capital assets, being depreciated	275,564,726	21,508,427	(1,056,920)	19,225,419	315,241,652
Accumulated depreciation:					
Buildings	(15,720,912)	(1,703,604)	27,783	-	(17,396,733)
Improvements other than buildings	(25,093,182)	(4,101,177)	-	-	(29,194,359)
Infrastructure	(41,275,210)	(2,836,510)	-	-	(44,111,720)
Automotive equipment	(6,504,758)	(820,540)	501,098	(504,966)	(7,329,166)
Furnishings and equipment	(4,236,915)	(628,381)	296,393	-	(4,568,903)
Assets under capital lease:					
Furnishings and equipment	(266,617)	(7,976)	-	-	(274,593)
Automotive equipment	(686,815)	(224,948)	-	445,465	(466,298)
Total accumulated depreciation	(93,784,409)	(10,323,136)	825,274	(59,501)	(103,341,772)
Total capital assets, being depreciated, net	181,780,317	11,185,291	(231,646)	19,165,918	211,899,880
Total governmental activities	$ 255,100,310	$ 60,591,350	$ (1,300,128)	$ (77,420)	$ 314,314,112

5. CAPITAL ASSETS, Continued

Depreciation expense was charged to governmental activities as follows:

Program	Depreciation
General government	$ 1,509,388
Police	553,302
Fire	384,548
Public works	3,477,809
Recreation and culture	4,330,961
Community development	67,128
Total depreciation - governmental functions	$ 10,323,136

The following is a summary of capital assets for business-type activities:

	Balance July 1, 2008	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2009
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	$ 17,443,480	$ 346,289	$ -	$ -	$ 17,789,769
Construction in progress	53,905,428	71,742,968	(23,244)	(30,075,238)	95,549,914
Total capital assets, not being depreciated	71,348,908	72,089,257	(23,244)	(30,075,238)	113,339,683
Capital assets, being depreciated:					
Utility plants	524,468,449	1,228,306	(16,278,657)	29,939,393	539,357,491
Buildings	44,612,812	-	(10,278)		44,602,534
Improvements other than buildings	35,035,596	46,655	(53,230)	120,158	35,149,179
Automotive equipment	27,901,979	3,171,248	(1,843,000)	(59,498)	29,170,729
Furnishings and equipment	13,992,890	355,701	(413,055)	93,104	14,028,640
Assets under capital lease:					
Furnishings and equipment	634,209	-	-		634,209
Total capital assets, being depreciated	646,645,935	4,801,910	(18,598,220)	30,093,157	662,942,782
Less accumulated depreciation for:					
Utility plants	(245,000,683)	(17,665,468)	15,915,142	-	(246,751,009)
Buildings	(22,907,196)	(1,243,593)	29	-	(24,150,760)
Improvements other than buildings	(22,346,577)	(2,000,468)	15,154	-	(24,331,891)
Automotive equipment	(15,285,519)	(2,168,029)	1,566,607	59,501	(15,827,440)
Furnishings and equipment	(11,578,151)	(649,982)	393,596	-	(11,834,537)
Assets under capital lease:					
Furnishings and equipment	(464,720)	(74,671)	-	-	(539,391)
Total accumulated depreciation	(317,582,846)	(23,802,211)	17,890,528	59,501	(323,435,028)
Total capital assets, being depreciated, net	329,063,089	(19,000,301)	(707,692)	30,152,658	339,507,754
Total business-type activities	$ 400,411,997	$ 53,088,956	$ (730,936)	$ 77,420	$ 452,847,437

5. CAPITAL ASSETS, Continued

Depreciation expense was charged to the business-type activities as follows:

	Depreciation Expense
Electric	$ 11,063,333
Water	3,006,751
Wastewater	3,995,888
Storm drainage	1,129,668
Solid waste	1,650,458
Transportation	2,791,957
Convention center	164,156
Total depreciation and amortization expense-business-type activities	$ 23,802,211

6. POWER ACQUISITION COSTS

The Redding Electric Utility (REU) entered into an agreement in 1986 with the Western Area Power Administration (WAPA) to build a second interconnection point between Redding's internal electric 115kv transmission grid and the surrounding WAPA 230kv transmission grid. REU paid WAPA to build the Airport Road Substation to affect this connection and convert the 230kv surrounding power to 115kv for use on REU's lines. After completion, REU gained title to the 115kv side of the substation, while WAPA retained ownership of the 230kv side. Since REU paid for the construction of the 230kv side and benefits from its presence, the cost of this has been set up as an asset and is being amortized over the 34 year useful life of the substation.

	June 30, 2009
Power Acquisition Cost	$ 3,470,314
Less: Amortization	(2,108,146)
Power Acquisition Cost, Net	$ 1,362,168

7. SELF-INSURANCE

The City administers self-insurance programs for property, general liability, and workers' compensation. Effective May 1, 2007, the City became part of the California Public Entity Public Insurance Authority, a joint powers authority, which administers the City's self-insurance for employee health. This agreement is for a three year period ending April 30, 2010. These insurance activities are accounted for in the Risk Management Fund. 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

7. SELF-INSURANCE, Continued

coverages from the prior year. Costs in the City's Risk Management Fund have not exceeded charges to the various funds of the City and its component units. Settled claims resulting from these risks have not exceeded co-insurance plan coverage or commercial insurance coverage in any of the past three fiscal years.

Employee Health Insurance The City is part of the California Public Entity Public Insurance Authority, a joint powers authority. The Risk Management Fund recognizes revenue from fund charges and accounts for actual expenditures. Funds determined to be at risk are charged estimated claims expense based on salary. The interfund charges are reported as an expense or expenditure in the at risk fund. The estimated liability for pending and incurred but not reported employee health insurance claims relating to July 1, 2008 and prior at June 30, 2009, has been included as an accrued liability in the risk management internal service fund.

Workers' Compensation Insurance is administered as a co-insurance plan. The City is self-insured up to $750,000 with an insurance company co-insuring claims from $750,001 to $50,000,000. 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 salary costs. The interfund charges are reported as an expense or expenditure in the fund at risk. The estimated liability for pending and incurred but not reported claims at June 30, 2009, has been included in the Risk Management Fund's claims payable amount as of June 30, 2009.

Liability Insurance is administered as a co-insurance plan. The City is self-insured up to $500,000 with an insurance company co-insuring claims from $500,001 to $40,000,000. 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 salary. The interfund charges are reported as an expense or expenditure in the funds at risk. Incurred but not reported claims liability has been included in the claims payable amount as of June 30, 2009.

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. Additionally, the City has acquired earthquake and flood coverage for the Redding Power Plant up to $100,000,000. The deductibles on these policies are 5% of insured value and $500,000 respectively. 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 salary costs. The interfund charges are reported as an expense or expenditure in the funds at risk. Incurred but not reported claims liability has been included in the claims payable amount as of June 30, 2009.

7. SELF-INSURANCE, Continued

The following is a reconciliation of changes in claims liability amounts for fiscal years ended June 30, 2009:

Worker's Compensation

For the Years Ended June 30,	Claims Payable July 1	Claims Incurred	Claims Payments	Claims Payable June 30	Claims Due Within One Year
2007	$ 7,708,000	$ 2,012,477	$ (1,499,407)	$ 8,221,070	$ 2,294,901
2008	8,221,070	1,897,145	(1,611,815)	8,506,400	2,346,525
2009	8,506,400	872,542	(1,303,342)	8,075,600	2,753,636

General Liability

For the Years Ended June 30,	Claims Payable July 1	Claims Incurred	Claims Payments	Claims Payable June 30	Claims Due Within One Year
2007	$ 1,461,000	$ 396,953	$ (787,393)	$ 1,070,560	$ 515,915
2008	$ 1,070,560	$ 747,975	$ (520,335)	$ 1,298,200	$ 609,967
2009	1,298,200	884,083	(528,883)	1,653,400	808,913

Health and Dental

For the Years Ended June 30,	Claims Payable July 1	Claims Incurred	Claims Payments	Claims Payable June 30	Claims Due Within One Year	
2007	$ 1,083,880	$ 12,730,308	$ (13,342,797)	$ 471,391	$ 471,391	**(1)**
2008	471,391	15,665,397	(16,069,889)	66,899	66,899	**(2)**
2009	66,899	6,858,537	(6,864,927)	60,509	60,509	**(2)**

(1) The City was self-insured through April 30, 2007 and then became part of the California Public Entity Public Insurance Authority, a joint powers authority.

(2) These claims are dental claims only.

8. JOINT VENTURES

The City of Redding participates in the following two joint ventures:

M-S-R Public Power Agency

M-S-R Public Power Agency (the Power Agency) was formed in 1980 by the Modesto Irrigation District (MID) and the Cities of Santa Clara and Redding, California, pursuant to Section 6500, et seq., of the California Government Code. The Agency was formed to conduct research and exploration for energy sources to provide additional electric power for the electric distribution systems of its members.

The Agency is governed by a Commission which consists of one member from each of the Power Agency's members. For action, the Commission must have a quorum (minimum of two members) present, and there must be a unanimous vote of all Commissioners present. The Treasurer of the Power Agency is designated by the Joint Powers Agreement to be the Treasurer/Controller of MID. The selection of other management positions is made by the Commission from the personnel of its members. These functions are performed without compensation to the members.

The members' rights, property, income, and expense-sharing ratio in all Power Agency activities is as follows: Modesto Irrigation District - 50%; City of Santa Clara - 35%; and City of Redding - 15%.

The activities of M-S-R consist of a 28.8% ownership interest in a 498-megawatt coal-fire electricity generating plant located in New Mexico (the "San Juan" plant).), ownership of capacity on the Southwest Transmission Project and a series of power purchase agreements with PPM Energy Inc. The San Juan plant began commercial operation in 1982 and is owned jointly by the Public Service Company of New Mexico (38.5%), M-S-R (28.8%), and four other municipal power entities (32.7%). The Power Agency is also a participant in the Southwest Transmission Project, a 500 kilovolt alternating current transmission project between Central Arizona and Southern California which provides a firm transmission for most of the transmission path between the San Juan plant and the members' distribution systems.

In 2005, M-S-R entered into a 20 year power purchase agreement with Iberdrola Renewables (formerly PPM Energy Inc.) to procure 100% of the output from the Big Horn Wind Energy facility located near the town of Bickleton in Klickitat County, Washington. The project began commercial operation in October of 2006 and was subsequently assigned by Iberdrola Renewables to Big Horn Wind LLC, a subsidiary of Iberdrola Renewables. The facility is interconnected through an 11 mile transmission line with the Bonneville Power Administration's Spring Creek Substation. Redding receives a 35% share of the 199.5 MW project, while Santa Clara and Modesto receive 52.5% and 12.5% respectively.

In addition to the procurement of energy from the Big Horn Wind Energy facility, the Power Agency has also signed an agreement with Iberdrola Renewables to procure shaping and firming services for the output of the Big Horn facility. Through this agreement, Iberdrola Renewables receives 100% of the output from the Big Horn facility as generated, and delivers such energy to M-S-R at the California-Oregon Border pursuant to firm pre-established delivery schedules.

8. JOINT VENTURES, Continued

Summary audited financial information of the M-S-R Public Power Agency as of and for the year ended December 31, 2008, is as follows (in thousands):

Total Assets	$	251,251	Total revenues	$	108,941
			Total expenses		(115,746)
Total liabilities	$	448,316			
Total members' deficit		(197,065)	Net loss		(6,805)
Total liabilities & members' deficit	$	251,251	Members' deficit, January 1, 2008		(190,260)
			Member distributions		-
			Members' deficit, December 31, 2008	$	(197,065)

The debt of the Power Agency is comprised entirely of revenue bonds totaling $398 million. These bonds are secured by a pledge and assignment of the net electric revenues of the Power Agency and are supported by take-and-pay commitments of the participants.

The City utilizes the equity method of accounting for M-S-R Public Power Agency. The City has invested $17.4 million in this joint venture. However, operating losses have caused the City to have a deficit equity in the Power Agency of $29.56 million at December 31, 2008. Because the City's equity in M-S-R's net loss exceeds its investment, the equity method of accounting for the investment has been suspended. At the time the equity investment value of the Agency becomes a positive amount, the electric utility fund will resume presenting such values in its balance sheet. Under the joint exercise of power agreement, which formed M-S-R, the City is responsible for funding up to 15% of M-S-R's operating cost, to the extent such funding is necessary. During the year ended June 30, 2009, the City made no contributions to fund its share of operating deficits. If there were such contributions, they would be included in operating expenses.

Transmission Agency of Northern California

The Transmission Agency of Northern California (TANC) is a joint powers agency organized for the principal purpose to provide electric transmission or other facilities for the use of its members. The City has a 8.28% ownership interest in TANC. The first transmission construction project undertaken by TANC was the development of the California-Oregon Transmission Project (COTP). The project is a 339 mile long, 500 kilovolt alternating current transmission project between southern Oregon and central California. In 2009, TANC purchased an additional 121 megawatts (MW) of COTP transfer capability from the City of Vernon. TANC's new ownership share of COTP transfer capability is 1367 MW and TANC pays 87% of the operating costs. The City's share of the project is 115 MW.

Also TANC receives from PG&E 300 MW of bi-directional transmission service over PG&E's system between the Tesla and Midway Substations. The City's share of this South of Tesla agreement is 10.33% at June 30, 2009.

8. JOINT VENTURES, Continued

Summarized financial information of TANC as of and for the year ended June 30, 2009 is as follows (in thousands):

Total assets	$ 493,593
Total liabilities	$ 489,917
Total net assets	3,676
Total liabilities and net assets	$ 493,593
Net increase (decrease) in net assets	$ 2,684

Complete separate financial statements for each of the joint ventures in which the City participates may be obtained from the City of Redding Finance Department, 777 Cypress Avenue, Redding, California 96001.

Contingent Liability

Under the terms of the various venture agreements, the City is contingently liable for a portion of the long-term debt of the entities under take-or-pay agreements, letters of credit, guarantees or other similar agreements. Based on the most recent audited financial statements of the individual joint ventures, the City was contingently liable for long-term debt as follows:

	Total Debt	City of Redding's Participating Share	City of Redding's Continget liability
M-S-R	$ 397,960,000	15.00%	$ 59,694,000
TANC	430,834,963	8.28%	35,673,135
Total	$ 828,794,963		$ 95,367,135

In addition, the City would be, under certain conditions, liable to pay a portion of costs associated with the operations of the entities. Under certain circumstances, such as default or bankruptcy of the other participants, the City may also be liable to pay a portion of the debt of these joint ventures on behalf of those participants and seek reimbursement from those participants.

9. SHORT-TERM DEBT ACTIVITY

On July 2, 2008 the City issued a Tax and Revenue Anticipation Note to cover expected cash flow needs. Short-term debt activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax and Revenue Anticipation Note	$ -	$ 5,000,000	$ 5,000,000	$ -

10. LONG-TERM DEBT

The following is a summary of long-term obligations of the City at June 30, 2009.

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Due within One Year
Governmental Activities:					
Long-term debt:					
Redevelopment bonds	$ 51,420,000	$ -	$ 1,945,000	$ 49,475,000	$ 2,015,000
Special assessment debt with govermental commitment	4,392,985	38,076	979,061	3,452,000	1,046,000
Revenue bonds	50,260,280	-	2,422,264	47,838,016	2,510,428
State loans	34,194	-	18,690	15,504	4,883
Capital lease payable	868,040	-	309,534	558,506	181,378
Long-term debt before unamortized amounts	106,975,499	38,076	5,674,549	101,339,026	5,757,689
Unamortized loss on defeasance of debt	(1,083,267)	-	(69,429)	(1,013,838)	(69,428)
Bond premiums	785,953	-	75,437	710,516	75,435
Bond discount	(379,120)	-	(18,272)	(360,848)	(18,271)
Total govermental activities long-term debt	106,299,065	38,076	5,662,285	100,674,856	5,745,425
Business-type activities:					
Long-term debt:					
Special assessment debt	74,015	-	74,015	-	-
Revenue bonds	34,329,720	-	2,797,736	31,531,984	2,899,572
State loans payable	22,561,813	14,400,132	1,022,049	35,939,896	1,178,873
Capital leases payable	317,136	-	60,777	256,359	57,190
Certificates of participation	192,940,000	-	4,655,000	188,285,000	4,995,000
Long-term debt before unamortized amounts	250,222,684	14,400,132	8,609,577	256,013,239	9,130,635
Unamortized deferred loss on defeasance of debt	(21,352,434)	-	(1,163,642)	(20,188,792)	(1,163,642)
Bond premium	7,503,787	-	361,893	7,141,894	361,893
Total business-type activities long-term debt	236,374,037	14,400,132	7,807,828	242,966,341	8,328,886
Total long-term debt	$ 342,673,102	$ 14,438,208	$ 13,470,113	$ 343,641,197	$ 14,074,311

10. LONG-TERM DEBT, Continued

	Government Activities	Business-Type Activities
Redevelopment Agency Obligation Bonds		
Tax Allocation Bonds, Series A:		
Interest from 2.61% to 6.4% payable on March 1 and September 1; maturities payable on September 1 in annual redemptions from $280,000 to $545,000; final payment September 1, 2016. Original issue: $6,000,000. Proceeds from the Series A Bonds are used for housing projects. Payable from tax increment of the Canby-Hilltop-Cypress Redevelopment Area.	$ 3,690,000	$ -
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 housing projects. Payable from tax increment of the Canby-Hilltop-Cypress Redevelopment Area.	3,500,000	-
Tax Allocation Bonds, Series A 2003:		
Interest from 2.0% to 5.0% payable March 1 and September 1; maturities are payable September 1 in annual redemptions from $240,000 to $2,055,000; final payment September 1, 2023. Original issue $28,935,000. Proceeds from the Series A Bonds 2003 are being used to finance various capital improvements within the Canby-Hilltop-Cypress Redevelopment Area. Payable from tax increment of the Canby-Hilltop-Cypress Redevelopment Area.	23,510,000	-
Tax Allocation Bonds, Series 2003:		
Interest from 2.0% to 5.375%, payable March 1 and September 1; maturities are payable September 1 in annual redemptions from $170,000 to $305,000; final payment September 1, 2018. Original issue $5,185,000. Proceeds from the Series 2003 Bonds are being used to finance various capital improvements within the Market Street Redevelopment Area. Payable from tax increment of the Market Street Redevelopment Area.	4,275,000	-
Tax Allocation Bonds, Series 2006:		
Interest from 3.83% to 5.00%, payable March 1 and September 1; maturities are payable September 1 in annual redemptions from $245,000 to $920,000; final payment September 1, 2036. Original issue $15,000,000. Proceeds from the Series 2006 Bonds are being used to finance various capital improvements and infrastructure within the SHASTEC Redevelopment Area. Payable from tax increment of the SHASTEC Redevelopment Area.	14,500,000	-
Total Redevelopment Agency Bonds outstanding	$ 49,475,000	$ -

10. LONG-TERM DEBT, Continued

	Government Activities	Business-Type Activities
Special Assessment Debt with Governmental Commitment		
1915 Act Assessment District Bonds:		
Interest from 4.70% to 9.25% payable on March 2 and September 2; maturities payable on September 2 in annual redemptions from $2,000 to $820,000; final payment September 2, 2019. Original issues totaled $22,778,150. Payable from annual installments of unpaid special assessments on certain parcels of property within each assessment district.	$ 3,452,000	$ -
Total 1915 Act Assessment District Bonds	$ 3,452,000	$ -
Revenue Bonds:		
2003 Water Revenue Bonds Series A:		
The 2003 Water Revenue Bonds were issued to refinance the 1993 Water Revenue Bonds. The 1993 Water Revenue Bonds were originally issued to finance capital improvements to the City's water system. Serial Bonds of $11,135,000 bear interest from 2.0% to 5.0%, payable on December 1 and June 1; maturities are payable June 1 in annual redemptions from $250,000 to $1,055,000; final payment due June 1, 2018. Two term bonds totaling $4,225,000 were issued. The first bond bears interest at 5.0% and matures on June 1, 2021 in the amount of $2,400,000; and the second bond bears interest at 4.65%and matures on June 1, 2023 in the amount of $1,825,000. Payable from the operating revenues of the Water Utility Fund.	$ -	$ 10,525,000
2002 Wastewater Refunding Revenue Bonds, Series A:		
The 2002 Wastewater refunding revenue bonds were issued to refinance 1993 wastewater debt and wastewater's portion of the corporation yard debt. Serial Bonds of $23,575,000 bear interest from 2.0% to 4.0%, payable on December 1 and June 1; maturities are payable December 1 in annual redemption amounts ranging from $1,190,000 to $1,885,000; final payment due December 1, 2018. Payable from the operating revenues of the Wastewater Utility Fund.	-	16,060,000
2003 Lease Revenue Bond, Series A and Series B:		
Issued to finance the construction of the Redding Aquatic Center, the Sports Complex, and refinance the 1993 Lease Revenue Bonds for Shascom, Convention Center and the Municipal Airport. Payable from the operating revenues of the Redding Aquatic Center, Sports Complex, Shascom, Convention Center, and Municipal Airport Funds.		

10. LONG-TERM DEBT, Continued

	Government Activities	Business-Type Activities
Revenue Bonds, Continued		
2003 Lease Revenue Bond, Series A and Series B (Continued):		
Series A, Serial/Term Bonds:		
Serial Bonds interest from 2% to 5% payable on March 1 and September 1; maturities payable annually on March 1 in annual redemptions from $170,000 to $290,000; final payment due March 1, 2019. Original issue $3,535,000. Term Bonds, (1) bear interest at 4.75% maturity payable on March 1, 2023, in the amount of $1,310,000; (2) bear interest at 4.875%, maturity payable on March 1, 2028, in the amount of $680,000; (3) bear interest at 5.0% maturity payable on March 1, 2033, in the amount of $865,000.	$ 4,358,016	$ 906,984
Series B, Serial/Term Bonds:		
Serial Bonds interest from 1.8% to 5.0% payable on March 1 and September 1; maturities payable on March 1 in annual redemptions from $35,000 to $60,000; final payment due March 1, 2013. Term Bonds, 5.875% interest, maturity payable on March 1, 2013, in the amount of $2,280,000.	2,500,000	-
2004 Lease Revenue Bonds:		
Issued to finance the purchase and renovation of certain public safety and recreation facilities of the City and payable from General Fund revenues.		
Series A, Serial/Term Bonds:		
Serial Bonds interest from 2.0% to 5.0%, payable on March 1 and September 1, maturities payable annually on March 1 from $250,000 to $1,430,000; final payment on March 1, 2023. Original issue: $17,620,000. Term Bonds bear interest at (1) 4.25% maturity payable March 1, 2018 in the amount of $865,000; (2) bear interest at 5.0%, maturity payable on March 1, 2020 in the amount of $1,230,000.	8,065,000	4,040,000
Series B, Serial/Term Bonds:		
Serial Bonds interest from 3.0% to 5.0%, payable on March 1 and September 1; maturities payable on March 1 from $430,000 to $1,305,000; final payment on March 1, 2020. Original issue: $16,970,000. Term Bonds bear interest at (1) 5.00% maturity payable on March 1, 2022 in the amount of $1,090,000; (2) bear interest at 5.0% maturity payable on March 1, 2024 in the amount of $1,200,000; (3) bear interest at 4.625% maturity payable on March 1, 2026 in the amount of $1,320,000.	13,010,000	-

10. LONG-TERM DEBT, Continued

	Government Activities	Business-Type Activities
Revenue Bonds, Continued		
2007 Lease Revenue Bonds:		
Serial Bonds interest from 3.45% to 5.00%, payable on March 1 and September 1; maturities payable on March 1 in annual redemptions from $370,000 to $1,220,000; final payment on March 1, 2037. Original issue: $21,415,000. Term Bonds bear interest at (1) 4.00% maturity payable on March 1, 2023 in the amount of $1,580,000; (2) bear interest at 4.25% maturity payable on March 1, 2032 in the amount of $2,385,000; (3) bear interest at 4.25% maturity payable on March 1, 2037 in the amount of $2,935,000.	$ 19,905,000	$ -
Total Revenue Bonds	$ 47,838,016	$ 31,531,984
State Loans:		
1984 California Airport Loan (Municipal)		
Original loan amount was $88,705. Annual installments of $3,548 plus interest at 9.2499% payable on January 9, maturity payable on January 9, 2010.	$	$ 3,548
1986 California Airport Loan (Municipal)		
Original loan amount was $33,640. Annual installments of $1,346 plus interest at 7.4258% payable on January 31, maturity payable on January 31, 2011.	-	2,691
1997 California Airport Loan (Benton)		
Original loan amount was $235,000. Annual installments ranging from $10,740 to $27,100, including interest at 5.4804% payable August 20, maturity payable on August 20, 2010.	-	27,100
1998 California Airport Loan (Municipal)		
Original loan amount was $83,000. Annual installments ranging from $3,793 to $9,571, including interest at 4.9874% payable August 4, maturity payable on August 4, 2010.	-	19,128
1999 California Airport Loan (Municipal)		
Original loan amount was $80,746. Annual installments ranging from $43,690 to $9,311, including interest at 4.78% payable August 13, maturity payable on August 13, 2012.	-	27,346

10. LONG-TERM DEBT, Continued

	Government Activities	Business-Type Activities
State Loans (Continued):		
2007 California Airport Loan (Benton)		
Original loan amount was $842,000. Annual installments are $75,912, including interest at 5.219% payable June 10, maturity payable on June 10, 2025.	$ -	$ 810,033
State Water Resources Control Board Interceptor Loan		
Westside Interceptor		
The total loan amount was for $15,344,784. Annual installments ranging from $610,061 to $1,086,907 plus interest payable February 20, maturity payable on February 20, 2023.	-	12,947,471
Clear Creek Interceptor (Phase I)		
The total loan amount was for $4,378,396. Annual installments of $272,605, including interest payable September 30, maturity payable on September 30, 2027.	-	4,196,229
Clear Creek Interceptor (Phase II)		
The total of this loan is unknown at this time. In 2009, withdrawals were taken in the amount of $1,332,706 to construct Phase II of the Clear Creek Wastewater Interceptor. Withdrawals will continue to take place as the project progresses. When the project is complete, any accrued interest will roll up into the principal amount to obtain the original loan amount. Until the project is completed, no principal or interest payments are due.	-	4,838,924
Clear Creek Interceptor (Phase III)		
The total of this loan is unknown at this time. In 2009, withdrawals were taken in the amount of $13,067,426 to construct Phase III of the Clear Creek Wastewater Interceptor. Withdrawals will continue to take place as the project progresses. When the project is complete, any accrued interest will roll up into the principal amount to obtain the original loan amount. Until the project is completed, no principal or interest payments are due.	-	13,067,426
Police and Fire - LED		
Original loan amount was $163,068. Biannual installments of $10,144, including interest at 5.4% payable December 22 and June 22, maturity payable on June 22, 2013.	15,504	-
Total State Loans	$ 15,504	$ 35,939,896

10. LONG-TERM DEBT, Continued

	Government Activities	Business-Type Activities
Capital Leases Payable		
The capital leases payable from governmental activities were $558,506 for fiscal year ended June 30, 2009.	$ 558,506	$ -
The capital leases payable from all the business-type activities are being reported in the respective proprietary fund. For the fiscal year ended June 30, 2009, the capital leases in the enterprise funds were $256,359.	-	256,359
Total Capital Leases Payable	$ 558,506	$ 256,359
Certificates of Participation		
2005 Electric System Revenue Certificates of Participation -Series 2005:		
$30,700,000 Bonds due in annual principal installments of $1,755,000 to $3,105,000; starting June 30, 2023. Annual interest installments of $155,250 to $1,507,475, payable on June 30. Bonds are payable through June 30, 2035, interest accrues at 4.5% to 5%. Original issue of $30,700,000. Payable from the operating revenues of the Electric Utility.	$ -	$ 30,700,000
2008 Electric System Revenue Certificates of Participation -Series 2008:		
$157,965,000 Bonds due in annual principal installments of $380,000 to $10,790,000 payable June 30 and semi-annual interest installments of $269,750 to $3,813,557, payable on December 1. Bonds payable through June 30, 2030, interest accrues at 3.0% to 5%. Original issue $157,965,000. Payable from the operating revenues of the Electric Utility.		157,585,000
Total Certificates of Participation	$ -	$ 188,285,000

Summary of Outstanding Debt:		
Total Outstanding Debt	$ 101,339,026	$ 256,013,239
Add: Bond Premiums	710,516	7,141,894
Less: Bond Discounts	(360,848)	-
Less: Unamortized deferred loss on defeased debt	(1,013,838)	(20,188,792)
Total Outstanding Debt, net of premiums, discounts, unamortized deferred loss	$ 100,674,856	$ 242,966,341

10. LONG-TERM DEBT, Continued

Current year amortization expense for bond premiums, discounts and deferred loss on defeased debt was $12,564 for the governmental activities and $801,749 for the business-type activities.

The City recorded the following financing cost in relation to debt issuances:

	Original Amount	2008-2009 Additions	Total Amortization	Net
Govenmental Activities	$ 2,582,156	$ -	$ 677,496	$ 1,904,660
Business-Type Activities	1,104,095	90,792	349,776	845,111
	$ 3,686,251	$ 90,792	$ 1,027,272	$ 2,749,771

Current year amortization expense recorded in the governmental activities was $129,097 and in the business-type activities was $67,698.

The annual requirements to amortize all debt outstanding as of June 30, 2009, excluding obligations associated with compensated absences and housing set aside, are as follows:

Year Ending	Governmental Activities		Business-Type Activities		Government-Wide	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2010	$ 5,747,689.00	$ 4,908,408.00	$ 9,130,634.00	$ 10,671,485.00	$ 14,878,323.00	$ 15,579,893.00
2011	5,764,326	4,684,444	9,898,496	10,614,487	15,662,822	15,298,931
2012	5,419,296	4,455,284	10,111,274	10,305,410	15,530,570	14,760,694
2013	5,484,500	4,198,273	10,421,961	9,995,750	15,906,461	14,194,023
2014	5,690,032	3,932,408	10,758,315	9,662,908	16,448,347	13,595,316
2015-2019	26,592,647	16,185,820	55,533,397	42,281,067	82,126,044	58,466,887
2020-2024	26,985,536	10,172,240	58,134,621	29,989,518	85,120,157	40,161,758
2025-2029	7,605,000	6,626,697	63,655,575	17,715,452	71,260,575	24,342,149
2030-2034	12,050,000	8,640,898	25,263,966	2,032,250	37,313,966	10,673,148
2035	-	-	3,105,000	155,250	3,105,000	155,250
Total	$ 101,339,026	$ 63,804,472	$ 256,013,239	$ 143,423,577	$ 357,352,265	$ 207,228,049

11. LEASES

The City has entered into noncancellable long-term leases as lessee for financing the purchase of certain equipment. Such leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments at the date of inception of the lease. Future minimum lease payments under these capital leases are as follows:

Fiscal Year Ended June 30,	Capital Leases
2010	$ 273,939
2011	214,888
2012	180,562
2013	156,951
2014	69,189
2015-2019	13,038
Total minimum lease payments	908,567
Less amount representing interest	(93,702)
Present value of minimum lease payments	$ 814,865

Debt service for the present value of minimum lease payments will be provided from the following funds:

General	$ 613,560
Convention Center	242,562
Airports	14,244
Electric Utility	38,201
Total debt service	$ 908,567

Assets acquired with the above leases were as follows:

	Government Activities	Business Activities	Total
Asset:			
Furnishings and equipment	$ 289,878	$ 634,210	$ 924,088
Automotive equipment	1,460,556	-	1,460,556
Less: Accumulated depreciation	(740,891)	(539,391)	(1,280,282)
Net capital assets	$ 1,009,543	$ 94,819	$ 1,104,362

12. PLEDGED REVENUE

Revenue Pledged	Borrowing Fund/Entity	Bond/Loan	Use of Funds	Year of Loan or Year Repayments and/or Interest Payments Began	Original Issue/Loan Amount	Payments Amortized Thru
Tax Increment	RRA - (Canby-Hilltop-Cypress)	Bond	Housing projects	2001	$9,500,000	2015
Tax Increment	RRA - (Canby-Hilltop-Cypress)	Bond	Infrastructure	2003	28,935,000	2023
Tax Increment	RRA - (Market Street)	Bond	Infrastructure	2003	5,185,000	2023
Tax Increment	RRA - (SHASTEC)	Bond	Infrastructure	2006	15,000,000	2036
Net Revenues	Water Utility	Bond	Refund prior debt issues.	2003	15,360,000	2023
Net Revenues	Wastewater Utility	Bond	Refund prior debt issues.	2002	23,575,000	2018
Net Revenues	Wastewater Utility	SRF Loan*	Westside Interceptor	2006	17,024,044	2023
Net Revenues	Wastewater Utility	SRF Loan*	Clear Creek WWTP Ph I	2009	4,378,396	2027
Net Revenues	Wastewater Utility	SRF Loan*	Clear Creek WWTP Ph II	N/A**	4,743,722	2029
Net Revenues	Wastewater Utility	SRF Loan*	Clear Creek WWTP Ph III	N/A**	12,860,109	2030
Net Revenues Plus Reserves	Electric Utility	COPs***	Infrastructure	2005	30,700,000	2035
Net Revenues Plus Reserves	Electric Utility	COPs***	Refund prior debt and finance Unit 6	2009	157,965,000	2030

* State Revolving Fund loan from the State Water Resources Control Board (SWRCB).

** Payments had not begun as of year-end. Maximum percentage of revenues estimated from preliminary repayment schedule prepared by the SWRCB.

*** Certificates of Participation.

Estimated % of Pledged Revenue Required for Debt Service	Estimated % of Pledged Revenue Plus Reserves Required for Debt Service	Remaining Principal & Interest	Current Year Principal & Interest Paid	Current Year Pledged Revenue Available	Reserve Balance
36%		$9,953,625	$771,695	$2,127,661	
26%		32,722,155	2,211,383	8,510,646	
11%		6,193,690	416,808	3,640,848	
45%		26,452,242	944,821	2,121,084	
16%		14,339,279	1,224,838	7,508,127	
16%		17,584,015	1,955,925	12,575,498	
9%		15,612,338	1,115,167	12,575,498	
2%		5,179,495	272,605	12,575,498	
0%		6,096,660	-	12,575,498	
0%		16,655,040	-	12,575,498	
11%	3%	62,012,575	1,507,475	13,448,899	$37,000,967
60%	16%	252,775,881	8,007,114	13,448,899	37,000,967

13. COMPENSATED ABSENCES

The compensated absences liability will be paid from the General Fund, Parking Fund, Redding Redevelopment Agency, Housing Authority, Street Maintenance, Community Development, Airports, Convention Center, Electric Utility, Water Utility, Wastewater Utility, Solid Waste Utility, Storm Drainage Utility, Redding Area Bus Authority, Information Systems, General Support Services, and Risk Management.

The City's changes in compensated absences for the year ended June 30, 2009 were as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Due within One Year
Governmental Activities	$ 11,221,246	$ 3,726,953	$ 3,880,233	$ 11,067,966	$ 3,546,151
Business-type activities	5,812,409	2,435,820	2,288,999	5,959,230	1,774,241
Total compensated absences	$ 17,033,655	$ 6,162,773	$ 6,169,232	$ 17,027,196	$ 5,320,392

14. INDIVIDUAL FUND DISCLOSURES

Parking Special Revenue Fund - The deficit of $295,624 in this fund arose from both the General Fund advance to the Parking Fund and the operational loss over the past ten years. This project is being financed by parking meter funds, parking fines and property tax increment payments. The deficit will take a number of years to eliminate.

Midtown Project Debt Service Fund - The deficit of $1,213,848 in this fund arose as a result of Proposition 13 whereby property tax increment revenues in the project area were not increased to the level necessary to make debt service payments. In addition, the deficit also increased due to the advances received in prior years from the Electric Utility Enterprise Fund to construct the bi-level and underground parking structures in downtown Redding.

Convention Center Enterprise Fund - The deficit of $888,919 in this fund is the result of expenses exceeding revenue. The City has adopted a 5 year plan to provide for a positive net income to the fund.

Municipal Utilities Support – The deficit of $224,835 in this fund arose as a result of transferring in the accrued compensated balances for existing employees.

Information Technology - The deficit of $156,397 in this fund results from the City funding Internal Service Funds on a cash flow basis. Until the City funds the Other Post Employment Benefit (OPEB) this fund will continue to have a deficit balance.

15. RETIREMENT PLANS

Information for the year ended June 30, 2009, has been used in the following note when possible. However, information provided by the California Public Employees Retirement System (CalPERS) for the year ended June 30, 2009 was not available. Therefore, PERS information has been prepared using information for the year ended June 30, 2007. Public Agency Retirement Services (PARS) has been prepared using information as of January 1, 2007.

Plan Description

The City's defined benefit pension plans, Miscellaneous Plan and Safety Plan, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The plans are part of the Public Agency portion of the CalPERS, an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through action of the City Council. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, Lincoln Plaza, 400 Q Street, Sacramento, California 95811.

In addition to the defined benefit pension plan through CalPERS, the City offers a defined benefit Retirement Enhancement Plan (REP) to the PERS Miscellaneous Plan through PARS. This plan became effective on January 1, 2006.

Funding Policy

Miscellaneous Plan - Active plan members are required to contribute 7% of their annual covered salary. This member contribution is paid by the City in accordance with labor agreements. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2008/09 was 14.014%. The contribution requirements of the plan members are established by State statute and the employer contribution rates are established and may be amended by CalPERS.

15. RETIREMENT PLANS, Continued

Safety Plan - The funding policy for the Safety Plan is the same as for the Miscellaneous except that active plan members are required to contribute 9% of their annual covered salary and the required employer contribution rate for fiscal year 2008/09 was 29.533%. The required member contribution is paid by the City in accordance with labor agreements.

REP - Active plan members from five bargaining units are not required to contribute to the plan to participate. The City is required to make all required contributions to fund the benefits for its members. The required employer contribution rate for fiscal year 2008/09 ranged from 5.79% to 11.10%.

Annual Pension Cost

For fiscal year 2008/09 the City's annual pension cost was $8,832,912 for the Miscellaneous Plan and $6,278,467 for the Safety Plan. The City made all of the employer contributions to the retirement plans in July of 2008. If contributions had been made on a bi-weekly basis, the pension cost would have been $9,094,938 and $6,803,678 for the Miscellaneous Plan and the Safety Plan respectively. The City agreed with CalPERS to make these contributions at the beginning of the year resulting in savings of $262,026 for Miscellaneous Plan and $525,211 for the Safety Plan. The required contributions for fiscal year 2008/09 were determined as part of the June 30, 2006 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. For fiscal year 2008/09 the City of Redding's annual pension cost to PARS was $3,882,314. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members and from 3.25% to 13.15% for safety members, and (c) 2% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.0% and a production growth component of 0.25%. The actuarial assumptions used by PARS are consistent with those used by CalPERS with the exception of a 7.5% investment rate of return.

In order to dampen the effect of short term market value fluctuations on employer contribution rates, the following asset smoothing technique is used. First an Expected Value of Assets is computed by bringing forward the prior year's Actuarial Value of Assets and the contributions received and benefits paid during the year at the assumed actuarial rate of return. The Actuarial Value of Assets is then computed as the Expected Value of Assets plus one-fifteenth of the difference between the actual Market Value of Assets and the Expected Value of Assets as of the valuation date. However, in no case will the Actuarial Value of Assets be less than 80% or greater than 120% of the actual Market Value of Assets. The excess of the total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability. Funding requirements are determined by adding the normal cost and an amortization of the unfunded liability as a level percentage of assumed future payrolls. All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methodology are amortized separately over a 20-year period. In addition, beginning with the June 30, 2004 valuation, all gains or losses are tracked and amortized over a rolling 30 year period. Finally, if a plan's accrued liability exceeds the actuarial value of assets, the annual contribution with respect to the total unfunded liability may not be less than the amount produced by a 30 year amortization of the unfunded liability.

15. RETIREMENT PLANS, Continued

THREE-YEAR TREND INFORMATION FOR PERS
Miscellaneous Plan

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/07	$ 7,639,290	100%	$ -
06/30/08	8,348,702	100%	-
06/30/09	8,832,912	100%	-

CALIFORNIA PUBLIC EMPLOYEE RETIREMENT SYSTEM SCHEDULE OF FUNDING PROGRESS
Miscellaneous Plan

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability	Actuarial Value of Assets	Total Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a Percentage of Covered Payroll
6/30/08	$ 247,845,328	$ 213,595,769	$ 34,249,559	86.18%	$ 42,660,882	80.28%

Additional detail is provided in the required supplemental section.

15. RETIREMENT PLANS, Continued

THREE-YEAR TREND INFORMATION FOR PERS
Safety Plan

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/07	$ 5,475,330	100%	$ -
06/30/08	5,808,690	100%	-
06/30/09	6,278,467	100%	-

CALIFORNIA PUBLIC EMPLOYEE RETIREMENT SYSTEM SCHEDULE OF FUNDING PROGRESS
Safety Plan

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability	Actuarial Value of Assets	Total Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a Percentage of Covered Payroll
6/30/08	$ 170,296,547	$ 133,197,084	$ 37,099,463	78.21%	$ 17,490,622	212.11%

****Additional detail is provided in the required supplemental section.***

15. RETIREMENT PLANS, Continued

THREE-YEAR TREND INFORMATION FOR PARS
Miscellaneous Plan

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/07	$ 2,576,084	100%	$ -
06/30/08	3,294,956	100%	-
06/30/09	3,882,314	100%	-

PUBLIC AGENCY RETIREMENT SYSTEM SCHEDULE OF FUNDING PROGRESS
Miscellaneous Plan

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability	Actuarial Value of Assets	Total Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	Liability as a Percentage of Covered Payroll
9/30/08	$ 37,032,204	$ 8,140,579	$ 28,891,625	21.98%	$ 43,682,550	66.14%

Additional detail is provided in the required supplemental section.

16. POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description. The City of Redding PARS Post-Retirement Health Care Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by Phase II Systems, dba Public Agency Retirement Services (PARS). The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. The City Council has the authority to establish and amend benefit provisions to the plan.

Funding Policy. The contribution requirements of plan members are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City Council. For fiscal year 2009, the City did not prefund any portion of the plan. The cost of current premiums, financed on a pay-as-you-go basis, is shared equally between the City and the retirees. The full cost of current premiums for the fiscal year ended June 30, 2009 was $4,526,137 of which the retirees contributed $2,198,274.

16. POSTEMPLOYMENT HEALTHCARE PLAN, Continued

Annual OPEB Cost and Net OPEB Obligation. The City's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table show the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the City of Redding PARS Post-Retirement Health Care Plan:

Annual required contribution	$ 8,112,000
Interest on net OPEB obligation	280,000
Adjustment to annual required contribution	(455,000)
Annual OPEB cost (expense)	7,937,000
Contributions made	(2,198,274)
Increase in net OPEB obligation	5,738,726
Net OPEB obligation - beginning of year	5,896,936
Net OPEB obligation - end of year	$ 11,635,662

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 is as follows:

For the Years Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	$ 7,937,000	27.7%	$ 11,635,662

Funded Status and Funding Progress. As of January 1, 2009, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was $82.6 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of $82.6 million. The covered payroll (annual payroll of active employees covered by the plan) was $55.1 million, and the ratio of the UAAL to the covered payroll was 150%.

16. POSTEMPLOYMENT HEALTHCARE PLAN, Continued

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projects of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2009, actuarial valuation, the Entry Age Normal cost funding method was used. The actuarial assumptions included a 4.75 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent, reduced by decrements to an ultimate rate of 4.8 percent after ten years. Both rates included a 3 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll. The remaining amortization period at June 30, 2009 was twenty eight years.

17. POSTCLOSURE CARE COSTS

State and federal laws and regulations required the City of Redding (City) to place a final cover on Benton Landfill, which closed in 1990. The City has completed the final cover and other closure items required. The City is also required under state and federal laws and regulations to perform certain maintenance and monitoring functions at the landfill site for the next 15 years. The remaining estimated liability for landfill postclosure care cost was $1,702,213 as of June 30, 2008. Expenses of $98,931 were incurred during the 2008-09 fiscal year leaving the estimated remaining liability for landfill postclosure care costs at $1,603,282 as of June 30, 2009. The total estimated cost of the landfill postclosure care is based on the amount that would be paid if all services required to monitor and maintain the landfill were acquired as of June 30, 2009. There is no requirement to currently fund this

17. POSTCLOSURE CARE COSTS, Continued

amount. The cost for postclosure care at the landfill and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) will be covered by charges to Solid Waste rate payers.

Changes in postclosure care costs for the year ended June 30, 2009 were as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Due within One Year
Postclosure care liability	$ 1,702,213	$ -	$ 98,931	$ 1,603,282	$ 100,000

18. COMMITMENTS AND CONTINGENCIES

A. A number of construction contracts existed at June 30, 2009. The unexpended authorized amount of $50,950,547 represents a commitment by the City.

B. The City's Electric Utility (REU) is obligated to purchase from M-S-R Public Power Agency on a take-or-pay basis a 15% entitlement share of M-S-R's share in the San Juan Resource, which includes approximately 21.5 MW of capacity and associated energy from M-S-R San Juan Unit No. 4. REU has entered into an exchange agreement with PacifiCorp in the Southwest on a year-round basis. In exchange, PacifiCorp delivers energy (50 MW of capacity) to REU at the California Oregon border during the summer months (May-October). The annual energy amount exchanged is about 115 GWH.

C. REU has been taking deliveries from America Electric Power (AEP) since November 1, 2004. The AEP contract is for the delivery of 25MW of capacity and associated energy (219,000 Mwh per year). Deliveries will continue through December 31, 2010. REU is obligated to purchase this power regardless of the City's electric demands. The annual obligation is approximately $9 million per year. The power rates under the contract are currently very favorable to the City when compared to today's market.

D. REU is contractually obligated to purchase 7,500 Dth/dy of natural gas pipeline capacity, connecting the AECO supply hub to the California border, from TransCanada affiliates through 2023. REU is also contractually obligated to purchase 1,000 Dth/dy of natural gas pipeline capacity, connecting the OPAL supply hub to the California Intrastate system at Topock, California, from the Kern River Company through 2017. The annual obligation is approximately $4 million per year.

18. COMMITMENTS AND CONTINGENCIES, Continued

E. REU is contractually committed to purchase natural gas in the 2010 through 2017 time period. The following table provides on a yearly basis the approximate purchase dollar amount and what percentage these purchases cover of the minimum fuel requirements for the expected operating level of the Redding Power facility.

	2010	2011	2012	2013	2014	2015	2016	2017
Purchase Cost $ (million)	$11.0	$15.6	$15.4	$13.2	$14.5	$14.7	$8.7	$8.7
% of Expected Yearly Minimum Operating Requirement	100%	100%	100%	100%	100%	100%	100%	100%

F. REU entered into a natural gas storage contract with Wild Goose Gas Storage from April 1, 2008 through March 31, 2011, at an annual cost of approximately $800,000. REU has the right to store up to 400,000 Dth at one time. REU has entered into a long-term arrangement with Gill Ranch Storage. Under the Agreement REU will lease cushion gas to Gill Ranch and Gill Ranch will provide REU with Approximately 600,000 Dth of natural gas storage.

G. REU has contractually committed to purchase power from M-S-R Public Power Agency on an as-delivered basis from a Pacific Northwest wind project. Deliveries began October 1, 2006. REU's share of the output from the wind project is approximately 201,000 MWH per year. The twenty-year contract has a $13,600,000 annual expected expense. The wind based energy from this contract is a major source of eligible renewable energy with the associated environmental attributes available to meet REU's renewable resource portfolio requirements. M-S-R has completed an amendment to the Pacific Northwest Wind Contract which addresses financial responsibility for the Bonneville Power Administration's (BPA) Wind Integration Charge (WIC). M-S-R assumes responsibility for the first $1.2 per kw-mo, Iberdrola Renewable assumes responsibility for the next $1.20 per kw-mo. The contract term is extended 5 years with certain adjustments in pricing and delivery. Currently, the WIC is approximately $1.23 per kw-mo.

H. In addition to the eligible renewable wind based energy covered in the previous item, REU has contractually committed to purchase eligible renewable power from RLC Industries. This purchase is for 8 MW of biomass-generated energy. Delivery is expected to commence in early to mid 2010, and provide approximately 60,000 MWH per year. The 15 year contract has an expected $4,000,000 annual expense.

I. Work is in process on an additional unit at Redding Power, Unit No. 6. In June 2008, Redding City Council authorized proceeding with the Unit 6 Project. Unit 6 will be a twin to the existing combined-cycle generation Unit No. 5. The new 45 MW rated unit is scheduled to come on line in July 2010 at a cost of approximately $69 million. At June 30, 2009 there was approximately $30 million in costs remaining

18. COMMITMENTS AND CONTINGENCIES, Continued

Conduit Debt

In 2001 Redding Redevelopment Agency (Agency) issued conduit bonds to provide financing for improvements at various school sites for the Redding School District. The bonds do not constitute an obligation of the Agency. The bonds are secured by the land and improvements to Bonnyview Elementary School located at 5080 Bidwell Road, Redding, CA 96001. On June 30, 2009, the total outstanding principal on the bonds was $4,730,000.

West Central Landfill

In 1990 the City entered into an agreement with Shasta County to operate West Central Landfill (the landfill). Under the agreement, the City is obligated to operate the landfill at least until there are no bonds or contracts outstanding. The current 1997 refunding bonds expire July 1, 2010. The City records the activity and net assets of the operations portion of the landfill in its Solid Waste enterprise fund. Net assets associated with the landfill, recorded on the City's books at June 30, 2009 were $5,666,326.

19. TRANSFERS

	Transfers In			
Transfers Out	General Fund	General Capital Projects Fund	Nonmajor Governmental	Transfers Out (Governmental) *Subtotal*
Governmental Funds:				
Major Funds:				
General Fund	$ -	$ 2,645,909	$ 709,640	$ 3,355,549
General Capital Projects Fund	184,267	-	-	184,267
Nonmajor Governmental Funds	8,950,817	-	751,475	9,702,292
Enterprise Funds:				
Major Enterprise Funds:				
Electric	4,832,090	-	-	4,832,090
Nonmajor Enterprise Funds	175,300	-	-	175,300
Internal Service Funds	1,460,322	-	58,385	1,518,707
Total	$ 15,602,796	$ 2,645,909	$ 1,519,500	$ 19,768,205

(Continued)

19. TRANSFERS, continued

Transfers Out	Transfers Out (Governmental) *Subtotal*	Transfers In: Electric Fund	Water Fund	Wastewater	Solid Waste	Nonmajor	Internal	Total
Governmental Funds:								
Major Funds:								
General Fund	$ 3,355,549	$ 14,500	$ -	$ -	$ -	$ 1,829,208	$ -	$ 5,199,257
General Capital Projects Fund	184,267	-	-	-	-	-	-	184,267
Nonmajor Governmental Funds	9,702,292	-	-	-	-	-	-	9,702,292
Enterprise Funds:								
Major Enterprise Funds:								
Electric	4,832,090	-	-	-	-	-	-	4,832,090
Nonmajor Enterprise Funds	175,300	-	-	-	-	-	-	175,300
Internal Service Funds	1,518,707	396,707	47,765	42,682	131,413	45,757	8,177	2,191,208
Total	$ 19,768,205	$ 411,207	$ 47,765	$ 42,682	$ 131,413	$ 1,874,965	$ 8,177	$ 22,284,414

(Concluded)

The following operating transfers were made during the fiscal year ended June 30, 2009:
(The reasons for these transfers are set forth below)

- The General Fund transferred one half of the transient occupancy tax to the Convention Center per City policy.
- The General Fund transferred funds to the Library for operations.
- The General Fund transferred funds to the General Capital Projects Fund for capital projects.
- The Airports, Electric and Convention Center Enterprise Funds transfer funds to the General Fund in lieu of property tax.
- Within the Nonmajor Governmental Funds, gas taxes and other special revenues are transferred to the General Fund to pay for related expenditures. In addition, funds were transferred from the capital development to cover portions of qualified projects. There were also transfers between Nonmajor Governmental Funds. These included moving excess between RRA debt service and RRA capital projects.

20. SPECIAL ASSESSMENTS

The Governmental Accounting Standards Board (GASB) issued Statement No. 6, Accounting and Financial Reporting for Special Assessments, which became effective for periods beginning after June 15, 1987. The City implemented the provisions of this statement in the year ended June 30, 1988. As a result of the implementation of GASB Statement No. 6, it was determined that the City is obligated in some manner on the 1915 Act Assessment District Bonds. The obligation is a result of the City management's prior practice of temporarily advancing funds to the assessment districts when delinquencies exceed the amounts available in the assessment district's cash reserve fund if directed by Council. These advances are repaid when delinquencies are received. In 1999, Council directed staff not to advance funds to assessment districts unless legally obligated to do so.

In accordance with legal requirements pertaining to the sale of 1915 Act Assessment Districts Bonds, a reserve fund was established out of the proceeds of the bond sale. This reserve ranges from five to ten percent of the total bond proceeds and is to be utilized to cover delinquencies by property owners.

The amount of outstanding delinquencies for the years ending June 30, 2009, was $22,206.

21. PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA) GRANT INFORMATION

In November 2006, California Voters passed bond measure 1B, enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the $19.925 billion of state general obligation bonds authorized, $3.6 billion was allocated to PTMISEA to be available to transit operators over a ten-year period. These funds may be used for transit rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or rolling stock (buses and rail cars) procurement, rehabilitation or replacement.

During fiscal year 2007-08, RABA received $1,535,248 from the State's PTMISEA account for the RABA maintenance facility expansion. RABA did incur $27,105 in expenses related to the maintenance facility expansion in fiscal year 2007-08. The PTMISEA funds generated $14,023 in interest income leaving a June 30, 2008 balance of $1,522,166.

During fiscal year 2008-09, RABA did not receive any additional PTMISEA funding. However, during the fiscal year, RABA incurred $717,481 in qualifying expenditures towards the maintenance facility expansion and $28,217 in interest income. The June 30, 2009 ending balance in PTMISEA Funding was $832,902.

22. SUBSEQUENT EVENTS

In July 2009 Redding Electric Utility completed a long-term Gas Supply Agreement between the City of Redding and the S-S-R Energy Authority. The agreement involved the issuance of tax exempt bonds by the M-S-R Energy Authority, guaranteed by the gas supplier-not the City of Redding, and provides for the purchase of natural gas at a discount to market index prices of $1.5 million per year. This agreement is for the Term of 30 years and will provide competitively priced gas supplies to the Redding Power Plant.

In September 2009 the Agency entered into a reimbursement agreement with the City whereby the Agency agreed to partially reimburse the City for the pass-through tax increment revenue for fiscal years 1984-85 through 2008-09 that the City had previously elected to forego in order to support the Agency. The City will be reimbursed $2,795,800 from the Canby-Hilltop-Cypress Redevelopment Project Area and $2,040,000 from the Market Street Redevelopment Project Area over a period of eight years. The obligation for fiscal year 2009-10 is $1,800,000 from the Canby-Hilltop-Cypress Project Area. The obligation for the Market Street Redevelopment Project Area will not begin until fiscal year 2011-12.

Subsequent to June 30, 2009 the State of California (State) has decided to borrow, to defer certain revenue payments and to take certain funds from local governments including the City. These amounts are significant to the City and are as follows:

8% of Property Taxes	$ 1,679,557
Gas Tax Revenues	$ 650,000
Redevelopment Agency	$ 6,201,000

Property Taxes borrowed by the State for fiscal year 2009-10 were nearly $2 billion statewide to help the State's budget shortfall. Legislators and the Governor promised to allow local agencies to sell their eventual repayment from the State to investors to cover the property taxes and to pay the full cost of the sale, or securitization. Passage of Senate Bill 67 (SB67) was accomplished on October 14, 2009. On November 19, 2009 the California Communities Proposition 1A Securitization Program sold the bonds and purchased the City's receivable. The City has planned to use these funds in the 2009-10 budget. Any delay in funding may mean that the City will have no choice but to adopt mid-year service reductions, layoffs, and other measures to manage the significant cash-flow shortfalls that will occur.

Gas Tax revenue payments have been deferred to the local governments with funds to be released after January 1, 2010.

Redevelopment Agency funds have been estimated for a two year takeaway by the State. This decision is to be litigated by the California Redevelopment Association and other parties, with hope that this will be considered unconstitutional, as was last year's State proposed takeaway.

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REQUIRED SUPPLEMENTARY INFORMATION

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1. BUDGETARY PRINCIPLES

Budget Data

The operating budget of the City is adopted by the City Council prior to July 1 each year primarily on a cash basis. The City Manager is authorized to transfer budget amounts between divisions of a department within any fund; however, any revisions that alter the total expenditures of any fund require City Council resolution.

Budget information is adopted and presented for the general, special revenue (except for the Landscape Maintenance Districts and Asset Seizure Fund), capital project funds and the debt service funds relating to Redding Redevelopment Agency (Agency). The presentations represent original appropriations adjusted for supplemental appropriations, if any, made during the year.

The City does not formally adopt a budget for debt service funds. The bond documents are the controlling factor.

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 City's budgetary basis and GAAP:

A. The City does not budget for GASB 31 interest income.
B. The City does not budget for accounts payable or intergovernmental payables.
C. The City does not budget for benefit accruals.
D. The City does not budget for transfers from the debt service funds when revenue is in excess of debt service requirements.
E. The City budgets for certain receivables and payables on a cash basis.
F. The City budgets for land to be held for resale as expenditure.
G. Encumbrances are not included in the Statement of Revenue, Expenditures and Changes in Fund Balance

Budgetary Basis Reconciliation

Budgets are not adopted for the debt service fund except for the debt service funds of the Agency. Budgets are also not adopted for the Landscape Maintenance Fund and the Asset Seizure Fund.

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual

General Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	$ 15,800,000	$ 16,511,000	$ 15,847,264	$ (663,736)
Sales and use taxes	24,662,000	20,440,000	19,244,485	(1,195,515)
Other taxes	6,396,600	6,266,200	5,647,321	(618,879)
Licenses and permits	1,443,100	1,004,290	839,951	(164,339)
Intergovernmental revenues	2,232,730	5,901,085	2,853,406	(3,047,679)
Charges for services	2,817,130	2,734,430	2,332,650	(401,780)
Fines, forfeitures, and penalties	630,000	1,059,060	1,104,220	45,160
Use of money and property	5,828,670	6,393,650	6,360,435	(33,215)
Interest revenue	365,000	365,000	263,158	(101,842)
Other revenue	600,450	837,205	621,994	(215,211)
Total revenues	60,775,680	61,511,920	55,114,884	(6,397,036)
EXPENDITURES:				
Current:				
General government	7,276,669	7,867,039	6,966,293	900,746
Public safety:				
Police	27,845,695	29,391,030	28,178,649	1,212,381
Fire safety	16,504,660	17,186,790	16,785,658	401,132
Public works	14,113,199	16,246,804	9,513,321	6,733,483
Planning	5,869,999	5,488,159	5,446,809	41,350
Recreation and culture	5,972,804	5,836,344	5,807,999	28,345
Principal payments	1,019,640	1,314,870	1,520,486	(205,616)
Interest and fiscal charges	2,012,630	2,041,140	1,975,323	65,817
Total expenditures	80,615,296	85,372,176	76,194,538	9,177,638
REVENUES OVER (UNDER) EXPENDITURES	(19,839,616)	(23,860,256)	(21,079,654)	2,780,602
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	108,000	2,757,500	2,109,096	(648,404)
Transfers in	13,227,400	12,965,640	13,272,527	306,887
Transfers out	(3,748,240)	(6,176,700)	(5,074,808)	1,101,892
Total other financing sources (uses)	9,587,160	9,546,440	10,306,815	760,375
Net change in fund balances	(10,252,456)	(14,313,816)	(10,772,839)	3,540,977
BUDGETARY FUND BALANCES:				
Beginning of year	19,732,661	19,732,661	19,732,661	-
End of year	$ 9,480,205	$ 5,418,845	$ 8,959,822	$ 3,540,977

(Continued)

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual

General Fund, Continued

For the year ended June 30, 2009

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances.	$	10,044,743
1. The City budgets for taxes on a cash basis.		243,660
2. The City budgets for grants on a cash basis.		(132,815)
3. Timing difference due to GASB #33.		75,944
4. The City does not budget for accounts payable adjustments.		(633,734)
5. The City does not budget for benefit accruals.		128,083
6. Financial statement only interest income adjustment for GASB #31.		(29,862)
7. The City does not budget for interest, sale of property or rental income related to the rolling stock fund. The City budgets only for the transfers in and out of the rolling stock fund.		1,225,142
8. The City does not budget for special assessments.		(8,332)
9. The City budgets for the cash transfers to and from other funds as loans, but records the advances in advances receivable and payable in the balance sheet.		137,819
10. The City dies not budget for interest on the long-term advances.		(134,767)
11. Encumbrances are not included in the Statement of Revenues, Expenditures and Changes in Fund Balance.		(1,424,295)
12. The City did not budget for prepaid rent for the Housing Authority and the Agency		(69,060)
13. The City does not budget for developer's fees that are prepaid.		(173,936)
14. The City budgeted for a fire apparatus in a previous year, but received it in the current year.		1,171,554
15. The City does not budget for the return of surplus funds from Internal Service funds.		(1,460,322)
Budgetary Fund Balance	$	8,959,822

(Concluded)

City of Redding
Schedule of Funding Progress-PERS/PARS
Required Supplementary Information
For the year ended June 30, 2009

California Public Employee Retirement System Schedule of Funding Progress

Miscellaneous Plan:

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability	Actuarial Value of Assets	Total Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a Percentage of Covered Payroll
6/30/06	$ 211,705,021	$ 178,219,972	$ 33,485,049	84.18%	$ 39,027,236	85.80%
6/30/07	229,332,353	197,145,240	32,187,113	85.96%	41,097,908	78.32%
6/30/08	247,845,328	213,595,769	34,249,559	86.18%	42,660,882	80.28%

Safety Plan

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability	Actuarial Value of Assets	Total Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a Percentage of Covered Payroll
6/30/06	$ 142,819,074	$ 113,551,726	$ 29,267,348	79.51%	$ 14,973,900	195.46%
6/30/07	154,756,055	124,027,520	30,728,535	80.14%	15,730,694	195.34%
6/30/08	170,296,547	133,197,084	37,099,463	78.21%	17,490,622	212.11%

Public Agency Retirement System Schedule of Funding Progress

Miscellaneous Plan - PARS

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability	Actuarial Value of Assets	Total Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	Liability as a Percentage of Covered Payroll
1/1/05	$ 17,267,376	$ -	$ 17,276,376	0.00%	$ 34,315,284	50.35%
1/1/07	25,444,243	4,622,526	20,821,717	18.17%	36,645,443	56.82%
9/30/08	37,032,204	8,140,579	28,891,625	21.98%	43,682,550	66.14%

City of Redding
Schedule of Funding Progress-Healthcare Plan
Required Supplementary Information
For the year ended June 30, 2009

Municipal Retired Employees Healthcare Plan

Miscellaneous, Saftey and Elected Officials Healthcare Plan:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/07	$ -	$ 94,727,000	$ 94,727,000	0.00%	$ 48,714,000	194%
1/1/09	-	82,616,000	82,616,000	0.00%	55,052,000	150%

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SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

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

Parking Fund
This fund was established to account for the receipts of parking-related revenues and expenditures.

Street Maintenance Fund
This fund was established to account for the construction and maintenance of the street system of the City. Financing is provided by the State and is restricted to street expenditures.

Community Development Fund
This fund was established to account for financing and rehabilitation of homes and government structures. Financing is provided by Federal Housing and Urban Development.

Housing Fund
This fund was established to account for subsidies received on behalf of low to mderate income families. Financing is provided by Federal Housing and Urban Development and a portion of tax increment revenue from redevelopment project area property.

General Special Revenue
This fund was established to account for receipts and disbursements of special revenues required to be segregated from the General Fund revenues.

Landscape Maintenance Districts
This fund was established to account for the activities of landscape maintenance assessment districts. The landscape districts collect assessments to pay for landscape maintenance in the assessment area.

Library Fund
This fund was established to account for the activities of the public library.

Asset Seizure Fund
This fund was established to account for the activities involved with asset seizures.

DEBT SERVICE FUNDS

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

1915 Act Assessment Districts
Established to accumulate monies for payment of 1915 Act Special Assessment bonds when the government is obligated in some manner

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NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS, Continued

Redevelopment Agency Funds:

Midtown Project Bonds - This fund was established to accumulate monies for payment of Redevelopment bonds. Debt service is provided by property tax increment revenue. (In form, financing is provided for the debt service by lease revenue from the Parking Fund. However, a reciprocal agreement exists that provides for the reimbursement of these lease payments from the property tax increment revenue. Therefore, in substance, the final source for this debt service is property tax increment revenue. This debt service fund is presented using a substance over form disclosure approach.)

Canby-Hilltop-Cypress Project Bonds - This fund was established to accumulate monies for payment of tax allocation bonds. Debt service is provided by property tax increment revenue.

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

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

CAPITAL PROJECTS FUNDS:

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Redevelopment Agency Funds:

Canby-Hilltop-Cypress Project Fund - This fund was established to account for the financing and construction activities in the Canby-Hilltop-Cypress project area of Redding. Financing is being provided by the Redding Redevelopment Agency (Agency). Current activity is ongoing and will span several years.

Market Street Project Fund - This fund was established to account for the financing and constrution activities in the Market Street project area of Redding. Financing is being provided by the Agency. Current activity is ongoing and will span several years.

Buckeye Project Fund - This fund was established to account for the financing and construction activities in the Buckeye project area of Redding. Financing will be provided by future Agency tax allocation bonds. Current activity is onging and will span several years.

SHASTEC Project Fund - This fund was established to account for the financing and construction activities in the SHASTEC redevelopment project area of Redding. Financing will be provided by future Agency tax allocation bonds. Current activity is onging and will span several years.

City of Redding
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2009

	Special Revenue				
	Parking	Street Maintenance	Community Development	Housing	General Special Revenue
ASSETS					
Cash and investments	$ 66,879	$ 956,996	$ 372,231	$ 13,471,963	$ -
Interest receivable, unrestricted	1,005	-	1,057,454	911,261	-
Accounts receivable, net	376	-	-	41,287	-
Intergovernmental recievable	-	1,777,240	340,382	687,587	-
Taxes receivable	-	-	-	598,216	-
Other receivable	-	-	20,545	1,760	-
Restricted cash and investments	-	-	-	93,809	-
Restricted interest receivable	-	-	-	4,689	-
Restricted taxes receivable	-	-	-	-	-
Interfund receivable	-	-	-	35,721	-
Prepaid items	1,867	-	22,078	-	-
Assets held for resale	-	-	-	2,166,319	-
Advances to other funds	641,322	-	-	198,256	-
Special assessments receivable	-	-	-	-	-
Notes receivable	-	-	18,987,098	10,394,796	-
Total assets	$ 711,449	$ 2,734,236	$ 20,799,788	$ 28,605,664	$ -
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 8,367	$ -	$ 90,717	$ 60,422	$ -
Accrued liabilities	9,019	-	15,367	72,724	-
Intergovernmental payable	941	-	24,280	1,416,004	-
Due to other funds	-	-	-	15,946	-
Deferred revenues	-	1,266,878	1,179,073	1,752,624	-
Deposits	-	-	-	97,103	-
Advances from other funds	988,746	-	-	-	-
Total liabilities	1,007,073	1,266,878	1,309,437	3,414,823	-
Fund Balances (deficit):					
Reserved for:					
Prepaid items	1,867	-	22,078	-	-
Assets held for resale	-	-	-	2,166,319	-
Noncurrent advances	641,322	-	-	169,856	-
Debt service	-	-	-	-	-
Capital projects	-	1,467,358	-	-	-
Notes receivable	-	-	18,736,636	10,115,307	-
Unreserved, designated for:					
Encumbrances	10,139	-	409,786	4,046,155	-
Housing	-	-	-	4,431,430	-
Capital projects	-	-	-	-	-
Unreserved, undesignated	(948,952)	-	321,851	4,261,774	-
Total fund balances	(295,624)	1,467,358	19,490,351	25,190,841	-
Total liabilities and fund balances	$ 711,449	$ 2,734,236	$ 20,799,788	$ 28,605,664	$ -

Special Revenue			Debt Service				
Landscape Maintenance District	Library	Asset Seizure Fund	1915 ACT Assessment District Bonds	Midtown Project Bonds	Canby-Hilltop-Cypress Project Bonds	Market Street Project Bonds	SHASTEC Project Bonds
$ 438,808	$ 1,182,436	$ 35,676	$ 2,651,620	$ -	$ -	$ -	$ -
3,644	2,703	310	17,912	-	-	-	-
-	98,923	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
-	-	-	912,554	2,997	4,933,338	917,397	1,139,693
-	-	-	-	146	-	-	18,748
-	-	-	-	4,745	601,838	252,861	252,732
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
39,149	-	-	1,793,240	-	-	-	-
-	-	-	-	-	-	-	-
$ 481,601	$ 1,284,062	$ 35,986	$ 5,375,326	$ 7,888	$ 5,535,176	$ 1,170,258	$ 1,411,173
$ 72	$ 19,506	$ -	$ -	$ -	$ -	$ -	$ -
5,214	2,955	-	593	-	-	-	-
-	1,442	-	-	-	-	-	-
-	-	-	-	25	-	-	-
36,464	9,649	-	1,793,240	4,233	537,977	221,069	231,989
-	-	-	-	-	-	-	-
-	-	-		1,217,478	-	-	-
41,750	33,552	-	1,793,833	1,221,736	537,977	221,069	231,989
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	3,581,493	-	4,997,199	949,189	1,179,184
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	23,697	12,535	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
439,851	1,226,813	23,451	-	(1,213,848)	-	-	-
439,851	1,250,510	35,986	3,581,493	(1,213,848)	4,997,199	949,189	1,179,184
$ 481,601	$ 1,284,062	$ 35,986	$ 5,375,326	$ 7,888	$ 5,535,176	$ 1,170,258	$ 1,411,173

City of Redding
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2009

	Capital Project					
	Canby-Hilltop-Cypress Project	Market Street Project	Buckeye Project	SHASTEC Project	Total Non-Major Governmental Funds	
ASSETS						
Cash and investments	$ 12,603,172	$ 2,273,672	$ 1,159,630	$ 4,166,233	$ 39,379,316	
Interest receivable, unrestricted	52,629	9,501	4,243	14,733	2,075,395	
Accounts receivable, net	-	-	-	-	140,586	
Intergovernmental recievable	-	-	-	-	2,805,209	
Taxes receivable	3,939	1,573	47,658	1,031	652,417	
Other receivable	-	-	-	-	22,305	
Restricted cash and investments	-	-	-	7,183,205	15,182,993	
Restricted interest receivable	-	-	-	-	23,583	
Restricted taxes receivable	-	-	-	-	1,112,176	
Interfund receivable	20,460	-	-	-	56,181	
Prepaid items	10,701	-	-	-	34,646	
Assets held for resale	-	-	-	-	2,166,319	
Advances to other funds	113,553	-	-	-	953,131	
Special assessments receivable	-	-	-	-	1,832,389	
Notes receivable	-	325,000	-	-	29,706,894	
Total assets	$ 12,804,454	$ 2,609,746	$ 1,211,531	$ 11,365,202	$ 96,143,540	$ 96,143,540
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 345	$ 965	$ -	$ 54,147	$ 234,541	
Accrued liabilities	19,925	6,909	173	7,560	140,439	
Intergovernmental payable	-	-	7,541	328,374	1,778,582	
Due to other funds	147,232	-	-	-	163,203	
Deferred revenues	-	325,000	43,681	-	7,401,877	
Deposits	-	-	-	-	97,103	
Advances from other funds	-	-	-	1,893,750	4,099,974	
Total liabilities	167,502	332,874	51,395	2,283,831	13,915,719	$ 13,915,719
Fund Balances (deficit):						
Reserved for:						
Prepaid items	10,701	-	-	-	34,646	
Assets held for resale	-	-	-	-	2,166,319	
Noncurrent advances	113,553	-	-	-	924,731	
Debt service	-	-	-	-	10,707,065	
Capital projects	403,324	507,681	-	-	2,378,363	
Notes receivable	-	-	-	-	28,851,943	
Unreserved, designated for:						
Encumbrances	212,969	54,459	593,189	3,585,931	8,948,860	
Housing	-	-	-	-	4,431,430	
Capital projects	103,190	55,650	350,240	4,343,720	4,852,800	
Unreserved, undesignated	11,793,215	1,659,082	216,707	1,151,720	18,931,664	
Total fund balances	12,636,952	2,276,872	1,160,136	9,081,371	82,227,821	$ 82,227,821
Total liabilities and fund balances	$ 12,804,454	$ 2,609,746	$ 1,211,531	$ 11,365,202	$ 96,143,540	$ 96,143,540

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City of Redding
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2009

	Special Revenue				
	Parking	Street Maintenance	Community Development	Housing	General Special Revenue
REVENUES:					
Property taxes	$ -	$ -	$ -	$ 3,681,281	$ -
Sales tax revenue	-	-	-	-	272,517
Special assessments	-	-	-	-	-
Licenses, fees and permits	79,533	-	-	-	-
Intergovernmental revenues	-	5,594,325	2,432,140	8,447,603	-
Charges for services	-	-	-	-	-
Fines, forfeitures and penalties	123,285	-	-	-	-
Use of money and property	-	-	4,159	-	-
Interest revenue	25,244	55,415	189,303	342,829	-
Other revenues	29,949	-	-	128,780	-
Total revenues	258,011	5,649,740	2,625,602	12,600,493	272,517
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Community development	-	-	1,871,656	10,407,745	-
Public safety	164,962	-	-	-	-
Public works	164,773	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	361,750	-	-
Debt service:					
Principal retirement	-	-	-	360,000	-
Interest and fiscal charges	-	-	13,303	414,395	-
Total expenditures	329,735	-	2,246,709	11,182,140	-
REVENUE OVER (UNDER) EXPENDITURE	(71,724)	5,649,740	378,893	1,418,353	272,517
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of assets	-	-	-	-	-
Transfers in	1,375	-	14,152	108,805	-
Transfers out	-	(6,167,688)	-	(2,389,447)	(272,517)
Total other financing sources (uses)	1,375	(6,167,688)	14,152	(2,280,642)	(272,517)
Net change in fund balances	(70,349)	(517,948)	393,045	(862,289)	-
FUND BALANCES:					
Beginning of year	(225,275)	1,985,306	19,097,306	26,053,130	-
End of year	$ (295,624)	$ 1,467,358	$ 19,490,351	$ 25,190,841	$ -

Special Revenue			Debt Service				
Landscape Maintenance District	Library	Asset Seizure Fund	Assessment District Bonds	Midtown Project Bonds	Canby-Hilltop-Cypress Bonds	Market Street Project Bonds	SHASTEC Project Bonds
$ -	$ -	$ -	$ -	$ 57,616	$ 2,653,467	$ 497,274	$ 1,133,306
-	-	-	-	-	-	-	-
448,550	-	-	1,227,933	-	-	-	-
-	-	-	-	-	-	-	-
-	39,610	-	-	-	-	-	-
-	1,187,191	-	-	-	-	-	-
3,869	101,645	-	-	-	-	-	-
-	-	-	-	-	-	-	-
15,811	27,002	2,083	594,690	486	57,087	2,284	77,283
-	609,945	4,231	-	120	-	-	-
468,230	1,965,393	6,314	1,822,623	58,222	2,710,554	499,558	1,210,589
-	-	-	10,789	1,526	147,541	62,623	50,570
-	-	-	-	-	-	-	-
-	-	36,061	-	-	-	-	-
387,987	-	-	-	-	-	-	-
-	2,028,130	-	-	-	-	-	-
-	72,718	-	-	-	-	-	-
-	-	-	1,015,000	-	1,135,000	195,000	255,000
-	-	-	239,510	29,498	1,086,883	228,128	691,271
387,987	2,100,848	36,061	1,265,299	31,024	2,369,424	485,751	996,841
80,243	(135,455)	(29,747)	557,324	27,198	341,130	13,807	213,748
-	-	-	-	-	-	-	
-	711,920		-	-	-	-	-
-	-	-	(121,165)	-	(468,827)	(48,652)	(154,996)
-	711,920	-	(121,165)	-	(468,827)	(48,652)	(154,996)
80,243	576,465	(29,747)	436,159	27,198	(127,697)	(34,845)	58,752
359,608	674,045	65,733	3,145,334	(1,241,046)	5,124,896	984,034	1,120,432
$ 439,851	$ 1,250,510	$ 35,986	$ 3,581,493	$ (1,213,848)	$ 4,997,199	$ 949,189	$ 1,179,184

City of Redding
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2009

	Capital Project				
	Canby-Hilltop-Cypress Project	Market Street Project	Buckeye Project	SHASTEC Project	Non-Major Governmental Funds
REVENUES:					
Property taxes	$ 5,857,179	$ 3,143,574	$ 452,550	$ 987,778	$ 18,464,025
Sales tax revenue	-	-	-	-	272,517
Special assessments	-	-	-	-	1,676,483
Licenses, fees and permits	-	-	-	-	79,533
Intergovernmental revenues	-	-	-		16,513,678
Charges for services	-	-	-	-	1,187,191
Fines, forfeitures and penalties	-	-	-	-	228,799
Use of money and property	-	1,007	-	-	5,166
Interest revenue	367,792	68,929	23,884	161,834	2,011,956
Other revenues	837,140	85,264	1,264	4,734	1,701,427
Total revenues	7,062,111	3,298,774	477,698	1,154,346	42,140,775
EXPENDITURES:					
Current:					
General government	-	-	-	-	273,049
Community development	3,748,144	3,952,201	100,166	1,527,423	21,607,335
Public safety	-	-	-	-	201,023
Public works	-	-	-	-	552,760
Recreation and culture	-	-	-	-	2,028,130
Capital outlay	5,597,220	59,510	49,182	5,483,226	11,623,606
Debt service:					
Principal retirement	-	-	-	-	2,960,000
Interest and fiscal charges	-	-	-	58,070	2,761,058
Total expenditures	9,345,364	4,011,711	149,348	7,068,719	42,006,961
REVENUE OVER (UNDER) EXPENDITURE	(2,283,253)	(712,937)	328,350	(5,914,373)	133,814
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of assets		-	-	-	-
Transfers in	479,600	48,652	-	154,996	1,519,500
Transfers out	-	(79,000)	-	-	(9,702,292)
Total other financing sources (uses)	479,600	(30,348)	-	154,996	(8,182,792)
Net change in fund balances	(1,803,653)	(743,285)	328,350	(5,759,377)	(8,048,978)
FUND BALANCES:					
Beginning of year	14,440,605	3,020,157	831,786	14,840,748	90,276,799
End of year	$ 12,636,952	$ 2,276,872	$ 1,160,136	$ 9,081,371	$ 82,227,821

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City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Special Revenue Parking Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounds Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	$ 65,650	$ 65,650	$ 79,533	$ 13,883
Fines, forfeitures and penalties	143,000	143,000	123,285	(19,715)
Interest revenue	37,700	37,700	24,724	(12,976)
Other revenue	-	-	29,949	29,949
Total revenues	246,350	246,350	257,491	11,141
EXPENDITURES:				
Current:				
Public safety	186,630	187,030	164,864	22,166
Public works	118,040	184,230	173,762	10,468
Total expenditures	304,670	371,260	338,626	32,634
Net change in fund balance	(58,320)	(124,910)	(81,135)	43,775
FUND BALANCE:				
Beginning of year	(225,275)	(225,275)	(225,275)	-
End of year	$ (283,595)	$ (350,185)	$ (306,410)	$ 43,775

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances.	$ (295,624)
1. Financial statement only interest income adjustment per GASB #31.	(520)
2. The City does not budget for accounts payable adjustments.	8,367
3. The City does not budget for benefit accruals.	(1,756)
4. The City did not budget for transfers in from Internal Service Funds	(1,375)
5. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Reveunues, Expenditures, and Fund Balance.	(15,502)
Budgetary Fund Balance	$ (306,410)

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Special Revenue Street Maintenance Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	$ 5,410,790	$ 5,410,790	$ 5,352,587	$ (58,203)
Interest revenues	40,800	40,800	48,894	8,094
Total revenues	5,451,590	5,451,590	5,401,481	(50,109)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,451,590	5,451,590	5,401,481	(50,109)
OTHER FINANCING SOURCES (USES):				
Transfers out	(6,410,790)	(6,410,790)	(6,167,688)	243,102
Total other financing sources (uses)	(6,410,790)	(6,410,790)	(6,167,688)	243,102
Net change in fund balance	(959,200)	(959,200)	(766,207)	192,993
FUND BALANCE:				
Beginning of year	1,985,306	1,985,306	1,985,306	-
End of year	$ 1,026,106	$ 1,026,106	$ 1,219,099	$ 192,993

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances.	$ 1,467,358
1. Financial statement only interest income adjustment per GASB #31	(6,521)
2. The City does not budget for revenue accruals.	
3. The City budgets for grants and taxes on a cash basis.	(241,738)
Budgetary Fund Balance	$ 1,219,099

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Special Revenue Community Development Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	$ 1,468,860	$ 2,599,640	$ 2,173,684	$ (425,956)
Interest revenue	150,000	150,000	163,056	13,056
Use of money and property	570,000	608,160	439,965	(168,195)
Other revenues	450	450	1,082,838	1,082,388
Total revenues	2,189,310	3,358,250	3,859,543	501,293
EXPENDITURES:				
Current:				
Community development	3,634,280	5,890,790	4,631,807	1,258,983
Total expenditures	3,634,280	5,890,790	4,631,807	1,258,983
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,444,970)	(2,532,540)	(772,264)	(1,760,276)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(1,444,970)	(2,532,540)	(772,264)	1,760,276
FUND BALANCE:				
Beginning of year	19,097,306	19,097,306	19,097,306	-
End of year	$ 17,652,336	$ 16,564,766	$ 18,325,042	$ 1,760,276

(Continued)

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Special Revenue Community Development Fund

For the year ended June 30, 2009

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances.	$	19,490,351
1. Financial statement only interest income adjustment per GASB #31.		105
2. The City does not budget for accounts payable adjustments.		21,170
3. The City budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.		(1,919,634)
4. The City does not budget for benefit accruals.		48
5. The City budgets for and records loan payments received in the revenue accounts, but adjusts the actual payment to loans receivable.		435,806
6. The City budgets for grants on a cash basis.		(258,456)
7. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Reveunues, Expenditures, and Fund Balance.		(486,682)
8. The City did not budget for interest on funds held in trust during the year.		(21,236)
9. The City budgets for interest income on notes receivable, trust fund assets and rolling stock cash on a cash basis.		(5,172)
10. The City does not budget for transfers from trusts or internal service funds .		1,068,742
Budgetary Fund Balance	$	18,325,042

(Concluded)

City of Redding
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Special Revenue Housing Fund
For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	$ 3,355,430	$ 3,572,000	$ 3,681,281	$ 109,281
Intergovernmental revenue	6,746,570	7,462,110	7,858,039	395,929
Use of money and property	248,720	43,980	45,256	1,276
Interest	732,900	391,300	334,031	(57,269)
Taxes and special assessments	5,100	103,920	104,559	639
Total revenues	11,088,720	11,573,310	12,023,166	449,856
EXPENDITURES:				
Current:				
Community development	20,201,930	22,646,380	19,797,924	2,848,456
Debt service:				
Principal retirement	360,000	360,000	360,000	-
Interest fiscal charges	421,700	421,700	414,395	7,305
Total expenditures	20,983,630	23,428,080	20,572,319	2,855,761
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(9,894,910)	(11,854,770)	(8,549,153)	3,305,617
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of asset	-		-	-
Transfers in	-	79,000	79,000	-
Total other financing sources (uses)	-	79,000	79,000	-
Net change in fund balance	(9,894,910)	(11,775,770)	(8,470,153)	3,305,617
FUND BALANCE:				
Beginning of year	26,053,130	26,053,130	26,053,130	-
End of year	$ 16,158,220	$ 14,277,360	$ 17,582,977	$ 3,305,617

(Continued)

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Special Revenue Housing Fund

For the year ended June 30, 2009

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances.	$	25,190,841
1. Financial statement only interest income adjustment per GASB #31.		(590)
2. The City does not budget for accounts payable or intergovernmental payable adjustments.		56,340
3. The City budgets for an records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.		(2,183,070)
4. The City budgets for sale of assets held for resale, but adjusts the revenue to reduce Assets Held for Resale account and gain/loss on the sale.		(3,204,230)
5. The City does not budget for transfers out on internal capital asset transactions.		2,389,447
6. The City budgets for and records loan payments received in the revenue accounts, but adjusts the actual payment to loans receivable.		46,664
7. The City does not budget for gain/loss or interest on rolling stock funds.		(158)
8. The City budgets for grants on a cash basis.		(615,193)
9. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Fund Balance.		(4,103,128)
10. The City budgets for interest income on notes receivable on a cash basis.		(8,051)
11. The City budgeted and paid rent in a prior year, but adjusts the prepayment for the current year portion.		43,910
12. The City did not budget for transfer from Internal Service Funds.		(29,805)
Budgetary Fund Balance	$	17,582,977

(Concluded)

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Special Revenue General Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Sales tax	$ 272,500	$ 272,500	$ 272,517	$ 17
Total revenues	272,500	272,500	272,517	17
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	272,500	272,500	272,517	17
OTHER FINANCING SOURCES (USES):				
Transfers out	(272,500)	(272,500)	(272,517)	(17)
Total other financing sources (uses)	(272,500)	(272,500)	(272,517)	(17)
Net change in fund balance	-	-	-	-
FUND BALANCE:				
Beginning of year	-	-	-	-
End of year	$ -	$ -	$ -	$ -

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City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Special Revenue Library Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	$ 80,000	$ 136,900	$ 62,049	$ (74,851)
Charges for services	997,880	1,171,270	1,187,191	15,921
Fines, forfeitures and penalties	42,270	46,500	101,645	55,145
Interest revenue	-	-	9,655	9,655
Other revenues		72,056	609,945	537,889
Total revenues	1,120,150	1,426,726	1,970,485	543,759
EXPENDITURES:				
Current:				
Recreation and culture	2,238,003	2,315,509	2,168,530	146,979
Total expenditures	2,238,003	2,315,509	2,168,530	146,979
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,117,853)	(888,783)	(198,045)	(690,738)
OTHER FINANCING SOURCES (USES):				
Transfers in	700,120	546,470	551,419	4,949
Total other financing sources (uses)	700,120	546,470	551,419	4,949
Net change in fund balance	(417,733)	(342,313)	353,374	695,687
FUND BALANCE:				
Beginning of year	674,045	674,045	674,045	-
End of year	$ 256,312	$ 331,732	$ 1,027,419	$ 695,687

(Continued)

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Special Revenue Library Fund

For the year ended June 30, 2009

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances.	$	1,250,510
1. Financial statement only interest income adjustment per GASB #31.		(11,325)
2. The City does not budget for accounts payable adjustments.		(33,898)
3. The City budgets for transfers to and from the rolling stock fund		(158,221)
4. The City budgets for grants on a cash basis.		(73,216)
5. The City did not budget for funds received and held in trust during the year.		95,655
6. The City does not budget for interest income on rolling stock funds.		(6,022)
7. The City did not budget for transfers in from the Internal Service Funds.		(2,280)
8. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Reveunues, Expenditures, and Fund Balance.		(33,784)
Budgetary Fund Balance	$	1,027,419

(Concluded)

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Midtown Debt Service Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	$ 50,000	$ 58,290	$ 57,616	$ (674)
Investment revenue	100	250	486	236
Other revenue	40	100	120	20
Total revenues	50,140	58,640	58,222	(418)
EXPENDITURES:				
Current:				
General government	1,400	4,523	1,526	2,997
Debt Service:				
Principal retirement	24,740	33,857	33,851	6
Interest and fiscal charges	24,000	20,260	20,255	5
Total expenditures	50,140	58,640	55,632	3,008
Net change in fund balance	-	-	2,590	2,590
FUND BALANCE:				
Beginning of year	(1,241,046)	(1,241,046)	(1,241,046)	-
End of year	$ (1,241,046)	$ (1,241,046)	$ (1,238,456)	$ 2,590

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances.	$ (1,213,848)
1. The City budgets for interest on loans on a cash basis, not an accrual basis.	9,243
2. The City budgets for and records payments on loans in the expenditure accounts, but adjusts the actual payment to advances payable to other funds.	(33,851)
Budgetary Fund Balance	$ (1,238,456)

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Canby-Hilltop-Cypress Debt Service Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	$ 2,288,190	$ 2,261,200	$ 2,653,467	$ 392,267
Investment revenue	100,000	57,000	57,087	87
Total revenues	2,388,190	2,318,200	2,710,554	392,354
EXPENDITURES:				
Current:				
General government	162,000	162,000	147,541	14,459
Debt Service:				
Principal retirement	1,135,000	1,135,000	1,135,000	-
Interest and fiscal charges	1,091,390	1,091,390	1,086,883	4,507
Total expenditures	2,388,390	2,388,390	2,369,424	18,966
Net change in fund balance	(200)	(70,190)	341,130	411,320
FUND BALANCE:				
Beginning of year	5,124,896	5,124,896	5,124,896	-
End of year	$ 5,124,696	$ 5,054,706	$ 5,466,026	$ 411,320

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances.	$ 4,997,199
1. The City does not budget for transfers in and out from the capital project fund.	468,827
Budgetary Fund Balance	$ 5,466,026

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Market Street Debt Service Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	$ 466,250	$ 473,380	$ 497,274	$ 23,894
Investment revenue	20,000	2,080	2,284	204
Total revenues	486,250	475,460	499,558	24,098
EXPENDITURES:				
Current:				
General government	64,340	64,340	62,623	1,717
Debt Service:				
Principal retirement	195,000	195,000	195,000	-
Interest and fiscal charges	229,810	229,810	228,128	1,682
Total expenditures	489,150	489,150	485,751	3,399
Net change in fund balance	(2,900)	(13,690)	13,807	27,497
FUND BALANCE:				
Beginning of year	984,034	984,034	984,034	-
End of year	$ 981,134	$ 970,344	$ 997,841	$ 27,497

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances.	$ 949,189
1. The City does not budget for transfers in and out from the capital project fund.	48,652
Budgetary Fund Balance	$ 997,841

City of Redding
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
SHASTEC Debt Service
For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	$ 953,360	$ 978,750	$ 1,133,306	$ 154,556
Investment revenue	45,000	45,000	77,283	32,283
Total revenues	998,360	1,023,750	1,210,589	186,839
EXPENDITURES:				
Current:				
General government	48,530	50,570	50,570	-
Debt Service:				
Principal retirement	255,000	255,000	255,000	-
Interest and fiscal charges	694,830	694,830	691,271	3,559
Total expenditures	998,360	1,000,400	996,841	3,559
Net change in fund balance	-	23,350	213,748	183,280
FUND BALANCE:				
Beginning of year	1,120,432	1,120,432	1,120,432	-
End of year	$ 1,120,432	$ 1,143,782	$ 1,334,180	$ 183,280

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances.	$ 1,179,184
1. The City does not budget for transfers in and out from the capital project fund.	154,996
Budgetary Fund Balance	$ 1,334,180

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual

General Capital Projects Fund -- Major Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	$ -	$ 6,450,080	$ 26,096,631	$ 19,646,551
Investment revenue	-	-	1,111,266	1,111,266
Other	5,624,480	5,653,775	3,706,240	(1,947,535)
Total revenues	5,624,480	12,103,855	30,914,137	18,810,282
EXPENDITURES:				
Current:				
General government	5,920	5,920	-	5,920
Public works	81,798,591	90,707,931	70,574,571	20,133,360
Recreation and culture	1,180,075	2,933,810	1,516,462	1,417,348
Debt Service:				
Principal retirement	1,297,000	1,297,000	1,304,496	(7,496)
Interest and fiscal charges	637,680	637,680	630,134	7,546
Total expenditures	84,919,266	95,582,341	74,025,663	21,556,678
REVENUES OVER (UNDER) EXPENDITURES	(79,294,786)	(83,478,486)	(43,111,526)	40,366,960
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,389,000	2,645,909	256,909
Transfers out	(50,860)	(118,070)	(184,267)	(66,197)
Total other financing sources (uses)	(50,860)	2,270,930	2,461,642	190,712
Net change in fund balance	(79,345,646)	(81,207,556)	(40,649,884)	40,557,672
FUND BALANCE:				
Beginning of year	33,590,847	33,590,847	33,590,847	-
End of year	$ (45,754,799)	$ (47,616,709)	$ (7,059,037)	$ 40,557,672

(Continued)

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual

General Capital Projects Fund -- Major Fund

For the year ended June 30, 2009

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances.	$	28,758,560
1. Financial statement only interest income adjustment per GASB #31.		
2. The City does not budget for accounts payable adjustments.		(155,765)
3. End of year encumbrances are included in actual expenditures budgetary basis, but are		(1,280,090)
not included in the Statement of Revenues, Expenditures, and Changes in Fund Balance.		(35,739,805)
4. The City does not budget for the transfer of developer fees and interest on those fees to		244,974
the related enterprise funds.		
5. The City budgets for grants on a cash basis.		1,187,585
6. The City budgets for and records payments on advances in the expenditure accounts, but		(74,496)
adjusts the actual payment to advances payable to other funds.		
Budgetary Fund Balance	$	(7,059,037)

(Concluded)

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Canby-Hilltop-Cypress Capital Project Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	$ 5,897,150	$ 6,173,020	$ 5,857,179	$ (315,841)
Investment revenue	75,000	428,200	367,792	(60,408)
Other revenue	726,500	761,740	837,140	75,400
Total revenues	6,698,650	7,362,960	7,062,111	(300,849)
EXPENDITURES:				
Current:				
General government	3,688,510	4,449,620	3,515,191	934,429
Capital outlay	11,754,970	12,154,970	7,700,489	4,454,481
Total expenditures	15,443,480	16,604,590	11,215,680	5,388,910
REVENUES OVER (UNDER) EXPENDITURES	(8,744,830)	(9,241,630)	(4,153,569)	(5,689,759)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets				-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(8,744,830)	(9,241,630)	(4,153,569)	(5,689,759)
FUND BALANCE:				
Beginning of year	14,440,605	14,440,605	14,440,605	-
End of year	$ 5,695,775	$ 5,198,975	$ 10,287,036	$ (5,689,759)

(Continued)

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
Candy-Hilltop-Cypress Capital Project, Continued
For the year ended June 30, 2009

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances.	$	12,636,952
1. The City budgeted and paid for rent in a prior year, but adjusts the prepayment for the current year expenditure.		25,150
2. The City does not budget for transfers in and out from the debt service fund.		(479,599)
3. The City does not budget for accounts payable adjustments.		(1,682,480)
4. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Changes in Fund Balance.		(212,937)
5. The City does not budget for benefit accruals.		(50)
Budgetary Fund Balance	$	10,287,036

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Market Street Capital Project Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	$ 2,741,700	$ 3,012,370	$ 3,143,574	$ 131,204
Use of money and property	1,630	1,000	1,007	7
Investment revenue	90,000	79,640	68,929	(10,711)
Other revenue	5,000	83,383	85,264	1,881
Total revenues	2,838,330	3,176,393	3,298,774	122,381
EXPENDITURES:				
Current:				
General government	2,048,520	2,282,050	1,844,255	437,795
Capital outlay	4,331,505	4,302,510	2,368,108	1,934,402
Total expenditures	6,380,025	6,584,560	4,212,363	2,372,197
REVENUES OVER (UNDER) EXPENDITURES	(3,541,695)	(3,408,167)	(913,589)	(2,249,816)
OTHER FINANCING SOURCES (USES):				
Long-term debt issued	1,600,000	1,600,000	-	(1,600,000)
Transfers out	-	(29,003)	(29,003)	-
Total other financing sources (uses)	1,600,000	1,570,997	(29,003)	(1,600,000)
Net change in fund balance	(1,941,695)	(1,837,170)	(942,592)	894,578
FUND BALANCE:				
Beginning of year	3,020,157	3,020,157	3,020,157	-
End of year	$ 1,078,462	$ 1,182,987	$ 2,077,565	$ 894,578

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances.	$ 2,276,872
1. The City does not budget for transfers in and out from the debt service fund.	(48,652)
2. The City does not budget for accounts payable adjustments.	(96,166)
3. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Changes in Fund Balance.	(54,489)
Budgetary Fund Balance	$ 2,077,565

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Buckeye Capital Project Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	$ 433,960	$ 447,630	$ 452,550	$ 4,920
Investment revenue	40,000	25,000	23,884	(1,116)
Other revenue	500	1,000	1,264	264
Total revenues	474,460	473,630	477,698	4,068
EXPENDITURES:				
Current:				
General government	95,530	131,240	91,948	39,292
Capital outlay	694,120	694,120	648,971	45,149
Total expenditures	789,650	825,360	740,919	84,441
Net change in fund balance	(315,190)	(351,730)	(263,221)	88,509
FUND BALANCE:				
Beginning of year	831,786	831,786	831,786	-
End of year	$ 516,596	$ 480,056	$ 568,565	$ 88,509

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances.	$ 1,160,136
1. The City does not budget for accounts payable adjustments.	7,541
2. The City budgets for and records payments on loans in the expenditure accounts, but adjusts the actual loan to advances payable to other funds.	(599,112)
Budgetary Fund Balance	$ 568,565

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

SHASTEC Capital Project Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	$ 641,110	$ 947,010	$ 987,778	$ 40,768
Investment revenue	300,000	225,000	161,834	(63,166)
Other revenue	2,300	3,500	4,734	1,234
Total revenues	943,410	1,175,510	1,154,346	(21,164)
EXPENDITURES:				
Current:				
General government	359,980	588,820	413,088	175,732
Capital outlay	13,903,730	13,903,730	10,096,398	3,807,332
Total expenditures	14,263,710	14,492,550	10,509,486	3,983,064
Net change in fund balance	(13,320,300)	(13,317,040)	(9,355,140)	3,961,900
FUND BALANCE:				
Beginning of year	14,840,748	14,840,748	14,840,748	-
End of year	$ 1,520,448	$ 1,523,708	$ 5,485,608	$ 3,961,900

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances.	$ 9,081,371
1. The City does not budget for accounts payable adjustments.	135,587
2. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Changes in Fund Balance.	(3,634,424)
3. The City budgets for interest expense on loans on a cash basis only.	58,070
4. The City does not budget for transfers in/out from the debt service fund.	(154,996)
Budgetary Fund Balance	$ 5,485,608

NONMAJOR ENTERPRISE FUNDS

Enterprise funds account for operations that are financed and operated in a manner similar to a private business enterprise. The intent of the governing body is that the cost of providing goods or services be financed primarily through user charges. An enterprise fund is also used when the governing body has decided that periodic determination or revenues earned and expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Airport

This fund was established to account for the operations of the City's airports.

Storm Drainage

This fund was established to account for the operations of the City's storm drainage utility, a self-supporting activity which renders a service on a user-charge basis to residents and businesses.

Redding Area Bus Authority

This fund was established to account for the operations of the Redding Area Bus Authority.

Convention Center

This fund was established to account for the operations of the Convention Center and Visitors Bureau.

City of Redding
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2009

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
ASSETS					
Current assets:					
Cash and investments	$ 2,261	$ 2,948,567	$ 1,756,357	$ 175,826	$ 4,883,011
Interest receivable	283	23,929	8,528	285	33,025
Accounts receivable	26,674	146,626	38,195		211,495
Prepaid items	10,571	8,267	-	24,787	43,625
Intergovernmental receivable	710,624	-	1,186,127	-	1,896,751
Inventories	-	8,371	153,529	-	161,900
Total current assets	750,413	3,135,760	3,142,736	200,898	7,229,807
Non-current assets:					
Restricted assets:					
Cash and investments	254,493	-	-	35,727	290,220
Interest receivable	-	-	-		-
Total restricted assets	254,493	-	-	35,727	290,220
Capital assets:					
Land	6,317,638	909,184	1,326,685	250,000	8,803,507
Utility plants	-	24,354,229		-	24,354,229
Buildings	10,727,149	-	5,488,813	3,441,194	19,657,156
Improvements other than buildings	26,010,446	2,348,779	1,391,782	1,401,902	31,152,909
Automotive equipment	727,638	549,657	6,281,174	167,079	7,725,548
Furnishings and equipment	266,086	24,054	1,857,681	311,700	2,459,521
Assets under capital lease	75,000	-	-	559,209	634,209
Construction in progress	4,752,875	113,823	2,125,265	-	6,991,963
Total capital assets	48,876,832	28,299,726	18,471,400	6,131,084	101,779,042
Less: accumulated depreciation	(27,077,270)	(11,445,078)	(9,658,363)	(4,631,803)	(52,812,514)
Net capital assets	21,799,562	16,854,648	8,813,037	1,499,281	48,966,528
Other assets:					
Financing costs, net	13,607	-	-	8,631	22,238
Total other assets	13,607	-	-	8,631	22,238
Total non-current assets	22,067,662	16,854,648	8,813,037	1,543,639	49,278,986
Total assets	22,818,075	19,990,408	11,955,773	1,744,537	56,508,793

(Continued)

City of Redding
Combining Statement of Net Assets, Continued
Nonmajor Enterprise Funds
June 30, 2009

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
LIABILITIES					
Current liabilities (payable from current assets):					
Accounts payable	266,069	964	490,986	70,446	828,465
Accrued liabilities	50,247	63,209	15,035	63,418	191,909
Accrued interest payable	14,446	-	-	5,258	19,704
Intergovernmental payables	396	-	-	247	643
Due to other funds	64,681	-	99,173	-	163,854
Deferred revenues	35,363	-	1,971,644	-	2,007,007
Deposits payable	39,865	-	-	-	39,865
Accrued compensated absences, due within one year	44,680	14,195	-	66,934	125,809
Capital leases, due wthin one year	13,797	-	-	43,393	57,190
Long-term debt, due within one year	27,397	-	-	18,223	45,620
State loan, due within one year	83,924	-	-	-	83,924
Total current liabilities	640,865	78,368	2,576,838	267,919	3,563,990
Long-term liabilities:					
Compensated absences, due in more than one year	120,635	37,324	-	146,052	304,011
Advances from other funds	3,305,451	-	-	1,552,152	4,857,603
Accrued liabilities, due in more than one year	96,852	66,556		147,484	310,892
Capital leases, due in more than one year	-	-	-	199,169	199,169
Long-term debt, due in more than one year	489,596	-	-	320,680	810,276
State loan, due in more than one year	805,923	-	-	-	805,923
Total long-term liabilities	4,818,457	103,880	-	2,365,537	7,287,874
Total liabilities	5,459,322	182,248	2,576,838	2,633,456	10,851,864
NET ASSETS					
Invested in capital assets, net of related debt	19,671,266	16,854,648	8,813,037	953,543	46,292,494
Restricted for capital projects	-	2,520,275	-	-	2,520,275
Unrestricted	(2,312,513)	433,237	565,898	(1,842,462)	(3,155,840)
Total net assets	$ 17,358,753	$ 19,808,160	$ 9,378,935	$ (888,919)	$ 45,656,929

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City of Redding
Combining Statement of Activities and Changes in Net Assets
Nonmajor Enterprise Funds
For the year ended June 30, 2009

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
OPERATING REVENUES:					
User Fees and Charges	$ 223,384	$ 1,200,246	$ 957,826	$ 415,599	$ 2,797,055
Rental fees	1,098,242	-	-	217,924	1,316,166
Other operating revenue	866,014	978	-	330,189	1,197,181
Total operating revenues	2,187,640	1,201,224	957,826	963,712	5,310,402
OPERATING EXPENSES:					
Cost of power, water, and transportation	-	-	3,054,950	-	3,054,950
Maintenance, operations, and administration	2,146,527	1,349,565	2,199,433	2,789,795	8,485,320
Depreciation and amortization	1,866,776	1,129,668	926,183	164,791	4,087,418
Total operating expenses	4,013,303	2,479,233	6,180,566	2,954,586	15,627,688
Operating income (loss)	(1,825,663)	(1,278,009)	(5,222,740)	(1,990,874)	(10,317,286)
NONOPERATING REVENUE (EXPENSES):					
Interest revenue	1,848	133,008	51,803	3,765	190,424
Interest expense	(118,190)	-	-	(17,246)	(135,436)
Intergovernmental revenues	291,579	(72)	4,237,678	860	4,530,045
Gain (loss) on disposal of assets	(10,249)	2,666			(7,583)
Other non-operating revenues (expenses)	229,582	192,961	-	4,149	426,692
Total nonoperating revenues (expenses)	394,570	328,563	4,289,481	(8,472)	5,004,142
Income (loss) before operating transfers and capital contributions	(1,431,093)	(949,446)	(933,259)	(1,999,346)	(5,313,144)
Capital contributions	1,145,726	217,545	2,251,689		3,614,960
Transfers in	11,772	4,796	7,078	1,851,319	1,874,965
Transfers out	(105,000)	-	-	(70,300)	(175,300)
Change in net assets	(378,595)	(727,105)	1,325,508	(218,327)	1,481
NET ASSETS:					
Beginning of year	17,737,348	20,535,265	8,053,427	(670,592)	45,655,448
End of year	$ 17,358,753	$ 19,808,160	$ 9,378,935	$ (888,919)	$ 45,656,929

City of Redding
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the year ended June 30, 2009

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	$ 2,187,469	$ 1,226,902	$ 981,511	$ 963,922	$ 5,359,804
Cash paid to suppliers	(1,266,273)	(830,367)	(5,201,182)	(1,286,787)	(8,584,609)
Cash paid to employees	(804,372)	(480,715)	-	(1,423,169)	(2,708,256)
Other operating revenue	-	978	-	-	978
Net cash provided (used) by operating activities	116,824	(83,202)	(4,219,671)	(1,746,034)	(5,932,083)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Intergovernmental revenue received	267,739	(72)	3,952,743	860	4,221,270
Advances from other funds	99,768	-	99,173	35,862	234,803
Repayment of advances to other funds	(205,000)	-	(55,737)	(117,500)	(378,237)
Transfers in	11,772	4,796	7,078	1,851,319	1,874,965
Transfers out	(105,000)	-	-	(70,300)	(175,300)
Other non-operating revenues (expenses)	5,587	-	-	4,149	9,736
Net cash provided (used) by noncapital financing activities	74,866	4,724	4,003,257	1,704,390	5,787,237
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital grants received	1,364,331	-	1,298,144	-	2,662,475
Proceeds from sale of assets	-	2,666			2,666
Purchases of capital assets	(2,098,349)	-	(2,306,388)	(51,563)	(4,456,300)
Interest paid	(118,045)	-	-	(16,416)	(134,461)
Proceeds from long-term debt	-	-			-
Pricipal paid on long-term debt	(146,227)	-	-	(18,525)	(164,752)
Princpal paid on capital leases	(19,677)	-	-	(41,100)	(60,777)
Cash collected for future capital outlay	223,995	192,961	-	-	416,956
Net cash provided (used) by capital and related financing activities	(793,972)	195,627	(1,008,244)	(127,604)	(1,734,193)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment revenue received	1,836	136,079	70,429	4,191	212,535
Net cash provided (used) by investing activities	1,836	136,079	70,429	4,191	212,535
Net increase (decrease) in cash and cash equivalents	$ (600,446)	$ 253,228	$ (1,154,229)	$ (165,057)	(1,666,504)
CASH AND CASH EQUIVALENTS:					
Beginning of year	857,200	2,695,339	2,910,586	376,610	6,839,735
End of year	$ 256,754	$ 2,948,567	$ 1,756,357	$ 211,553	$ 5,173,231

(Continued)

City of Redding
Combining Statement of Cash Flows
Nonmajor Enterprise Funds, Continued
For the year ended June 30, 2009

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income (loss)	$ (1,825,663)	$ (1,278,009)	$ (5,222,740)	$ (1,990,874)	$ (10,317,286)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	1,866,776	1,129,668	926,183	164,791	4,087,418
Accounts receivable	(10,436)	26,656	16,608	210	33,038
Inventories	-	3,113	(13,318)	-	(10,205)
Prepaid items	(8,364)	(6,724)	-	(21,032)	(36,120)
Accounts payable	6,344	(5,379)	74,912	34,129	110,006
Accrued liabilities	12,325	43,815	(1,316)	4,302	59,126
Deposits payable	10,265	-	-	-	10,265
Intergovernmental payable	(1,627)	-	-	247	(1,380)
Accrued compensated absences	16,312	(29,031)	-	(14,101)	(26,820)
Accrued liabilities long-term	50,892	32,689		76,294	159,875
Net cash provided (used) by operating activities	$ 116,824	$ (83,202)	$ (4,219,671)	$ (1,746,034)	$ (5,932,083)
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Plant contributed from developers	$ -	$ 217,545	$ -	$ -	$ 217,545
Transfer of capital assets	-	-	-	5,186	5,186
Total non-cash capital and related financing activities	$ -	$ 217,545	$ -	$ 5,186	$ 222,731

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INTERNAL SERVICE FUNDS

Internal service funds are used to finance and account for special activities and services performed by a designated department to other departments within the same governmental unit on a cost reimbursement basis.

Equipment Fund

This fund was established to account for all motorized and communications equipment utilization by City departments.

Information Systems Fund

This fund was established to account for the data processing activities utilized by all City departments.

General Support Services Fund

This fund was established to account for general support services utilized by all City departments.

Risk Managment Fund

This fund was established to account for the self-insurance activities of the City.

Municipal Utilities Support Fund

This fund was established to provide management and electrical technician support to the Utilities and Street Maintenance.

City of Redding
Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
ASSETS						
Current assets:						
Cash and investments	$ 212,308	$ 274,008	$ 491,166	$ 9,121,653	$ 552,270	$ 10,651,405
Interest receivable	4,470	7,015	8,331	76,115	2,387	98,318
Accounts receivable, net	9,769	-	-	26,170	-	35,939
Prepaid items	27,519	27,652	33,424	435,035	28,590	552,220
Inventories	112,168	-	-	-	-	112,168
Interfund receivables	-	-	-	60,000	-	60,000
Total current assets	366,234	308,675	532,921	9,718,973	583,247	11,510,050
Non-current assets:						
Capital assets:						
Land	-	-	110,810	-	-	110,810
Land Improvements other than buildings	2,346,746	-	37,497	-	-	2,384,243
Automotive equipment	10,280,215	-	140,854	-	143,344	10,564,413
Furnishings and equipment	879,862	456,313	363,148	-	-	1,699,323
Assets under capital lease	1,460,557	-	-	-	-	1,460,557
Total capital assets	14,967,380	456,313	652,309	-	143,344	16,219,346
Less: accumulated depreciation	(8,808,310)	(364,774)	(369,621)	-	(86,971)	(9,629,676)
Net capital assets	6,159,070	91,539	282,688	-	56,373	6,589,670
Other assets:						
Advances to other funds	-	-	-	4,141,424	-	4,141,424
Total other assets	-	-	-	4,141,424	-	4,141,424
Total non-current assets	6,159,070	91,539	282,688	4,141,424	56,373	10,731,094
Total assets	6,525,304	400,214	815,609	13,860,397	639,620	22,241,144
LIABILITIES						
Current liabilities:						
Accounts payable	70,616	2,610	71,513	388,851	2,876	536,466
Intergovernmental payable	-	-	36,150	855	824	37,829
Accrued liabilities	65,990	76,322	192,864	75,684	104,506	515,366
Claims and judgements payable	-	-	-	3,623,058	-	3,623,058
Deferred revenues	-	13,984	-	403,503	-	417,487
Deposits	-	-	19	1,099	-	1,118
Compensated absences - current	71,279	66,183	57,711	37,450	134,493	367,116
Total current liabilities	207,885	159,099	358,257	4,530,500	242,699	5,498,440
Long-term liabilities:						
Advances from other funds	1,349,011	-	-	-	-	1,349,011
Accrued compensated absences	163,910	142,496	174,765	75,902	372,958	930,031
Accrued liabilities	193,754	255,016	228,180	100,699	248,798	1,026,447
Claims and judgements	-	-	-	6,166,451	-	6,166,451
Total long-term liabilities	1,706,675	397,512	402,945	6,343,052	621,756	9,471,940
Total liabilities	1,914,560	556,611	761,202	10,873,552	864,455	14,970,380
NET ASSETS						
Invested in capital assets, net of related debt	6,159,070	91,539	282,688	-	56,373	6,589,670
Unrestricted	(1,548,326)	(247,936)	(228,281)	2,986,845	(281,208)	681,094
Total net assets	$ 4,610,744	$ (156,397)	$ 54,407	$ 2,986,845	$ (224,835)	$ 7,270,764

City of Redding
Combining Statement of Activities and Changes in Net Assets
Internal Service Funds
For the year ended June 30, 2009

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
OPERATING REVENUES:						
User fees and charges	$ 3,469,367	$ 2,400,281	$ 4,357,638	$ 41,993,873	$ 2,420,230	$ 54,641,389
Other operating revenue	8,028	26,179	2,622	1,510	-	38,339
Total operating revenues	3,477,395	2,426,460	4,360,260	41,995,383	2,420,230	54,679,728
OPERATING EXPENSES:						
Maintenance, operations, and administration	3,179,362	2,392,087	4,333,294	41,176,564	2,450,311	53,531,618
Depreciation and amortization	1,166,799	42,082	56,105	-	9,051	1,274,037
Total operating expenses	4,346,161	2,434,169	4,389,399	41,176,564	2,459,362	54,805,655
OPERATING INCOME (LOSS)	(868,766)	(7,709)	(29,139)	818,819	(39,132)	(125,927)
NONOPERATING REVENUE (EXPENSES):						
Interest revenue	15,458	26,737	32,566	616,627	14,352	705,740
Interest expense	(170,891)	-	-	-	-	(170,891)
Intergovernmental revenues	(104)	-	-	-	-	(104)
Gain on disposal of capital assets	22,123	-	1,975	-	2,040	26,138
Other non-operating revenues(exp)	-	-	-	-		-
Total nonoperating expenses	(133,414)	26,737	34,541	616,627	16,392	560,883
Income (loss) before transfers and contributions	(1,002,180)	19,028	5,402	1,435,446	(22,740)	434,956
Capital contributions	1,765,918		-	-	-	1,765,918
Transfer in	8,177	-	-	-	-	8,177
Transfers out	(417,495)	(670,923)	(634,866)	(467,924)	-	(2,191,208)
Change in net assets	354,420	(651,895)	(629,464)	967,522	(22,740)	17,843
NET ASSETS:						
Beginning of year	4,256,324	495,498	683,871	2,019,323	(202,095)	7,252,921
End of year	$ 4,610,744	$ (156,397)	$ 54,407	$ 2,986,845	$ (224,835)	$ 7,270,764

City of Redding
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2009

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from other funds	$ 3,477,446	$ 2,426,460	$ 4,360,259	$ 42,018,998	$ 2,420,230	$ 54,703,393
Cash paid to suppliers	(1,601,101)	(384,911)	(2,426,640)	(39,070,856)	(120,936)	(43,604,444)
Cash paid to employees	(1,503,277)	(1,916,014)	(1,831,043)	(748,529)	(2,132,480)	(8,131,343)
Other income received	-	-	-	1,510	-	1,510
Net cash provided (used) by operating activities	373,068	125,535	102,576	2,201,123	166,814	2,969,116
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Intergovernmental revenue received	(104)	-	-	-	-	(104)
Repayment of advances to other funds	(79,109)	-			-	(79,109)
Advances from other funds	-	(670,923)	(634,866)	(264,824)	-	(1,570,613)
Repayment of advances from other funds	-	-	-	399,496	-	399,496
Transfers out	(417,495)	-	-	(459,747)	-	(877,242)
Other non-operating revenues (expenses)	-	-		-		-
Net cash provided (used) by noncapital financing activities	(496,708)	(670,923)	(634,866)	(325,075)	-	(2,127,572)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from sale of assets	349	-	1,975	-	2,040	4,364
Purchase of capital assets	-	(34,973)	(34,715)	(8,177)	(43,156)	(121,021)
Interest Paid	(170,891)	-	-	-	-	(170,891)
Net cash provided (used) by capital and related financing activities	(170,542)	(34,973)	(32,740)	(8,177)	(41,116)	(287,548)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment revenue received	14,911	26,908	33,169	614,524	13,720	703,232
Net cash provided (used) by investing activities	14,911	26,908	33,169	614,524	13,720	703,232
Net increase (decrease) in cash and cash equivalents	(279,271)	(553,453)	(531,861)	2,482,395	139,418	1,257,228
CASH AND CASH EQUIVALENTS:						
Beginning of year	491,579	827,461	1,023,027	6,639,258	412,852	9,394,177
End of year	$ 212,308	$ 274,008	$ 491,166	$ 9,121,653	$ 552,270	$ 10,651,405

(Continued)

City of Redding
Combining Statement of Cash Flows
Internal Service Funds, Continued
For the year ended June 30, 2009

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Operating income (loss)	$ (868,766)	$ (7,709)	$ (29,139)	$ 818,819	$ (39,132)	$ (125,927)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	1,166,799	42,082	56,105	-	9,051	1,274,037
(Increase) decrease in accounts receivable	51	-		(5,015)	-	(4,964)
(Increase) decrease in inventories	(2,429)	-	-	-	-	(2,429)
(Increase) decrease in prepaid items	(23,302)	(21,878)	(28,425)	1,225,410	(22,482)	1,129,323
(Increase) decrease in accounts payable	(4,097)	(2,528)	(57,960)	131,101	(5,306)	61,210
(Increase) decrease in accrued liabilities	(1,295)	784	108,049	2,066	21,206	130,810
(Increase) decrease in claims and judgements payable	-	-	-	599,667	-	599,667
(Increase) decrease in deposits	-	-	(1)	542	-	541
(Increase) decrease in intergovernmental payable	-	-	17,431	855	412	18,698
(Increase) decrease in deferred revenues	-	-	-	30,140	-	30,140
(Increase) decrease in accrued compensated absences	6,169	(26,738)	(88,262)	24,622	66,765	(17,444)
(Increase) decrease in claims and judgements long-term	-	-	-	(681,657)	-	(681,657)
(Increase) decrease in accrued liabilities long-term	99,938	141,522	124,778	54,573	136,300	557,111
Total adjustments	1,241,834	133,244	131,715	1,382,304	205,946	3,095,043
Net cash provided (used) by operating activities	$ 373,068	$ 125,535	$ 102,576	$ 2,201,123	$ 166,814	$ 2,969,116
Schedule of noncash capital activities:						
Transfer of capital assets	$ 8,177	$ -	$ -	$ (8,177)		$ -
Equipment contributed from customer	1,765,918		-	-	-	1,765,918

(Concluded)

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FIDUCIARY FUNDS
Agency Funds

Agency Funds are used to account for assets held by a government unit as an agent for individuals, governmental entities (other than the City) and non-public organizations.

Special Deposits

This fund was established to account for deposits and collect monies for various community events, which are remitted to the organizers.

IPSS Fund

This fund collects and disburses payments for a joint powers authority (JPA) between the Cities of Redding, Anderson, and Shasta County. The JPA is responsible for integrating public safety records between the entities.

City of Redding
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2009

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Special Deposits				
Assets:				
Cash and investments	$ 1,224,071	$ 8,456,305	$ 8,962,688	$ 717,688
Accounts receivable	6,950	447,438	446,629	7,759
Interest receivable	42,963		25,460	17,503
Total assets	$ 1,273,984	$ 8,903,743	$ 9,434,777	$ 742,950
Liabilities:				
Deposits	$ 1,273,984	$ 8,903,743	$ 9,434,777	$ 742,950
Total liabilities	$ 1,273,984	$ 8,903,743	$ 9,434,777	$ 742,950
IPSS				
Assets:				
Cash and investments	$ 470,315	$ 722,826	$ 587,344	$ 605,797
Accounts receivable	-	-	-	-
Interest receivable	4,897		134	4,763
Total assets	$ 475,212	$ 722,826	$ 587,478	$ 610,560
Liabilities:				
Deposits	$ 475,212	$ 722,826	$ 587,478	$ 610,560
Total liabilities	$ 475,212	$ 722,826	$ 587,478	$ 610,560
Fund 175				
Assets:				
Cash and investments	$ -	$ 163,499	$ 90,929	$ 72,570
Accounts receivable	-	-	-	-
Interest receivable	-			-
Total assets	$ -	$ 163,499	$ 90,929	$ 72,570
Liabilities:				
Deposits	$ -	$ 163,499	$ 90,929	$ 72,570
Total liabilities	$ -	$ 163,499	$ 90,929	$ 72,570
Total				
Assets:				
Cash and investments	$ 1,694,386	$ 9,342,630	$ 9,640,961	$ 1,396,055
Accounts receivable	6,950	447,438	446,629	7,759
Interest receivable	47,860	-	25,594	22,266
Total assets	$ 1,749,196	$ 9,790,068	$ 10,113,184	$ 1,426,080
Liabilities:				
Deposits	$ 1,749,196	$ 9,790,068	$ 10,113,184	$ 1,426,080
Total liabilities	$ 1,749,196	$ 9,790,068	$ 10,113,184	$ 1,426,080

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Redding'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 city's overall financial health.

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Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time 184

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenues sources. 196

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability issues additional debt in the future. 202

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 214

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 216

City of Redding
Net Assets by Component
Last Nine Fiscal Years*
(accrual basis of accounting)

	Fiscal Year		
	2000-01	2001-02	2002-03
Governmental activities			
Invested in capital assets, net of related debt	$ 94,413,778	$ 104,205,896	$ 113,740,928
Restricted	47,706,211	49,159,188	48,116,563
Unrestricted	9,457,948	9,443,505	16,605,960
Total governmental activities net assets	$ 151,577,937	$ 162,808,589	$ 178,463,451
Business-type activities			
Invested in capital assets, net of related debt	$ 150,896,561	$ 163,216,577	$ 196,489,648
Restricted	14,309,722	10,375,003	14,678,467
Unrestricted	96,236,732	109,766,473	80,121,237
Total business-type activities net assets	$ 261,443,015	$ 283,358,053	$ 291,289,352
Primary government			
Invested in capital assets, net of related debt	$ 245,310,339	$ 267,422,473	$ 310,230,576
Restricted	62,015,933	59,534,191	62,795,030
Unrestricted	105,694,680	119,209,978	96,727,197
Total primary government net assets	$ 413,020,952	$ 446,166,642	$ 469,752,803

* Data not available prior to implementation of GASB 34 in 2000-01
Source: City of Redding Comprehensive Annual Financial Report

Fiscal Year					
2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 152,599,739	$ 160,825,551	$ 172,814,117	$ 188,370,460	$ 213,545,402	$ 215,773,740
37,186,278	40,434,959	41,537,596	46,293,480	47,999,512	46,969,131
24,216,326	26,390,155	28,543,456	37,777,707	35,204,839	73,406,378
$ 214,002,343	$ 227,650,665	$ 242,895,169	$ 272,441,647	$ 296,749,753	$ 336,149,249
$ 200,043,626	$ 220,179,734	$ 190,161,873	$ 238,330,630	$ 257,415,432	$ 271,838,921
31,011,072	34,051,195	33,452,385	15,786,725	14,417,207	13,641,495
77,810,482	63,110,632	116,877,608	102,615,412	92,480,560	75,311,930
$ 308,865,180	$ 317,341,561	$ 340,491,866	$ 356,732,767	$ 364,313,199	$ 360,792,346
$ 352,643,365	$ 381,005,285	$ 362,975,990	$ 426,701,090	$ 470,960,834	$ 487,612,661
68,197,350	74,486,154	74,989,981	62,080,205	62,416,719	60,610,626
102,026,808	89,500,787	145,421,064	140,393,119	127,685,399	148,718,308
$ 522,867,523	$ 544,992,226	$ 583,387,035	$ 629,174,414	$ 661,062,952	$ 696,941,595

City of Redding
Change in Net Assets
Last Nine Fiscal Years*
(accrual basis of accounting)

	Fiscal Year		
	2000-01	2001-02	2002-03
Expenses			
Governmental Activities			
General government	$ 4,879,222	$ 5,614,465	$ 6,355,591
Police	16,188,282	17,233,269	18,636,632
Fire	8,557,370	9,031,551	11,674,640
Public Works	8,554,010	9,238,103	9,227,910
Planning	3,357,226	3,196,894	3,468,665
Recreation and culture	3,665,398	8,534,432	7,237,374
Community development	8,227,515	8,479,611	8,829,726
Interest on long-term debt	3,318,874	3,229,379	3,452,316
Total governmental activities expenses	56,747,897	64,557,704	68,882,854
Business-Type Activities			
Electric	208,374,716	102,382,759	101,853,586
Water	8,744,949	9,291,738	9,424,821
Wastewater	9,415,315	9,805,825	10,023,354
Storm drainage	1,405,689	1,509,788	1,523,000
Solid waste	10,393,622	11,674,164	12,125,866
Transportation	6,504,218	6,901,577	7,680,703
Convention center	1,957,669	2,042,346	2,059,258
Total business-type activities expenses	246,796,178	143,608,197	144,690,588
Total primary government expenses	$ 303,544,075	$ 208,165,901	$ 213,573,442
Program Revenues			
Governmental Activities			
Charges for services:			
General government	$ 1,697,088	$ 1,934,680	$ 2,014,549
Public works	1,093,682	1,192,243	1,141,885
Planning	2,045,050	2,194,469	2,594,993
Other activities	1,590,604	1,842,303	1,803,948
Operating grants and contributions	14,110,520	14,410,025	13,883,419
Capital grants and contributions	7,120,128	8,608,113	14,922,344
Total governmental activities program revenues	27,657,072	30,181,833	36,361,138
Program Revenues			
Business-type activities			
Charges for services:			
Electric	238,633,524	104,470,688	91,766,907
Water	9,049,847	10,312,159	11,314,044
Wastewater	8,254,528	9,039,453	9,492,114
Solid waste	13,172,232	14,343,371	14,858,534
Transportation	2,016,152	2,248,135	2,116,890
Other activities	1,227,424	1,421,133	1,353,358
Operating grants and contributions	2,597,050	2,959,025	3,235,428
Capital grants and contributions	9,830,668	13,140,958	10,186,180
Total business-type activities program revenues	284,781,425	157,934,922	144,323,455
Total primary government program revenues	$ 312,438,497	$ 188,116,755	$ 180,684,593
Net (Expense)/Revenue			
Governmental activities	$ (29,090,825)	$ (34,375,871)	$ (32,521,716)
Business-type activities	37,985,247	14,326,725	(367,133)
Total primary government	$ 8,894,422	$ (20,049,146)	$ (32,888,849)

Fiscal Year					
2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 6,460,999	$ 7,823,328	$ 6,043,808	$ 5,840,837	$ 5,168,803	$ 7,726,275
21,554,360	22,639,639	22,938,459	24,388,239	27,716,907	28,282,449
12,568,277	13,614,525	13,896,656	14,587,056	17,618,698	17,189,677
9,616,568	8,439,622	11,350,449	11,427,486	10,339,597	12,753,802
4,202,068	4,871,248	3,894,286	4,869,938	5,750,052	5,634,317
5,732,598	9,075,527	8,390,240	8,650,759	10,964,863	11,598,055
11,707,216	15,516,690	16,349,078	13,036,414	15,160,077	20,803,513
3,976,239	3,731,476	4,110,575	4,743,424	5,367,360	5,168,490
75,818,325	85,712,055	86,973,551	87,544,153	98,086,357	109,156,578
118,023,084	133,187,082	131,048,566	139,338,821	163,293,058	173,451,814
10,447,116	9,779,384	10,878,391	12,022,834	12,570,242	12,646,773
11,743,540	10,609,067	11,718,895	12,517,219	13,378,188	13,686,453
1,765,074	1,510,206	1,846,993	2,122,729	2,563,858	2,498,787
15,880,622	14,617,316	16,433,051	17,130,494	18,702,626	18,228,705
8,214,988	8,301,803	9,172,005	9,159,483	9,838,187	10,340,798
2,680,425	2,503,314	2,578,833	2,495,721	2,952,600	2,966,577
168,754,849	180,508,172	183,676,734	194,787,301	223,298,759	233,819,907
$ 244,573,174	$ 266,220,227	$ 270,650,285	$ 282,331,454	$ 321,385,116	$ 342,976,485
$ 2,105,485	$ 2,293,668	$ 4,669,323	$ 5,933,921	$ 5,215,942	$ 5,465,585
936,885	1,013,954	269,504	219,567	1,279,365	492,040
2,575,763	3,059,516	3,204,622	2,609,623	2,900,666	1,595,092
2,319,156	2,433,455	2,064,225	2,976,895	4,153,936	4,044,057
14,347,489	16,331,121	17,524,126	18,594,929	16,262,587	17,411,451
39,516,056	11,837,627	10,834,923	18,918,861	22,032,319	52,890,580
61,800,834	36,969,341	38,566,723	49,253,796	51,844,815	81,898,805
124,669,322	127,893,208	140,336,132	133,308,642	152,834,481	157,529,886
12,174,497	11,966,513	12,540,136	14,264,218	14,550,142	14,128,755
10,459,146	11,806,688	12,709,979	15,768,736	17,128,355	17,190,847
15,727,879	15,984,667	16,608,413	17,317,785	17,985,385	17,201,828
2,063,966	2,363,703	2,558,384	2,863,235	3,037,429	3,151,051
1,706,783	1,661,984	1,660,073	1,788,340	2,202,160	2,168,958
3,594,562	4,000,415	4,152,460	5,141,381	4,311,285	4,799,554
10,080,012	17,315,640	15,773,165	17,199,684	13,702,005	10,276,508
180,476,167	192,992,818	206,338,742	207,652,021	225,751,242	226,447,387
$ 242,277,001	$ 229,962,159	$ 244,905,465	$ 256,905,817	$ 277,596,057	$ 308,346,192
$ (14,017,491)	$ (48,742,714)	$ (48,406,828)	$ (38,290,357)	$ (46,241,542)	$ (27,257,773)
11,721,318	12,484,646	22,662,008	12,864,720	2,452,483	(7,372,520)
$ (2,296,173)	$ (36,258,068)	$ (25,744,820)	$ (25,425,637)	$ (43,789,059)	$ (34,630,293)

City of Redding
Change in Net Assets
Last Nine Fiscal Years*
(accrual basis of accounting) (Continued)

	Fiscal Year		
	2001-02	2001-02	2002-03
General Revenue and Other Changes in Net Assets			
Governmental Activities			
Taxes			
Sales taxes	$ 16,781,979	$ 18,004,770	$ 19,327,138
Property taxes	11,018,519	12,055,646	13,275,953
In lieu	3,776,210	4,765,460	5,047,821
Transient and occupancy taxes	2,766,956	3,027,116	3,178,073
Motor vehicle in-lieu taxes	4,251,566	4,619,185	4,833,438
Franchise taxes	842,605	826,600	794,739
Other taxes	685,730	924,976	1,037,862
Investment earnings	4,449,915	3,572,026	3,276,758
Gain on sale of property	180,625	2,066,225	231,587
Miscellaneous	139,454	18,116	25,597
Transfers	(1,170,596)	(4,273,590)	(2,852,381)
Other items	(72,105)	-	-
Total governmental activities	43,650,858	45,606,530	48,176,585
Business-type activities			
Investment earnings	6,106,628	5,752,313	3,940,608
Gain on sale of property	848,775	(883,213)	(430,458)
Miscellaneous	-	-	250
Transfers	1,170,596	4,273,590	2,852,381
Other items	-	-	-
Total business activities	8,125,999	9,142,690	6,362,781
Total primary government	$ 51,776,857	$ 54,749,220	$ 54,539,366
Change in Net Assets			
Governmental activities	$ 14,560,033	$ 11,230,659	$ 15,654,869
Adjustments	6,514,300	(7)	(7)
Total governmental activities	21,074,333	11,230,652	15,654,862
Business-type activities	46,111,246	23,469,415	5,995,648
Adjustments - business activities	(4,150,541)	(1,554,377)	1,935,651
Total business activities	41,960,705	21,915,038	7,931,299
Total changes in net assets - primary government	$ 63,035,038	$ 33,145,690	$ 23,586,161

Source: City of Redding Comprehensive Annual Financial Report
* Data not available prior to implementation of GASB 34 in 2000-01

Fiscal Year					
2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 20,297,843	$ 21,696,313	$ 23,857,074	$ 23,184,177	$ 21,647,441	$ 19,375,971
16,965,869	17,900,941	25,735,494	30,017,785	33,238,207	34,820,263
5,753,770	-	-	-	-	-
3,275,325	3,512,022	3,747,553	3,966,328	3,957,034	3,625,101
3,960,686	6,971,460	611,129	479,622	384,059	260,061
828,940	827,175	916,818	997,756	967,150	992,321
1,129,334	1,329,072	1,364,821	1,221,396	1,150,466	996,583
2,031,348	3,106,598	3,355,569	5,916,734	6,492,706	4,065,026
(337,650)	-	-	-	-	-
68,789	120,092	103,125	101,000	100,000	100,000
(4,180,250)	7,666,014	3,794,368	1,941,445	2,612,585	2,421,943
49,794,004	63,129,687	63,485,951	67,826,243	70,549,648	66,657,269
1,866,949	3,657,749	3,785,359	8,459,278	7,738,038	6,272,631
(42,005)	-	-	-	-	-
-	-	-	-	-	-
4,180,250	(7,666,014)	(3,794,368)	(1,941,445)	(2,612,585)	(2,421,943)
(150,684)	-	-	4,685	2,496	979
5,854,510	(4,008,265)	(9,009)	6,522,518	5,127,949	3,851,667
$ 55,648,514	$ 59,121,422	$ 63,476,942	$ 74,348,761	$ 75,677,597	$ 70,508,936
$ 35,776,513	$ 14,386,973	$ 15,079,123	$ 29,535,886	$ 24,308,106	$ 39,399,496
(237,621)	(738,651)	165,381	10,592	-	-
35,538,892	13,648,322	15,244,504	29,546,478	24,308,106	39,399,496
17,575,828	8,476,381	22,652,999	19,387,238	7,580,432	(3,520,853)
		497,306	(3,146,337)	-	-
17,575,828	8,476,381	23,150,305	16,240,901	7,580,432	(3,520,853)
$ 53,114,720	$ 22,124,703	$ 38,394,809	$ 45,787,379	$ 31,888,538	$ 35,878,643

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

	Fiscal Year			
	1999-00	2000-01	2001-02	2002-03
General Fund				
Reserved	$ 5,434,312	$ 4,950,873	$ 5,147,964	$ 4,330,021
Unreserved	4,000,580	11,506,021	16,570,439	10,767,456
Total general fund	9,434,892	16,456,894	21,718,403	15,097,477
All Other Governmental Funds				
Reserved	$ 22,532,470	$ 16,822,908	$ 36,372,262	$ 38,043,606
Unreserved, designated for, reported in:				
Special revenue funds	1,384,164	339,743	769,476	698,876
Capital projects funds	14,661,948	1,992,295	15,707,201	21,637,855
Unreserved, undesignated, reported in:				
Special revenue funds	7,657,444	20,877,784	4,283,923	2,548,815
Capital projects funds	(8,110)	15,502,175	2,788,923	(593,847)
Debt service funds	(744,057)	(810,260)	(895,768)	9,101,683
Total all other governmental funds	$ 45,483,859	$ 54,724,645	$ 59,026,017	$ 71,436,988

Source: City of Redding Comprehensive Annual Financial Report

Fiscal Year					
2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 5,604,846	$ 7,960,371	$ 5,088,973	$ 5,836,083	$ 6,302,324	$ 4,905,691
20,908,746	14,051,582	14,409,873	17,475,454	13,430,337	5,139,052
26,513,592	22,011,953	19,498,846	23,311,537	19,732,661	10,044,743
$ 42,922,062	$ 43,711,331	$ 49,982,576	$ 41,495,690	$ 57,794,053	$ 61,453,924
4,925,613	14,667,177	14,531,667	8,939,932	11,306,543	8,933,742
15,120,183	24,925,785	26,139,758	62,437,942	40,518,292	21,667,051
3,130,866	877,114	2,435,338	7,776,230	6,706,906	5,324,788
(9,839,024)	296,773	675,765	7,582,682	8,782,898	14,820,724
14,674,603	2,465,914	(1,271,925)	(1,267,509)	(1,241,046)	(1,213,848)
$ 70,934,303	$ 86,944,094	$ 92,493,179	$ 126,964,967	$ 123,867,646	$ 110,986,381

City of Redding
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year			
	1999-00	2000-01	2001-02	2002-03
Revenues				
Taxes	$ 29,362,518	$ 31,678,833	$ 34,765,295	$ 37,607,285
Licenses and permits	3,124,541	3,371,388	1,657,421	1,822,042
Intergovernmental revenues	20,735,492	19,664,597	20,029,676	24,465,420
Charges for services	1,507,658	1,426,356	1,906,412	2,128,300
Fines	546,628	659,359	812,678	852,813
Use of money and property	6,315,439	6,658,522	7,772,780	8,212,771
Interest revenue	2,750,493	3,978,977	3,140,148	2,922,392
Special assessments	1,862,667	1,703,404	1,348,315	1,599,284
Miscellaneous	1,485,756	2,454,392	4,297,682	3,845,229
Total revenues	67,691,192	71,595,828	75,730,407	83,455,536
Expenditures				
Community development	8,445,784	9,258,838	8,802,958	10,888,839
General government	4,792,570	5,060,328	5,675,997	6,339,169
Public safety	22,319,512	23,725,083	25,128,752	29,378,432
Public works	3,605,805	4,509,068	4,430,424	4,184,655
Planning	2,876,760	3,242,427	3,134,055	3,409,124
Recreation and culture	2,722,836	2,950,432	3,742,962	3,661,822
Midtown Mall	114,543	-	-	-
Capital outlay	18,747,635	6,643,923	17,094,408	16,912,493
Debt service:				
Principal retirement	2,358,643	2,363,166	1,962,251	2,770,161
Interest and fiscal charges	3,439,789	3,667,726	3,517,467	3,490,765
Bond issuance costs	13,530	11,480	-	246,818
Total expenditures	69,437,407	61,432,471	73,489,274	81,282,278
Excess of revenues over (under) expenditures	(1,746,215)	10,163,357	2,241,133	2,173,258

Fiscal Year					
2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
$ 42,463,395	$ 43,856,582	$ 55,488,972	$ 59,524,861	$ 60,575,049	$ 59,231,951
1,868,324	2,159,509	2,244,909	1,589,747	1,409,549	919,484
26,857,196	29,538,610	20,651,015	25,835,843	32,130,286	44,205,365
2,343,447	2,698,496	3,087,242	3,730,253	4,828,400	3,693,777
985,786	1,063,502	800,275	926,522	1,089,317	1,333,019
9,255,389	3,679,150	5,452,555	5,639,155	6,318,669	6,434,661
1,833,241	2,854,682	3,167,557	5,526,660	6,120,195	3,624,089
1,522,665	2,887,274	1,524,188	1,464,323	1,671,937	1,684,815
5,197,696	6,145,044	8,676,756	6,853,688	4,936,950	6,115,887
92,327,139	94,882,849	101,093,469	111,091,052	119,080,352	127,243,048
12,439,346	14,226,661	17,004,289	14,262,851	15,625,733	6,997,295
6,403,628	6,648,418	6,994,486	7,296,375	6,926,626	21,607,335
31,269,917	35,625,481	37,684,535	38,417,064	42,538,068	44,305,381
4,750,695	5,915,842	7,690,555	5,920,843	5,878,230	7,861,504
4,031,899	4,859,683	4,392,294	4,714,858	5,419,587	5,437,393
4,459,732	5,755,954	5,051,006	5,719,996	7,418,515	7,439,993
-	-	-	-	-	-
21,921,650	13,206,504	15,007,032	26,539,273	35,872,742	50,136,882
2,016,759	4,012,357	4,562,460	4,324,708	5,533,870	5,710,487
4,076,484	3,901,201	4,133,488	4,493,534	5,473,145	5,231,749
982,578	349,311	-	677,851	5,650	-
92,352,688	94,501,412	102,520,145	112,367,353	130,692,166	154,728,019
(25,549)	381,437	(1,426,676)	(1,276,301)	(11,611,814)	(27,484,971)

City of Redding
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year			
	1999-00	2000-01	2001-02	2002-03
Other Financing Sources (Uses)				
Sale of capital asset	251,012	260,698	1,093,768	280,637
Financing proceeds	190,000	111,356	1,094,430	235,193
Long-term debt issued	-	-	9,500,000	7,977,616
Bond discount	-	-	(92,860)	(40,250)
Premium on bonds issued	-	-	-	17,271
Proceeds of refunding bonds	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	(2,001,298)
Transfers in	8,381,064	5,104,909	4,956,979	15,910,603
Transfers out	(9,646,968)	(6,275,505)	(9,230,569)	(18,762,985)
Total other financing sources (uses)	(824,892)	(798,542)	7,321,748	3,616,787
Net change in fund balances	$ (2,571,107)	$ 9,364,815	$ 9,562,881	$ 5,790,045
Fund Balances (deficit), beginning of year, as originally stated	$ 57,484,302	$ 54,918,751	$ 71,181,539	$ 80,744,420
Prior period adjustment	3,762	1,712,194	-	-
Change in accounting principal	-	5,185,779	-	-
Fund Balances (deficit), beginning of year, as restated	57,488,064	61,816,724	71,181,539	80,744,420
Residual equity transfer in	1,794	-	-	-
Fund balances (deficit), end of year	$ 54,918,751	$ 71,181,539	$ 80,744,420	$ 86,534,465
Debt service as a percentage of noncapital expenditures*		0%	0%	0%

* Information on capital expenditures is only available after implementation of GASB 34 in 2000-01.
(Source: City of Redding Comprehensive Annual Financial Report)

Fiscal Year					
2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
77,735	33,058	838,344	696,456	1,851,372	233,399
-	290,891	39,878	250,000	400,000	-
44,430,000	16,970,000	-	36,415,000	-	-
(51,342)	-	-	(266,824)	-	-
365,639	611,624	-	76,427	-	-
-	-	-	-	-	-
(29,465,181)	(10,548,316)	-	-	-	-
18,368,202	33,800,013	15,230,516	11,213,114	11,351,753	19,768,205
(22,548,453)	(29,764,223)	(11,646,084)	(8,738,168)	(8,667,508)	(15,085,816)
11,176,600	11,393,047	4,462,654	39,646,005	4,935,617	4,915,788
$ 11,151,051	$ 11,774,484	$ 3,035,978	$ 38,369,704	$ (6,676,197)	$ (22,569,183)
$ 86,534,465	$ 97,447,895	$ 108,956,047	$ 108,956,047	$ 150,276,504	$ 143,600,307
(237,621)	(266,332)	-	(85,225)	-	-
-	-	-	-	-	-
86,296,844	97,181,563	108,956,047	108,870,822	150,276,504	143,600,307
-	-	-	-	-	-
$ 97,447,895	$ 108,956,047	$ 111,992,025	$ 147,240,526	$ 143,600,307	$ 121,031,124
0%	0%	0%	0%	0%	10%

City of Redding
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

Fiscal Year	Property Tax	Transient Occupancy Tax	Sales Tax	Other Taxes	Total
1999-2000	9,927	2,632	15,442	1,362	29,363
2000-2001	11,014	2,767	16,370	1,528	31,679
2001-2002	11,982	3,027	18,005	1,752	34,766
2002-2003	13,269	3,178	19,327	1,833	37,607
2003-2004	16,932	3,275	20,298	1,959	42,464
2004-2005	17,913	3,512	20,276	2,156	43,857
2005-2006	25,885	3,748	23,575	2,281	55,489
2006-2007	29,781	3,966	23,558	2,220	59,525
2007-2008	32,884	3,957	21,616	2,118	60,575
2008-2009	34,311	3,625	19,307	1,989	59,232

Source: City of Redding Comprehensive Annual Financial Report

City of Redding
Revenue Base - Own Source Revenue
Metered Customers and MWHs Sold
Last Six Fiscal Years*

	Fiscal Year ended June 30,					
	2004		2005		2006	
Type of Customer	Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)
Residential	35,547	374,713	36,259	363,204	35,729	383,508
Commercial	5,324	334,195	4,948	336,012	4,957	344,753
Industrial	303	16,899	319	17,231	318	16,865
Other	663	43,422	808	45,594	765	46,027
Total	41,837	769,229	42,334	762,041	41,769	791,153

	Fiscal Year ended June 30,		Fiscal Year ended June 30,		Fiscal Year ended June 30,	
	2007		2008		2009	
Type of Customer	Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)
Residential	36,264	388,390	36,486	381,654	36,601	386,638
Commercial	5,019	350,435	5,063	345,468	5,068	344,764
Industrial	333	16,808	341	15,967	356	14,934
Other	800	47,376	877	48,248	882	45,936
Total	42,416	803,009	42,767	791,337	42,907	792,272

* Data prior to the 2003-04 fiscal year is not readily available

Source: Electric Utiity CEC 1306 reports to California Energy Commission

City of Redding
Electric Utility Rates
Last Six Fiscal Years*

	Residential		Commercial			
			Monthly Base Rate		Energy charge	
Fiscal Year	Monthly Base Rate	Energy charge per kwh	Small Commercial (< 15,000 kwh)	Large Commercial (> 15,000 kwh)	All kwh	Per kwh in excess of 15,000
2004	5.46	0.0848	5.41	12.48	0.0950	0.0441
2005	5.68	0.0882	5.63	12.98	0.0988	0.0459
2006	5.68	0.0882	5.63	12.98	0.0988	0.0459
2007	6.01	0.0934	5.96	13.74	0.1046	0.0486
2008	6.36	0.989	6.31	14.54	0.1107	0.0514
2009	6.86	0.1067	6.86	15.7	0.1288	0.0598

* Data prior to the 2003-04 fiscal year is not readily available

Source: City of Redding Utility Rate Schedules

	Industrial			
	On Peak Energy Charge		Off Peak Energy Charge	
Monthly Base Rate	All kwh	Per kWh in excess of 15,000	If off-peak demand exceeds on-peak demand	If off-peak demand is less than on-peak demand
26.00	0.0964	0.0447	0.0378	0.0447
27.04	0.1003	0.0465	0.0393	0.0465
27.04	0.1003	0.0465	0.0393	0.0465
28.62	0.1062	0.0492	0.0416	0.0492
30.29	0.1124	0.0521	0.0440	0.0521
32.65	0.1212	0.0562	0.0475	0.0562

City of Redding
Principal Electric Utility Payers
Fiscal Years 2008-09 and 2005-06*

	June 30, 2009 Fiscal Year			June 30, 2006 Fiscal Year		
Utility Payer	2009 Utilities Paid	Rank	Percentage of City Total Utilities Paid	2006 Utilities Paid	Rank	Percentage of City Total Utilities Paid
Customer #1	$4,073,611	1	4.72%	$3,465,972	1	4.38%
Customer #2	1,391,522	2	1.61%	1,300,615	2	1.64%
Customer #3	1,202,742	3	1.39%	999,336	3	1.26%
Customer #4	921,653	4	1.07%	862,444	4	1.09%
Customer #5	668,447	5	0.77%			
Customer #6	568626	6	0.66%			
Customer #7	531,726	7	0.62%	445,379	6	0.56%
Customer #8	510,218	8	0.59%	478,871	5	0.60%
Customer #9	485,343	9	0.56%	426,104	8	0.54%
Customer #10	475,330	10	0.55%	429,352	7	0.54%
Customer #11				406,238	9	0.51%
Customer #12				391,892	10	0.49%
Total	$10,829,218		12.54%	$9,206,203		11.61%

* Data nine years previous is not readily available

Source: City of Redding Electric Utility

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City of Redding
Ratios of Outstanding Debt by Type
Last Nine Fiscal Years*
(amounts expressed in thousands, except per capita amount)

	Governmental Activities				
Fiscal Year Ending	Revenue Bonds	Tax Allocation Bonds	Loans	Special Assessment Bonds	Capital Leases
2001	20,836	22,405	-	11,506	331
2002	20,301	31,370	511	10,694	973
2003	25,852	30,395	246	9,817	1,009
2004	28,090	42,925	194	8,940	773
2005	34,426	41,425	138	7,367	839
2006	32,892	39,885	78	6,160	688
2007	52,688	53,300	52	5,276	715
2008	50,260	51,420	34	4,393	868
2009	47,838	49,475	16	3,452	559

* Data not available prior to implementation of GASB 34 in 2000-01

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Discounts, premiums and deferred gains/losses on refundings have not been added into the amounts shown above.

(1) See the Schedule of Demographics for population information by year and personal income.

Business-Type Activities								
General Obligation Bonds	Revenue Bonds	Certificates of Participation	Loans	Special Assessment Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
1,979	58,154	92,058	600	278	810	208,956	10.36%	2,531
1,629	56,089	127,648	5,241	253	796	255,504	11.76%	3,022
700	55,643	106,600	15,536	227	681	246,705	11.17%	2,879
350	45,275	102,830	15,108	200	561	245,246	10.68%	2,810
-	42,304	98,915	14,433	171	436	240,454	9.67%	2,718
-	39,713	125,560	13,740	140	429	259,286	10.02%	2,908
-	37,057	121,355	16,258	108	375	287,183	10.22%	3,189
-	34,330	192,940	22,562	74	317	357,198	12.17%	3,947
-	31,532	188,285	35,940	-	256	357,352	11.94%	3,931

City of Redding
Computation of Direct and Overlapping Debt
As of June 30, 2009

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Redding (4)	Amount Applicable to City of Redding
Direct:			
City of Redding: (1)			
City of Redding	$3,442,000	100.000%	$3,442,000
City of Redding 1915 Act Bonds			0
Total direct debt	3,442,000		3,442,000
Overlapping:			
Redding Redevelopment Agency (1)	49,475,000	100.000%	49,475,000
County of Shasta: (2)			
Shasta Joint Powers Financing Authority	49,290,000	50.671%	24,975,736
Shasta County Schools: (2)			
Enterprise School District	24,969,829	99.117%	24,749,345
Shasta Union High	26,080,019	68.939%	17,979,304
Gateway School	20,799,967	40.317%	8,385,923
Redding School District	17,095,000	99.234%	16,964,052
Columbia School District	4,035,000	74.661%	3,012,571
Shasta College	31,255,000	50.819%	15,883,478
Cascade School	3,497,733	2.222%	77,720
Pacheco School	3,504,956	57.044%	1,999,367
Grant School	1,445,581	4.636%	67,017
Junction School	463,805	1.068%	4,953
Centerville (3)	152,162	24.812%	37,754
Total overlapping debt	232,064,052		163,612,222
Total direct and overlapping debt	$235,506,052		$167,054,222

Source: (1) City of Redding
(2) Shasta County Auditor-Controller's Office
(3) Centerville District Office
(4) Percentages for Computation of Direct and Overlapping Debt Calculated using the Shasta County valuations by taxing district for fiscal year 2007-08 (2008-09 for Pacheco and Cascade new debt issues).

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City of Redding
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year				
	2000	2001	2002	2003	2004
Debt Limit	$ 149,835	$ 156,447	$ 165,865	$ 178,629	$ 193,720
Total net debt applicable to limit	2,302	1,979	1,629	700	350
Legal debt margin	$ 147,533	$ 154,468	$ 164,236	$ 177,929	$ 193,370
Total net debt applicable to the limit as a percentage of debt limit	1.54%	1.26%	0.98%	0.39%	0.18%

Note: Debt limit of 15% is based on assessed valuation being equivalent to 25% of full market valuation. In 1981-1982, assessed valuation became equal to full market valuation. As a result, 1981-1982 and subsequent years' debt limit is computed at 1/4 of 15% or 3.75% of full market valuation.

(1) Assessed valuation includes supplemental tax rolls.

Fiscal Year				
2005	2006	2007	2008	2009
$ 211,455	$ 233,010	$ 262,662	$ 286,996	$ 300,235
0	0	0	0	0
$ 211,455	$ 233,010	$ 262,662	$ 286,996	$ 300,235
0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2008-09

Assessed Value (1)	$ 8,006,276
Debt Limit - 3.75% of Total Assessed Value	$ 300,235
Amount of Debt Applicable to the Limit	0
Legal Debt Margin	$ 300,235

City of Redding
Wastewater Revenue Bond Coverage
Last Ten Fiscal Years

	Fiscal Year Ending				
	2000	2001	2002	2003	2004
Operating Revenue	7,795,795	8,254,527	9,039,453	9,492,114	10,459,146
Other Revenue	175	-	90	49,248	470
Interest Revenue	574,200	323,882	732,672	599,133	229,254
Adjusted Revenue	8,370,170	8,578,409	9,772,215	10,140,495	10,688,870
25% of Adjusted Revenue	2,092,543	2,144,602	2,443,054	2,535,124	2,672,218
Actual Connection Fees	1,544,219	1,664,479	1,952,468	2,615,896	2,547,755
Allowable Connection Fees	1,544,219	1,664,479	1,952,468	2,535,124	2,547,755
Total Revenue	9,914,389	10,242,888	11,724,683	12,675,619	13,236,625
Operating Expense	(7,605,015)	(7,837,138)	(8,336,914)	(8,609,979)	(10,057,528)
Add back In-Lieu	776,450	784,220	894,230	903,180	1,337,400
Add back Depreciation/Amortization	2,764,191	2,799,259	2,843,330	2,957,227	3,389,830
Net Operating Expense	(4,064,374)	(4,253,659)	(4,599,354)	(4,749,572)	(5,330,298)
Net Wastewater Revenues*	5,850,015	5,989,229	7,125,329	7,926,047	7,906,327
Total Debt Service	2,163,737	2,163,110	2,164,639	1,000,984	2,916,912
Debt Coverage Ratio	**2.70**	**2.77**	**3.29**	**7.92**	**2.71**

* Excludes interest expense and gain/loss on disposal of assets.

Fiscal Year Ending				
2005	2006	2007	2008	2009
11,806,688	12,700,189	15,696,939	17,108,790	17,165,662
-	12,459	88,188	19,663	1,151,886
585,167	613,530	1,473,122	1,605,727	1,266,665
12,391,855	13,326,178	17,258,249	18,734,180	19,584,213
3,097,964	3,331,545	4,314,562	4,683,545	4,895,958
2,812,014	3,458,536	2,941,713	2,933,424	1,680,074
2,812,014	3,331,545	2,941,713	2,933,424	1,680,074
15,203,869	16,657,723	20,199,962	21,667,604	21,264,287
(9,392,352)	(10,551,395)	(11,277,304)	(12,239,379)	(12,894,743)
1,237,100	751,380	-	-	-
3,488,037	3,564,164	3,488,891	3,817,656	4,021,167
(4,667,215)	(6,235,851)	(7,788,413)	(8,421,723)	(8,873,576)
10,536,654	10,421,872	12,411,549	13,245,881	(12,390,711)
2,915,058	2,925,508	3,042,063	3,040,868	3,309,313
3.61	**3.56**	**4.08**	**4.36**	**3.74**

City of Redding
Water Revenue Bond Coverage
Last Ten Fiscal Years

	Fiscal Year Ending			
	2000	2001	2002	2003
Operating Revenue	7,984,920	9,049,847	10,312,158	11,314,044
Other Revenue	31,423	62,249	234,782	137,302
Interest Revenue	385,907	657,277	614,900	478,117
Adjusted Revenue	8,402,250	9,769,373	11,161,840	11,929,463
25% of Adjusted Revenue	2,100,563	2,442,343	2,790,460	2,982,366
Actual Connection Fees	891,033	1,054,555	1,305,576	1,884,456
Allowable Connection Fees	891,033	1,054,555	1,305,576	1,884,456
Total Revenue	9,293,283	10,823,928	12,467,416	13,813,919
Operating Expense	(7,543,108)	(7,809,305)	(8,432,657)	(8,691,621)
Add back In-Lieu	530,730	536,040	607,830	613,900
Add back Depreciation/Amortization	1,820,838	1,854,238	1,924,400	1,924,183
Net Operating Expense	(5,191,540)	(5,419,027)	(5,900,427)	(6,153,538)
Net Water Revenues*	4,101,743	5,404,901	6,566,989	7,660,381
Total Debt Service	1,696,270	1,697,930	1,662,060	682,851
Debt Coverage Ratio	**2.42**	**3.18**	**3.95**	**11.22**

* Excludes interest expense and gain/loss on disposal of assets.

Fiscal Year Ending					
2004	2005	2006	2007	2008	2009
12,174,497	11,862,077	12,403,356	13,824,991	14,341,120	13,914,397
139,532	291,151	821,377	661,080	209,022	696,967
207,585	506,373	517,974	1,139,710	907,870	734,418
12,521,614	12,659,601	13,742,707	15,625,781	15,458,012	15,345,782
3,130,404	3,164,900	3,435,677	3,906,445	3,864,503	3,836,446
1,506,985	1,541,114	3,047,465	2,779,003	2,049,142	1,437,290
1,506,985	1,541,114	3,047,465	2,779,003	2,049,142	1,437,290
14,028,599	14,200,715	16,790,172	18,404,784	17,507,154	16,783,072
(9,472,975)	(9,288,618)	(10,321,364)	(11,397,057)	(12,280,801)	(12,456,147)
739,850	754,450	455,230	-	-	-
2,073,982	2,166,769	2,277,378	2,431,867	2,705,995	3,020,054
(6,659,143)	(6,367,399)	(7,588,756)	(8,965,190)	(9,574,806)	(9,436,093)
7,369,456	7,833,316	9,201,416	9,439,594	7,932,348	7,346,979
1,600,112	1,602,593	1,206,493	1,217,893	1,228,088	1,224,838
4.61	**4.89**	**7.63**	**7.75**	**6.46**	**6.00**

City of Redding
Electric Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	Revenue	Expense	Available Reserves	Funds Available for Debt Service
1999-2000	120,936,162	74,156,644	0	46,779,518
2000-2001	239,317,954	188,054,627	0	51,263,327
2001-2002	107,883,690	83,450,503	0	24,433,187
2002-2003	93,712,191	79,638,278	27,410,488	41,484,401
2003-2004	125,727,720	95,701,838	37,774,186	67,800,068
2004-2005	128,446,969	114,995,623	28,789,991	42,241,337
2005-2006	142,606,354	112,583,106	46,005,959	76,029,207
2006-2007	138,035,984	120,052,752	41,649,569	59,632,801
2007-2008	156,839,571	143,390,672	38,929,919	52,378,818
2008-2009	157,477,449	154,020,919	37,000,967	40,457,497

* Current debt service coverage excludes available reserves.

Source: Electric Utility Bond Disclosure Reports

Debt Service	Debt Service Coverage	Current Debt Service Coverage*
13,782,831	3.39	3.39
11,417,939	4.49	4.49
9,397,874	2.60	2.60
9,182,291	4.52	1.53
8,519,088	7.96	3.52
8,629,285	4.90	1.56
8,989,562	8.46	3.34
9,573,078	6.23	1.88
9,083,139	5.77	1.48
5,067,968	7.98	0.68

City of Redding
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Square Miles (1)	Population (2)	Personal Income (thousands of dollars)	Per Capita Personal Income (3)	Unemployment Rates (4)
1999-2000	60.03	79,593	1,854,915	23,305	5.80
2000-2001	60.03	82,543	2,017,599	24,443	5.70
2001-2002	59.77	84,560	2,172,093	25,687	6.90
2002-2003	59.82	85,703	2,208,823	25,773	7.50
2003-2004	59.82	87,280	2,295,813	26,304	7.50
2004-2005	59.82	88,459	2,485,963	28,103	7.10
2005-2006	59.82	89,162	2,586,590	29,010	6.30
2006-2007	59.82	89,682	2,810,455	31,338	7.00
2007-2008	59.82	90,192	2,935,118	32,543	9.30
2008-2009	59.82	90,898	2,992,362	32,920	15.40

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

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

City of Redding

Principal Employers in the City of Redding
Current Year and Nine Years Ago

		2009			2000		
Employer		Employees	Rank	Percentage of Total Area Employment	Employees	Rank	Percentage of Total Area Employment
Shasta County	*	1,925	1	2.66%	1,729	1	2.38%
Mercy Medical Center		1,600	2	2.21%	1,570	2	2.16%
City of Redding	**	860	3	1.19%	749	6	1.03%
Shasta Community College		700	4	0.97%	510	9	0.70%
Shasta Regional Medical Center		600	5	0.83%			
Blue Shield of California		430	6	0.59%			0.00%
Wal Mart		375	7	0.52%			0.00%
Redding Rancheria		370	8	0.51%			0.00%
United States Post Office		300	9	0.41%			0.00%
Shasta Head Start		250	10	0.35%			
Redding Medical Center					1,209	3	1.66%
Shasta Nursery					850	4	1.17%
Shasta Paper Co.					820	5	1.13%
Sierra Pacific Industries					650	7	0.89%
J & A Food Service					600	8	0.82%
Plainwell Paper Co.					452	10	0.62%
Total		7,410			9,139		

* Full-time equivalent budgeted positions. This includes employees who work outside of the City.
** Full-time budgeted positions.
In 2008-09 there were 860 full-time and 319 part-time/temporary positions filled.
In 1999-00 there were 749 full-time and 230 part-time/temporary positions filled.

Source: Derived from the Employment Development Department's (EDD) listing of the top 25 employers in Shasta County. The initial listing was pared down to ten, removing employers outside of the City and adding certain employers who do not report to the local EDD. The 2000 ranking is primarily based upon what was reported in the 2000 C.A.F.R. and therefore includes employers outside of the City.

City of Redding

Full-Time Budgeted City Government Employees by Function/Program

Last Six Fiscal Years*

	Budgeted Full-time Employees at June 30,					
	2004	2005	2006	2007	2008	2009
Function/Program						
General government	109	106	106	107	106	104
Police	165	167	171	172	173	167
Fire	78	81	81	81	84	81
Public works	57	64	66	61	69	69
Planning	47	47	47	52	52	45
Recreation and culture	29	29	29	28	29	27
Community development	24	24	24	24	22	23
Electric	162	166	168	169	174	180
Water	30	30	30	31	27	27
Wastewater	29	29	31	32	31	31
Storm Drainage	5	4	4	5	6	6
Solid Waste	73	76	77	78	80	81
Transportation	7	7	7	7	7	7
Convention center	13	13	13	13	13	12
	828	843	854	860	873	860

* Data prior to the 2003-04 fiscal year is not readily available

Source: City of Redding Personnel Division

CITY OF REDDING
Capital Asset Statistics by Function/Program
Last Six Fiscal Years*

	Fiscal Year Ended June 30,					
	2004	2005	2006	2007	2008	2009
Function/Program						
Police						
Stations	1	1	1	1	1	1
Patrol units	38	38	38	39	40	40
Fire stations	7	7	8	8	8	8
Public works						
Streets (miles)	442.0	449.0	450.5	454.0	462.5	464.0
Streetlights	6,805	6,959	7,134	7,270	7,450	7,517
Recreation and culture						
Maintained trails (miles)	48	56	60	61	62	62
Parks acreage (improved)	580	582	585	588	590	593
Parks acreage (unimproved)	405	403	400	406	428	425
Electric						
Transmission system (miles)	666	680	685	697	704	704
Water						
Length of water mains	553.2	558.8	562.5	485	550	556
Wastewater						
Sewer lines (miles)	395	399	405	409	423	426
Solid Waste						
Collection trucks	32	32	32	32	32	32
Storm Drainage						
Length of system (miles)	306	356	402	413	429	433
Catch basins	5,883	7,273	8,076	8,777	9,328	10,041
Transportation						
Buses	22	21	20	19	16	17
Convention center						
Convention Centers	1	1	1	1	1	1

* Data prior to the 2003-04 fiscal year is not readily available

Source: City of Redding

City of Redding
Operating Indicators by Function/Program
Last Six Years*

Function/Program	Fiscal Year-Ended June 30, 2004	2005	2006
Police			
Calls for service	80,378	83,601	84,380
Felony arrests	2,225	2,327	2,527
Misdemeanor arrests	4,473	4,403	4,816
Total arrests	6,698	6,730	7,343
Fire			
Fire, explosion	338	428	468
Rescue, emergency medical call	4,254	7,551	6,966
Fire safety inspections	3,130	3,210	3,038
Public Works			
Miles of roadway resurfaced	3.0	5.5	5.6
Miles of roadway slurry sealed	18.7	16.7	15.5
Planning			
Number of building permits issued	4,250	4,234	4,679
Recreation and Culture			
Recreation Division programs	1,520	1,730	2,065
Program participants	11,360	11,946	13,077
Community Development			
Number of households assisted (Rental Assistance)	1,425	1,393	1,394
Owner occupied loans made for rehabilitation/purchase	18	12	18
Rental loans/grants for rehabilitation/purchase	20	19	111
Electric			
Electric customers billed monthly	40,929	41,342	42,123
Avgerage sustained outages per customer per year	0.50	0.28	0.28
System avgerage retail rates	8.8	9.2	9.5
Water			
Water produced (acre ft.)	29,186	26,159	27,036
Wastewater			
Totals household equivalents served	38,085	38,413	38,725
Clear Creek dry flow	7.7	7.3	7.7
Stillwater dry flow	2.7	2.4	2.6
Storm Drains			
Percentage of inlets cleaned/maintained (annually)	2.7%	3.0%	1.4%
Solid Waste			
Total waste collected (tons)	96,858	102,703	109,143
Recyclables sales (tons)	11,031	10,424	10,936
Transportation			
Airport passenger movements/enplanements	56,244	63,503	64,197
RABA bus passengers	783,642	772,241	757,204
Convention center			
Number of shows/events	124	112	116
Annual tickets sold/attendance to shows/events	137,823	124,702	109,275

* Data prior to the 2003-04 fiscal year is not readily available
Source: City of Redding

2007	2008	2009
85,213	84,981	85,885
2,665	2,365	2,328
5,647	6,611	6,957
8,312	8,976	9,285
520	477	454
9,037	9,166	9,308
2,989	2,965	3,745
2.9	0.5	8.0
11.5	0	26
3,887	3,380	2,819
2,789	2,803	2,807
13,191	13,547	13,682
1,364	1,394	1,546
20	32	55
41	6	-
42,639	42,810	42,910
0.35	0.18	0.28
9.6	10.3	10.9
29,390	29,486	27,446
40,506	41,207	42,079
7.6	7.3	7.5
2.6	2.5	2.6
0.9%	1.3%	1.4%
107,228	85,305	77,944
13,760	8,581	8,486
66,307	63,394	63,205
728,614	735,568	743,455
130	135	103
133,450	185,926	154,915

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SUPPLEMENTAL HISTORICAL INFORMATION

CITY OF REDDING

AIRPORTS

Redding Municipal Airport

Redding Municipal Airport serves the regional area of Northern California consisting of approximately 25,000 square miles covering some eight counties. The population served is well over 245,000. Commercial, freight, and passenger services are provided by Horizon Air, United Express Airlines, Federal Express, UPS, and Ameriflight. Fixed-based operations provide a wide range of services including general airplane and engine maintenance as well as avionics; charter services; facilitation of sales of used aircraft; and sales of fuels, lubricants, and accessories. A propeller service and helicopter charter, repair, and sales are also available. Currently, four car rental agencies serve the traveling public from the passenger terminal area.

There are 38 permanently assigned tie-downs, 95 more aircraft and eight helicopter tie-downs for transients, and 102 T-hangars maintained and leased out by the City of Redding. All T-hangars are occupied, and vacancies are filled on an immediate basis. Last fiscal year, a total of approximately 79,200 operations were recorded during the FAA Control Tower operating hours from 6:30 a.m. to 9:30 p.m.

The Airport features a 22,000 square foot terminal to serve the traveling public. It also features a full-service restaurant and lounge, as well as full services for all business tenants. There is a 333 space public automobile parking lot as well as 64 spaces for rental cars adjacent to the terminal. The passenger terminal aircraft parking ramp is capable of receiving six medium-size jet aircraft at one time. During the 2006 calendar year, over 133,400 passengers traveled through the terminal building. The airport property includes a total of 1,810 acres.

The primary runway (16/34) is 7,003 feet in length with lighted distance-remaining markers. It also has a high-intensity approach lighting system with runway alignment indicator lights, an instrument landing system, runway-end identifier lights, precision approach path indicator, visual approach slope indicator, a back course instrument landing system, a global position system (GPS) approach, and a VHF omni-directional range with distance-measuring equipment. The cross runway (12/30) is 5,062 feet long. It has a medium-intensity approach lighting system with precision approach path indicator lights at both ends of the runway.

Benton Airpark

Benton Airpark is located within the city limits of Redding only a few blocks from the downtown area. It features a runway that is 2,420 feet in length and lit for night operations. There is a fixed-base operation which provides a full range of aircraft services as well as a delicatessen. The California Highway Patrol bases their helicopters and fixed-wing aircraft at Benton. Also, there are 88 covered aircraft parking spaces and 81 open tie-downs. Benton experiences an estimated 35,000 - 40,000 annual aircraft operations.

CITY OF REDDING

ELECTRIC UTILITY SYSTEM

History

Electric service in Redding was started prior to 1900 by a private utility, the Redding Electric Light and Power Company, which obtained electric power from a small hydroelectric plant on the Sacramento River near Redding. On November 28, 1901, the Keswick Electric Power Company began supplying the utility with electric power from its new Volta Hydro Plant, which had just started operation. Shortly thereafter, the Keswick Company acquired the capital stock of the Redding Electric Light and Power Company. Subsequently, on March 13, 1902, the Northern California Power Company was incorporated and proceedings were initiated to acquire control of all properties of the Keswick Company through an exchange of stock. This was succeeded in 1908 by the Northern California Power Company Consolidated, which continued operation until October 3, 1919, when it was acquired by Pacific Gas and Electric Company (PG&E) under a merger authorized by the California Railroad Commission.

Prior to the merger, a group of Redding citizens started a movement to acquire the municipal street-lighting system because of dissatisfaction with the existing system and its operation. As a result, in 1916, a municipal street-lighting system was established. Soon after the municipal street-lighting system began operation, a movement was started for the City of Redding to purchase the electric distribution system from the Northern California Power Company Consolidated, and preliminary negotiations were initiated.

During the period of negotiations between the City and the Northern California Power Company Consolidated, PG&E acquired the Northern California Power Company Consolidated. Final payment was made by the City to PG&E on December 21, 1921, on which date the property and its operations were turned over to the City. Under City ownership and operation, Redding's Electric Utility (REU) has consistently provided superior service at a competitive price, with rates well below those in the surrounding service territory in which service is provided by PG&E.

Distribution Service

The City's Electric Utility currently provides service to its customers in an area approximately 63 square miles in size, with 67.3 miles of 115-kV lines and 637 miles of overhead and underground 12-kV distribution lines. The City is proud of its record over the past five years of 99.99 percent electric service availability to its customers.

Redding is presently interconnected with the Northern California 230-kV power grid at two points - Western Area Power Administration's (Western) Keswick Switchyard and the Western/Redding Airport 230/115-kV Substation. Delivery of all power from sources outside of the City is made to Redding at the Keswick Switchyard and Airport Substation. The City owns and operates the 115-kV lines that interconnect the City's 115/12-kV distribution substations to these delivery points. This

system is designed as a highly reliable looped system (there are at least two sources for every distribution substation) with state-of-the-art 115-kV circuit breakers and relay systems, which ensure that an outage or failure of any 115-kV line will not interrupt power to any City customer. All 115-kV lines in the City's electric system are in generally excellent condition. The majority were constructed after 1985.

Design and right-of-way acquisition for distribution service to the Stillwater Business Park was completed in FY08. The Stillwater 115-kV line termination work was completed on August 15, 2008. The City's current distribution system consists of eleven 115/12-kV distribution substations where power is transformed from 115-kV to 12-kV distribution voltage and connected to the service distribution transformers via the 12-kV distribution lines. The 12-kV distribution system is a very reliable radial-type system designed such that all customers can be served from another feeder if the normal source is experiencing a problem.

Power Supply

The City's retail power supply comes from a diverse portfolio. Redding typically receives about 30% of its power supply from Western in an average hydro year. FY 2008-09 was a below normal (dry) hydro year and as a result Western provided 22% of the City's retail supply portfolio. Western's power is generated at Shasta Dam and other facilities, which are a part of the Central Valley Project (CVP). Redding also relies on the City's existing generation resources and other power-purchase and exchange contracts, as well as short-term firm purchases to provide low-cost service to all of the City's customers.

In order to accommodate anticipated growth, the City has developed several projects to generate power. The City's Whiskeytown Hydroelectric Project became operational on September 3, 1986. In August 1991, the City purchased a 28-MW steam turbine generation project located within the City's limits at Redding Power Plant. Three combustion turbine generators totaling 70-MW were added in 1994. In June 2002, the City commissioned Unit 5, a 43-MW highly efficient combined-cycle gas turbine with a heat recovery steam generator, bringing total on site generation to 141-MW. Construction began in September 2008 on Unit 6, which is a 47-MW combined cycle gas turbine nearly identical to the existing Unit 5. Unit 6 is scheduled to be in service by June 2010. In addition to its own generation, the City has acquired several other sources of electric power through long-term, purchase-power contracts and through its membership in a joint powers agency consisting of Modesto Irrigation District, City of Santa Clara, and City of Redding (M-S-R). Through the M-S-R joint powers agency, the City entered into a long-term power purchase agreement for 70-MW of wind generated energy, with deliveries that began October 1, 2006. Further, the City signed a long-term power purchase agreement with RLC Industries for 8-MW of biomass generated energy. Delivery of the RLC Industries power purchase agreement is projected to begin by July 1, 2010. On June 1, 1994, the City began scheduling and dispatching the power produced by these various resources. The scheduling and dispatching operations allow Redding to take advantage of relatively inexpensive energy, which becomes available from time to time in the short-term wholesale power market.

The City is a member of various organizations and agencies including: Northern California Power Agency, M-S-R, Transmission Agency of Northern California, and Western Systems Power Pool. Through these affiliations, the City contracted for and developed various power generation and transmission resources including: partial ownership of the San Juan coal-fired generating station, the Desert Southwest Transmission Project, and the California-Oregon Transmission Project.

To operate most cost-effectively, the City has developed several load-management and energy-conservation programs, which include public awareness campaigns, technical conservation assistance, rebates on energy-efficient products and technologies including Energy Star appliances, air-conditioners, and renewable technologies, and the use of energy-efficient street lights. In addition to resource development and conservation programs, the City has provided opportunities for additional conservation and load management through applicable rate design.

Customer Base

The table below shows a five-year history of the growth in electric system customer accounts.

	Number of Customer Accounts		
Fiscal Year Ending June 30	Residential	Non-Residential	Total
2005	35,334	6,008	41,342
2006	36,063	6,060	42,123
2007	36,436	6,203	42,639
2008	36,495	6,315	42,810
2009	36,616	6,294	42,910

Source: Utility Billing System Marketing Report of Quarterly NAICS Usage

The total number of electric system customer accounts increased 4 percent during the last five years. The number of residential accounts increased 4 percent, while non-residential accounts increased 5 percent.

WASTEWATER UTILITY SYSTEM

History

The City began construction of the Wastewater System soon after its incorporation in 1887. The Wastewater System developed slowly until the early 1950s, at which time approximately 20 percent of the City's approximately 5,200 acres were served. Recognizing the need for a systematic expansion of the Wastewater System, in 1956 the City commissioned the development of a master plan for the City to follow in making necessary improvements. As a result of this plan, which was updated in 1964, the City added approximately 27 miles of sewer lines, primarily as a result of a series of sewer assessment districts, and in 1966 relocated its wastewater treatment plant from a location near the Cypress Street Bridge in Redding, California, to the present Clear Creek site, approximately 5.5 miles to the south.

Over the succeeding ten years, various districts, including the Buckeye County Water District, the Cascade Community Services District, and the Enterprise Public Utilities District, were annexed to the City, resulting in 1981 in the elimination of the existing treatment plants of such districts and the consolidation of the wastewater treatment and disposal at the City's Clear Creek Regional Wastewater Treatment Plant (described below). To maintain compliance with the Clean Water Act, the Clear Creek Plant was expanded and upgraded to an advanced secondary wastewater treatment plant in 1979. Additional upgrades to the sludge handling facilities occurred in 1989; upgrades to the influent pumping system occurred in 1996 and upgrades to the sludge aeration system occurred in 2004.

In 1983, the City, Shasta County, and Shasta Dam Area Public Utility District (the "Shasta Dam PUD") commissioned Ott Water Engineers to prepare a regional sewage study of the Central Shasta County area. It was determined that the Clear Creek Wastewater Treatment Plant was operating at two-thirds of its capacity and the Shasta Dam PUD was operating essentially at its capacity. Additionally, significant growth for this area was projected. As a result of this study and an analysis of various alternatives, it was determined that an additional wastewater treatment plant on the east side of the City near Stillwater Creek and the Sacramento River would be constructed and that the Clear Creek Wastewater Treatment Plant would continue operation on the west side of the City. The advanced secondary Stillwater Regional Wastewater Treatment Plant was constructed near the confluence of Clover Creek and the Sacramento River and began operation in 1990.

Existing Facilities

The Wastewater System consists of the domestic and industrial sewage collection, treatment, and disposal facilities serving the City, including over 426 miles of interceptor and trunk sewers, seventeen sewage lift stations, and two secondary wastewater and effluent filtration treatment plants.

Clear Creek Wastewater Treatment Plant

The plant, designated as the Clear Creek Wastewater Treatment Plant, is located at the confluence of Clear Creek and the Sacramento River. The plant was designed to have a dry weather daily flow capacity of 8.8 million gallons per day (MGD) and a peak day flow capacity of 16.2 MGD. The plant was designed to serve 29,333 Household Equivalents (as defined under "The Wastewater System – Rate Policies and Collection Procedures") (based upon 300 gallons per day per Household Equivalent). The unit processes utilized at the plant include, among other things, the Clear Creek Lift Station, with an estimated effective pump capacity of 40 MGD, primary and secondary clarification, gravity filtration, chlorination for disinfection and sulfonation for dechlorination prior to discharge into the Sacramento River outfall via a new diffuser system. In addition, a series of eight flow equalization ponds provide raw sewage and/or primary effluent temporary flow storage should the influent flow exceed the capacity of the secondary treatment and filtration processes. Solids handling process include primary and secondary waste sludge streams being mixed, thickened and anaerobically digested. Additional solids treatment can take place in facultative sludge lagoons. This plant is currently at 89% of capacity. The City Council has authorized modifications to the Clear Creek Plant at an estimated cost exceeding $70 million. The design is being done to allow for construction in eight Bid Packages. Bid Package I began construction in the fall of 2006. Bid Package II began construction in the fall of 2007. Bid Package III began construction in the spring of 2008. Bid Package IV began construction in the fall of

2008. Bid Package V is currently being evaluated to ensure that equipment and process modification are operationally, environmentally, and fiscally sound while meeting all regulatory requirements. Bid Package VI is expected to begin construction in the spring of 2010. This Plant expansion and upgrade is being funded by a loan from the State of California revolving Loan Fund, ARRA Stimulus funds, with repayment through a combination of new connection fee revenue and monthly service charges.

Stillwater Regional Wastewater Treatment Plant.

The plant, designated the Stillwater Regional Wastewater Treatment Plant, is located on an approximately 300-acre site along Airport Road at the Sacramento River. Initially, the plant was designed for an average dry weather flow of 4 MGD and a peak wet weather flow of 12 MGD.

Facility planning for the Plant expansion began in fiscal year 2007-08. The Plant will be expanded to treat an average dry weather flow capacity to 8 MGD and its peak wet weather flow capacity to 24 MGD. This plant expansion project is expected to begin construction in the spring of 2010. This Plant expansion is being funded by Wastewater Utility funds, and a loan from the State of California Revolving Loan Fund, with repayment through a combination of new connection fee revenue and monthly service charges.

Environmental Compliance

The present discharge requirements for the Wastewater System are established by the State of California Regional Water Quality Control Board, Central Valley Region (the "Regional Board") which administers and enforces all federal and State of California discharge requirements. The Regional Board administers regulations promulgated under the National Pollutant Discharge Elimination System by the United States Environmental Protection Agency (the "EPA"). The Clear Creek Wastewater System's present discharge permit was adopted in 2003 and is expected to be renewed in late 2010. The Stillwater Wastewater system permit was adopted in 2007 and will expire in 2012.

The City is responsible for satisfying these federally and State-mandated discharge requirements. The requirements include provisions requiring the City to comply with all pretreatment requirements contained in the Federal Water Pollution Control Act. The City has an approved pretreatment program and is meeting the requirements of this Act by implementing new procedures to inspect and permit industries and to develop local limits for priority pollutants.

In general, plant performance has consistently met discharge requirements, and any instances of noncompliance have been isolated incidents that have not reoccurred.

Service Area

The previous service area of the Wastewater System was primarily the City, as well as the previously unincorporated areas of Buckeye and Twin View in north Redding. The 1989 Wastewater Project expanded this service area to include the Clover Creek Drainage area, including the City's municipal airport (approximately 3,500 acres) and the northern Stillwater Basin area (approximately 5,000 acres). This expanded service area lies entirely within the City's sphere of influence.

Historical Operations

The following table shows the historical number of residential customer household equivalents and the combined commercial and industrial customer household equivalents for the five fiscal years ending June 30, 2008. One household equivalent (HE) is the quantity of wastewater produced in the City of Redding by an average single-family residential household, which is 240 gallons per day (GPD). Prior to 2007, this number had been calculated at 300 GPD. However, updated analysis has resulted in the modification. Since customer fees and charges are based on the HE for each customer, the revenue amounts are proportional to these HE counts.

Historical Residential and Commercial/Industrial Household Equivalents

	2004/05	2005/06	2006/07	2007/08	2008/09
Residential HEs	27481	28112	29164	29669	30714
Commercial/Industrial HEs	10932	10613	11342	11538	11365
Total System HEs	38413	38725	40506	41207	42079
Annual System Growth	0.86%	0.81%	4.6%	1.7%	2.1%

The Wastewater System currently has an average dry weather daily design flow capacity of 12.8 MGD. The actual average dry weather daily flow of the Wastewater System for the five fiscal years ended June 30, 2008 is shown below.

Average Dry Weather Daily Flows
Fiscal Years Ended June 30, 2008

	2004/05	2005/06	2006/07	2007/08	2008/09
Clear Creek Plant	7.29	7.73	7.56	7.29	7.5
Stillwater Plant	2.4	2.6	2.6	2.5	2.6
Total Wastewater System	9.69	10.33	10.16	9.79	10.1

WATER UTILITY SYSTEM

History

The Redding water supply and treatment facilities date back to the early 1900s. The raw water supply pump station on the Sacramento River was built in stages beginning in 1939.

The City's rights to water from the Sacramento River stem from acquisition in 1941 of local facilities of the California Water Service Company, together with water rights which date from 1886 and from a license to appropriate 5 cfs, issued in 1944.

Since 1939 when the City of Redding assumed control and operation of the water system, the City's population has grown from approximately 7,500 to 90,045. This growth included two large increases in 1976 and 1977, when Redding annexed the Cascade Community Services District (serving approximately 4,450 residents) and the Enterprise Public Utility District (serving approximately 13,500 residents). In addition, the City assumed operation of a system serving about 1,500 residents outside the City in 1967, primarily in the Buckeye community.

A 1966 contract with the Bureau of Reclamation was renegotiated in June of 2005, with the Bureau of Reclamation extending the contract for an additional 40 years through March 31, 2045. It details Redding's principal rights to the Sacramento River. The “Sacramento River” contract permits renegotiation at any time for more or less water subject to need and availability of water in the river. Water to be diverted consists of "base supply" and "project water supply." The Base Supply is 85 percent of the total. The Project Water Supply is 15 percent of the river water supply. The total entitlement is 21,000 acre-feet.

These entitlements were subject to renegotiation by mutual agreement in 1985, as they were in 1975 when no change occurred, and the annual entitlement is subject to change in "Critical Water Years." In 1992 the Bureau decreased Redding's Project Supply entitlement by 25 percent. Despite the cutback, the City's water supply was sufficient to meet its needs.

In 1967 the City of Redding took over Buckeye County Water District facilities and the rights to a 1964 USBR contract. In February 1971, the City executed a new USBR contract to serve the Buckeye service area. The City, in November of 1994, amended this contract with the Bureau of Reclamation to add the Spring Creek Conduit as a point of diversion for the new Buckeye Water Treatment Plant. This contract with the Bureau of Reclamation, which runs through February 28, 2045, allows Redding to obtain 6,140 acre-feet of water per year. The 2008 delivery from that contract was 5,429 acre-feet. Water charges under this contract total $48.80 per acre-foot ($15.99 water cost, $18.12 restoration fee and $14.69 foregone power charge).

Foothill Water Treatment Plant was constructed in 1981. The plant has a rated 28 million gallons per day (MGD). Facilities provide for filtration following the existing sedimentation basin and a 6 million gallon (MG) covered storage reservoir. Both these additions were needed to meet the requirements of the State of California, Department of Health Services Division of Drinking Water and Environmental Management.

Performance Measures and Workload Indicators

The Water Utility Staff has met the established goals, with the majority of the workload objectives being accomplished:

ACTIVITY	2004-05	2005-06	2006-07	2007-08	2008-2009
Number of customers/services	27,354	28,301	28,614	27,907[2]	28,051
Number of new meter sets	686	693	313	142	154
Quantity of water produced (acre feet)	26,159	27,036	29,390	29,486	27,446
Percentage of days water quality met standards	100%	100%	100%	100%	100%
Number of service calls (Includes water quality)	1,053	1,479	1,218	1,624	1,333
Miles of water mains	467	468	485	550[3]	556
Number of main and water service failures/disruptions per year	467	259	404	346	542
Miles of substandard mains	72.1	71.1	69.3	44[4]	43
Number of PB[1] service breaks	56	33	16	14	16
Number of PB scheduled replacement	181	86	10	12	14
Number of PB services remaining	1,628	1,508	1,482	1,424	1,394
Customers/service connections per employee	911	943	1,060	1,034	1,122

Notes

1. Polybutylene service lines
2. 2007-08 data is net number of customer accounts. Two prior years used total number of individual connections.
3. Prior year water main miles based on paper records. Most recent GIS inventory is basis for 2007/08 data, and is considered more complete than earlier estimates.
4. Basis for substandard classification changed to size only (<6”). Earlier years’ data were based on size and material type.

Current System

Buckeye Zone

The Buckeye Water District water system was acquired by the City of Redding in 1967 following dissolution of that District. Water supply for that District was extremely limited. Upon assuming the operation of the Buckeye system, the City of Redding provided the additional supply by pumping from the northern end of its water system. Pump House No. 3, located at the foot of North Market Street hill, and Pump House No. 4, off Benton Drive northeast of the Diestlehorst Bridge, serve the Buckeye Zone. Storage for the Buckeye Zone is located on Lake Boulevard in north Redding, with two steel reservoirs at this site--one 200,000-gallon tank and one 2 MG tank with a high water surface of 955 feet. In 2002, an additional 4MG reservoir was constructed ¼ mile east of the Buckeye Water Treatment Plant with a high water surface of 1,034 feet.

The Buckeye Water Treatment Plant completed in January 1995 is now serving the Buckeye Zone. The new Buckeye Water Treatment Plant is located off of Benson Drive near the Spring Creek Conduit. The water plant has an interconnection to the U.S. Bureau of Reclamation (USBR) Spring Creek Conduit through an existing turnout structure. Treated water is conveyed from the treatment plant through 25,000 feet of off-site piping to the Buckeye area. The initial treatment capacity is 7 MGD with the ability to expand to 28 MGD capacity. In 2007 the construction was completed on an expansion of the treatment plant to 14 MGD capacity. Along with the treatment plant expansion 8,000 feet of 30-inch water transmission main was installed to provide treated water to the Buckeye Pressure Zone. This treatment plant meets all the existing United States Environmental Protection Agency (USEPA) regulations, including the 1986 Safe Water Drinking Act and meets all the requirements of the State of California, Department of Health Services Division of Drinking Water and Environmental Management.

Foothill and Hill 900 Zones

Construction of Redding's Foothill Water Treatment Plant (FWTP) was completed in September 1981. The treatment plant consists of chemical treatment followed by flocculation, sedimentation, chlorination, and filtration. River water from Pump Plant No. 1 located on the south side of the Sacramento River, west of the Diestlehorst Bridge enters the treatment plant through a 36-inch main. In 2006 Pump Station No. 1 Fish Screen Retrofit Project was completed to meet the requirements of the CAL-FED Anadromous Fish Screen Program. At the FWTP chlorine is added for disinfection and odor control. Polymer and aluminum sulfate are injected, and the water passes into a flocculation basin which is integrally constructed within a large 2 MG sedimentation basin, where it is allowed to settle and clarify. After clarification, water flows through dual media filtration and is post-chlorinated prior to entering a 6 MG covered storage reservoir.

Storage is provided at three locations: 1.) one 6 MG covered storage reservoir at the treatment plant--In 2006 the two 1.5 MG pre-stressed concrete reservoirs on Foothill Boulevard were demolished and replaced with a 4 MG steel reservoir with a high water surface of 743 feet; 2.) one 2.0 MG pre-stressed concrete reservoir; and 3.) one 2 MG steel reservoir having a high water surface of 925 feet to the south of the treatment plant at the top of Hill 900.

The Foothill Zone is served by gravity flow from the Foothill reservoirs. The Hill 900 Zone is served by Pump Plant No. 2, which is located at the treatment plant and is taking suction from the 48-inch main served by the 6 MG reservoir. An additional booster pump was added to the El Reno booster pump station. This will supply an additional 1.4 MGD to the southern end of the Hill 900 Zone from the Cascade Zone.

Enterprise Zone

In 1976 the Enterprise Public Utility District and the City of Redding voted affirmatively to annex the Enterprise District to the City of Redding. Shortly after this, the responsibility for the Enterprise water system was assumed by the City of Redding.

The system was served originally by five wells; however, in 1978, the Cross Town Main, a large pipeline, was constructed which enabled the City to serve the Enterprise and Cascade areas with water from the Foothill treatment plant. In 1985 approximately five miles of 12-, 16- and 24-inch transmission mains were constructed from the Enterprise well fields on Goodwater Avenue to serve the U.S. Forest Service and Municipal Airport off Airport Road. In August 1986 three new 2 MGD capacity wells were added to the Enterprise Zone. In 1988 a 24-inch transmission main was constructed from Goodwater Avenue along Rancho Road westerly via South Bonnyview Road to the Cascade Zone. In December 2002, 2.5 miles of 24-inch transmission main was constructed from Rancho Road north along Airport Road in the Enterprise Zone to maximize the production of the groundwater wells. In July 1991 another 2 MGD-capacity well was added to the Enterprise Zone. Two additional 2MGD wells were added during 2003. In 2007 another 2 MGD-capacity well was added to the Enterprise Zone and in 2008 an additional 2 MGD-capacity well was added.

Groundwater is treated with orthopoly phosphate for iron and manganese annoyances and chlorine is used for disinfection.

The main storage reservoirs are located near the northwestern boundary of the zone—two steel, ground-level storage tanks having a capacity of 3.5 and 6.0 MG with a high water surface of 706 feet. Both reservoirs are located at the same site above the Quail Ridge Subdivision off Canby Road. During periods of peak demand, these tanks and the well field, at the southwestern boundary of the zone, and treated water from the Foothill Water Treatment Plant through the cross-town water main, supply the entire system from three directions.

Hilltop-Dana Zone

The Hilltop-Dana pressure zone is located north of Highway 44 and east of Interstate 5 and is supplied by Pump Station No. 5. This pump station boosts water from the Enterprise Pressure Zone and has been relocated to the existing Enterprise Reservoir site. The construction of the new, larger Pump Station No. 5, constructed in 1993, and an additional Pump Station No. 7 (Goodwater Pump), constructed in 2003 at the southeastern corner of the pressure zone, which also pumps water from the Enterprise Pressure Zone, helps meet the higher demands due to the increased development in the Hilltop-Dana Zone.

Cascade Zone

The supply source for this zone comprises five wells with a maximum capacity of 0.75 MGD. This supply is augmented by connection to the south end of Redding's central system, and in 1978 the Cross Town water main was completed. This supply can furnish up to 3.2 MGD to the Cascade area. Additional supply is obtained by a large transmission main connecting the Cascade Zone to the Enterprise well system via South Bonnyview Road. This supply can furnish an additional 2 MGD. In the summer of 1995 a booster pump station was installed on the South Bonnyview transmission main to increase the supply to the Cascade Zone to 4.3 MGD.

In 1985 the City took over the operation of the Pinal Water Company serving the Westwood Manor Subdivision located off State Route 273 south. The subdivision is currently being supplied water from the Foothill Water Treatment Plant through two 8-inch interconnections. Storage to the Cascade Zone is provided by a 1 MG tank located off Kenyon Drive and a 2 MG tank in the Redding Ranchettes area. Both tanks operate at a high water surface elevation of 693.

Condition of System

The City of Redding maintains a well-trained and well-equipped work force. Its primary function is to operate the system, make systematic inspections as part of the preventive maintenance program, and plan and construct replacements. City forces will replace approximately 6,000 polybutylene (PB) water services, which are leaking because of premature pipe material failure, through a fifteen-year replacement program. City forces have replaced approximately 4,518 services or 75 percent. Undersized and old lines are being replaced when maintenance costs indicate that they should be replaced or additional capacities are needed. The City of Redding maintains a Master Water Plan; revisions to the system will be programmed, designed, and installed in accordance with this plan. The system is well maintained in all regards, including raw water supply, pumping structures, equipment, transmission lines, and water treatment facilities. However, continual renewed investment in capital facilities such as distribution pipelines, reservoirs, and wells will be necessary to maintain the current level of service, due to the demands of population growth and aging infrastructure.

STORM DRAINAGE UTILITY

History

City Council established the Storm Drainage Utility on September 21, 1993. The utility is part of the Municipal Utilities Department. Responsibilities include the monitoring, maintaining, and cleaning the storm drainage networks of the City.

Service Area and Customers

The service area encompasses storm drainage facilities within the City limits. The overall conveyance system is comprised of both public and private segments. The Storm Drain Utility responds to the needs of the public component of the overall conveyance system. The following table provides an overview of the storm drainage system as of June 30, 2009:

Workload and Performance Measures	2006-07	2007-08	2008-09
Miles of Storm Drain Pipe	227.8	235.6	241
Miles of Channels/Ditches	184.9	193.4	195
Miles of Maintained Channels/Ditches	41.7	46.2	47
Number of Inlets	8,777	9,328	10,090
Number of Outfalls	1,355	1,545	1,665

The Storm Drainage Utility charges are based on impervious area. An impervious area is one that prohibits the natural drainage of rainwater into the ground (i.e., building, parking lot, etc.).

Condition of System

The City of Redding maintains a well-trained and well-equipped work force. Its primary function is to operate the Storm Drainage system, make systematic inspections as part of the preventive maintenance program, and plan and construct replacements. The City of Redding completed a Citywide Master Storm Drain Study in October 1993. A new Operations and Maintenance Plan was prepared in 2003 along with a project update of the 1993 Master Plan. The Operations and Maintenance Plan included a survey of the storm drain system.

The Storm Drain Utility staff consists of one Public Works Supervisor, one working supervisor, one leadman, two equipment operators and one maintenance worker.

In 2003, the City applied for a National Pollution Discharge Elimination System (NPDES Phase II) permit that was to be implemented over the five years of the permit life. The State of California Water Quality Control Board, however, did not approve the permit and its proposed work plan until 2005. There was also no adjustment to the five year implementation schedule and, as a result, the City of Redding's implementation process has incorporated many of the plan components. Additional components will be outlined in the permit application for the 2008-13 time period. The submittal of this application update is pending due to the State of California overall permit update, which Redding will work under.