

CITY OF REDDING
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Year Ended June 30, 2002

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December 21, 2002

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, 2002. 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.

Last year's report was reformatted to comply with the new financial reporting model developed by the Governmental Accounting Standards Board (GASB) Statement 34. The new financial reporting model changed the format of the City's financial statements. This change improved financial reporting by adding significant additional information not previously available in local governmental financial statements.

In addition to the fund-by-fund financial information, previously presented in the City's financial statements, we now include government-wide financial statements. The government-wide financial statements include a Statement of Net Assets that provides the total net equity of the City including infrastructure assets and the Statement of Activities that shows the cost of providing government services by function. These statements have been prepared using the accrual basis of accounting versus the modified accrual method used in the fund financial statements. The modified accrual basis of accounting focuses on near-term inflows, outflows, and balances of spendable financial resources. This report, under GASB 34, retains the short-term focus in the governmental fund financial statements, while providing a long-term perspective on these same activities in the accrual based government-wide financial statements. A reconciliation report is provided as a key to understanding the changes between the two reporting methods. In addition, the new reporting model includes an emphasis on the City's major funds as shown in both the governmental fund statements and the proprietary fund statements. These new statements combined with other information are further analyzed in a new narrative section called Management's Discussion and Analysis (MDA). The MDA provides "financial highlights" and interprets the financial reports by analyzing trends and by explaining changes, fluctuations and variances in the financial data. In addition, the MDA is intended to disclose any known significant events or decisions that affect the financial condition of the City.

The City's financial statements have been audited by Hathaway and Ksenzulak, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the

financial statements of the City for the fiscal year ended June 30, 2002, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures made by management: and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2002, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

GENERAL INFORMATION

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 staggered 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 of 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 84,560 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. A general shift has been occurring, however, 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, and the Redding Joint Powers Financing Authority. 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 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 four 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, 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 resident in 1990 from 16,659 in 1970. The City’s population of 84,560 has increased 4.6% 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 2002:

Year	<u>City of Redding</u>		<u>Shasta County</u>	
	Population	Annualized Percent Change Over Interval	Population	Annualized Percent Change Over Population
1970	16,659	3.04%	77,640	9.67%
1980	41,995	15.21	119,449	5.38
1990	66,462	5.83	147,036	2.31
2000	80,865	2.17	163,256	1.10
2001	82,543	2.08	165,669	1.48
2002	84,560	2.44	169,200	2.13

Source: 1970-2000 data from U.S. Census; 2001 – 02 data from the California State Department of Finance as of January 1.

The following table sets forth a projection of the City’s population growth over the next 10 years, a projected growth for the community of approximately 15,450 representing an increase of approximately 18.3%:

<u>Year</u>	<u>Population (Rounded)</u>
2002	84,560
2007	91,940
2012	100,010

Source: Economic Sciences Corp.

The Redding area is expected to maintain approximately 50% or more of the total Shasta County population because of a variety of factors that will support urban development, including utilities (wastewater, storm drainage, water, electric, and solid waste), employment, regional shopping, recreation opportunities, 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 2002:

<u>Region</u>	<u>Single Family Homes</u>
Sacramento	\$170,000
Redding	\$164,000
Los Angeles County	\$269,000
San Francisco	\$550,000
Orange County	\$345,000

Source: California Association of Realtors

Industrial Development Cost and Lease Rates - Industrial land costs vary with the degree of available infrastructure and proximity to other related and supportive industries. A prime site is one that has readily available utilities (gas, water, wastewater, and electric) and has access to transportation systems, including a major freeway system, trucking, railway, and an airport. Following are comparative amounts for the 2002 cost per square foot for a fully improved five-acre parcel of industrial land, including all bonds and assessments:

<u>Region</u>	<u>Average Prime</u>
Redding	\$1.20 - 2.50
Chico	1.50 - 2.50
Sacramento	4.00 - 5.00
San Jose	15.00 - 20.00

Source: Coldwell Banker Commercial Properties

The monthly lease rate for industrial buildings varies with location, infrastructure, type, and square footage of the building. The following table compares monthly 2002 lease rates from several areas for a metal fabricated building of 10,000 square feet containing a small office and facilities, roll-up doors, and paved parking:

<u>Region</u>	<u>Gross Basis</u>
Sacramento	\$0.40
Redding	\$0.42
Chico	\$0.30
San Jose	\$1.00

Source: Coldwell Banker Commercial Properties

Industry and Employment - Extracting timber and the processing of wood by-products, together with agriculture, tourism, and government, have historically been the major sectors of employment in the City. Over the last decade, 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 private employers in the Redding area, their products or services, and the approximate number of their respective full time employees as of June 2002 are listed in the following table:

<u>Company</u>	<u>Product/Services</u>	<u>Employees</u>
Mercy Medical Center	Medical Facilities/Services	1,570
Redding Medical Center	Medical Facilities/Services	1,200

Shasta Nursery	Plants	850
Sierra Pacific Industries	Manufacturing	650
J & A Food Service	Food Services/Restaurants	600
Redding Rancheria	Casino/Health Clinic	565
Holiday Markets	Grocery	425

Source: Greater Redding Chamber of Commerce

According to the State Employment Development Department, the unemployment rate of the City's metropolitan area was 7.0% on June 30, 2002. The following table sets forth the number and rate (expressed as a percentage) of unemployed persons living within the City's metropolitan area for the month of June 1997 through June 2002:

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

Source: State Department of Employment
Development

Construction Activity - For the past ten calendar years ending December 2001, the City issued building permits valued at a total of \$1,016,165,349. New construction over the ten-year period represents 75% of the total construction activity. For the 2001 calendar year 3,349 building permits were issued, with a total permit valuation of \$136,689,172. The City of Redding is experiencing moderate growth at this time. Current trends indicate that the City of Redding will continue to grow at a moderate growth rate in the years to come.

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

	1999	2000	2001
Value Single Family*	\$54,652,504	\$62,674,665	\$79,087,448
Number of Permits	414	422	506
Value Multi-dwellings	1,238,544	12,141,711	415,756
Number of Permits	4	45	2
Number of Units	52	179	6
Value Business	15,896,299	23,413,393	31,697,413
Number of Permits	46	47	74
Value Total all Permits	\$93,167,206	\$119,672,542	\$136,689,172
Total permits **	1985	2038	3349

* Value of new Construction
only

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

Source: COR Development Services Dept.

Commerce - The City is a regional center of commerce for several Northern California counties. This is evidence by its many shopping centers and malls. Support for retail sales is derived from a retail trade area

population of approximately 166,000 in the primary trade area and approximately 232,000 people in the secondary trade area. The primary trade area consists of the metropolitan urban area, including the cities of Redding, Shasta Lake, and Anderson. The secondary trade area consists of Shasta, Trinity, and Tehama counties. Taxable transactions in the City reached \$1,561,842,000 in calendar year 2001, a 7.5% increase over the same period for 2000. The number of outlets reporting taxable sales to the California State Board of Equalization remained fairly constant, from 2,900 in 1997 to 2,906 in 2001 as follows:

Year	Number of Outlets	Taxable Transactions (In Thousands)	Taxable Transactions Percentage Increase (Decrease)
1997	2,900	1,165,153	4.2
1998	2,884	1,198,000	2.8
1999	2,836	1,327,370	10.8
2000	2,863	1,453,052	9.5
2001	2,906	1,561,842	7.5

Source: California State Board of Equalization

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

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

“THE RIDE” is the City’s multi-bus transportation system and offers thirteen different fixed routes, rural service and demand response (curb-to-curb) services. THE RIDE had an average total monthly ridership of more than 72,124 for fiscal year 2001-02. The total fixed route ridership was up 1.3% and demand response ridership, a curb-to-curb service for the disabled, was up 4.1%.

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

Community Services - Youth in the area attend school at one of 24 elementary schools, 9 middle schools, and 8 high schools. Shasta College, a two-year institution offers both day and evening courses to approximately 11,000 students. Simpson College, a four year liberal arts institution, has current enrollment of approximately 2,000 students.

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

The City serves as the primary medical center for Northern California. The City’s two general care hospitals serve approximately 360,000 people in Shasta, Tehama, Trinity, Siskiyou, and Lassen counties.

The two hospitals have a total of 542 beds and employ more than 2,900 staff members. In addition, the City also has several specialized hospitals.

Significant Events and Accomplishments Fiscal Year 2001-02

Oasis Road Specific Plan – Work on the Oasis Road Specific Plan continued during 2001-2002. The purpose in preparing a specific plan is to ensure orderly development of Redding's next major commercial area. The area of commercial land around the Oasis Road/I-5 Interchange is expected to support a truly regional scale commercial area. The Specific Plan will be used as a comprehensive land use planning tool that will guide development of approximately 672 acres located east and west of the Oasis/I-5 interchange.

Westside Sewer Interceptor - A \$15.5 million construction contract was awarded in FY 2000/01 and construction is nearly complete. The total project is funded by the Wastewater Utility fund and a \$16.8 million loan from a State Water Resources Control Board. The projected completion date is November 2002.

Eastside Sewer Interceptor - A \$2.4 million construction contract is nearly complete. Project completion date is mid October, 2002.

Airport Road 24-Inch Water Main - This project consists of the new installation of approximately 15,272 lineal feet of pipe. This water main will maximize Enterprise ground water well fields and will provide an additional water supply to new subdivisions in the area, the Hilltop/Dana shopping area, and the new sports complex.

Buckeye Reservoir - The Buckeye 4.0 MG Water Tank Project will allow the Buckeye Treatment Plant to operate at maximum capacity to meet the peak water-demand periods and provide additional fire protection for the Buckeye area. The expected completion date is spring of 2003.

Yuba Street Streetscape Project - Construction of the Yuba Street Streetscape Project was completed in September 2001. This project involved the transformation of Yuba Street, between California and Oregon Streets, into a more pedestrian-friendly corridor linking the Courthouse and the Downtown Redding Mall.

Public Transit - During the fiscal year, the Redding Area Bus Authority was successful in completing the construction of a new 10,000 square foot Maintenance Facility. The facility provides for two maintenance bays, driver ready room, dispatch center, administrative offices for RABA's contract operator and an automatic vehicle wash system.

Reconstruct Runway 16/34 - This project included the reconstruction of the airport's 7000 foot main runway. The scope of work includes the upgrading of the High Intensity Runway Lights (HIRL), installation of 200 foot blast pads, 25 foot full length shoulders and some airfield signage replacement.

Electric Utility Rate Reduction Program: In June 2002, City Council declared the successful conclusion of REU's rate reduction program and terminated the 23-percent interim rate surcharge effective July 1, 2002. The rate reduction program, which was originally expected to terminate in November 2004, was an aggressive move to enhance the competitive position of REU given the uncertain outcome of statewide electric industry restructuring approved by the California Legislature in the fall of 1996. The surcharge, combined with comprehensive cost containment by REU and the immensely successful wholesale sales

campaign, allowed the reduction of REU's rates to the pre-surcharge levels, making electricity rates in Redding among the lowest in California.

New Generator - This fifth generator is rated at 43 MW, which is the approximate amount of power Redding uses throughout a typical night, as compared to a peak use of 225 MW on a hot summer day. The addition of this generator now gives REU approximately 140 MW of generating capacity and makes REU one of only two municipal utilities in California that can serve the majority of customer demands from locally owned generation.

Redding Aquatic Center - The \$5 million dollar Redding Aquatic Center, scheduled to open in advance of the 2003 swim season, will be the only facility of its kind north of Sacramento. Located in Caldwell Park and featuring an Olympic-sized 50-meter by 25-yard competition class pool, a 76-foot by 136-foot zero-depth entry recreation pool with a large play structure and 160 foot waterslide, a completely renovated change house, sand volleyball court, and picnic areas.

Sundial Bridge - Work continues on the glass-decked Sundial pedestrian bridge designed by world-renowned architect Santiago Calatrava. When finished in Spring 2004, the bridge will be part of the City of Redding's nationally recognized Sacramento River Trail system, and link all 300 acres of the Turtle Bay Exploration Park.

Projects for Fiscal Year Ending 2003 and Beyond

Redding Sports Complex - On October 2, 2002, City Council awarded the bid for construction of the \$12-million Redding Sports Complex. The project, to be built on a 100-acre site in east Redding, just north of Highway 44 at the intersection of Viking Way and Old Oregon Trail, will ultimately feature the following amenities:

- Three youth baseball/adult softball fields built to replicate major-league baseball stadiums
- Two non-replica ball fields
- A 20,000 square foot indoor multi-sport field house
- Other features such as nine batting cages, four sand volleyball courts, a tiny tot playground, concession stands picnic areas and a restaurant.

Future phases of the project will include soccer fields, walking trails, manicured parkland and other recreational amenities.

Downtown Circulation Improvements Project - The City is currently determining how best to allocate \$12 million in available State Transportation Improvement Program (STIP) funds to improve circulation in the Downtown. There are three possible projects - the Downtown Mall Circulation Improvement Project, the Downtown Railroad Grade Separation Improvement Project, and the Railroad Switching Operations Project.

Parkview Neighborhood Revitalization - First subdivided in the 1930s, Parkview is one of Redding's older neighborhoods. Over many years, the Parkview Neighborhood deteriorated through declining physical conditions and property values, drugs, crime, and poverty. Through the dedicated and consistent work of the Neighborhood Police Unit, crime in the Parkview Neighborhood has decreased dramatically. A range of significant activities and projects with corresponding budget appropriations are authorized. In addition to

developing new housing, activities include rehabilitating existing housing stock, improving infrastructure, developing recreation and open space amenities for the Neighborhood, and developing mixed-uses on the Parkview Avenue corridor.

Parkview Riverfront Trail and Park - A natural park and trail system planned for an 8.5-acre City-owned property at Parkview Avenue/Smile Place and the Sacramento River is nearing completion of the design phase and will soon be under construction.

Martin Luther King, Jr. Neighborhood Revitalization Plan - It is anticipated that the Revitalization Plan for the Martin Luther King, Jr. Neighborhood will be formally submitted to the Redding Redevelopment Agency and City Council for review and adoption before the end of 2002. The Plan provides a road map for the transformation of one of Redding's older areas into a comfortable, attractive, economically vibrant neighborhood. The Plan addresses several key areas including infrastructure deficiencies, housing conditions, recreational amenities, and crime and safety issues.

Browning Street - The Redding Redevelopment Agency has authorized the reconstruction and widening of the existing segment of Browning Street east of Hilltop Drive and construction of a new roadway that will extend to Canby Road. The street initially will provide two 12-foot-wide travel lanes and a 6-foot-wide bicycle lane, but have a design that will support future widening to four lanes. Construction is scheduled to begin in the spring 2003.

Shasta View Drive - This project will construct the portion of Shasta View Drive between Galaxy and Saturn Skyway. It is currently in the environmental review stage.

Clover Creek Flood Protection and Environmental Enhancement Project - Proposition 13 approved in March of 2000, provides \$5 million toward the Clover Creek Flood Protection and Environmental Enhancement Project. Another \$2 million is being made available from the SHASTEK Redevelopment Agency. The preliminary project cost is estimated at \$6.4 million. The project design is complete. It is anticipated that construction will begin by April 2003. It is hoped that the detention basin will be completed before the fall rains of 2003 with the recreational enhancements completed by the end of the summer of 2003, as well.

Cypress Avenue Bridge Widening - This is a multi-year project to rehabilitate and widen the Cypress Bridges over the Sacramento River. The construction cost estimates for the bridge widening and intersection improvements at Athens and Hartnell range from \$23,660,000 to \$31,747,054. There is \$12,900,000 currently available for the project and the California Department of Transportation is considering the City's request for additional funding to cover the difference between the available funding and the cost estimates. The environmental process for this project is underway. Once this process is complete, design and right of way acquisition may proceed. Construction could take from 24 to 48 months.

Reconstruct Runway 12/30 - During last year's reconstruction of the main (16/34) runway, approximately one-third of the crosswind runway (12/30) was reconstructed as it was incidental to the main project. This project includes the completion of the reconstruction of the 5003 foot crosswind runway.

Storm Drainage - The Storm Drain Utility will be reviewing any needed program modifications as a result of Federal regulations relating to the discharge of storm waters into the natural water courses. It is anticipated that at a minimum a new policy will be considered regarding "*Best Management Practices*" to be

followed in controlling the collection and discharge of surface runoff.

CASH MANAGEMENT

The City follows the practice of pooling temporarily idle cash during the year. Monies not required for immediate expenditure are invested in accordance with the State code and the City's formal investment policy. These monies were invested in time certificates of deposit, commercial paper, demand deposits, U.S. Government securities, medium term Corporate notes, and the State of California Local Agencies Investment Fund.

RISK MANAGEMENT

The City is self-insured for employee health, worker's compensation, and liability insurance coverages. These programs are administered through private contractors. The City is self-insured up to \$300,000 for workers' compensation, up to \$500,000 and over \$15 million for liability insurance, and up to \$25,000 for property damage insurance. The City is co-insured for workers' compensation claims of \$300,001 or more, for liability claims of \$500,001 to \$15 million, and for property damage claims over \$25,000.

Health insurance, workers' compensation, liability and property insurance activities are reported in the risk management internal service fund. The cost of workers' compensation claims as employee benefits is charged to the fund that employs the claimant. Funds determined to be at risk for liability and property insurance are charged a percentage of the estimated total cost of the insurance program. Percentages are based upon loss experience and are reported as quasi-external transactions. The estimated liability for pending and incurred but not reported claims is \$7,627,000 and are included in year-end accruals.

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 oversight 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, 2002 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 for the fiscal year ended June 30, 2001. This was the 18th 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.

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 City's professional and accounting 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
Finance Officer

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, 2002. 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 38).

FINANCIAL HIGHLIGHTS

- The City's net assets increased by \$34.7 million. The governmental net assets increased by \$11.2 million and the business-type net assets increased by \$23.5 million
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$80.7 million, an increase of \$9.6 million in comparison with the prior year. Approximately 38% of this total amount, \$31 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 \$13.8 million, or 29.2% of the total general fund expenditures.
- The City's total debt increased by \$55.7 million (27.2%) during the current fiscal year (excluding the City's TRAN). The increase was due to financing a portion of a new electric generation facility and the Westside sewer interceptor project, borrowing for future housing redevelopment projects, and new equipment capital leases.

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 of 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 38 - 41 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 eighteen 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 the 1915 Act Assessment District Bonds, both of which are considered to be major funds. Data from the other sixteen governmental funds are 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 42-49 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, Storm Drainage Utility, Solid Waste Utility, Convention Center Fund and the Redding Area Bus Authority. 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 four 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; and the General Support Services Fund which accounts for mail, printing, records management and building maintenance activities. 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 nonmajor 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 50-59 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 60 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 61-99 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 2002, net assets changed as follows: (all amounts are in thousands)

	Governmental Activities	Business Activities	Total
Beginning net assets, restated	\$151,578	\$259,889	\$411,467
Increase in net assets	<u>\$ 11,231</u>	<u>\$ 23,469</u>	<u>\$ 34,700</u>
Ending net assets	<u>\$162,809</u>	<u>\$283,358</u>	<u>\$446,167</u>

The City's total net assets increased by 8.3% from a year ago, increasing from \$411.5 million to \$446.2 million. Net assets from governmental activities increased by 7.1% while net assets from business activities increased by 9%. The \$11.2 million increase in net assets from governmental activities is primarily due to approximately \$8 million being restricted to the purchase and/or construction of capital assets, which does not result in an offsetting expense in the current year government-wide financial statements.

The \$23.5 million increase in net assets from business-type activities is primarily due to funds being accumulated for current and future capital projects in all the funds and to pay off debt early in the Electric Fund.

The following schedule displays a summary breakdown of the City's net assets as of June 30, 2002:

	Net Assets (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2002	2001	2002	2001	2002	2001
Current and other assets	\$ 115,240	\$ 104,851	\$156,122	\$ 172,995	\$ 271,362	\$ 277,846
Capital Assets, net	<u>133,424</u>	<u>124,529</u>	<u>329,360</u>	<u>291,191</u>	<u>462,784</u>	<u>415,720</u>
Total Assets	<u>248,664</u>	<u>229,380</u>	<u>485,482</u>	<u>464,186</u>	<u>734,146</u>	<u>693,566</u>
Current liabilities	19,631	19,740	43,228	56,239	62,859	75,979
Long Term Liabilities	<u>66,224</u>	<u>58,062</u>	<u>158,896</u>	<u>146,504</u>	<u>225,120</u>	<u>204,566</u>
Total Liabilities	<u>85,855</u>	<u>77,802</u>	<u>202,124</u>	<u>202,743</u>	<u>287,979</u>	<u>280,545</u>
Net Assets:						
Invested in capital assets, net of related debt	104,206	94,414	163,217	150,896	267,423	245,310
Restricted	49,159	47,706	10,375	14,310	59,534	62,016
Unrestricted	<u>9,444</u>	<u>9,458</u>	<u>109,766</u>	<u>96,237</u>	<u>119,210</u>	<u>105,695</u>
Total net assets	<u>\$ 162,809</u>	<u>\$ 151,578</u>	<u>\$283,358</u>	<u>\$ 261,443</u>	<u>\$ 446,167</u>	<u>\$ 413,021</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

The City's net assets exceeded liabilities by \$446 million at the June 30, 2002. Most of the City's net assets (60%) 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, (13%) represent resources that are subject to external restrictions as to how they may be used. The remaining balance of \$119 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 \$ 9.4 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	
	2002	2001	2002	2001	2002	2001
Revenues						
Program Revenues						
Charges for service	\$ 7,164	\$ 6,426	\$ 141,835	\$ 272,354	\$ 148,999	\$ 278,780
Operating grants and contributions	14,410	14,111	2,958	2,597	17,368	16,708
Capital grants and contributions	8,608	7,120	13,141	9,831	21,749	16,951
General Revenues					-	-
Sales Tax	18,005	16,782			18,005	16,782
Property Tax	12,056	11,019			12,056	11,019
Other Taxes	4,779	4,295			4,779	4,295
Motor Vehicle In-Lieu	4,619	4,252			4,619	4,252
Investment earnings	3,572	4,450	5,752	6,106	9,324	10,556
Other Taxes	6,849	4,024	(883)	848	5,966	4,872
Total Revenues	<u>80,062</u>	<u>72,479</u>	<u>162,803</u>	<u>291,736</u>	<u>242,865</u>	<u>364,215</u>
Expenses:						
General Government	5,614	4,879			5,614	4,879
Police	17,233	16,188			17,233	16,188
Fire	9,031	8,557			9,031	8,557
Public Works	9,238	8,554			9,238	8,554
Planning	3,197	3,357			3,197	3,357
Recreation and Culture	8,534	3,666			8,534	3,666
Community Development	8,480	8,228			8,480	8,228
Interest on Long-term debt	3,229	3,319			3,229	3,319
Electric			102,383	208,375	102,383	208,375
Water			9,292	8,745	9,292	8,745
Wastewater			9,806	9,415	9,806	9,415
Storm Drainage			1,510	1,406	1,510	1,406
Solid Waste			11,674	10,393	11,674	10,393
Transportation			6,901	6,504	6,901	6,504
Convention Center			2,042	1,958	2,042	1,958
Total Expenses	<u>64,556</u>	<u>56,748</u>	<u>143,608</u>	<u>246,796</u>	<u>208,164</u>	<u>303,544</u>
Increase in net assets before transfers	15,505	15,731	19,195	44,940	34,700	60,671
Transfers	(4,274)	(1,171)	4,274	1,171	-	-
Increase in net assets	<u>11,231</u>	<u>14,560</u>	<u>23,469</u>	<u>46,111</u>	<u>34,700</u>	<u>60,671</u>
Net assets July 1,2001 as restated	<u>151,578</u>	<u>137,018</u>	<u>259,889</u>	<u>213,778</u>	<u>411,467</u>	<u>350,796</u>
Net assets June 30,2002	<u>\$ 162,809</u>	<u>\$ 151,578</u>	<u>\$ 283,358</u>	<u>\$ 259,889</u>	<u>\$ 446,167</u>	<u>\$ 411,467</u>

Governmental Activities

Program expenses exceed program revenues by \$34.4 million, however general revenues and transfers were

\$45.6 million resulting in an increase in governmental activities net assets of \$11.2 million. This increase accounted for 32% of the total growth in the net assets of the City.

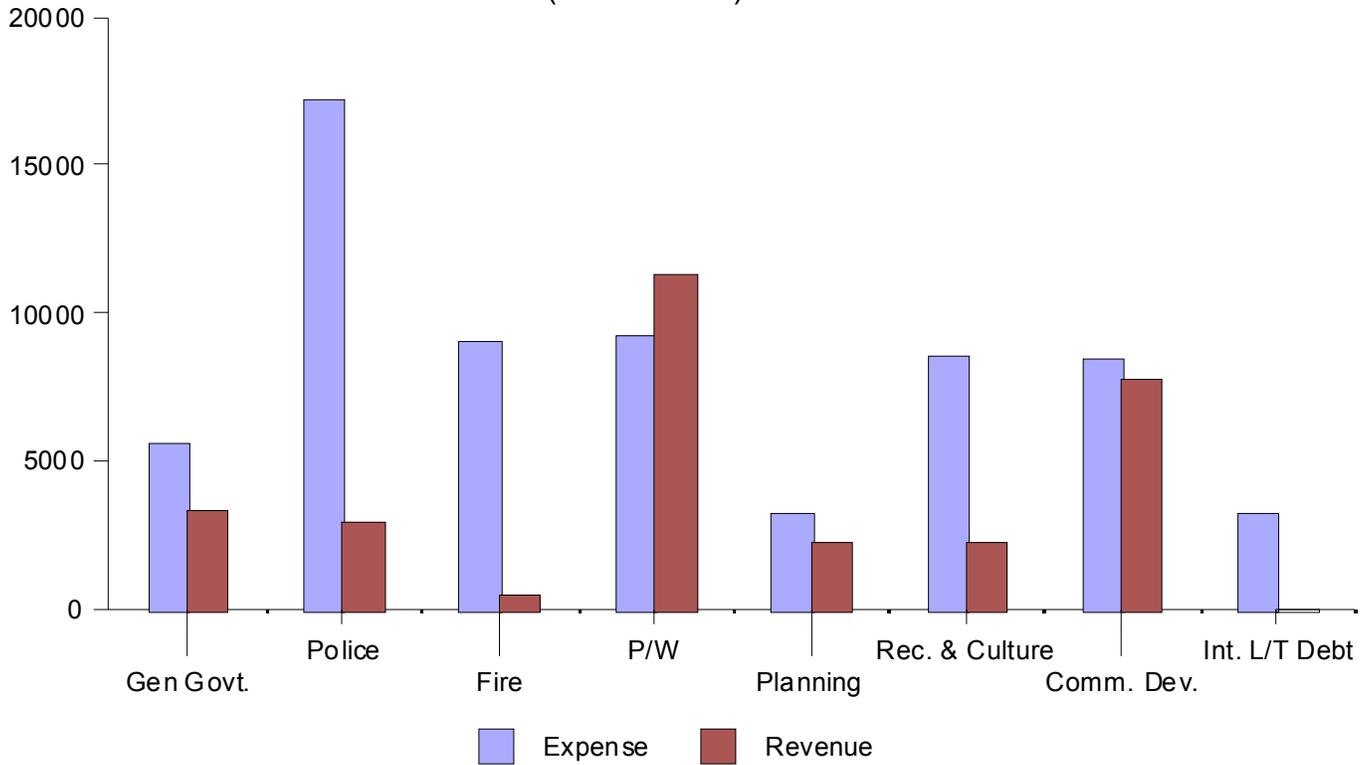
Taxes and in-lieu taxes increased by over 20% from the prior year while charges for services increased by over 11%. The large increases in these areas are primarily due to the continued strong economy and building development. Tax rates were not increased during the year. Capital grants and contributions increased by 20% from the prior year. The increase is due to one-time grants totaling \$0.9 million for the new Redding Aquatic Center being built. The City also received as capital grants and contributions approximately one half of a \$1.4 million grant relating to a new pedestrian bridge across the Sacramento River. The balance of the grant should be earned as the bridge is completed. All other revenue and transfers decreased due to an increase in transfers out during the year. The City transferred \$1.6 million from a special revenue fund where a storm drainage fee was collected over to the storm drainage activity. This was a one-time transfer for fees collected in a prior year.

Governmental activity expense increased by \$7.8 million (16%). The primary reasons for the increases are as follows:

- Recreation and culture expenses increased as the City contributed \$4.1 million of a planned \$7 million to assist in the development of a \$46 million museum and arboretum complex on approximately 300 acres bisected by the Sacramento River.
- Police expenses increased by \$1 million due to additional grant expenditures, being fully staffed for most of the year, additional overtime, additional benefit pay and other increases in costs.
- Other expenses have increased due to additional smaller projects, increased payroll expense and other increases.

Expenses and Program Revenues - Governmental Activities

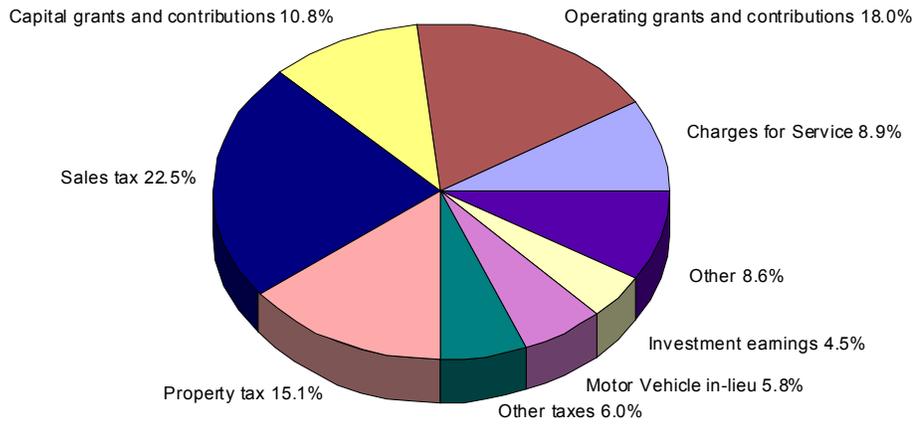
(in thousands)



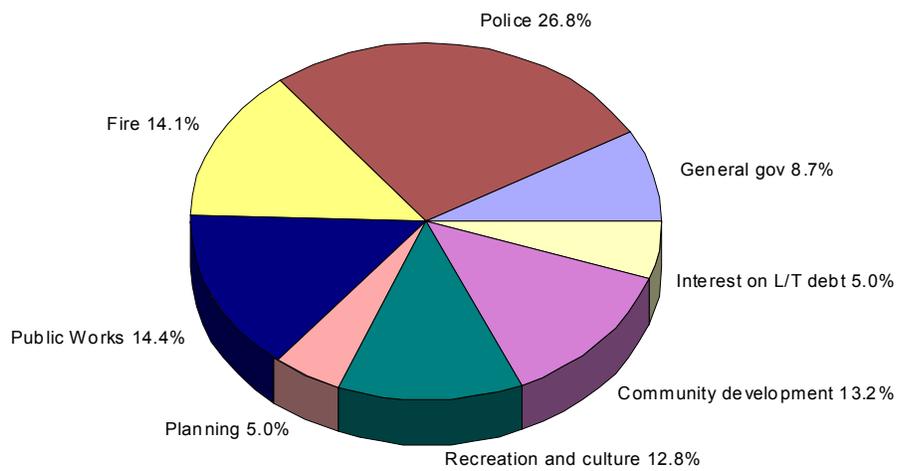
As shown in the expenses and program revenue graph above, the public works program revenues exceeded program expenses by \$2.0 million. The reason for revenues exceeding expenses is that program revenues include \$6.1 million in capital grants and contributions, which were used for capital assets as 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.

Revenues by Source - Governmental Activities



Expenses by Source - Governmental Activities



Business-Type Activities

Business-type activities increased the City's net assets by \$23.5 million, accounting for 68% of the total growth in the government's net assets. Key elements of this increase are as follows:

- Transportation revenues are higher than the prior year due to a \$5 million capital grant received to improve runways at the Airport. Since the runway costs were capitalized, there is no offsetting expense related to the \$5 million grant.
- Revenues exceed expenses for water, wastewater, solid waste, storm drainage and electric as funds are being accumulated for current and future capital projects. Electric is also accumulating funds to retire some of its debt. The following schedule shows business-type activities revenues and expenses.

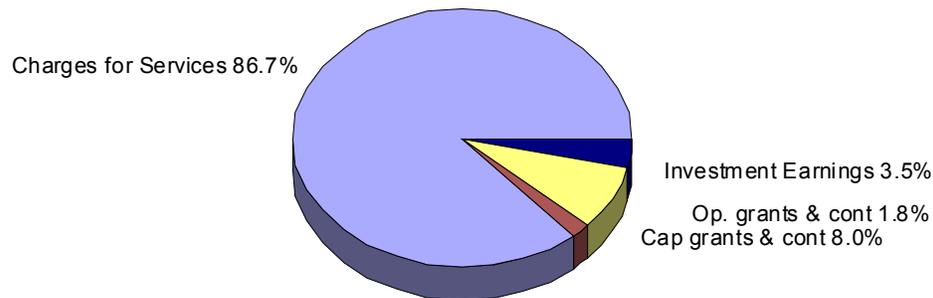
Revenues, Transfers and Expenditures - Business - Type Activities (in thousands)

	Revenue		Expense		Changes in net assets	
	2002	2001	2002	2001	2002	2001
Electric	\$ 105,350	\$ 239,369	\$ 102,383	\$ 208,375	\$ 2,967	\$ 30,994
Water	12,336	11,259	9,292	8,745	3,044	2,514
Wastewater	11,481	11,069	9,806	9,415	1,675	1,654
Storm Drainage	2,288	1,995	1,510	1,406	778	589
Solid Waste	14,386	13,244	11,674	10,394	2,712	2,850
Transportation	11,523	7,484	6,901	6,504	4,622	980
Convention Center	570	360	2,042	1,957	(1,472)	(1,597)
Investment earnings	5,752	6,107			5,752	6,107
Gain (loss) on sale of property	(883)	849			(883)	849
Transfers	4,274	1,171			4,274	1,171
Total	\$ 167,077	\$ 292,907	\$ 143,608	\$ 246,796	\$ 23,469	\$ 46,111

The Electric Utility change in net assets is \$28 million less than in the prior year due to a reduction in wholesale power sales. In the prior year demand for power was higher and the price for power was also higher. During the current year wholesale power sales decreased by \$134 million while cost of sales only decreased by \$108 million. The smaller decrease in cost of power was due to the high price of some short-term contracts entered into by the Utility (which have now ended). The Utility has completed its new generation plant, which will help to ensure the City has a reliable cost structure and also has power available as it is needed in future years.

In 1996 the City implemented a 23% interim rate surcharge to pay off some of the utilities debt to help position the Utility for deregulation. The surcharge was removed in July of 2002. The surcharge accounted for approximately \$13 million of the Utility's revenues.

Revenues by Source - Business - Type Activities



Typically business-type activities charge customers for the services provided and the related necessary capital costs. As can be seen from the graph above, charges for services makes up the vast majority (86.7%) 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, 2002, the City's governmental funds reported combined ending fund balances of \$81 million, an increase of \$10 million in comparison to June 30, 2001. Approximately 38% of this total (\$31 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 1) to liquidate obligations that were in effect at the end of the prior period (encumbrances for such things as purchase orders or contracts) (\$8.3 million), 2) for non current advances, notes and receivables (\$21.4 million), 3) to pay debt service (\$8.2 million), 4) for capital projects (\$10.3 million), or 5) miscellaneous other items (less than \$1.7 million).

The general fund is the chief operating fund of the City. At June 30, 2002, unreserved fund balance reached \$13 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 28% of the total general fund expenditures, while total fund balance represents 46% of total general fund expenditures.

The fund balance of the City's general fund increased by \$5.3 million during the year ending June 30, 2002.

General Fund revenues increased by \$4.8 million while expenditures increased by \$5 million. The largest increases in revenue were in sales tax, which increased by \$1.4 million, other taxes and in-lieu taxes increased by \$2 million while charges for services increased by \$0.5 million. The increase in taxes and charges for services (primarily building related charges) is due to the strong economy in the area and the opening of several new retail outlets.

The \$5 million increase in expenditures is due to the following:

- Police expenses increased by \$1 million due to additional grant expenditures, being fully staffed for most of the year, additional overtime, additional benefit pay and other increases in costs
- \$1.7 million in cost related to the new Redding Aquatic Center, which is a \$5 million project to be completed in fiscal year ended 2003.
- \$1.4 million in street rehabilitation and improvement projects.

The 1915 Act Assessment District Bonds Fund has a total fund balance of \$3.8 million, all of which is reserved for the payment of debt service. The 1915 Act Assessment District Bonds Fund makes debt service payments from assessments levied against property owners for improvements made in their area. Assessments approximate debt service payments. During the year fund balance did decrease by less than \$10,000.

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, 2001 (as restated)	Changes in net assets	Net Assets June 30, 2002
Electric Utility	\$ 140,366	\$ 5,864	\$ 146,230
Water Utility	30,348	3,665	34,012
Wastewater Utility	47,096	2,258	49,354
Solid Waste Collection/Disposal	14,658	3,463	18,121

Net Assets - Restricted and Unrestricted
Major Proprietary Funds as of June 30, 2002
(in thousands)

	Invested in Capital Assets, Net of Related Debt	Restricted Net Assets	Unrestricted Net Assets	Total Net Assets
Electric Utility	\$ 58,566	\$ 1	\$ 87,663	\$ 146,230
Water Utility	22,371	1,088	10,553	34,012
Wastewater Utility	39,859	6,218	3,277	49,354
Solid Waste Collection/Disposal	5,112	1,311	11,698	18,121

The factors affecting the above changes in net assets and other factors regarding the proprietary funds has 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, 2002 was the first year of the two-year budget process and so the original budget was adopted in June of 2001. 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
General Government	\$ 5,863	\$ 6,739	\$ 876
Public Safety:			
Police	16,616	18,004	1,388
Fire Safety	8,296	9,822	1,526
Public Works	6,425	7,462	1,037
Planning	3,564	3,958	394
Recreation and culture	4,376	7,914	3,538
Principal payments	639	2,730	2,091
Interest payments	1,121	1,172	51
Total Expenditures	<u>\$ 46,900</u>	<u>\$ 57,801</u>	<u>\$ 10,901</u>

As shown in the above table, the General Fund's original budget was increased by \$11 million or approximately 23%. The reasons for this increase are as follows:

- As funding was available the City authorized the early payoff of an internal loan, which required an additional appropriation of \$2 million.
- \$4.5 million was appropriated for grants obtained by the City after the budget was adopted.
- The City does not budget for certain equipment (primarily rolling stock) in the General Fund, but transfers cash from another fund and appropriates the amounts in the General Fund when the equipment is purchased. Additional equipment appropriations totaled \$1.4 million
- In addition to \$0.8 million in grants and contributions included in the \$4.5 million, mentioned above,

- the City appropriated another \$2.4 million to complete the new Redding Aquatic Center.
- Other miscellaneous appropriations totaled \$0.7 million or 1.5% of original adopted budget.

During the year revenues exceeding budgetary estimates and expenditures were less than budgetary estimates, thus eliminating 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, 2002, totaled \$463 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 \$47 million (a 7% increase for governmental activities and 13% for business-type activities).

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

- Completion of a new electric generation plant. The current year cost was \$23.9 million and the prior year cost was \$16.1 million for a total cost of \$40 million.
- Completion of an electric substation at cost of \$1.7 million.
- Work continued on two wastewater interceptor projects. Construction in progress cost during the year totaled \$9.8 million.
- Developers added an estimated \$1.9 million of water, wastewater, electric and storm drainage improvements.
- Developers added an estimated \$1.3 million of streets and sidewalks.
- Solid waste further enhanced its automated collection and recycling program at a cost of \$2.3 million.
- Work continued on the Clover Creek Drainage and Detention Project. The current year cost was \$1.5 million.
- Street rehabilitation, overlay and streetscape projects totaled \$2.5 million.
- Construction work began on the new Aquatic Center. During the year \$2.6 million was spent on the project. The total project cost is expected to be approximately \$5 million.
- Airport runway and other improvements were made at a cost of \$6.2 million.
- The City spent \$1.3 million on the Sacramento River Turtle Bay Pedestrian Bridge.

Changes in capital assets consist of the following:

Changes in Capital Assets
(in thousands)

	Balance June 30, 2001	Additions	Deletions	Balance June 30, 2002
Government Activities:				
Land	\$ 14,042	\$ 2,844	\$ (433)	\$ 16,453
Construction in progress	3,071	7,421	(2,114)	8,378
Buildings	37,139	575	(590)	37,124
Improvements other than buildings	103,803	5,716	(45)	109,474
Automotive Equipment	8,079	673	(862)	7,890
Furnishings and Equipment	5,267	812	(154)	5,925
Assets under capital lease	815	194	(207)	802
Total capital assets	172,216	18,235	(4,405)	186,046
Total accumulated depreciation	(47,687)	(6,658)	1,722	(52,623)
Governmental activities capital assets, net	124,529	11,577	(2,683)	133,423
Business-type Activities:				
Land	11,229	1,828	(227)	12,830
Construction in progress	22,393	13,138	(18,738)	16,793
Utility Plants	346,826	49,260	(867)	395,219
Buildings	40,387	211	(618)	39,980
Improvements other than buildings	19,399	6,582	(332)	25,649
Automotive Equipment	21,108	3,030	(2,625)	21,513
Furnishings and Equipment	13,358	2,805	(2,167)	13,996
Assets under capital lease	881	169	-	1,050
Total capital assets	475,581	77,023	(25,574)	527,030
Total accumulated depreciation	(184,390)	(18,705)	5,424	(197,671)
Business-type activities capital assets, net	291,191	58,318	(20,150)	329,359
Total	\$ 415,720	\$ 69,895	\$ (22,833)	\$ 462,782

Long Term Debt

The following schedule shows the changes in long-term debt for the year. (amounts are in thousands)

	Balance June 30, 2002	Additions/ Transfers	Reductions	Balance June 30, 2002
Governmental activities:				
Capital Leases Payable	\$ 331	\$ 731	\$ 89	\$ 973
Lease revenue bonds	12,595		259	12,336
1993 revenue bonds	8,095		205	7,890
Redevelopment bonds	22,550	9,500	605	31,445
Special assessment debt	11,506		812	10,694
Total governmental activities	<u>55,077</u>	<u>10,231</u>	<u>1,970</u>	<u>63,338</u>
Business -Type Activities				
General Obligation debt (payable from enterprise funds)	1,979	0	350	1,629
State loans payable	600	5,276	124	5,752
Revenue bonds	58,154	-	2,065	56,089
Certificates of participation	92,058	40,175	4,585	127,648
Capital leases	810	73	87	796
Special Assessment debt (payable from enterprise funds)	278	0	25	253
Total Business-type activities	<u>153,879</u>	<u>45,524</u>	<u>7,236</u>	<u>192,167</u>
Total outstanding long term debt	<u>\$ 208,956</u>	<u>\$ 55,755</u>	<u>\$ 9,206</u>	<u>\$ 255,505</u>

The City's total debt increased by \$55.7 million during the year ending June 30, 2002. The increase is due primarily to the following:

- Electric bonds were issued to refinance portions of the 1993 and 1992 electric certificates of participation and to fund a portion of a \$40 million generation plant.
- A state loan was obtained to finance a major wastewater interceptor project. \$5.3 million was borrowed during the year. It is anticipated that the total loan will be \$16.8 million when the project is completed.
- \$9.5 million in bonds were issued to use on future housing related projects. The bonds will be repaid from redevelopment tax increment funds.
- Capital leases for equipment were issued totaling \$0.8 million.

Currently, the City's legal debt margin is \$164 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.

As a result of the implementation of Governmental Accounting Standards Board 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. In 1999, Council directed staff not to advance funds to assessment districts unless legally obligated to do so. As a result, during the year, interest payments on two special assessment bond issues were not made due to a high delinquency rate in those assessment districts. The City is not liable for these bonds. The security for the bondholders is the property on which assessments have been levied and not paid. The City has no obligation to advance funds to these assessment districts. See note 2 to the Financial Statement for further discussion.

Additional information on the City's long-term debt can be found in note 10 on pages 81 - 89 of this report.

Economic Factors and Next Year's Budgets and Rates

- The City of Redding has experienced a steady increase in population since 1996 of one to four percent per year while the unemployment rate has decreased from 9.9% in 1996 to 7.0% in 2002.
- Inflationary trends in the region compare favorably to national indices.
- The assessed valuation within the City increased by \$251 million or (6%) in the current year.
- Overall tax revenue for the City has increased by 8.5% during the year. The City expects this growth rate to return to approximately 4% during the fiscal year 2002-03.

All of these factors were considered in preparing the City's budget for 2002-03 fiscal year.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$13 million. The City did not appropriate any of this amount for spending in the 2002-03 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 above a 5% reserve in all years.

The Water and Wastewater Utilities all have scheduled rate increases that their budgets were built on for the fiscal year 2002-03. Water rate increases is approximately 6% starting January 1, 2003 while Wastewater's rate increase is approximately 2%, also starting January 1, 2003. The Electric 23% surcharge implemented in 1997 was removed in July of 2002, reducing the charge for electricity.

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. Questions concerning any information provided in this report or request for additional financial information should be directed to:

The City of Redding
Finance Division
777 Cypress Avenue
Redding, CA 96001

CITY OF REDDING
Statement of Net Assets
June 30, 2002

ASSETS:	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and investments	\$49,498,981	\$88,853,058	\$138,352,039
Receivables:			
Interest	550,091	1,059,632	1,609,723
Accounts, net	1,106,815	15,604,305	16,711,120
Taxes	4,417,504	—	4,417,504
Intergovernmental	6,819,362	1,525,314	8,344,676
Notes	16,101,944	—	16,101,944
Special assessments	12,478,630	—	12,478,630
PG&E rebate	—	2,012,481	2,012,481
Other	26,392	—	26,392
Internal balances	2,734,714	(2,734,714)	—
Inventories	237,074	4,036,932	4,274,006
Prepaid items	828,418	2,242,592	3,071,010
Deposits	80,000	—	80,000
Assets held for sale	848,219	—	848,219
Restricted assets:			
Cash and investments	18,486,364	24,248,494	42,734,858
Interest receivable	229,710	50,608	280,318
Taxes receivable	486,998	—	486,998
Purchased power	—	2,076,644	2,076,644
Prepaid power	—	14,860,000	14,860,000
Financing costs, net	308,798	2,151,322	2,460,120
Capital assets	186,046,409	527,030,880	713,077,289
Accumulated depreciation	(52,622,283)	(197,671,368)	(250,293,651)
Investment in JPA	<u>—</u>	<u>135,113</u>	<u>135,113</u>
 Total assets	 <u>248,664,140</u>	 <u>485,481,293</u>	 <u>734,145,433</u>

(continued)

LIABILITIES:	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts payable	2,139,498	9,193,217	11,332,715
Accrued liabilities	3,858,048	1,938,360	5,796,408
Intergovernmental payable	69,258	31,393	100,651
Accrued interest payable	753,671	781,645	1,535,316
Deferred revenue	1,618,472	1,253,129	2,871,601
Deposits	115,663	2,569,887	2,685,550
Provision for contract write-down	—	3,087,170	3,087,170
Current portion of long-term debt	2,947,112	23,747,248	26,694,360
Grant anticipation note payable	300,000	—	300,000
Accounts payable from restricted	—	113,242	113,242
Accrued interest from restricted	203,154	511,805	714,959
Claims and judgements payable	7,627,000	—	7,627,000
Landfill closing costs	—	760,287	760,287
Long-term accrued liabilities	5,411,934	3,050,872	8,462,806
Long-term debt	<u>60,811,741</u>	<u>155,084,985</u>	<u>215,896,726</u>
Total liabilities	<u>85,855,551</u>	<u>202,123,240</u>	<u>287,978,791</u>
 NET ASSETS:			
Invested in capital assets, net of related debt	104,205,896	163,216,577	267,422,473
Restricted for:			
Capital outlay	—	9,062,806	9,062,806
Debt service	15,778,621	1,261,890	17,040,511
Housing	20,129,107	—	20,129,107
Community development	11,494,000	—	11,494,000
Public works	1,757,460	50,307	1,807,767
Unrestricted	<u>9,443,505</u>	<u>109,766,473</u>	<u>119,209,978</u>
Total net assets	<u>\$162,808,589</u>	<u>\$283,358,053</u>	<u>\$446,166,642</u>

See accompanying notes to financial statements.

CITY OF REDDING
Statement of Activities
For the Year Ended June 30, 2002

<u>Functions/Programs</u>	Program Revenues			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 5,614,465	\$ 1,934,680	\$ 865,023	\$ 500,314
Police	17,233,269	927,276	1,859,712	112,804
Fire	9,031,551	409,465	40,000	52,914
Public works	9,238,103	1,192,243	3,981,889	6,119,775
Planning	3,196,894	2,194,469	(2,794)	—
Recreation and culture	8,534,432	365,174	14,869	1,822,306
Community development	8,479,611	140,388	7,651,326	—
Interest on long-term debt	3,229,379	—	—	—
Total governmental activities	<u>64,557,704</u>	<u>7,163,695</u>	<u>14,410,025</u>	<u>8,608,113</u>
Business-type activities:				
Electric	102,382,759	104,470,688	272,082	607,346
Water	9,291,738	10,312,159	175,699	1,848,623
Wastewater	9,805,825	9,039,453	—	2,441,566
Storm drainage	1,509,788	893,021	—	1,395,218
Solid waste	11,674,164	14,343,371	42,180	—
Transportation	6,901,577	2,248,135	2,449,375	6,826,358
Convention center	<u>2,042,346</u>	<u>528,112</u>	<u>19,689</u>	<u>21,847</u>
Total business-type activities	<u>143,608,197</u>	<u>141,834,939</u>	<u>2,959,025</u>	<u>13,140,958</u>
Total government	<u>\$208,165,901</u>	<u>\$148,998,634</u>	<u>\$17,369,050</u>	<u>\$21,749,071</u>

General revenues:

- Taxes
 - Property taxes, levied for general purpose
 - In lieu property taxes
 - Transient occupancy taxes
 - Sales taxes
 - Motor vehicle taxes
 - Franchise taxes
 - Other taxes
- Investment income
- Other
- Gain on sale of assets
- Transfers

Total general revenues and transfers

Change in net assets

- Net assets beginning
- Adjustments
- Net assets, beginning (as restated)

Net assets, ending

Net (Expense) Revenue and
Changes in Net Assets

<u>Total</u> <u>Governmental</u>	<u>Total</u> <u>Business-type</u>	<u>Total</u>
\$ (2,314,448)	\$ —	\$ (2,314,448)
(14,333,477)	—	(14,333,477)
(8,529,172)	—	(8,529,172)
2,055,804	—	2,055,804
(1,005,219)	—	(1,005,219)
(6,332,083)	—	(6,332,083)
(687,897)	—	(687,897)
<u>(3,229,379)</u>	<u>—</u>	<u>(3,229,379)</u>
<u>(34,375,871)</u>	<u>—</u>	<u>(34,375,871)</u>
—	2,967,357	2,967,357
—	3,044,743	3,044,743
—	1,675,194	1,675,194
—	778,451	778,451
—	2,711,387	2,711,387
—	4,622,291	4,622,291
<u>—</u>	<u>(1,472,698)</u>	<u>(1,472,698)</u>
<u>—</u>	<u>14,326,725</u>	<u>14,326,725</u>
<u>(34,375,871)</u>	<u>14,326,725</u>	<u>(20,049,146)</u>
12,055,646	—	12,055,646
4,765,460	—	4,765,460
3,027,116	—	3,027,116
18,004,770	—	18,004,770
4,619,185	—	4,619,185
826,600	—	826,600
924,976	—	924,976
3,572,026	5,752,313	9,324,339
18,116	—	18,116
2,066,225	(883,213)	1,183,012
<u>(4,273,590)</u>	<u>4,273,590</u>	<u>—</u>
<u>45,606,530</u>	<u>9,142,690</u>	<u>54,749,220</u>
<u>11,230,659</u>	<u>23,469,415</u>	<u>34,700,074</u>
151,577,930	261,443,013	413,020,943
—	(1,554,375)	(1,554,375)
<u>151,577,930</u>	<u>259,888,638</u>	<u>411,466,568</u>
<u>\$162,808,589</u>	<u>\$283,358,053</u>	<u>\$446,166,642</u>

See accompanying notes to financial statements.

CITY OF REDDING
Balance Sheet
Governmental Funds
June 30, 2002

ASSETS	General Fund	1915 Act Assessment District Bonds	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$12,783,325	\$ 3,946,328	\$27,202,668	\$43,932,321
Interest receivable	152,194	29,992	303,716	485,902
Accounts receivable, net	409,923	—	671,227	1,081,150
Intergovernmental receivable	1,747,344	—	5,072,018	6,819,362
Taxes receivable	4,003,664	—	255,133	4,258,797
Other receivable	—	—	26,392	26,392
Due from other funds	204,772	—	—	204,772
Inventories	161,847	—	—	161,847
Prepaid items	550,282	—	—	550,282
Restricted assets:				
Cash and investments	805,855	—	13,734,181	14,540,036
Interest receivable	18,508	—	181,210	199,718
Taxes receivable	—	—	486,998	486,998
Interfund receivable	324,582	—	33,175	357,757
Other assets	—	—	848,219	848,219
Deposits	—	—	80,000	80,000
Advances to other funds	4,349,319	—	1,119,758	5,469,077
Special assessments receivable	—	12,463,478	15,152	12,478,630
Notes receivable	—	—	16,101,944	16,101,944
 Total assets	 <u>\$25,511,615</u>	 <u>\$16,439,798</u>	 <u>\$66,131,791</u>	 <u>\$108,083,204</u>

(continued)

LIABILITIES AND FUND BALANCES:	General Fund	1915 Act Assessment District Bonds	Other Governmental Funds	Total Governmental Funds
Liabilities:				
Accounts payable	\$ 1,037,793	\$ 600	\$ 857,523	\$ 1,895,916
Accrued liabilities	1,031,312	19,372	383,135	1,433,819
Intergovernmental payable	41,804	—	27,277	69,081
Due to other funds	—	—	172,159	172,159
Grant anticipation note payable	—	—	300,000	300,000
Deferred revenues	1,682,303	11,982,558	5,091,430	18,756,291
Interfund payables	—	—	74,175	74,175
Deposits	—	—	104,413	104,413
Advances from other funds	—	652,521	3,880,409	4,532,930
Total liabilities	<u>3,793,212</u>	<u>12,655,051</u>	<u>10,890,521</u>	<u>27,338,784</u>
Fund balances:				
Reserved for encumbrances	2,755,363	—	5,571,242	8,326,605
Reserved for inventories	161,847	—	—	161,847
Reserved for prepaid items	550,282	—	—	550,282
Reserved for noncurrent advances	4,349,319	—	147,066	4,496,385
Reserved for debt service	—	3,784,747	4,371,521	8,156,268
Reserved for capital projects	86,516	—	10,233,636	10,320,152
Reserved for school projects	—	—	700,450	700,450
Reserved for other	—	—	237,959	237,959
Reserved for noncurrent notes receivable	—	—	16,896,883	16,896,883
Unreserved, reported in:				
General fund	13,204,423	—	—	13,204,423
Special revenue funds	—	—	4,283,923	4,283,923
Capital project funds	—	—	2,788,923	2,788,923
Debt service funds	—	—	(895,768)	(895,768)
Designated for continuing projects	—	—	10,905,435	10,905,435
Designated for rolling stock	610,653	—	—	610,653
Total fund balances	<u>21,718,403</u>	<u>3,784,747</u>	<u>55,241,270</u>	<u>80,744,420</u>
Total liabilities and fund balances	<u>\$25,511,615</u>	<u>\$16,439,798</u>	<u>\$66,131,791</u>	<u>\$108,083,204</u>

See accompanying notes to financial statements.

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CITY OF REDDING
Governmental Funds
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Assets
June 30, 2002

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

Total Fund Balances	\$80,744,420
Capital assets have not been included as financial resources in governmental fund balance sheet.	175,850,858
Accumulated depreciation has not been included in the fund financial statements.	(46,074,395)
Financing costs net of amortization	308,798
Long-term debt that has not been included in the governmental fund balance sheet.	(63,571,563)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.	(956,825)
Revenue reported as deferred revenue in the governmental funds balance sheet was recorded as revenue in the statement of activities.	17,387,104
Internal service fund net assets are included in the governmental activities on the statement of net assets.	5,995,241
Accrued vacation and other leave not reported in governmental funds, but recorded as expense in the statement of activities.	<u>(6,875,049)</u>
Net assets of governmental activities	<u>\$162,808,589</u>

See accompanying notes to financial statements.

CITY OF REDDING
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2002

	General Fund	1915 Act Assessment District Bonds	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 5,662,085	\$ —	\$ 6,319,748	\$11,981,833
Sales and use taxes	17,733,256	—	271,514	18,004,770
Other taxes	4,778,692	—	—	4,778,692
Special assessments	—	1,235,907	112,408	1,348,315
Licenses and permits	1,582,765	—	74,656	1,657,421
Intergovernmental revenues	6,953,502	—	13,076,174	20,029,676
Charges for services	1,906,412	—	—	1,906,412
Fines, forfeitures, and penalties	684,690	—	127,988	812,678
Use of money and property	7,762,798	—	9,982	7,772,780
Interest revenue	1,195,049	168,717	1,776,382	3,140,148
Other	<u>1,261,661</u>	<u>—</u>	<u>3,036,021</u>	<u>4,297,682</u>
Total revenues	<u>49,520,910</u>	<u>1,404,624</u>	<u>24,804,873</u>	<u>75,730,407</u>
EXPENDITURES:				
Current:				
Community development	—	—	8,802,958	8,802,958
General government	5,532,590	22,107	121,300	5,675,997
Public safety:				
Police	16,276,102	—	180,434	16,456,536
Fire	8,672,216	—	—	8,672,216
Public works	4,219,997	—	210,427	4,430,424
Planning	3,134,055	—	—	3,134,055
Recreation and culture	3,536,594	—	206,368	3,742,962
Capital outlay	5,137,669	—	11,956,739	17,094,408
Debt service:				
Principal retirement	260,455	837,500	864,296	1,962,251
Interest and fiscal charges	514,464	549,610	2,453,393	3,517,467
Bond administration costs	—	—	—	—
Total expenditures	<u>47,284,142</u>	<u>1,409,217</u>	<u>24,795,915</u>	<u>73,489,274</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,236,768</u>	<u>(4,593)</u>	<u>8,958</u>	<u>2,241,133</u>
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	843,851	—	249,917	1,093,768
Financing proceeds	1,094,430	—	—	1,094,430
Bond sale/loan proceeds	—	—	9,500,000	9,500,000
Bond discounts	—	—	(92,860)	(92,860)
Transfers in	3,437,416	—	1,519,563	4,956,979
Transfers out	<u>(2,350,956)</u>	<u>—</u>	<u>(6,879,613)</u>	<u>(9,230,569)</u>
Total other financing sources (uses)	<u>3,024,741</u>	<u>—</u>	<u>4,297,007</u>	<u>7,321,748</u>
Net change in fund balance	5,261,509	(4,593)	4,305,965	9,562,881
FUND BALANCE, beginning of year	<u>16,456,894</u>	<u>3,789,340</u>	<u>50,935,305</u>	<u>71,181,539</u>
FUND BALANCE, end of year	<u>\$21,718,403</u>	<u>\$ 3,784,747</u>	<u>\$55,241,270</u>	<u>\$80,744,420</u>

See accompanying notes to financial statements.

CITY OF REDDING
Governmental Funds
Reconciliation of The Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to
the Statement of Activities
For the Year Ending June 30, 2002

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

Net Change in Fund Balances - Total Governmental Funds	\$ 9,562,881
Governmental funds report capital outlays as expenditures.	13,142,457
In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation/amortization expense.	(5,467,705)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the net book value of the disposed assets.	972,452
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,512,986
Repayment of bonds principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,979,072
Proceeds from debt are a financing source in the governmental funds, but a liability in the statement of net assets.	(10,501,570)
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.	(155,698)
In the statement of activities, financing costs are capitalized, whereas in the governmental funds, an expenditure is reported.	319,948
Compensated absences in the statement of activities is reported as an expense but is not reported in the governmental funds.	(834,433)
Arbitrage in the statement of activities is reported as the expense is incurred but is reported in the governmental funds as an expenditure when paid.	101,567
Internal service funds revenue that is recognized in the governmental activities in the statement of activities.	<u>598,702</u>
Change in Net Assets of Governmental Activities	<u><u>\$11,230,659</u></u>

See accompanying notes to financial statements.

CITY OF REDDING
Statement of Revenues, Expenditures, and Changes
In Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2002

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Property taxes	\$ 5,414,000	\$ 5,414,000	\$ 5,662,085	\$ 248,085
Sales and use taxes	17,180,000	17,180,000	17,789,730	609,730
Other taxes	4,255,000	4,255,000	4,732,625	477,625
Licenses and permits	1,272,280	1,272,280	1,582,765	310,485
Intergovernmental revenues	8,110,959	8,110,959	6,892,824	(1,218,135)
Charges for services	1,600,460	1,600,460	1,847,350	246,890
Fines, forfeitures, and penalties	587,000	587,000	588,158	1,158
Use of money and property	7,746,245	7,746,245	7,762,798	16,553
Investment revenue	452,970	452,970	1,108,029	655,059
Other revenue	<u>1,212,720</u>	<u>1,212,720</u>	<u>964,807</u>	<u>(247,913)</u>
 Total revenues	 <u>47,831,634</u>	 <u>47,831,634</u>	 <u>48,931,171</u>	 <u>1,099,537</u>
 EXPENDITURES:				
Current:				
General government	5,863,570	6,739,184	5,957,355	781,829
Public safety:				
Police	16,615,570	18,003,801	17,188,523	815,278
Fire safety	8,295,900	9,822,179	9,617,101	205,078
Public works	6,424,770	7,462,520	5,944,635	1,517,885
Planning	3,563,780	3,958,210	3,682,312	275,898
Recreation and culture	4,375,970	7,913,420	7,421,441	491,979
Principal payments	639,290	2,730,330	2,613,883	116,447
Interest payments	<u>1,121,240</u>	<u>1,172,150</u>	<u>1,167,270</u>	<u>4,880</u>
 Total expenditures	 <u>46,900,090</u>	 <u>57,801,794</u>	 <u>53,592,520</u>	 <u>4,209,274</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>931,544</u>	 <u>(9,970,160)</u>	 <u>(4,661,349)</u>	 <u>5,308,811</u>
 OTHER FINANCING SOURCES (USES):				
Sale of capital assets	56,000	56,000	773,303	717,303
Financing proceeds	2,937,590	2,937,590	550,282	(2,387,308)
Transfers in	4,295,070	4,295,070	4,204,786	(90,284)
Transfers out	<u>(3,383,200)</u>	<u>(3,383,200)</u>	<u>(3,618,096)</u>	<u>(234,896)</u>
 Total other financing sources (uses)	 <u>3,905,460</u>	 <u>3,905,460</u>	 <u>1,910,275</u>	 <u>(1,995,185)</u>

(continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Net change in fund balances	4,837,004	(6,064,700)	(2,751,074)	3,313,626
BUDGETARY FUND BALANCES, beginning of year	<u>16,456,894</u>	<u>16,456,894</u>	<u>16,456,894</u>	<u>—</u>
BUDGETARY FUND BALANCES, end of year	<u>\$21,293,898</u>	<u>\$10,392,194</u>	<u>\$13,705,820</u>	<u>\$ 3,313,626</u>
Fund balance from the Statement of Revenues, Expenditures and Changes in Fund Balance:			\$21,718,403	
1. The City budgets for taxes on a cash basis.			(50,271)	
2. The City budgets for grants on a cash basis.			—	
3. Timing difference due to GASB 33.			(438,468)	
4. The City does not budget for accounts payable adjustments.			70,450	
5. The City does not budget for benefit accruals.			23,778	
6. Financial statement only interest income adjustment per GASB 31.			(90,569)	
7. The City does not budget for the rolling stock fund.			(982,307)	
8. The City does not budget for the cash transfer to and from the Airport Fund to cover grant revenue not received as of year end.			(123,293)	
9. The City budgets for the cash transfer to Airports for a PFC advance, but records the advance in advances receivable in the balance sheet.			(292,790)	
10. Prepaid expenditure for a fire truck budgeted in current year.			(550,282)	
11. The City budgets for the principal payment on the Civic Center loan as an expenditure, but adjusts the payment to advances payable.			(2,049,925)	
12. Encumbrances are not included in the Statement of Revenues, Expenditures and Changes in Fund Balance.			(3,588,907)	
13. The City budgets for and records advance repayments in the revenue accounts, but adjusts the actual payment to advances receivable.			<u>60,000</u>	
Budgetary fund balance			<u>\$13,705,820</u>	

See accompanying notes to financial statements.

CITY OF REDDING
Statement of Net Assets
Proprietary Funds
June 30, 2002

ASSETS	Business-Type Activities			
	Electric Utility	Water Utility	Waste Water Utility	Solid Waste Collection/ Disposal
Current assets:				
Cash and investments	\$55,233,383	\$ 9,768,278	\$11,279,843	\$ 9,268,128
Interest receivable	683,801	105,176	121,117	142,472
Accounts receivable, net	11,245,359	1,497,218	1,260,614	1,404,475
Prepaid items	2,240,000	—	—	—
Intergovernmental receivable	—	10,621	—	2,715
Inventories	3,419,117	449,797	47,797	—
Interfund receivable	—	—	—	—
PG&E rebate receivable	<u>2,012,481</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total current assets	<u>74,834,141</u>	<u>11,831,090</u>	<u>12,709,371</u>	<u>10,817,790</u>
Restricted assets:				
Cash and investments	16,293,991	1,626,276	193,020	6,038,121
Interest receivable	<u>—</u>	<u>8,643</u>	<u>4,460</u>	<u>37,505</u>
Total restricted assets	<u>16,293,991</u>	<u>1,634,919</u>	<u>197,480</u>	<u>6,075,626</u>
Capital assets:				
Land	3,360,968	214,150	2,576,235	957,092
Utility plants	248,264,672	54,947,841	79,698,960	—
Buildings	4,248,862	3,073,925	2,354,528	13,601,111
Improvements other than buildings	2,224,823	—	65,984	191,330
Automotive equipment	2,671,076	1,131,386	802,047	9,521,647
Furnishings and equipment	5,148,755	403,804	828,824	5,968,840
Assets under capital lease	—	—	—	—
Construction in progress	<u>330,628</u>	<u>979,673</u>	<u>14,268,672</u>	<u>80,764</u>
Total capital assets	266,249,784	60,750,779	100,595,250	30,320,784
Less: accumulated depreciation	<u>(97,428,253)</u>	<u>(24,286,432)</u>	<u>(36,959,015)</u>	<u>(10,480,030)</u>
Net capital assets	<u>168,821,531</u>	<u>36,464,347</u>	<u>63,636,235</u>	<u>19,840,754</u>
Other assets:				
Power acquisition costs, net	2,076,644	—	—	—
Prepaid purchase cost	14,860,000	—	—	—
Advances to other funds	1,250,015	102,503	1,441,403	—
Financing costs, net	264,820	687,976	428,539	733,283
Investment in JPA	<u>135,113</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total other assets	<u>18,586,592</u>	<u>790,479</u>	<u>1,869,942</u>	<u>733,283</u>
Total assets	<u>278,536,255</u>	<u>50,720,835</u>	<u>78,413,028</u>	<u>37,467,453</u>

(continued)

<u>Business-Type Activities</u>		<u>Governmental Activities</u>
<u>Non-Major Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 3,303,426	\$88,853,058	\$ 9,512,988
7,066	1,059,632	94,176
196,639	15,604,305	25,665
2,592	2,242,592	278,136
1,511,978	1,525,314	—
120,221	4,036,932	75,227
—	—	126,000
—	2,012,481	—
<u>5,141,922</u>	<u>115,334,314</u>	<u>10,112,192</u>
97,086	24,248,494	—
—	50,608	—
<u>97,086</u>	<u>24,299,102</u>	<u>—</u>
5,718,001	12,826,446	8,310
12,307,921	395,219,394	—
16,705,510	39,983,936	—
23,167,288	25,649,425	178,737
7,387,067	21,513,223	7,890,155
1,644,937	13,995,160	1,984,548
1,049,602	1,049,602	551,318
<u>1,133,957</u>	<u>16,793,694</u>	<u>—</u>
69,114,283	527,030,880	10,613,068
<u>(28,517,638)</u>	<u>(197,671,368)</u>	<u>(7,214,691)</u>
<u>40,596,645</u>	<u>329,359,512</u>	<u>3,398,377</u>
—	2,076,644	—
—	14,860,000	—
—	2,793,921	1,176,672
36,704	2,151,322	—
—	135,113	—
<u>36,704</u>	<u>22,017,000</u>	<u>1,176,672</u>
<u>45,872,357</u>	<u>491,009,928</u>	<u>14,687,241</u>

See accompanying notes to financial statements.

CITY OF REDDING
Statement of Net Assets
Proprietary Funds
June 30, 2002

LIABILITIES AND NET ASSETS	Business-Type Activities			
	Electric Utility	Water Utility	Waste Water Utility	Solid Waste Collection/ Disposal
Current liabilities (payable from current assets):				
Accounts payable	\$ 6,133,077	\$ 459,188	\$ 1,774,284	\$ 112,356
Accrued liabilities	1,124,108	175,726	180,678	330,688
Accrued interest payable	543,745	54,657	160,970	—
Provision for contract write-down	3,087,170	—	—	—
Claims and judgements payable	—	—	—	—
Intergovernmental payable	3,691	3,272	112	24,318
Due to other funds	—	—	—	—
Deferred revenues	310,669	—	—	18,207
Deposits	1,392,688	—	—	1,177,199
Interfund payable	—	—	—	—
Capital leases, current	—	—	—	—
Long-term debt, current	21,372,641	872,912	836,300	436,164
State loan, current	—	—	—	—
Total current liabilities (payable from current assets)	<u>33,967,789</u>	<u>1,565,755</u>	<u>2,952,344</u>	<u>2,098,932</u>
Current liabilities (payable from restricted assets):				
Accounts payable	113,242	—	—	—
Accrued interest payable	—	54,088	48,421	409,296
Total current liabilities (payable from restricted assets)	<u>113,242</u>	<u>54,088</u>	<u>48,421</u>	<u>409,296</u>
Long-term liabilities:				
Accrued compensated absences	1,661,687	303,918	311,024	525,073
Landfill closure costs	—	—	—	760,287
Advances from other funds	—	—	—	—
Capital leases, net of current	—	—	—	—
Long-term debt, net of current	96,563,055	14,784,165	21,015,605	15,552,690
State loan, net of current	—	—	4,731,445	—
Total long-term liabilities	<u>98,224,742</u>	<u>15,088,083</u>	<u>26,058,074</u>	<u>16,838,050</u>
Total liabilities	<u>132,305,773</u>	<u>16,707,926</u>	<u>29,058,839</u>	<u>19,346,278</u>
NET ASSETS:				
Invested in capital assets, net of related debt	58,566,023	22,370,746	39,859,067	5,112,490
Restricted:				
Capital projects	—	1,087,937	6,218,008	—
Debt service	1,301	—	—	1,260,589
Other	—	—	—	50,307
Unrestricted	<u>87,663,158</u>	<u>10,554,226</u>	<u>3,277,114</u>	<u>11,697,789</u>
Total net assets	<u>\$146,230,482</u>	<u>\$34,012,909</u>	<u>\$49,354,189</u>	<u>\$18,121,175</u>

<u>Business-Type Activities</u>		<u>Governmental Activities</u>	
<u>Non-Major Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>	
\$ 714,312	\$ 9,193,217	\$ 243,576	Reconciliation of the Statement of Net Assets -
127,160	1,938,360	319,743	Proprietary Funds to the government-wide
22,273	781,645	—	Statement of Net Assets:
—	3,087,170	—	
—	—	7,627,000	Statement of Net Assets
—	31,393	177	Proprietary Funds
32,613	32,613	—	Total net assets \$283,537,755
924,253	1,253,129	—	
—	2,569,887	11,250	Less business-type portion of
409,582	409,582	—	Internal Service Funds loss <u>179,702</u>
115,117	115,117	69,699	
27,539	23,545,556	—	Statement of Activities:
<u>86,575</u>	<u>86,575</u>	<u>—</u>	Total net assets <u>\$283,358,053</u>
<u>2,459,424</u>	<u>43,044,244</u>	<u>8,271,445</u>	
—	113,242	—	
<u>—</u>	<u>511,805</u>	<u>—</u>	
<u>—</u>	<u>625,047</u>	<u>—</u>	
249,170	3,050,872	482,672	
—	760,287	—	
4,906,738	4,906,738	—	
680,503	680,503	117,591	
1,334,659	149,250,174	—	
<u>422,863</u>	<u>5,154,308</u>	<u>—</u>	
<u>7,593,933</u>	<u>163,802,882</u>	<u>600,263</u>	
<u>10,053,357</u>	<u>207,472,173</u>	<u>8,871,708</u>	
37,308,251	163,216,577	168,276	
1,756,861	9,062,806	—	
—	1,261,890	—	
—	50,307	—	
<u>(3,246,112)</u>	<u>109,946,175</u>	<u>5,647,257</u>	
<u>\$35,819,000</u>	<u>\$283,537,755</u>	<u>\$ 5,815,533</u>	

See accompanying notes to financial statements.

CITY OF REDDING
Statement of Revenues, Expenses
and Changes in Net Assets - Proprietary Funds
For the Year Ended June 30, 2002

	Business-Type Activities			
	Electric Utility	Water Utility	Waste Water Utility	Solid Waste Collection/ Disposal
OPERATING REVENUES:				
User fees and charges	\$72,989,515	\$10,306,716	\$ 9,025,589	\$13,209,550
Wholesale power sales	30,732,014	—	—	—
Rental charges	—	—	11,770	—
Other operating revenue	<u>746,160</u>	<u>5,442</u>	<u>2,094</u>	<u>1,133,821</u>
Total operating revenues	<u>104,467,689</u>	<u>10,312,158</u>	<u>9,039,453</u>	<u>14,343,371</u>
OPERATING EXPENSES:				
Cost of power, water, and transportation	64,414,008	263,246	—	—
Maintenance, operations, and administration	22,042,122	6,245,011	5,493,584	9,283,247
Depreciation and amortization	<u>12,161,780</u>	<u>1,924,400</u>	<u>2,843,330</u>	<u>1,531,197</u>
Total operating expenses	<u>98,617,910</u>	<u>8,432,657</u>	<u>8,336,914</u>	<u>10,814,444</u>
Operating income (loss)	<u>5,849,779</u>	<u>1,879,501</u>	<u>702,539</u>	<u>3,528,927</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest revenue	3,535,899	614,900	732,672	725,854
Interest expense	(3,792,212)	(863,873)	(1,473,703)	(833,314)
Intergovernmental revenues	272,082	175,699	—	42,180
Gain (loss) on disposal of assets	(417,318)	10,390	(145,287)	—
Other non-operating revenues (expenses)	<u>159,000</u>	<u>1,364,659</u>	<u>1,952,558</u>	<u>—</u>
Total non-operating revenues (expenses)	<u>(242,549)</u>	<u>1,301,775</u>	<u>1,066,240</u>	<u>(65,280)</u>
Income (loss) before operating transfers and capital contributions	5,607,230	3,181,276	1,768,779	3,463,647
Capital contributions	451,346	483,964	489,008	—
Transfers in	—	—	—	—
Transfers out	<u>(193,920)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Change in net assets	<u>5,864,656</u>	<u>3,665,240</u>	<u>2,257,787</u>	<u>3,463,647</u>
Net assets, beginning of year	141,976,201	30,347,669	47,096,402	14,657,528
Prior period adjustments	<u>(1,610,375)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net assets, beginning of year (as restated)	<u>140,365,826</u>	<u>30,347,669</u>	<u>47,096,402</u>	<u>14,657,528</u>
Net assets, end of year	<u>\$146,230,482</u>	<u>\$34,012,909</u>	<u>\$49,354,189</u>	<u>\$18,121,175</u>

<u>Business-Type Activities</u>		<u>Governmental Activities</u>
<u>Non-Major Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 1,980,590	\$107,511,960	\$19,465,425
—	30,732,014	—
908,462	920,232	—
<u>775,509</u>	<u>2,663,026</u>	<u>22,284</u>
<u>3,664,561</u>	<u>141,827,232</u>	<u>19,487,709</u>
1,996,436	66,673,690	—
5,186,373	48,250,337	19,024,781
<u>3,093,196</u>	<u>21,553,903</u>	<u>922,795</u>
<u>10,276,005</u>	<u>136,477,930</u>	<u>19,947,576</u>
<u>(6,611,444)</u>	<u>5,349,302</u>	<u>(459,867)</u>
142,988	5,752,313	509,555
(180,046)	(7,143,148)	(7,224)
859,644	1,349,605	—
(330,996)	(883,211)	9,915
<u>2,013,503</u>	<u>5,489,720</u>	<u>917</u>
<u>2,505,093</u>	<u>4,565,279</u>	<u>513,163</u>
(4,106,351)	9,914,581	53,296
7,844,047	9,268,365	—
4,467,510	4,467,510	558,284
<u>—</u>	<u>(193,920)</u>	<u>—</u>
<u>8,205,206</u>	<u>23,456,536</u>	<u>611,580</u>
27,557,794	261,635,594	5,203,953
<u>56,000</u>	<u>(1,554,375)</u>	<u>—</u>
<u>27,613,794</u>	<u>260,081,219</u>	<u>5,203,953</u>
<u>\$35,819,000</u>	<u>\$283,537,755</u>	<u>\$ 5,815,533</u>

Reconciliation of Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds to the Statement of Activities:

Proprietary Funds changes in net assets. \$23,456,536

Add Internal Service Funds income - business-type activity portion. 12,879

Statement of Activities:
Change in net assets. \$23,469,415

See accompanying notes to financial statements.

CITY OF REDDING
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2002

	Business-Type Activities			
	Electric Utility	Water Utility	Waste Water Utility	Solid Waste Collection/ Disposal
Cash flows from operating activities:				
Cash received from customers	\$113,151,965	\$10,178,343	\$8,690,993	\$14,162,672
Cash paid to suppliers	(105,106,129)	(4,608,860)	(3,493,235)	(5,607,355)
Cash paid to employees	(11,878,534)	(1,881,667)	(1,859,157)	(3,859,499)
Other income received	<u>636,300</u>	<u>868</u>	<u>2,094</u>	<u>73,529</u>
Net cash provided (used) by operating activities	<u>(3,196,398)</u>	<u>3,688,684</u>	<u>3,340,695</u>	<u>4,769,347</u>
Cash flows from noncapital financing activities:				
Intergovernmental revenue received	272,612	165,078	—	71,320
Advances from other funds	503,238	—	—	—
Advances to other funds	—	(2,471)	(75,205)	—
Repayment of advances from other funds	—	—	(176,788)	—
Repayment of advances to other funds	—	—	—	—
Transfers in	—	—	—	—
Transfers out	(193,920)	—	—	—
Other non-operating revenues (expense), net	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net cash provided (used) by noncapital financing activities	<u>581,930</u>	<u>162,607</u>	<u>(251,993)</u>	<u>71,320</u>
Cash flows from capital and related financing activities:				
Capital grant received	—	—	—	—
Proceeds from sale of assets	10,146	25,963	1,125	97,330
Purchase of capital assets	(29,643,220)	(1,656,574)	(10,831,744)	(3,263,303)
Interest paid	(3,532,213)	(857,366)	(1,282,341)	(843,138)
Principal paid on long-term debt	(4,585,000)	(854,054)	(793,938)	(416,078)
Proceeds from long-term debt	30,941,214	—	4,731,445	—
Principal paid on capital leases	—	—	—	—
Other non-operating revenues (expense), net	<u>159,000</u>	<u>1,364,659</u>	<u>1,952,558</u>	<u>—</u>
Net cash provided (used) by capital and related financing activities	<u>(6,650,073)</u>	<u>(1,977,372)</u>	<u>(6,222,895)</u>	<u>(4,425,189)</u>
Cash flows from investing activities:				
Investment revenue received	<u>3,796,696</u>	<u>615,468</u>	<u>802,191</u>	<u>770,898</u>
Net cash provided (used) by investing activities	<u>3,796,696</u>	<u>615,468</u>	<u>802,191</u>	<u>770,898</u>
Net increase (decrease) in cash	(5,467,845)	2,489,387	(2,332,002)	1,186,376
Cash and investments, beginning of year	<u>76,995,219</u>	<u>8,905,167</u>	<u>13,804,865</u>	<u>14,119,873</u>
Cash and investments, end of year	<u>\$71,527,374</u>	<u>\$11,394,554</u>	<u>\$11,472,863</u>	<u>\$15,306,249</u>

(continued)

<u>Business-Type Activities</u>		<u>Governmental</u>
<u>Non-Major</u>		<u>Activities</u>
<u>Enterprise</u>		<u>Internal</u>
<u>Funds</u>	<u>Total</u>	<u>Service</u>
		<u>Funds</u>
\$ 3,608,333	\$149,792,306	\$19,472,979
(5,315,505)	(124,131,084)	(15,702,265)
(1,592,787)	(21,071,644)	(3,853,079)
<u>—</u>	<u>712,791</u>	<u>—</u>
<u>(3,299,959)</u>	<u>5,302,369</u>	<u>(82,365)</u>
2,381,199	2,890,209	—
727,660	1,230,898	—
—	(77,676)	—
(346,289)	(523,077)	—
—	—	1,707,448
4,467,510	4,467,510	558,284
—	(193,920)	—
<u>—</u>	<u>—</u>	<u>917</u>
<u>7,230,080</u>	<u>7,793,944</u>	<u>2,266,649</u>
6,167,837	6,167,837	—
54,717	189,281	2,390
(9,160,679)	(54,555,520)	(903,007)
(174,306)	(6,689,364)	(7,224)
(140,885)	(6,789,955)	—
73,364	35,746,023	180,952
(87,306)	(87,306)	(50,225)
<u>404,083</u>	<u>3,880,300</u>	<u>—</u>
<u>(2,863,175)</u>	<u>(22,138,704)</u>	<u>(777,114)</u>
<u>152,403</u>	<u>6,137,656</u>	<u>498,350</u>
<u>152,403</u>	<u>6,137,656</u>	<u>498,350</u>
1,219,349	(2,904,735)	1,905,520
<u>2,181,163</u>	<u>116,006,287</u>	<u>7,607,468</u>
<u>\$ 3,400,512</u>	<u>\$113,101,552</u>	<u>\$ 9,512,988</u>

See accompanying notes to financial statements.

CITY OF REDDING
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2002

	Business-Type Activities			
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Waste Water Utility</u>	<u>Solid Waste Collection/ Disposal</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 5,849,779	\$ 1,879,501	\$ 702,539	\$ 3,528,927
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	12,161,780	1,924,400	2,843,330	1,531,197
(Increase) decrease in accounts receivable	9,430,437	(128,373)	(346,366)	(92,996)
(Increase) decrease in inventories	(46,394)	(17,266)	(11,250)	—
(Increase) decrease in prepaid items	102,068	—	—	—
(Increase) decrease in investment in JPA	20,666	—	—	—
Increase (decrease) in accounts payable	(3,861,141)	34,961	90,044	39,961
Increase (decrease) in accrued liabilities	225,570	42,381	44,977	54,205
Increase (decrease) in claims and judgments payable	—	—	—	—
Increase (decrease) in deposits	(1,475,346)	—	—	(191,474)
Increase (decrease) in intergovernmental payable	(1,101,967)	(37,421)	(3,397)	—
Provision for contract write-down	(24,526,470)	—	—	—
Increase (decrease) in deferred revenues	(109,860)	(4,574)	—	(14,174)
Increase (decrease) in accrued compensated absences	134,480	(4,925)	20,818	14,382
Increase (decrease) in accrued landfill closure costs	—	—	—	(100,681)
Total adjustments	<u>(9,046,177)</u>	<u>1,809,183</u>	<u>2,638,156</u>	<u>1,240,420</u>
Net cash provided (used) by operating activities	<u><u>\$(3,196,398)</u></u>	<u><u>\$ 3,688,684</u></u>	<u><u>\$ 3,340,695</u></u>	<u><u>\$ 4,769,347</u></u>
Schedule of noncash capital and related financing activities:				
Plant contributed from developers	<u><u>\$ 451,346</u></u>	<u><u>\$ 483,964</u></u>	<u><u>\$ 489,008</u></u>	<u><u>\$ —</u></u>

<u>Business-Type Activities</u>		<u>Governmental</u>
<u>Non-Major</u>		<u>Activities</u>
<u>Enterprise</u>		<u>Internal</u>
<u>Funds</u>	<u>Total</u>	<u>Service</u>
		<u>Funds</u>
\$(6,611,444)	\$ 5,349,302	\$ (459,867)
3,093,196	21,553,903	922,795
(63,253)	8,799,449	(14,906)
5,617	(69,293)	(5,514)
—	102,068	(130,143)
—	20,666	—
280,462	(3,415,713)	(189,199)
7,275	374,408	29,309
—	—	(251,942)
—	(1,666,820)	2,839
(9,121)	(1,151,906)	177
—	(24,526,470)	—
10,324	(118,284)	—
(13,015)	151,740	14,086
—	(100,681)	—
<u>3,311,485</u>	<u>(46,933)</u>	<u>377,502</u>
<u><u>\$(3,299,959)</u></u>	<u><u>\$ 5,302,369</u></u>	<u><u>\$ (82,365)</u></u>
<u><u>\$ —</u></u>	<u><u>\$ 1,424,318</u></u>	<u><u>\$ —</u></u>

See accompanying notes to financial statements.

CITY OF REDDING
Statement of Agency/Net Assets
Agency Funds
June 30, 2002

	<u>Special Deposits</u>	<u>IPSS</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,641,403	\$ 208,841	\$ 1,850,244
Accounts receivable	11,639	—	11,639
Interest receivable	<u>44,966</u>	<u>2,195</u>	<u>47,161</u>
Total assets	<u>1,698,008</u>	<u>211,036</u>	<u>1,909,044</u>
LIABILITIES			
Deposits	<u>1,698,008</u>	<u>211,036</u>	<u>1,909,044</u>
Total liabilities	<u>1,698,008</u>	<u>211,036</u>	<u>1,909,044</u>
NET ASSETS	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to financial statements.

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 of Redding has four component units - Redding Housing Authority, Redding Joint Powers Financing Authority, 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 four component units should be blended.

The City of Redding 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 of Redding 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 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.

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

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

A. Reporting Entity - (Continued)

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.

Complete financial statements of each of the individual component units may be obtained from the Finance Division 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.

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.

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

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

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

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.

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. 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. The various funds are grouped in the financial statements of this report as follows:

Governmental Funds:

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

Special Revenue Funds - account for proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds - account for the accumulation of resources for, and the payment on, long-term general obligation debt principal and interest (other than that serviced primarily by a governmental enterprise).

Capital Projects Funds - account for financial resources to be used for the acquisition and construction of major capital facilities.

Proprietary Funds:

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.

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.

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

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

Fiduciary Funds:

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.

The government 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 1915 Act Assessment Districts Debt Service Fund established to accumulate monies for payment of 1915 Act special assessment bonds when the government is obligated in some manner.

The government 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 payments-in-lieu of taxes and other 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.

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

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

Interest is directly allocated to business-type activities where the proceeds were used strictly for their operations. The following amounts have been included in the expense column of the Statement of Activities:

Electric	\$ 3,535,899
Water	614,900
Wastewater	732,672
Storm drainage	107,173
Solid waste	725,854
Transportation - Airport	32,391
Convention Center	<u>3,424</u>
 Total	 <u>\$ 5,752,313</u>

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 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. At June 30, 2002 accounts receivable included the following allowances by fund type:

General fund	\$ 35,117
Special revenue funds	156,908
Enterprise funds	2,117,580
Internal service funds	12,783

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

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

General Receivables and Property Taxes Receivable - (Continued)

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 results in current receivables.

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).

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 estimated useful life in excess of two years. Such 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 assets lives 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:

Public domain infrastructure	50 years
Utility plants	20 - 50 years
Buildings	10 - 30 years
Improvements other than buildings	5 - 40 years
Equipment, furnishings and vehicles	5 - 7 years
Assets under capital lease	4 - 30 years
System infrastructure	30 years

Interest costs related to building a gas turbine and generator have been capitalized in the Electric Utility Fund. Interest cost incurred by the Electric Utility Fund during the fiscal year ending June 30, 2002 was \$5,500,927, of which \$1,708,715 has been capitalized.

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

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

Pension Plan

All full-time and certain part-time City employees are members of the State of California Public Employees' Retirement System, 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 System'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% payoff depending on length of service. If the employee retires from the City after having been employed ten or more years, they have the option to take from 33-1/3% to 60% payoff, 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 one-third to six-tenths 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. For governmental funds, the amount matured is reported as a liability in the governmental fund financial statements.

Deferred Revenue

The City reports deferred revenue on its balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the 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 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.

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (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 is the difference between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by 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.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances are reported as reservations of fund balances because they represent commitments only and do not constitute expenditures or liabilities. Appropriations lapse at year end and must be reappropriated in the subsequent fiscal year.

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.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Data

The operating budget of the City is adopted by the Redding 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, capital project funds and the debt service funds relating to Redding Redevelopment 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.

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - (Continued)

Budget Data - (Continued)

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.
- 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 an expenditure.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2002, are as follows:

Cash and investments	\$138,352,039
Restricted cash and investments	42,734,858
Agency funds	<u>1,850,244</u>
Total	<u>\$182,937,141</u>

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 combined balance sheet as "Cash and Investments."

Deposits - At June 30, 2002, the carrying amount of the City's deposits was \$7,786,366. The bank balance was \$8,745,789. Of the bank balance, \$300,430 was covered by Federal depository insurance, and \$8,445,359 was covered by collateral held in the pledging bank's trust department. Such collateral was not in the City's name. (There is no Government or City Code requirement that collateral be held 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 revenue, expenditures and changes in fund balance.

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 3 - CASH AND INVESTMENTS - (Continued)

The California Government Code and the investment policy of the City authorize the City to invest in obligations, participations, or other instruments of the U.S. Government or its agencies, state and municipal bonds, commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by Standard & Poor's Corporation or Moody's Investor Service, Inc., bankers' acceptances, repurchase agreements, mortgage pass-through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed 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 the Local Agency Investment Fund (LAIF), a voluntary program created by statute in 1977. The PMIA has regulatory oversight from the Pooled Money Investment Board and an in-house Investment Committee. LAIF has oversight by the Local Agency Investment Advisory Board. The fair value of the City's position in the pool is materially equivalent to the value of pool shares.

In accordance with authorized investment laws, the State Treasurer's investment pool (LAIF) invests in various structured notes and mortgage-backed securities, such as collateralized mortgage obligations. As of June 30, 2002, 3.086% of LAIF's investment portfolio was invested in structured notes and other asset-backed securities.

The City's investments are categorized in the following manner:

Category 1 - Investments that are insured, registered, or for which the securities are held by the City or its agents in the City's name.

Category 2 - Uninsured and unregistered investments for which the securities are held by the bank's trust department or agent in the City's name.

Category 3 - Uninsured and unregistered investments for which the securities are held by the bank or its trust department or agent but not in the City's name.

At June 30, 2002, the City's investments and deposits were as follows:

	Category			Reported
	1	2	3	Amount Fair Value
Commercial Paper	\$ —	\$ —	\$ —	\$ —
Medium-Term Corporate Notes	—	37,241,206	—	37,241,206
U. S. Government Securities	—	44,122,844	—	44,122,844
Total categorized investments	\$ —	\$81,364,050	\$ —	81,364,050
Investments not subject to categorization:				
Investment in State Treasurer's Investment Pool				72,659,189
Guaranteed investment agreements				16,528,047
Mutual funds				4,599,489
Total investments				175,150,775
Deposits				7,786,366
Total deposits and investments				\$182,937,141

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables/payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Airport Enterprise Fund	<u>\$ 324,582</u>
	Total General Fund	<u>324,582</u>
Canby Hilltop Cypress Capital Project Fund	Wastewater	<u>19,200</u>
	Total capital projects fund	<u>19,200</u>
Special Revenue Fund-Parking	Midtown Debt Service Fund	<u>13,975</u>
	Total Debt Service Fund	<u>13,975</u>
Risk Management Internal Service Fund	Parks - Enterprise Community Park	41,000
	Airport Enterprise Fund	<u>85,000</u>
	Total internal service fund	<u>126,000</u>
	Total interfund receivables/payables	<u>\$ 483,757</u>

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental Receivables at June 30, 2002, are comprised of the following:

Governmental Funds:

General Fund:

DMV Tax Receivable	<u>\$ 432,258</u>
Shasta County - (RTPA & Elder Abuse)	24,682
State of California	1,260,979
HUD	23,448
EDA	<u>5,977</u>
Total Grants Receivable	<u>1,315,086</u>
Total General Fund	<u>1,747,344</u>

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES - (Continued)

Debt Service Fund:	
Shasta County - Shascom	<u>1,003,304</u>
Special Revenue Fund:	
State of California - Traffic Congestion Relief	18,283
State of California - Gas Tax Receivable	164,065
Local Transportation Funds Receivable	772,726
US Department of Housing and Urban Development - HUD Receivable	<u>992,536</u>
Total Special Revenue Fund	<u>1,947,610</u>
Capital Project Fund:	
State Department of Transportation	1,684,970
State Department of Fish & Game	5,778
State Prop 12 - Trails	109,723
US Department of Transportation	1,354
State of California - Prop 12 per capita	155,000
State of California - State Water Quality Control Board	<u>164,279</u>
Total Capital Project Fund	<u>2,121,104</u>
Business-type Funds:	
US Department of Transportation, Federal Aviation - Grants Receivable	352,135
Transportation Security Act	36,740
US Department of Interior - Grants Receivable	10,621
California Integrated Waste Management Board - Grants Receivable	2,715
State Prop 116	62,975
Shasta County Public Works	45,812
Federal Passenger Loading	974,943
Shasta County - RTPA	35,024
Other	<u>4,169</u>
Total Business-type Funds	<u>1,525,314</u>
Total	<u><u>\$ 8,344,674</u></u>

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 6 - CAPITAL ASSETS

Changes in capital assets consist of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	Ending <u>Decreases</u>	Governmental Activities: <u>Balance</u>
Capital assets, not being depreciated:				
Land	\$ 14,041,760	\$ 2,843,625	\$ (432,612)	\$16,452,773
Construction in progress	<u>3,071,467</u>	<u>7,420,950</u>	<u>(2,114,013)</u>	<u>8,378,404</u>
Total capital assets, not being depreciated	<u>17,113,227</u>	<u>10,264,575</u>	<u>(2,546,625)</u>	<u>24,831,177</u>
Capital assets, being depreciated:				
Buildings	37,139,171	574,630	(589,691)	37,124,110
Improvements other than buildings	103,802,502	5,715,745	(43,839)	109,474,408
Automotive equipment	8,078,845	673,085	(861,776)	7,890,154
Furnishings and equipment	5,266,570	812,940	(154,271)	5,925,239
Assets under capital lease	<u>815,014</u>	<u>193,618</u>	<u>(207,311)</u>	<u>801,321</u>
Total capital assets, being depreciated	<u>155,102,102</u>	<u>7,970,018</u>	<u>(1,856,888)</u>	<u>161,215,232</u>
Less accumulated depreciation for:				
Buildings	(8,014,778)	(1,174,760)	504,329	(8,685,209)
Improvements other than buildings	(29,928,522)	(3,911,896)	47,376	(33,793,042)
Automotive equipment	(5,192,866)	(880,934)	846,797	(5,227,003)
Furnishings and equipment	(4,119,275)	(622,033)	128,096	(4,613,212)
Assets under capital lease	<u>(431,147)</u>	<u>(68,465)</u>	<u>195,795</u>	<u>(303,817)</u>
Total accumulated depreciation	<u>(47,686,588)</u>	<u>(6,658,088)</u>	<u>1,722,393</u>	<u>(52,622,283)</u>
Total capital assets, being depreciated, net	<u>107,415,514</u>	<u>1,311,930</u>	<u>(134,495)</u>	<u>108,592,949</u>
Governmental activities capital assets, net	<u>\$124,528,741</u>	<u>\$11,576,505</u>	<u>\$(2,681,120)</u>	<u>\$133,424,126</u>

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 6 - CAPITAL ASSETS - (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 11,229,265	\$ 1,828,353	\$ (227,172)	\$12,830,446
Construction in progress	<u>22,392,945</u>	<u>13,138,493</u>	<u>(18,737,744)</u>	<u>16,793,694</u>
Total capital assets, not being depreciated	<u>33,622,210</u>	<u>14,966,846</u>	<u>(18,964,916)</u>	<u>29,624,140</u>
Capital assets, being depreciated:				
Utility plants	346,825,762	49,260,145	(866,510)	395,219,397
Buildings	40,387,320	210,890	(618,275)	39,979,935
Improvements other than buildings	19,399,252	6,582,295	(332,122)	25,649,425
Automotive equipment	21,107,960	3,029,815	(2,624,554)	21,513,221
Furnishings and equipment	13,357,745	2,804,533	(2,167,119)	13,995,159
Assets under capital lease	<u>880,638</u>	<u>168,965</u>	<u>—</u>	<u>1,049,603</u>
Total capital assets, being depreciated	<u>441,958,677</u>	<u>62,056,643</u>	<u>(6,608,580)</u>	<u>497,406,740</u>
Less accumulated depreciation for:				
Utility plants	(140,072,832)	(12,872,778)	669,219	(152,276,391)
Buildings	(14,762,398)	(1,301,713)	228,874	(15,835,237)
Improvements other than buildings	(9,743,753)	(1,351,445)	115,981	(10,979,217)
Automotive equipment	(11,673,119)	(1,547,857)	2,544,788	(10,676,188)
Furnishings and equipment	(8,061,260)	(1,540,075)	1,864,917	(7,736,418)
Assets under capital lease	<u>(76,333)</u>	<u>(91,584)</u>	<u>—</u>	<u>(167,917)</u>
Total accumulated depreciation	<u>(184,389,695)</u>	<u>(18,705,452)</u>	<u>5,423,779</u>	<u>(197,671,368)</u>
Total capital assets, being depreciated, net	<u>257,568,982</u>	<u>43,351,191</u>	<u>(1,184,801)</u>	<u>299,735,372</u>
Business-type capital assets, net	<u>\$291,191,192</u>	<u>\$58,318,037</u>	<u>\$(20,149,717)</u>	<u>\$329,359,512</u>

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

	<u>Depreciation Expense</u>	<u>Amortization Expense</u>	<u>Total</u>
Governmental activities:			
General government	\$ 1,141,128	\$ —	\$ 1,141,128
Police	274,629	—	274,629
Fire	106,344	—	106,344
Public works	3,222,956	—	3,222,956
Planning	1,653	—	1,653
Recreation and culture	701,464	—	701,464
Community development	<u>8,381</u>	<u>11,150</u>	<u>19,531</u>
Total	5,456,555	11,150	5,467,705

Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets

<u>922,795</u>	<u>—</u>	<u>922,795</u>
<u>\$ 6,379,350</u>	<u>\$ 11,150</u>	<u>\$ 6,390,500</u>

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 6 - CAPITAL ASSETS - (Continued)

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

	Depreciation	Amortization	
	<u>Expense</u>	<u>Expense</u>	<u>Total</u>
Business-type activities:			
Electric	\$ 9,256,247	\$ 2,905,533	\$12,161,780
Water	1,891,727	32,673	1,924,400
Wastewater	2,817,535	25,795	2,843,330
Storm drainage	707,736	—	707,736
Solid waste	1,496,824	34,373	1,531,197
Transportation	2,175,234	1,556	2,176,790
Convention center	<u>208,487</u>	<u>183</u>	<u>208,670</u>
Total depreciation and amortization expense- business-type activities	<u>\$18,553,790</u>	<u>\$ 3,000,113</u>	<u>\$21,553,903</u>

NOTE 7 - SELF-INSURANCE

The City administers self-insurance programs for employee health, property, general liability, and workers' compensation. These insurance activities are accounted for in the risk management internal service 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 coverages from the prior year. Losses in the City of Redding Risk Management Fund have not exceeded charges to the various funds of the City and its component units. Settled claims resulting from these risks have not exceeded co-insurance plan coverage or commercial insurance coverage in any of the past three fiscal years.

Employee Health Insurance is administered through a private carrier. The City is self-insured up to \$150,000 with an insurance company co-insuring claims from \$150,001 to the statutory limit. 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 total claims expense. 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 at June 30, 2002, 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 \$300,000 with an insurance company co-insuring claims from \$300,001 to the statutory limit. Claim payments are charged to the fund that employs the claimant. The estimated liability for pending and incurred but not reported claims at June 30, 2002, has been included in the Risk Management Fund's claims payable amount as of June 30, 2002.

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 \$15 million. The Risk Management Fund recognizes revenue from fund charges and accounts for actual expenditures. Funds determined to be at risk are charged a percentage of the total estimated insurance and claim expense. Percentages are based upon loss experience, and the interfund charges are reported as an expense or expenditure in the at risk fund. Incurred but not reported claims liability has been included in the claims payable amount as of June 30, 2002.

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 7 - SELF-INSURANCE - (Continued)

Property Insurance is administered as a co-insurance plan. The City is self-insured for claims up to \$25,000. An insurance company co-insures claims over \$25,000. Additionally, the City has acquired earthquake and flood coverage for the Redding Power Plant up to \$10,000,000. The deductibles on these policies are 4% of insured value and \$250,000 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 the interfund charges are reported as an expense or expenditure in the at risk fund. Incurred but not reported claims liability has been included in the claims payable amount as of June 30, 2002.

Changes in the Fund's claims liability amounts in fiscal year 2002 were:

	<u>Liability at Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability at End of Year</u>
Fiscal Year Ended June 30, 2002:				
Workers' Compensation	\$ 4,684,300	\$ 1,950,922	\$ 1,557,222	\$ 5,078,000
General Liability	1,772,642	957,709	549,351	2,181,000
Health and Dental	<u>1,422,000</u>	<u>7,007,420</u>	<u>7,679,420</u>	<u>750,000</u>
 Total	 <u>\$ 7,878,942</u>	 <u>\$ 9,916,051</u>	 <u>\$ 9,785,993</u>	 <u>\$ 8,009,000</u>

NOTE 8 - 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:

<u>Fiscal Year Ended June 30,</u>	<u>Capital Leases</u>
2003	\$ 387,141
2004	385,485
2005	352,412
2006	230,893
2007	165,638
2008-2012	538,844
2013-2015	<u>151,417</u>
Total minimum lease payments	2,211,830
Less amount representing interest	<u>443,329</u>
 Present value of minimum lease payments	 <u>\$ 1,768,501</u>

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 8 - LEASES - (Continued)

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

General	\$ 785,590
Convention center	561,831
Storm drainage utility	233,789
Information systems	158,822
General support services	<u>28,469</u>
 Total debt service	 <u>\$ 1,768,501</u>

NOTE 9 - 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 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 of each of the 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 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 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 principally of 28.8% ownership interest in a 498-megawatt coal-fire electricity generating plant located in New Mexico (the "San Juan" plant). 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 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.

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 9 - JOINT VENTURES - (Continued)

M-S-R Public Power Agency - (Continued)

Summary audited financial information of the M-S-R Public Power Agency as of and for the year ended December 31, 2001, is as follows (in thousands):

Total assets	\$ <u>327,849</u>	Total revenues	\$ 99,274
		Total expenses	(87,748)
Total liabilities	\$ 521,784	Cumulative effect of change in	
Total members' deficit	<u>(193,935)</u>	accounting for derivative financial	
		statements	<u>(253)</u>
Total liabilities and members' deficit	<u>\$ 327,849</u>	Net income	11,273
		Members' deficit, January 1, 2000	<u>(205,208)</u>
		Members' deficit, December 31, 2000	<u>\$ (193,935)</u>

The debt of the Agency is comprised entirely of revenue bonds totaling \$491.7 million. These bonds are secured by a pledge and assignment of the net electric revenues of the 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 \$18.44 million in this joint venture. However, operating losses have caused the City to have a deficit equity in the Agency of \$29.1 million at December 31, 2001. 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.

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. TANC's ownership of COTP transfer capability is 1242 megawatts (MW) and TANC pays 73% of the operating costs. The City's share of the project is 104 MW.

Also TANC receives from PG&E 300 MW of from 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, 2002.

The City's share of total outstanding debt at June 30, 2002 is \$36.5 million.

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 9 - JOINT VENTURES - (Continued)

Summarized financial information of TANC as of and for the year ended June 30, 2002 is as follows (in thousands):

Total assets	\$ <u>478,576</u>
Total liabilities	\$ 476,931
Total equity	<u>1,645</u>
 Total liabilities and equity	 \$ <u>478,576</u>
 Net loss for the year	 \$ <u>(287)</u>

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

NOTE 10 - LONG-TERM LIABILITIES

Long-term liability activity during the year:

	Balance <u>June 30, 2001</u>	Additions/ <u>Transfers</u>	Reductions/ <u>Transfers</u>	Balance <u>June 30, 2002</u>	Due Within <u>One Year</u>
Governmental activities:					
Compensated absences	\$ 6,040,610	\$ 834,434	\$ —	\$ 6,875,044	\$ 2,342,989
Capital leases payable	274,033	550,282	38,725	785,590	107,837
Capital leases (payable from internal service funds)	56,566	180,952	50,227	187,291	69,700
Lease revenue bonds	12,595,352	—	259,296	12,336,056	272,460
1993 revenue bonds	8,095,272	—	205,320	7,889,952	215,232
Redevelopment bonds	22,550,000	9,500,000	605,000	31,445,000	1,050,000
Redevelopment bond discount	—	(92,860)	(3,159)	(89,701)	—
Special assessment debt with governmental commitment	11,506,370	—	812,624	10,693,746	1,166,904
State loans	<u>—</u>	<u>544,148</u>	<u>33,230</u>	<u>510,918</u>	<u>34,979</u>
 Total governmental activity	 <u>61,118,203</u>	 <u>11,516,956</u>	 <u>2,001,263</u>	 <u>70,633,896</u>	 <u>5,260,101</u>
 Business-type activities:					
General obligation debt (payable from enterprise funds)	1,978,753	—	349,389	1,629,364	350,608
State loans payable	599,743	4,731,445	90,306	5,240,882	188,071
Revenue bonds (payable from enterprise funds)	58,154,376	—	2,065,384	56,088,992	2,147,308
Certificates of participation (payable from enterprise funds)	92,057,767	110,055,000	74,465,126	127,647,641	21,047,641
Capital leases (payable from enterprise funds)	809,562	73,363	87,305	795,620	115,117

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 10 - LONG-TERM LIABILITIES - (Continued)

	<u>Balance</u> <u>June 30, 2001</u>	<u>Additions/</u> <u>Transfers</u>	<u>Reductions/</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2002</u>	<u>Due Within</u> <u>One Year</u>
Special assessment debt (payable from enterprise funds)	278,130	—	24,876	253,254	26,096
Unamortized deferred loss on defeasance of debt	—	(11,034,445)	—	(11,034,445)	(649,085)
Unamortized bond interest	2,366,436	—	2,366,436	—	—
Unamortized deferred loss on defeasance of debt	(5,230,282)	3,847,787	—	(1,382,495)	(94,825)
Bond discounts	(1,093,504)	389,423	—	(704,081)	(45,425)
Bond premium	<u>—</u>	<u>300,000</u>	<u>2,500</u>	<u>297,500</u>	<u>15,000</u>
 Total business-type activities	 <u>149,920,981</u>	 <u>108,362,573</u>	 <u>79,451,322</u>	 <u>178,832,232</u>	 <u>23,100,506</u>
 Total long-term liabilities	 <u>\$211,039,184</u>	 <u>\$119,879,529</u>	 <u>\$81,452,585</u>	 <u>\$249,466,128</u>	 <u>\$28,360,607</u>

Capital Leases Payable

Governmental activities:

The capital leases payable from governmental activities were \$785,590 and \$187,291 from internal service funds for fiscal year ended June 30, 2002. \$ 972,881

Business-type activities:

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, 2002, the capital leases in the enterprise funds and internal service funds are \$795,620 and \$187,291, respectively. Internal service funds capital leases payable have been reported with the governmental activities. 795,620

Total capital leases payable \$ 1,768,501

Bonds Payable/Loans Payable/Certificates of Participation

Bonds/loans payable from governmental activities consist of the following individual issues:

Redevelopment Agency Obligation Bonds

Lease Revenue Bonds:

Interest from 5.5% to 7% payable on May 1 and November 1; maturities payable on May 1 in annual redemptions from \$20,000 to \$75,000; final payment May 1, 2003. Original issue \$980,000. The Lease Revenue Bonds were issued to finance construction of a parking structure in Midtown Redevelopment Area. \$ 75,000

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 10 - LONG-TERM LIABILITIES - (Continued)

Tax Allocation Bonds, Series A:

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

Tax Allocation Bonds, Series A Market Street:

Interest of 6.7% payable March 1 and September 1; maturities are payable September 1 in annual redemptions from \$10,000 to \$170,000; final payment on September 1, 2023. Original issue \$2,285,000. Bonds were issued to finance various capital improvements within the Market Street Redevelopment Project. 2,040,000

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. 3,500,000

Tax Allocation Bonds, Series C:

Interest from 2.5% to 6% payable March 1 and September 1; maturities are payable September 1 in annual redemptions from \$85,000 to \$400,000; final payment September 1, 2022. Original issue \$5,905,000. Proceeds from the Series C Bonds are being used to finance various capital improvements within the Canby-Hilltop-Cypress Redevelopment Area. 4,995,000

Tax Allocation Bonds, Series D:

Serial Bonds of \$3,470,000 bear interest from 2.7% to 4.5%, payable March 1 and September 1; maturities are payable September 1 in annual redemptions from \$300,000 to \$405,000; final payment September 1, 2003.

Term Bonds of \$14,040,000 bear interest at 5%, payable March 1 and September 1; \$4,055,000 plus accrued interest due September 1, 2011; \$9,985,000 plus interest due September 1, 2023.

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 10 - LONG-TERM LIABILITIES - (Continued)

Bonds were issued to finance various capital improvements within the Canby-Hilltop-Cypress Redevelopment Area.	<u>14,835,000</u>
Total bonds outstanding	<u>31,445,000</u>
Discount on Tax Allocation Bonds, Series A	(47,619)
Discount on Tax Allocation Bonds, Series B	<u>(42,082)</u>
Total discount	<u>(89,701)</u>
Total redevelopment agency obligation	<u>\$31,355,299</u>

Special Assessment Debt with Governmental Commitment

1915 Act Assessment District Bonds:

Interest from 7.6% to 11.69% payable on March 2 and September 2; maturities payable on September 2 in annual redemptions from \$3,000 to \$825,000; final payment September 2, 2019. Original issues totaled \$22,778,150.

\$10,693,746

Total special assessment debt with governmental commitment

\$10,693,746

1915 Act Assessment District Bonds

Interest from 3.95% to 5.0%, payable on March 2 and September 2; maturities payable on September 2 in annual redemptions ranging from \$23,654 to \$38,076, final payment September 2, 2011. Reassessment issues totaled \$345,964.

\$ 253,254

Bonds/notes payable from proprietary fund types, which are reported in business-type activities, are composed of the following individual issues:

General Obligation Bonds

The following general obligation bonds are being serviced by the Electric Utility Fund:

1977 Electric System Improvement General Obligation Bonds, Series B
Interest from 5% to 7% payable on February 1 and August 1; maturities payable on August 1 in annual redemptions from \$75,000 to \$350,000; final payment August 1, 2004. Original issue \$5,000,000.

\$ 1,025,000

The following general obligation debt is being serviced by the Water Utility Fund:

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 10 - LONG-TERM LIABILITIES - (Continued)

Drought Relief Loan

Interest at 5% payable on September 1, principal and interest payable in annual installments of \$55,826 to the Economic Development Administration; final payment September 1, 2017. Original issue \$950,000. 604,364

Total general obligation debt 1,629,364

Less: Current portion (350,608)
Net general obligation, non-current \$ 1,278,756

The following state loans payable are being serviced by the Airport Fund:

1984 California Airport Loan (Municipal)

Original loan amount \$88,705; annual installments of \$3,548 plus interest at 9.2499%, due in January; final payment due January 2010. \$ 28,386

1986 California Airport Loan (Municipal)

Original loan amount \$33,640; annual installments of \$1,346 plus interest at 7.4258%, due in February; final payment is due February 2011. 12,110

1989 California Airport Loan (Municipal)

Original loan amount \$19,400; annual installments of \$1,293 plus interest at 7.2470%, due in September; final payment due September 2004. 3,880

1990 California Airport Loan (Benton)

Original loan amount \$250,000; annual installments of \$16,667, plus interest at 6.8450%, due in April; final payment is due April, 2006. 66,667

1990 California Loan Agreement (Benton)

Original loan amount \$140,000; annual installments of \$9,333, plus interest at 6.845%, due in March; final payment due in 2007. 46,667

1992 California Airport Loan (Municipal and Benton)

Original loan amount \$267,845; annual installments of \$26,785, plus interest at 5.925%, due in January; final payment is due in 2003. 26,783

1997 California Airport Loan (Benton)

Original loan amount \$235,000; annual installments ranging from \$10,740 to \$27,100, including 5.4804% interest; final payment due in 2010. 182,248

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 10 - LONG-TERM LIABILITIES - (Continued)

1998 California Airport Loan (Municipal)

Original loan amount \$83,000; annual installments ranging from \$3,793 to \$9,571, including 4.9874% interest; final payment due in 2011. 69,891

1999 California Airport Loan (Municipal)

Original loan amount \$80,746; annual installments ranging from \$43,690 to \$9,311, including 4.78% interest; final payment due 2012. 72,805

SWRCB Interceptor Loan

Original loan amount \$4,731,445; annual installments of \$312,775, including 2.6% interest due in September; final payment due in 2022. 4,731,445

Streets - LED

Original loan amount \$381,080; biannual installments of \$22,742, including 5.4% interest due in December and June; final payment due in 2012. 347,850

Police and Fire

Original loan amount \$163,068; biannual installments of \$10,144, including 5.4% interest due in December and June; final payment due in 2013. 163,068

Total state loans payable 5,751,800

Less: Current portion (223,050)

Net state loans, non-current \$ 5,528,750

The following special assessment debt is being serviced by the Airport Fund:

Revenue Bonds

1992 Wastewater Revenue Refunding Bonds, Series A

Interest from 3.5% to 6% payable on December 1 and June 1; maturities payable on December 1 in annual redemptions from \$120,000 to \$1,045,000 from 1994 through 2007, \$2,014,832 in 2003 and a final payment of \$11,710,000 on December 1, 2018. Original issue \$26,660,000. \$22,045,000

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 10 - LONG-TERM LIABILITIES - (Continued)

1993 Lease Revenue Bonds, Series 1993

Interest from 4.4% to 6% payable on June 1 and December 1; maturities payable on June 1 in annual redemptions from \$45,000 to \$245,000; final payment June 1, 2023. Original issue \$3,470,000. Following is a breakdown of the lease revenue bonds by fund:

Special revenue fund	1,911,056
Enterprise fund	<u>1,108,944</u>
Total 1993 lease revenue bonds	<u>3,020,000</u>

1993 Revenue Bonds totaling \$32,325,000 issued by Redding Joint Powers Financing Authority, as follows:

Serial Bonds of \$6,855,000 bear interest from 3.75% to 5.0%, payable January 1 and July 1; maturities are payable January 1 in annual redemptions from \$565,000 to \$835,000; final payment January 1, 2005.

Term Bonds of \$25,470,000 bear interest from 5.0% to 5.5%, payable January 1 and July 1; \$8,530,000 plus accrued interest due January 1, 2013; \$7,440,000 plus accrued interest due January 1, 2018; \$9,500,000 plus accrued interest due January 1, 2023.

Bonds were issued to finance capital improvements to:

City's Corporation Yard	\$16,324,125	
Benton Landfill and Transfer Station	<u>16,000,875</u>	
	<u>\$32,325,000</u>	

The bonds are being serviced by the following funds:

General Fund	\$ 7,889,952	
Water Utility		2,100,644
Wastewater Utility		1,880,550
Solid Waste Utility		<u>15,988,854</u>
		<u>27,860,000</u>

1993 Water Revenue Bonds, Series A, totaling \$18,615,000, as follows:

Serial Bonds of \$9,010,000 bear interest from 2.7% to 5.25%, payable June 15 and December 15; maturities are payable June 15 in annual redemptions from \$410,000 to \$815,000; final payment due June 15, 2007.

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 10 - LONG-TERM LIABILITIES - (Continued)

Term Bonds of \$9,605,000 bear interest from 5.0% to 5.6%, payable June 15 and December 15; \$3,230,000 plus accrued interest due June 15, 2013; \$3,375,000 plus accrued interest due June 15, 2019; \$3,000,000 plus accrued interest due June 15, 2023.

Bonds were issued to finance capital improvements to the City's Water System. 12,965,000

1997 Lease Revenue Bond, Series A

Interest from 4% to 5.5% payable on March 1 and September 1; maturities payable on March 1 in annual redemptions from \$185,000 to \$350,000; final payment due March 1, 2026. Original issue \$11,425,000. 10,425,000

Total revenue bonds	76,315,000
Less: Unamortized deferred loss on defeasance of debt	(1,382,495)
Less: Bond discounts	(704,081)
Less: Current portion	<u>(1,015,000)</u>

Net revenue bonds, non-current \$73,213,424

Certificates of Participation

1992 Electric System Revenue Certificates of Participation Installment Purchase Contract with Bank of America pursuant to its 1992 Electric System Certificates of Participation, Series A; interest on \$14,430,000 Current Interest Certificates range from 4.8% to 6.45%; initial interest for \$26,050,000 Select Auction Variable Rate Securities (SAVRS) is 3.58%, with subsequent rates determined by auction not to exceed 12.561%; initial interest for \$26,050,000 Residual Interest Certificates (RIBS) is 9.106% with subsequent rates determined by subtracting the SAVRS rate from 12.561%. Interest on the Current Interest Certificates is payable on January 1 and July 1; interest on the SAVRS and RIBS is payable on May 5, 1992 and on each successive fifth Tuesday thereafter. Maturities on the Current Interest Certificates are payable beginning on July 1, 1995 and ending July 1, 2005 in annual redemptions of \$1,010,000 to \$1,795,000; maturities on the SAVRS and RIBS are payable on the second business day preceding the regular interest payment date or on the next succeeding July 1 beginning in 2006 and ending in 2022 in annual redemptions of \$1,700,000 to \$4,600,000.

Original issue was \$66,530,000; however, \$27,125,000 of debt was defeased at year end.

Principal outstanding	\$16,100,000
Less: Amount to be defeased in October 2002	<u>(16,100,000)</u>

1992 Electric System Revenue Certificate of Participation, non-current \$ —

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 10 - LONG-TERM LIABILITIES - (Continued)

1993 Electric System Revenue Certificates of Participation Installment Purchase Contract with First Trust of California pursuant to its 1993 Electric System Certificates of Participation, Series 1993 A; interest on \$32,490,000 Current Interest Certificates range from 4.6% to 5.5%; interest on \$4,878,391 Capital Appreciation Certificates range from 5.7% to 5.9%; initial interest for \$20,400,000 Select Auction Variable Rate Securities (SAVRS) is 2.98%, with subsequent rates determined by auction not to exceed 11.212%, initial interest for \$20,400,000 Residual Interest Certificates (RIBS) is 8.346% with subsequent rates determined by subtracting the SAVRS rate from 11.368%. Interest on the Current Interest Certificates is payable on December 1 and June 1; interest on the SAVRS and RIBS is payable on July 13, 1993 and on each successive fifth Tuesday thereafter. Maturities on the Current Interest Certificates are payable beginning on June 1, 1999 to June 1, 2008 in annual redemptions of \$910,000 to \$3,375,000; the final payment of \$11,600,000 is due June 1, 2011. Maturities on the Capital Appreciation Certificates are payable beginning June 1, 2005 and ending on June 1, 2008 in annual redemptions of \$1,067,354 to \$1,303,254. Maturities on the SAVRS and RIBS are payable on the second business day preceding the regular interest payment date or on the next succeeding June 1 beginning in 2012 and ending in 2019 in annual redemptions of \$4,200,000 to \$6,100,000. Original issue was \$78,168,391; however, \$10,855,624 of debt was defeased at year end.

Principal outstanding	\$ 1,492,641
Less: Amount to be defeased December 2003	<u>(1,492,641)</u>

1993 Electric System Revenue Certificate of Participation, non-current	<u>\$ —</u>
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2002 Electric System Revenue Certificates of Participation under the 2002 Installment Sale Agreement including: 2002 Series A, interest on \$23,980,000 Revenue Certificates of Participation range from 4.6% to 5.15%; under 2002 Series B, interest on \$18,825,000 Revenue Certificates of Participation range from 4% to 4.25%; 2002 Series C-1 interest on \$53,825,000 of Auction Rate securities is payable at weekly auction rates, but is subject to a swap agreement with Salomon Smith Barney which results in a fixed rate of 4.1225%; 2002 Series C-2 initial interest on \$13,425,000 Taxable Certificates of Participation is 3.50%, with conversion on April 4, 2003 to Auction Rate securities with a swap agreement on substantially the same terms (4.1225%) as the Series C-1 Certificates. Interest on the Series A and B Certificates of Participation are payable on December 1 and June 1; interest on the Series C-1 is payable on May 3, 2002 and on each successive Friday thereafter; interest on the Series C-2 is payable April 4, 2003 and after conversion, on each successive Friday thereafter. Maturities on the Series A Certificates of Participation are payable beginning on June 1, 2003 to June 1, 2017 in annual redemptions of \$1,075,000 to \$2,190,000. Maturities on the Series B Certificates of Participation are payable beginning on June 1, 2003 to June 1, 2009 in annual redemptions of \$2,380,000 to \$2,935,000. Maturities on the Series C-1 Auction Rate securities are payable beginning on June 1, 2013 to June 1, 2002 in annual redemptions of \$450,000 to \$8,100,000. Maturities on the Series C-2 Certificates of Participation are payable beginning on June 1, 2009 to June 1, 2013 in annual redemptions of \$275,000 to \$3,475,000. Original issue was \$110,055,000.

Principal outstanding	\$110,055,000
Less: Unamortized deferred loss on refunding	(11,034,448)
Less: Current portion	<u>(3,455,000)</u>

2002 Electric System Certificate of Participation, non-current	<u>\$ 95,565,552</u>
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CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 10 - LONG-TERM LIABILITIES - (Continued)

The annual requirements to amortize all bonds, loans, and certificates of participation outstanding as of June 30, 2002, including interest of \$131,622,202, are as follows:

	Redevelopment Obligation	Special Assessment Debt	General Obligation Bonds and Loans	Revenue Bonds	Certificates of Participation	Total
2003	\$ 2,719,396	\$ 1,814,978	\$ 889,900	\$ 6,731,386	\$25,814,494	\$37,970,154
2004	2,491,080	1,583,392	872,764	6,700,761	8,239,395	19,887,392
2005	2,488,494	1,493,108	856,415	6,676,789	8,233,595	19,748,401
2006	2,486,002	1,479,981	497,437	6,294,234	8,236,795	18,994,449
2007	2,488,253	1,316,377	481,910	6,291,709	8,238,220	18,816,469
2008-2012	12,392,520	5,474,341	2,321,414	31,267,623	41,347,865	92,803,763
2013-2017	12,337,448	1,219,539	1,862,500	30,433,805	41,513,310	87,366,602
2018-2022	12,296,805	67,770	1,618,239	24,464,012	41,906,269	80,353,095
2023-2027	<u>2,965,570</u>	<u>—</u>	<u>—</u>	<u>6,452,112</u>	<u>—</u>	<u>9,417,682</u>
Totals	52,665,568	14,449,486	9,400,579	125,312,431	183,529,943	385,358,007
Less: Interest	<u>21,220,568</u>	<u>3,502,486</u>	<u>2,019,415</u>	<u>48,997,431</u>	<u>55,882,302</u>	<u>131,622,202</u>
Net principal	<u>\$31,445,000</u>	<u>\$10,947,000</u>	<u>\$ 7,381,164</u>	<u>\$76,315,000</u>	<u>\$127,647,641</u>	<u>\$253,735,805</u>

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 11 - ADVANCES TO/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.

<u>Advances Receivable From/Payable to:</u>	<u>Receivable</u>	<u>Payable</u>	
General Fund:			
Parking	\$ 962,469	\$ —	(a)
Airport	2,406,003	—	(b)
Risk Management	980,847	—	(g)
Special Revenue Funds:			
Midtown Project Bonds	981,892	—	(a)
Electric Utility	—	1,250,015	(a)
General Fund	—	962,469	(a)
Debt Service Funds:			
Parking	—	981,892	(a)
Wastewater Utility	—	652,521	(f)
Capital Projects Funds:			
Risk Management	—	548,167	(c)
Canby-Hilltop-Cypress Project	—	137,866	(h)
SHASTECC Project	137,866	—	(h)
Enterprise Funds:			
Airport	718,225	—	(d)
Airport	70,658	—	(e)
Parking	1,250,015	—	(a)
Assessments District Bonds	652,521	—	(f)
Airport	102,502	—	(e)
General Fund	—	2,406,003	(b)
Risk Management	—	628,505	(c)
Wastewater Utility	—	718,225	(d)
Wastewater Utility	—	70,658	(e)
Water Utility	—	102,502	(e)
General Fund	—	980,847	(g)
Internal Service Funds:			
Airport	628,505	—	(c)
General Capital Projects Fund	<u>548,167</u>	<u>—</u>	(c)
 Total	 <u>\$ 9,439,670</u>	 <u>\$ 9,439,670</u>	

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 11 - ADVANCES TO/FROM OTHER FUNDS - (Continued)

Reference descriptions:

(a) 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 Midtown Project Fund was approved by City Council on August 25, 1972, and the Electric Fund advanced funds to the Midtown Project Fund. Also, in recent years the General Fund has advanced funds to the Midtown Project Fund to cover operating expenses.

Repayment of the lease revenue bonds will be made from the Redevelopment Agency's property tax increment revenue. However, as the revenue is often less than the annual debt service of the bonds, the Midtown Project Fund leases the parking facility to the City to finance the debt service. A reciprocal agreement between the Midtown Project Fund and the City provides for the reimbursement of the lease payments from the property tax increment. Therefore, in substance, the lease revenues pay the bond debt service 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 property tax increment revenues upon retirement of the bonds.

The loan from the Electric Utility to the Midtown Project Fund will be repaid from the Redevelopment Agency's property tax increment revenues when it exceeds the debt service of the lease revenue bonds. Interest of three percent accrues on the outstanding principal balance of the loan.

The funds advanced to the Midtown Project Fund from the Electric Fund and the General Fund are to be repaid with any excess funds in the Midtown Project Fund at year end.

(b) In recent years the General Fund has advanced \$4,723,142 to the Airport Fund to finance improvements and operating expenses. The Airport Fund has repaid \$1,992,558 to date. This leaves a balance of \$2,730,584 due to the General Fund, of which \$324,582 has been classified as an interfund receivable/payable.

(c) The Risk Management Fund advanced funds to the General Capital Project Fund for costs associated with Enterprise Community Park and Eastside Road/S. Bonnyview realignment, and to the Airport Fund for the purchase of land. Interest will be calculated at the City's average earnings on its pooled cash accounts.

(d) Under an agreement, the Wastewater Fund is paying the Airport Fund's sewer special assessment. The advance is to be repaid December 31, 2005, including interest at the City's average earnings on its pooled cash accounts.

(e) The Water and Wastewater Funds advanced funds to the Airport Fund to cover costs (not covered by grants or advances from other funds) related to the new industrial park.

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 11 - ADVANCES TO/FROM OTHER FUNDS - (Continued)

(f) The Wastewater Fund advanced funds to the 1915 Act Assessment District Bonds Funds to cover delinquent assessments on wastewater improvements in the assessment districts.

(g) In recent years the General Fund has advanced \$1,040,847 to the Convention Center Fund to finance improvements and operating expenses. The Convention Center has repaid \$60,000 to date. This leaves a balance of \$980,847 due to the General Fund.

(h) The Canby-Hilltop-Cypress Capital Project Fund advanced amounts to cover formation costs for the Buckeye Project under an agreement dated July 18, 2000. The Agency used proceeds from the sale of otherwise unencumbered property acquired with tax increment revenues to cover the formation costs. Buckeye Fund is to repay \$161,200 of the formation costs previously advanced.

The Canby-Hilltop-Cypress Capital Project Fund previously loaned funds to the Market Street Project under a short term agreement dated December 15, 1997. During the current year an amendment to the loan agreement was signed thereby extending the due date on the loan to June 30, 2002.

NOTE 12 - INDIVIDUAL FUND DISCLOSURES

Parking Special Revenue Fund - The deficit (\$1,187,411) arose from advances received by the Parking Fund in prior years from the Electric Utility Enterprise Fund to construct the bi-level and underground parking structures. 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 (\$902,144) arose as a result of Proposition 13 whereby property tax increment revenues in the project area have not increased to the level necessary to make debt service payments. Funds have been advanced from the Parking Special Revenue Fund to meet debt service requirements.

Buckeye Capital Project Fund - The deficit (\$151,970) is the result of a new project area. The deficit should be eliminated as future tax increments are received.

Convention Center Enterprise Fund - The deficit (\$493,751) 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.

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 13 - PENSION PLAN

Information for the year ended June 30, 2002, has been used in the following note when possible. However, information provided by the California Public Employees Retirement System (PERS) for the years ended June 30, 2000, 2001 and 2002 was not available. Therefore, PERS information has been prepared using information for the year ended June 30, 2000.

A. Plan Description

The City of Redding's defined benefit pension plans, Miscellaneous Plan and Safety Plan of the City of Redding, 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 California Public Employees Retirement System (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 of Redding 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, 400 P Street, Sacramento, California 95814.

B. 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 2001/02 was 0%. 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.

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 2001/02 was 0%. The required member contribution is paid by the City in accordance with labor agreements.

C. Annual Pension Cost

For fiscal year 2001/02 the City of Redding's annual pension cost was \$1,994,388 for the Miscellaneous Plan and \$1,032,096 for the Safety Plan. The City actually contributed \$2,150,829 for the Miscellaneous Plan and \$1,036,392 for the Safety Plan. The required contributions for fiscal year 2001/02 were determined as part of the June 30, 2000 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.75% to 14.20% for miscellaneous members and from 3.75% to 11.59% for safety members, and (c) 2% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.5% and a payroll growth component of 3.75%.

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 13 - PENSION PLAN - (Continued)

The actuarial value of the Plans' assets was determined using a technique that smooths the cumulative effect of short-term volatility in the market value of investments over a three year period. The Plans' unfunded actuarial accrued liabilities or excess assets are being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2002 was 12 years for the Miscellaneous Plan and 3 years for the Safety Plan.

D. Three-year Trend Information for PERS

Fiscal Year Ended	Miscellaneous Plan			Safety Plan		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/00	\$ 1,733,049	100 %	\$ —	\$ 921,786	100 %	\$ —
6/30/01	1,821,619	100 %	—	1,002,547	100 %	—
6/30/02	1,994,388	100 %	—	1,032,096	100 %	—

Miscellaneous Plan:

(1) Actuarial Valuation Date	(2) Entry Age Actuarial Accrued Liability	(3) Actuarial Value of Assets	(4) Total Unfunded Liability/ (Excess Assets)	(5) Funded Status	(6) Annual Covered Payroll	(7) Unfunded Actuarial Liability as a Percentage of Covered Payroll
6/30/98	\$ 88,154,378	\$107,937,176	\$ (19,782,798)	122.4 %	\$ 23,069,460	(85.753) %
6/30/99	94,360,189	126,594,922	(32,234,733)	134.2 %	24,345,968	(132.403) %
6/30/00	104,855,426	139,334,807	(34,479,381)	132.9 %	25,603,388	(134.667) %

Safety Plan:

(1) Actuarial Valuation Date	(2) Entry Age Actuarial Accrued Liability	(3) Actuarial Value of Assets	(4) Total Unfunded Liability/ (Excess Assets)	(5) Funded Status	(6) Annual Covered Payroll	(7) Unfunded Actuarial Liability as a Percentage of Covered Payroll
6/30/98	\$ 60,292,843	\$ 67,405,045	\$ (7,112,202)	111.8 %	\$ 9,030,274	(78.760) %
6/30/99	65,466,375	76,802,254	(11,335,879)	117.3 %	9,596,193	(118.129) %
6/30/00	72,829,445	85,277,614	(12,448,169)	117.1 %	10,434,268	(119.301) %

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 14 - POST-RETIREMENT BENEFITS

The City provides post-retirement medical coverage to all full-time employees and their dependents who go directly from active status to retirement. The authority for this coverage is union contracts for union employees and council resolution for all other employees. Currently, 148 retirees are eligible to receive this benefit. The cost of the coverage, financed on a pay-as-you-go basis, is shared equally between the City and the retirees. The amounts received and expended for this coverage flow through the risk management internal service fund. The total cost of providing this coverage for the fiscal years ended June 30, 2002, was \$1,030,733.

NOTE 15 - POSTCLOSURE CARE COSTS

State and federal laws and regulations required the City of Redding 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 25 years. The estimated remaining liability for landfill postclosure care costs has been estimated at \$760,287 as of June 30, 2002. 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, 2002. There is no requirement to currently fund this 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.

NOTE 16 - PG&E REBATE

The City has entered into an Exceptional Case Facilities Agreement (Agreement) with PG&E whereby the City will, over a period of ten years, purchase sufficient natural gas from PG&E to allow PG&E to recoup the cost for the extension of a gas line to the Redding Power Plant project. The Agreement calls for escrow payments to, or refunds from, PG&E based on several factors including actual gas usage and return on capital as defined in the Agreement.

Management has estimated that, based on the terms of the Agreement, and due to the high volume of gas purchased in 2001, PG&E owes the City \$2,012,481 as of June 30, 2001. This amount is made up of \$1,624,571 owed to Redding as of June 30, 2001 and \$387,910 held by PG&E that should be refunded due to gas purchased in fiscal year 2002. Therefore, the financial statements of the Electric Utility Fund reflect a current receivable for the total amount.

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 17 - COMMITMENTS, CONTINGENT LIABILITIES, AND LITIGATION

- A. Certain general obligation bonds which are issued exclusively as general obligation debt for the benefit of a governmental enterprise, but which, as a matter of discretionary financial policy, are actually serviced by earnings of an enterprise, are presented as an obligation of this enterprise rather than as an obligation of the general government. The City would be responsible for the debt only in the event that funds were not available in the enterprise fund. If this occurred, an interfund receivable would be created and remain until the enterprise fund was able to repay the City.
- B. A number of construction contracts existed at June 30, 2002. The unexpended authorized amount of \$23,135,531 represents a commitment by the City.
- C. There are several lawsuits pending in which the City is involved and for which the City is not covered by insurance. However, in the City Attorney's opinion, the possibility of a material adverse ruling is remote.
- D. The City's Electric Utility (REU) is contractually obligated through M-S-R Public Power Agency (see Note 9) to receive 22.5 MW of firm capacity from the Bonneville Power Administration (BPA) until 2013. The annual obligation is approximately \$2.9 million. The REU is obligated to purchase this power regardless of demand. M-S-R has received a notice of termination of the BPA Agreement effective September 30, 2005, although M-S-R has disputed such termination notice.
- E. 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).
- F. The City's Electric Utility (REU) has recently negotiated the termination of its ENRON contract and replaced the contract power with a new supplier American Electric Power (AEP). The AEP contract is for the delivery of 25MW of capacity and associated energy (219,000 Mwh per year). Deliveries will begin in November 2004 and continue till October 31, 2014. REU is obligated to purchase this power regardless of the City's demand. The annual obligation is approximately \$9 million per year.
- G. The City's Electric Utility (REU), under 9 new contracts, is contractually obligated to purchase 7,500 decatherms per day (dem) of natural gas pipeline capacity from several pipelines. The pipeline capacity will allow REU to deliver approximately 75% of the gas needs of the new baseload generator. Additionally, REU has also contracted for the purchase of several blocks of gas commodity extending into 2005. Approximately 30% of REU's gas needs have been forward purchased for delivery over REU's pipeline capacity.
- H. The City of Redding has entered into certain contracts to purchase gas between July and September 2002 for a total price of \$4,406,156. The difference between the contract price on these contracts and the market price at June 30, 2002 has been recognized as a cost of power in the fiscal year ended June 30, 2002.
- I. The City's Electric Utility (REU) has entered a 15-year contract with Kern River Gas Transportation Company for 1,000 Dths/day of gas pipeline capacity on a take-or-pay basis. This pipeline brings natural gas from the Rocky Mountain gas fields to California. The contract begins when the pipeline enhancements are completed, due to be May 2003. The contract stipulates that the gas transportation costs will be charged at the current FERC Tariff rates when the gas is transported.

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 17 - COMMITMENTS, CONTINGENT LIABILITIES, AND LITIGATION - (Continued)

Conduit Debt

In 1985, the City of Redding issued conduit bonds to provide financing for the acquisition, construction and equipping of a 100 unit multifamily rental housing project in the City of Redding known as the "River Oaks Retirement Center" (the project). The bonds were retired in 1995 by issuing new conduit bonds. The new bonds and the interest thereon are limited obligations of the City of Redding and do not constitute an obligation of the City of Redding. The bonds are secured by an indenture and deed of trust on the project. At June 30, 2002 the total outstanding principle on the bonds is \$4,975,000.

In 2001, Redding Redevelopment 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 Redding Redevelopment Agency. The bonds are secured by the land and improvements to Bonny View Elementary School located at 5080 Bidwell Road, Redding, CA 96001. On June 30, 2002, the total outstanding principle on the bonds was \$5,390,000.

NOTE 18 - TRANSFERS

The following operating transfers were made during the fiscal year ended June 30, 2002:

<u>Transfers</u>	<u>Transfer To</u>	<u>Transfer From</u>
General Fund	\$ 3,437,416	\$ 2,350,956
Special Revenue Funds:		
General	—	271,514
Street Maintenance	—	2,971,982
Housing		
Capital Projects Funds:		
Canby-Hilltop-Cypress Project	501,064	—
General	—	1,672,905
Market Street Project	11,069	—
Shastec	—	1,451,079
Debt Service Funds:		
Canby-Hilltop-Cypress Project Bonds	—	501,064
General	1,007,430	—
Market Street Project Bonds	—	11,069
Enterprise Funds:		
Convention Center	1,490,524	—
Electric	—	193,920
Storm Drains	<u>2,976,986</u>	<u>—</u>
 Totals	 <u>\$ 9,424,489</u>	 <u>\$ 9,424,489</u>

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 19 - BUDGETARY BASIS RECONCILIATION

Budgets are not adopted for the debt service fund except for the debt service funds of the Redding Redevelopment Agency. Budgets are also not adopted for special assessment funds and the landscape maintenance fund.

NOTE 20 - ADJUSTMENTS TO EQUITY AND NET ASSETS

Adjustments to Equity and Net Assets at June 30, 2002 consists of the following items:

	<u>Government Activities</u>	<u>Business Activities</u>	<u>Total</u>
Prior period adjustments	\$ —	\$(1,554,375)	\$(1,554,375)
<u>Prior Period Adjustments:</u>			
Business-type Activities - Enterprise Funds:			
Financing costs from prior Electric Fund defeasances were not correctly written off at the of defeasance.			\$(1,610,375)
Land purchased in a prior year by the Convention Center was incorrectly expensed and not capitalized.			<u>56,000</u>
			<u>\$(1,554,375)</u>

NOTE 21 - 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 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 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. As a result, during the year, interest payments on two special assessment bond issues were not made due to a high delinquency rate in those assessment districts. The City is not liable for these bonds. The security for the bondholders is the property which have assessments. The City has no obligation to advance funds to these assessment districts. Principal totaling \$145,000 due September 2, 2001 and interest totaling \$102,890 due March 2, 2002 on Tierra Oaks Assessment District No. 1993-1 Limited Obligation Improvement Bonds was outstanding on June 30, 2002. The September 2, 2001 debt service payment was not made. Principal totaling \$20,000 due September 2, 2000 and \$20,000 due September 2, 2001 on Churn Creek Road Extension #2 Assessment District No. 1990-5 Limited Obligation Improvement Bonds was outstanding on June 30, 2002. The Assessment District made a principal payment totaling \$15,000 towards the outstanding debt due September 2, 2000 subsequent to the fiscal year end. The September 2, 2002 debt service payment was not made.

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 21 - SPECIAL ASSESSMENTS - (Continued)

In accordance with legal requirements pertaining to the sale of 1915 Act assessment bonds, a reserve fund is 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, 2002 was \$1,695,142.

NOTE 22 - OCJP GRANT INFORMATION

	<u>Expenses to Report in Audit Period, per OCJP 201 Report</u>		
	01/02 <u>Audit</u>	Total by Category (From Report)	(Under reported) Over reported <u>Variance</u>
<u>PROJECT NO.: GENF1299</u>			
C-CAP Grant			
Personnel	\$ —	\$ —	\$ —
Operating expenses	55,771	55,771	—
Equipment	<u>28,996</u>	<u>28,996</u>	<u>—</u>
Total	<u>\$ 84,767</u>	<u>\$ 84,767</u>	<u>\$ —</u>
Encumbered amounts reported after June 30, 2002 Shown on Form 201 at September 15, 2002:			
Personnel	\$ —	\$ —	\$ —
Operating expenses	2,153	2,153	—
Equipment	<u>3,906</u>	<u>3,906</u>	<u>—</u>
Subtotal	<u>6,059</u>	<u>6,059</u>	<u>—</u>
Grand Total	<u>\$ 90,826</u>	<u>\$ 90,826</u>	<u>\$ —</u>

	<u>Expenses to Report in Audit Period, no OCJP 201 Report Required</u>	
<u>PROJECT NO.: GENF1299</u>		
CLEEP Formula Grant 00/01		
Personnel	\$ —	No OCJP 201 Report Required
Operating expenses	—	
Equipment	<u>82,427</u>	
Total	<u>\$ 82,427</u>	
CLEEP Formula Grant 01/02		
Personnel	\$ —	
Operating expenses	—	
Equipment	<u>32,419</u>	
Total	<u>\$ 32,419</u>	

CITY OF REDDING
Notes to Financial Statements
June 30, 2002

NOTE 23 - DEFEASANCE OF DEBT

On April 25, 2002, the City of Redding issued Electric System Revenue Certificates of Participation of \$110 million with an aggregate interest rate of approximately 4.12%. A portion (\$86 million) of these Certificates were used to advance refund Certificates of Participation (Series 1992) with an aggregate interest rate of 6.45% and a par value of \$15.1 million, as well as Certificates of Participation (Series 1993) with an aggregate interest rate of 5.75% and a par value of \$59.1 million. These Certificates of Participation were issued at par and, after paying for issuance costs of \$1.3 million and setting up a reserve fund of \$6.8 million, the net proceeds were \$77.9 million. The net proceeds from the issuance of the Certificates of Participation were used to purchase US Government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the majority of the certificates are called on June 27, 2003 and the Capital Appreciation Certificates mature ending June 1, 2008. The advance refunding met the requirements of an in-substance debt defeasance and the Certificates of Participation were removed from the City's government-wide financial statements. As a result of the advance refunding, the City increased its total debt service requirements by \$6.2 million, however, this resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2.1 million.

CITY OF REDDING
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2002

ASSETS	Total Special Revenue Funds	Total Capital Project Funds	Total Debt Service Funds	Total Nonmajor Governmental Funds
Cash and investments	\$ 6,192,387	\$21,010,281	\$ —	\$27,202,668
Interest receivables	217,237	86,479	—	303,716
Accounts receivable, net	156,933	514,294	—	671,227
Intergovernmental receivable	1,947,610	2,121,104	1,003,304	5,072,018
Taxes receivable	193,334	61,799	—	255,133
Other receivables	18,453	7,939	—	26,392
Restricted assets:				
Cash and investments	9,298,218	147,288	4,288,675	13,734,181
Interest receivable	62,710	92,378	26,122	181,210
Taxes receivable	—	—	486,998	486,998
Interfund receivables	13,975	19,200	—	33,175
Other assets	848,219	—	—	848,219
Deposits	—	80,000	—	80,000
Advances to other funds	981,892	137,866	—	1,119,758
Special assessments receivable	15,152	—	—	15,152
Notes receivable	<u>16,092,173</u>	<u>9,771</u>	<u>—</u>	<u>16,101,944</u>
Total assets	<u>\$36,038,293</u>	<u>\$24,288,399</u>	<u>\$ 5,805,099</u>	<u>\$66,131,791</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 123,745	\$ 733,778	\$ —	\$ 857,523
Accrued liabilities	19,698	363,437	—	383,135
Intergovernmental payable	3,675	23,602	—	27,277
Due to other funds	125,953	46,206	—	172,159
Grant anticipation note payable	300,000	—	—	300,000
Deferred revenues	717,205	3,031,503	1,342,722	5,091,430
Interfund payables	—	60,200	13,975	74,175
Deposits	104,413	—	—	104,413
Advances from other funds	<u>2,212,484</u>	<u>686,033</u>	<u>981,892</u>	<u>3,880,409</u>
Total liabilities	<u>3,607,173</u>	<u>4,944,759</u>	<u>2,338,589</u>	<u>10,890,521</u>
Fund balances (deficit):				
Reserved for encumbrances	769,476	4,801,766	—	5,571,242
Reserved for noncurrent advances	—	147,066	—	147,066
Reserved for debt service	9,243	—	4,362,278	4,371,521
Reserved for capital projects	10,233,636	—	—	10,233,636
Reserved for school projects	—	700,450	—	700,450
Reserved for other	237,959	—	—	237,959
Reserved for noncurrent notes receivable	16,896,883	—	—	16,896,883
Unreserved:				
Designated for continuing projects	—	10,905,435	—	10,905,435
Undesignated	<u>4,283,923</u>	<u>2,788,923</u>	<u>(895,768)</u>	<u>6,177,078</u>
Total fund balances (deficit)	<u>32,431,120</u>	<u>19,343,640</u>	<u>3,466,510</u>	<u>55,241,270</u>
Total liabilities and fund balances	<u>\$36,038,293</u>	<u>\$24,288,399</u>	<u>\$ 5,805,099</u>	<u>\$66,131,791</u>

See accompanying notes to financial statements.

CITY OF REDDING
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2002

	Total Special Revenue Funds	Total Capital Projects Funds	Total Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES:				
Property taxes	\$ 1,648,398	\$ 2,436,089	\$ 2,235,261	\$ 6,319,748
Sales tax revenue	271,514	—	—	271,514
Special assessments	112,408	—	—	112,408
License, fees and permits	74,656	—	—	74,656
Intergovernmental revenues	11,230,830	1,845,344	—	13,076,174
Fines, forfeitures and penalties	127,988	—	—	127,988
Use of money and property	9,982	—	—	9,982
Interest revenue		670,254	951,748	154,380
1,776,382				
Other	<u>16,191</u>	<u>2,930,788</u>	<u>89,042</u>	<u>3,036,021</u>
Total revenues		<u>14,162,221</u>	<u>8,163,969</u>	<u>2,478,683</u>
<u>24,804,873</u>				
EXPENDITURES:				
Current:				
Community development	7,787,341	1,015,617	—	8,802,958
General government	—	—	121,300	121,300
Public safety	180,434	—	—	180,434
Public works	210,427	—	—	210,427
Recreation and culture	206,368	—	—	206,368
Capital outlay	—	11,956,739	—	11,956,739
Debt service:				
Principal retirement	—	—	864,296	864,296
Interest and fiscal charges	439,836	88,111	1,925,446	2,453,393
Bond administration costs	—	—	—	—
Total expenditures	<u>8,824,406</u>	<u>13,060,467</u>	<u>2,911,042</u>	<u>24,795,915</u>
Excess (deficiency) of revenues over(under) expenditures	<u>5,337,815</u>	<u>(4,896,498)</u>	<u>(432,359)</u>	<u>8,958</u>
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	630	249,287	—	249,917
Bond sale/loan proceeds	9,500,000	—	—	9,500,000
Bond discounts	(92,860)	—	—	(92,860)
Transfers in	—	512,133	1,007,430	1,519,563
Transfers out	<u>(3,243,496)</u>	<u>(3,123,984)</u>	<u>(512,133)</u>	<u>(6,879,613)</u>
Total other financing sources (uses)	<u>6,164,274</u>	<u>(2,362,564)</u>	<u>495,297</u>	<u>4,297,007</u>
Net change in fund balance	11,502,089	(7,259,062)	62,938	4,305,965
FUND BALANCES (DEFICIT), beginning of year, as originally stated	<u>20,929,031</u>	<u>26,602,702</u>	<u>3,403,572</u>	<u>50,935,305</u>
FUND BALANCES (DEFICIT), end of year	<u>\$32,431,120</u>	<u>\$19,343,640</u>	<u>\$ 3,466,510</u>	<u>\$55,241,270</u>

See accompanying notes to financial statements.

CITY OF REDDING
Combining Balance Sheet
Special Revenue
Nonmajor Governmental Funds
June 30, 2002

	<u>Parking</u>	<u>Street Maintenance</u>	<u>Community Development</u>	<u>Housing</u>
ASSETS				
Cash and investments	\$ 55,216	\$ 802,391	\$ 997,133	\$ 4,110,773
Interest receivable	1,060	—	57,268	156,499
Accounts receivable, net	—	—	—	156,933
Intergovernmental receivable	—	955,074	992,536	—
Taxes receivables	—	—	—	193,334
Other receivable	—	—	16,720	1,733
Restricted cash and investment	—	—	—	104,413
Restricted interest	—	—	—	—
Interfund receivables	13,975	—	—	—
Assets held for sale	—	—	—	848,219
Advances to other funds	981,892	—	—	—
Special assessments receivable	—	—	—	—
Notes receivable	—	—	9,988,171	6,104,002
	<u>—</u>	<u>—</u>	<u>9,988,171</u>	<u>6,104,002</u>
Total assets	<u>\$ 1,052,143</u>	<u>\$ 1,757,465</u>	<u>\$12,051,828</u>	<u>\$11,675,906</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 8,607	\$ —	\$ 66,393	\$ 42,400
Accrued liabilities	2,053	—	16,640	1,005
Intergovernmental payable	2,435	—	1,108	—
Due to other funds	—	—	—	125,953
Grant anticipation note payable	—	—	300,000	—
Deferred revenues	13,975	—	173,687	529,543
Deposits	—	—	—	104,413
Advances from other funds	2,212,484	—	—	—
	<u>2,212,484</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total liabilities	<u>2,239,554</u>	<u>—</u>	<u>557,828</u>	<u>803,314</u>
Fund balances (deficit):				
Reserved for encumbrances	—	—	16,627	752,849
Reserved for debt service	9,243	—	—	—
Reserved for capital projects	—	977,121	—	—
Reserved for other	—	—	—	—
Reserved for noncurrent notes receivable	981,892	—	9,822,372	6,092,619
Unreserved, undesignated	—	(2,178,546)	780,344	1,655,001
	<u>4,027,124</u>	<u>(2,178,546)</u>	<u>780,344</u>	<u>1,655,001</u>
Total fund balances (deficit)	<u>(1,187,411)</u>	<u>1,757,465</u>	<u>11,494,000</u>	<u>10,872,592</u>
Total liabilities and fund balances	<u>\$ 1,052,143</u>	<u>\$ 1,757,465</u>	<u>\$12,051,828</u>	<u>\$11,675,906</u>

<u>Special Project</u>	<u>General Special Revenue</u>	<u>Landscape Maintenance Districts</u>	<u>Total</u>
\$ —	\$ —	\$ 226,874	\$ 6,192,387
—	—	2,410	217,237
—	—	—	156,933
—	—	—	1,947,610
—	—	—	193,334
—	—	—	18,453
9,193,805	—	—	9,298,218
62,710	—	—	62,710
—	—	—	13,975
—	—	—	848,219
—	—	—	981,892
—	—	15,152	15,152
—	—	—	16,092,173
<u>\$ 9,256,515</u>	<u>\$ —</u>	<u>\$ 244,436</u>	<u>\$36,038,293</u>
—	\$ —	\$ 6,345	\$ 123,745
—	—	—	19,698
—	—	132	3,675
—	—	—	125,953
—	—	—	300,000
—	—	—	717,205
—	—	—	104,413
—	—	—	2,212,484
—	—	6,477	3,607,173
—	—	—	769,476
—	—	—	9,243
9,256,515	—	—	10,233,636
—	—	237,959	237,959
—	—	—	16,896,883
—	—	—	4,283,923
<u>9,256,515</u>	<u>—</u>	<u>237,959</u>	<u>32,431,120</u>
<u>\$ 9,256,515</u>	<u>\$ —</u>	<u>\$ 244,436</u>	<u>\$36,038,293</u>

See accompanying notes to financial statements.

CITY OF REDDING
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Special Revenue
Nonmajor Governmental Funds
For the Year Ended June 30, 2002

	<u>Parking</u>	<u>Street Maintenance</u>	<u>Community Development</u>	<u>Housing</u>
REVENUES:				
Property taxes	\$ —	\$ —	\$ —	\$ 1,648,398
Sales tax revenue	—	—	—	—
Special assessments	—	—	—	—
Licenses, fees and permits	74,656	—	—	—
Intergovernmental revenues	—	3,746,243	2,220,662	5,263,925
Fines, forfeitures and penalties	127,988	—	—	—
Use of money and property	—	—	—	9,982
Interest revenue	19,443	6,083	209,524	254,408
Other revenues	<u>—</u>	<u>—</u>	<u>2,054</u>	<u>14,137</u>
Total revenues	<u>222,087</u>	<u>3,752,326</u>	<u>2,432,240</u>	<u>7,190,850</u>
EXPENDITURES:				
Community development	—	—	1,546,085	6,241,256
Public safety	145,434	—	35,000	—
Public works	72,021	—	21,501	—
Recreation and culture	—	—	206,368	—
Debt service:				
Interest and fiscal charges	<u>9,243</u>	<u>—</u>	<u>—</u>	<u>110,645</u>
Total expenditures	<u>226,698</u>	<u>—</u>	<u>1,808,954</u>	<u>6,351,901</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,611)</u>	<u>3,752,326</u>	<u>623,286</u>	<u>838,949</u>
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	—	—	—	630
Bond sale/loan proceeds	—	—	—	—
Bond discounts	—	—	—	—
Transfers out	<u>—</u>	<u>(2,971,982)</u>	<u>—</u>	<u>—</u>
Total other financing sources (uses)	<u>—</u>	<u>(2,971,982)</u>	<u>—</u>	<u>630</u>
Net change in fund balances <u>839,579</u>		<u>(4,611)</u>	<u>780,344</u>	<u>623,286</u>
FUND BALANCES (DEFICIT), beginning of year	(1,182,800)	977,121	10,730,714	10,173,013
Prior period adjustment	<u>—</u>	<u>—</u>	<u>140,000</u>	<u>(140,000)</u>
FUND BALANCE (DEFICIT), as restated	<u>(1,182,800)</u>	<u>977,121</u>	<u>10,870,714</u>	<u>10,033,013</u>
FUND BALANCES (DEFICIT), end of year	<u><u>\$(1,187,411)</u></u>	<u><u>\$ 1,757,465</u></u>	<u><u>\$11,494,000</u></u>	<u><u>\$10,872,592</u></u>

<u>Special Project</u>	<u>General Special Revenues</u>	<u>Landscape Maintenance District</u>	<u>Total Special Revenue</u>
\$ —	\$ —	\$ —	\$ 1,648,398
—	271,514	—	271,514
—	—	112,408	112,408
—	—	—	74,656
—	—	—	11,230,830
—	—	—	127,988
—	—	—	9,982
169,323	—	11,473	670,254
<u>—</u>	<u>—</u>	<u>—</u>	<u>16,191</u>
<u>169,323</u>	<u>271,514</u>	<u>123,881</u>	<u>14,162,221</u>
—	—	—	7,787,341
—	—	—	180,434
—	—	116,905	210,427
—	—	—	206,368
<u>319,948</u>	<u>—</u>	<u>—</u>	<u>439,836</u>
<u>319,948</u>	<u>—</u>	<u>116,905</u>	<u>8,824,406</u>
<u>(150,625)</u>	<u>271,514</u>	<u>6,976</u>	<u>5,337,815</u>
—	—	—	630
9,500,000	—	—	9,500,000
(92,860)	—	—	(92,860)
<u>—</u>	<u>(271,514)</u>	<u>—</u>	<u>(3,243,496)</u>
<u>9,407,140</u>	<u>(271,514)</u>	<u>—</u>	<u>6,164,274</u>
<u>9,256,515</u>	<u>—</u>	<u>6,976</u>	<u>11,502,089</u>
—	—	230,983	20,929,031
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>—</u>	<u>—</u>	<u>230,983</u>	<u>20,929,031</u>
<u>\$ 9,256,515</u>	<u>\$ —</u>	<u>\$ 237,959</u>	<u>\$32,431,120</u>

See accompanying notes to financial statements.

CITY OF REDDING
Combining Balance Sheet
Capital Projects
Nonmajor Governmental Funds
June 30, 2002

ASSETS	General Capital Projects	Canby/Hilltop/ Cypress Project	Market Street Project	Buckeye Project
Cash and investments	\$ 9,089,242	\$10,074,449	\$ 1,500,487	\$ 3,549
Interest receivable	—	72,068	9,457	24
Accounts receivable, net	514,294	—	—	—
Intergovernmental receivable	1,956,825	—	—	—
Taxes receivable	—	—	—	3,124
Other receivables	—	7,939	—	—
Restricted assets:				
Cash and investments	147,288	—	—	—
Interest receivable	92,378	—	—	—
Interfund receivables	—	19,200	—	—
Deposits	—	—	—	—
Advances to other funds	—	137,866	—	—
Notes receivable	—	—	9,771	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$11,800,027</u>	<u>\$10,311,522</u>	<u>\$ 1,519,715</u>	<u>\$ 6,697</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 597,696	\$ 93,560	\$ 15,474	\$ —
Accrued liabilities	—	133,337	—	—
Intergovernmental payable	—	—	23,602	—
Due to other funds	—	30,242	4,701	—
Deferred revenues	2,673,797	159,085	—	1,601
Interfund payables	41,000	—	—	19,200
Advances from other funds	548,167	—	—	137,866
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>3,860,660</u>	<u>416,224</u>	<u>43,777</u>	<u>158,667</u>
Fund balances (deficit):				
Reserved for encumbrances	2,542,852	1,995,014	206,827	—
Reserved for noncurrent advances	—	147,066	—	—
Reserved for school projects	—	58,357	642,093	—
Unreserved:				
Designated for continuing projects	5,396,515	5,019,410	489,510	—
Undesignated	—	2,675,451	137,508	(151,970)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficit)	<u>7,939,367</u>	<u>9,895,298</u>	<u>1,475,938</u>	<u>(151,970)</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$11,800,027</u>	<u>\$10,311,522</u>	<u>\$ 1,519,715</u>	<u>\$ 6,697</u>

<u>SHASTECC Project</u>	<u>Total Capital Projects</u>
\$ 342,554	\$21,010,281
4,930	86,479
—	514,294
164,279	2,121,104
58,675	61,799
—	7,939
—	147,288
—	92,378
—	19,200
80,000	80,000
—	137,866
—	9,771
<u>\$ 650,438</u>	<u>\$24,288,399</u>

\$ 27,048	\$ 733,778
230,100	363,437
—	23,602
11,263	46,206
197,020	3,031,503
—	60,200
—	686,033
<u>465,431</u>	<u>4,944,759</u>

57,073	4,801,766
—	147,066
—	700,450
—	10,905,435
<u>127,934</u>	<u>2,788,923</u>
<u>185,007</u>	<u>19,343,640</u>
<u>\$ 650,438</u>	<u>\$24,288,399</u>

See accompanying notes to financial statements.

CITY OF REDDING
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Capital Projects
Nonmajor Governmental Funds
For the Year Ended June 30, 2002

	General Capital Projects	Canby/Hilltop/ Cypress Project	Market Street Project	Buckeye Project
REVENUES:				
Property taxes	\$ —	\$ 1,131,436	\$ 795,126	\$ 17,517
Intergovernmental revenues	956,510	—	714,647	—
Interest revenue	421,457	469,102	39,931	164
Other	<u>2,924,918</u>	<u>4,615</u>	<u>1,255</u>	<u>—</u>
Total revenues	<u>4,302,885</u>	<u>1,605,153</u>	<u>1,550,959</u>	<u>17,681</u>
EXPENDITURES:				
Current:				
Community development	39,806	472,091	411,351	4,110
Capital outlay	4,125,961	6,627,392	847,172	—
Debt service:				
Interest and fiscal charges	<u>82,171</u>	<u>—</u>	<u>624</u>	<u>5,316</u>
Total expenditures	<u>4,247,938</u>	<u>7,099,483</u>	<u>1,259,147</u>	<u>9,426</u>
Excess (deficiency) of revenues over (under) expenditures	<u>54,947</u>	<u>(5,494,330)</u>	<u>291,812</u>	<u>8,255</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of land	—	249,287	—	—
Transfers in	—	501,064	11,069	—
Transfers out	<u>(1,672,905)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total other financing sources (uses)	<u>(1,672,905)</u>	<u>750,351</u>	<u>11,069</u>	<u>—</u>
Net change in fund balances 8,255		(1,617,958)	(4,743,979)	302,881
FUND BALANCES (DEFICIT), beginning of year,	<u>9,557,325</u>	<u>14,639,277</u>	<u>1,173,057</u>	<u>(160,225)</u>
FUND BALANCES (DEFICIT), end of year	<u>\$ 7,939,367</u>	<u>\$ 9,895,298</u>	<u>\$ 1,475,938</u>	<u>\$ (151,970)</u>

<u>SHASTE Project</u>	<u>Total Capital Projects</u>
\$ 492,010	\$ 2,436,089
174,187	1,845,344
21,094	951,748
<u>—</u>	<u>2,930,788</u>
<u>687,291</u>	<u>8,163,969</u>
88,259	1,015,617
356,214	11,956,739
<u>—</u>	<u>88,111</u>
<u>444,473</u>	<u>13,060,467</u>
<u>242,818</u>	<u>(4,896,498)</u>
—	249,287
—	512,133
<u>(1,451,079)</u>	<u>(3,123,984)</u>
<u>(1,451,079)</u>	<u>(2,362,564)</u>
(1,208,261)	(7,259,062)
<u>1,393,268</u>	<u>26,602,702</u>
<u>\$ 185,007</u>	<u>\$19,343,640</u>

See accompanying notes to financial statements.

CITY OF REDDING
Combining Balance Sheet
Debt Service
Nonmajor Governmental Funds
June 30, 2002

ASSETS	Midtown Project Bonds	Canby/Hilltop/ Cypress Project Bonds	Market Street Project Bonds	General Debt Service	Total
Intergovernmental receivable	\$ —	\$ —	\$ —	\$ 1,003,304	\$ 1,003,304
Restricted assets:					
Cash and investments	92,714	2,930,531	182,579	1,082,851	4,288,675
Interest receivable	100	25,636	199	187	26,122
Taxes receivable	<u>2,688</u>	<u>361,270</u>	<u>123,040</u>	<u>—</u>	<u>486,998</u>
Total assets	<u>\$ 95,502</u>	<u>\$ 3,317,437</u>	<u>\$ 305,818</u>	<u>\$ 2,086,342</u>	<u>\$ 5,805,099</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Deferred revenues	\$ 1,779	\$ 254,481	\$ 83,158	\$ 1,003,304	\$ 1,342,722
Interfund payables	13,975	—	—	—	13,975
Advances from other funds	<u>981,892</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>981,892</u>
Total liabilities	<u>997,646</u>	<u>254,481</u>	<u>83,158</u>	<u>1,003,304</u>	<u>2,338,589</u>
Fund balances (deficit):					
Reserved for debt service	—	3,062,956	222,660	1,076,662	4,362,278
Unreserved, undesignated (895,768)	<u>—</u>	<u>(902,144)</u>	<u>—</u>	<u>—</u>	<u>6,376</u>
Total fund balances (deficit)	<u>(902,144)</u>	<u>3,062,956</u>	<u>222,660</u>	<u>1,083,038</u>	<u>3,466,510</u>
Total liabilities and fund balances	<u>\$ 95,502</u>	<u>\$ 3,317,437</u>	<u>\$ 305,818</u>	<u>\$ 2,086,342</u>	<u>\$ 5,805,099</u>

See accompanying notes to financial statements.

CITY OF REDDING
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Debt Service
Nonmajor Governmental Funds
For the Year Ended June 30, 2002

	Midtown Project Bonds	Canby/Hilltop/ Cypress Project Bond	Market Street Project Bonds	General Debt Service	Total Debt Service
REVENUES:					
Property taxes	\$ 24,202	\$ 1,985,486	\$ 225,573	\$ —	\$ 2,235,261
Interest revenue	3,080	141,201	3,723	6,376	154,380
Other revenue	<u>—</u>	<u>—</u>	<u>—</u>	<u>89,042</u>	<u>89,042</u>
Total revenues	<u>27,282</u>	<u>2,126,687</u>	<u>229,296</u>	<u>95,418</u>	<u>2,478,683</u>
EXPENDITURES:					
Current:					
General government	755	91,552	28,993	—	121,300
Debt service:					
Principal retirement	70,000	495,000	40,000	259,296	864,296
Interest and fiscal charges	<u>39,757</u>	<u>1,053,691</u>	<u>141,820</u>	<u>690,178</u>	<u>1,925,446</u>
Total expenditures	<u>110,512</u>	<u>1,640,243</u>	<u>210,813</u>	<u>949,474</u>	<u>2,911,042</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(83,230)</u>	<u>486,444</u>	<u>18,483</u>	<u>(854,056)</u>	<u>(432,359)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	—	—	—	1,007,430	1,007,430
Transfers out	<u>—</u>	<u>(501,064)</u>	<u>(11,069)</u>	<u>—</u>	<u>(512,133)</u>
Total other financing sources (uses)	<u>—</u>	<u>(501,064)</u>	<u>(11,069)</u>	<u>1,007,430</u>	<u>495,297</u>
Net change in fund balances 62,938		(83,230)	(14,620)	7,414	153,374
FUND BALANCES (DEFICIT), beginning of year	<u>(818,914)</u>	<u>3,077,576</u>	<u>215,246</u>	<u>929,664</u>	<u>3,403,572</u>
FUND BALANCES (DEFICIT), end of year	<u>\$ (902,144)</u>	<u>\$ 3,062,956</u>	<u>\$ 222,660</u>	<u>\$ 1,083,038</u>	<u>\$ 3,466,510</u>

See accompanying notes to financial statements.

CITY OF REDDING
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2002

	<u>Airport</u>	<u>Storm Drainage Utility</u>	<u>Redding Area Bus Authority</u>	<u>Convention Center</u>	<u>Totals</u>
ASSETS					
Current assets:					
Cash and investments	\$ 8,328	\$ 2,335,142	\$ 819,619	\$ 140,337	\$ 3,303,426
Interest receivable	153	2,828	3,848	237	7,066
Accounts receivable, net	68,065	113,209	15,365	—	196,639
Prepaid items	—	—	2,592	—	2,592
Intergovernmental receivable	388,875	—	1,123,103	—	1,511,978
Inventories	<u>—</u>	<u>52,648</u>	<u>67,573</u>	<u>—</u>	<u>120,221</u>
Total current assets	<u>465,421</u>	<u>2,503,827</u>	<u>2,032,100</u>	<u>140,574</u>	<u>5,141,922</u>
Restricted assets:					
Cash and investments	59,408	—	—	37,678	97,086
Interest receivable	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total restricted assets	<u>59,408</u>	<u>—</u>	<u>—</u>	<u>37,678</u>	<u>97,086</u>
Capital assets:					
Land	3,566,027	1,088,727	813,247	250,000	5,718,001
Utility plants	—	12,307,921	—	—	12,307,921
Buildings	7,771,132	—	5,492,813	3,441,565	16,705,510
Improvements other than buildings	19,457,224	2,348,779	1,065,368	295,917	23,167,288
Automotive equipment	672,090	396,720	6,211,293	106,964	7,387,067
Furnishings and equipment	126,843	16,054	1,304,368	197,672	1,644,937
Assets under capital lease	1,049,602	—	321,428	—	728,174
Construction in progress	<u>108,750</u>	<u>1,002,563</u>	<u>—</u>	<u>22,644</u>	<u>1,133,957</u>
Total capital assets	31,702,066	17,482,192	14,887,089	5,042,936	69,114,283
Less: accumulated depreciation	<u>(15,154,405)</u>	<u>(5,067,675)</u>	<u>(4,836,178)</u>	<u>(3,459,380)</u>	<u>(28,517,638)</u>
Net capital assets	<u>16,547,661</u>	<u>12,414,517</u>	<u>10,050,911</u>	<u>1,583,556</u>	<u>40,596,645</u>
Other assets:					
Financing costs, net	<u>32,851</u>	<u>—</u>	<u>—</u>	<u>3,853</u>	<u>36,704</u>
Total other assets	<u>32,851</u>	<u>—</u>	<u>—</u>	<u>3,853</u>	<u>36,704</u>
Total assets	<u>17,105,341</u>	<u>14,918,344</u>	<u>12,083,011</u>	<u>1,765,661</u>	<u>45,872,357</u>

LIABILITIES AND NET ASSETS	<u>Airport</u>	<u>Storm Drainage Utility</u>	<u>Redding Area Bus Authority</u>	<u>Convention Center</u>	<u>Totals</u>
Current liabilities (payable from current assets):					
Accounts payable	\$ 94,979	\$ 5,562	\$ 556,641	\$ 57,130	\$ 714,312
Accrued liabilities	34,316	16,497	—	76,347	127,160
Accrued interest payable	20,062	—	—	2,211	22,273
Due to other funds	—	—	32,613	—	32,613
Deferred revenues	—	—	924,253	—	924,253
Interfund payables	409,582	—	—	—	409,582
Capital leases, current	—	62,425	—	52,692	115,117
Long-term debt, current	16,852	—	—	10,687	27,539
State loan, current	<u>86,575</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>86,575</u>
Total current liabilities (payable from current assets)	<u>662,366</u>	<u>84,484</u>	<u>1,513,507</u>	<u>199,067</u>	<u>2,459,424</u>
Long-term liabilities:					
Accrued compensated absences	54,960	43,514	—	150,696	249,170
Advances from other funds	3,925,891	—	—	980,847	4,906,738
Capital leases, net of current	—	171,364	—	509,139	680,503
Long-term debt, net of current	914,996	—	—	419,663	1,334,659
State loan, net of current	<u>422,863</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>422,863</u>
Total long-term liabilities	<u>7,593,933</u>	<u>5,318,710</u>	<u>214,878</u>	<u>—</u>	<u>2,060,345</u>
Total liabilities	<u>5,981,076</u>	<u>299,362</u>	<u>1,513,507</u>	<u>2,259,412</u>	<u>10,053,357</u>
Net assets:					
Invested in capital assets, net of related debt	14,447,559	12,180,728	10,050,911	629,053	37,308,251
Restricted for capital projects	—	1,756,861	—	—	1,756,861
Unrestricted	<u>(3,323,294)</u>	<u>681,393</u>	<u>518,593</u>	<u>(1,122,804)</u>	<u>(3,246,112)</u>
Total net assets	<u>\$11,124,265</u>	<u>\$14,618,982</u>	<u>\$10,569,504</u>	<u>\$ (493,751)</u>	<u>\$35,819,000</u>

See accompanying notes to financial statements.

CITY OF REDDING
Combining Statement of Revenues, Expenses,
and Changes in Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2002

	<u>Airport</u>	<u>Storm Drainage Utility</u>	<u>Redding Area Bus Authority</u>	<u>Convention Center</u>	<u>Totals</u>
OPERATING REVENUES:					
User fees and charges	\$ 114,810	\$ 876,251	\$ 638,086	\$ 351,443	\$ 1,980,590
Rental charges	738,051	—	—	170,411	908,462
Other operating revenue	<u>484,421</u>	<u>16,770</u>	<u>268,060</u>	<u>6,258</u>	<u>775,509</u>
Total operating revenues	<u>1,337,282</u>	<u>893,021</u>	<u>906,146</u>	<u>528,112</u>	<u>3,664,561</u>
OPERATING EXPENSES:					
Cost of power, water, and transportation	—	—	1,996,436	—	1,996,436
Maintenance, operations, and administration	1,287,900	784,307	1,308,074	1,806,092	5,186,373
Depreciation and amortization	<u>3,093,196</u>	<u>1,292,106</u>	<u>707,736</u>	<u>884,684</u>	<u>208,670</u>
Total operating expenses	<u>2,580,006</u>	<u>1,492,043</u>	<u>4,189,194</u>	<u>2,014,762</u>	<u>10,276,005</u>
Operating income (loss)	<u>(1,242,724)</u>	<u>(599,022)</u>	<u>(3,283,048)</u>	<u>(1,486,650)</u>	<u>(6,611,444)</u>
NON-OPERATING REVENUES (EXPENSES):					
Interest revenue	2,794	107,173	29,597	3,424	142,988
Interest expense	(137,525)	(14,977)	—	(27,544)	(180,046)
Intergovernmental revenues	80,872	—	759,083	19,689	859,644
Gain (loss) on disposal of assets	(6,035)	13,340	(339,579)	1,278	(330,996)
Other non-operating revenues	<u>2,013,503</u>	<u>168,219</u>	<u>235,864</u>	<u>1,609,420</u>	<u>—</u>
Total non-operating revenues (expenses)	<u>108,325</u>	<u>341,400</u>	<u>2,058,521</u>	<u>(3,153)</u>	<u>2,505,093</u>
Income (loss) before operating transfers and capital contributions	<u>(1,134,399)</u>	<u>(257,622)</u>	<u>(1,224,527)</u>	<u>(1,489,803)</u>	<u>(4,106,351)</u>
Capital contributions	5,411,012	1,159,354	1,251,834	21,847	7,844,047
Transfers in	<u>—</u>	<u>2,976,986</u>	<u>—</u>	<u>1,490,524</u>	<u>4,467,510</u>
Change in net assets	<u>4,276,613</u>	<u>3,878,718</u>	<u>27,307</u>	<u>22,568</u>	<u>8,205,206</u>
Net assets (deficits), beginning of year, as originally reported	6,847,652	10,740,264	10,542,197	(572,319)	27,557,794
Prior period adjustments	<u>—</u>	<u>—</u>	<u>—</u>	<u>56,000</u>	<u>56,000</u>
Net assets (deficit), beginning of year, as restated	<u>6,847,652</u>	<u>10,740,264</u>	<u>10,542,197</u>	<u>(516,319)</u>	<u>27,613,794</u>
Net assets (deficit), end of year	<u>\$11,124,265</u>	<u>\$14,618,982</u>	<u>\$10,569,504</u>	<u>\$ (493,751)</u>	<u>\$35,819,000</u>

See accompanying notes to financial statements.

CITY OF REDDING
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2002

	<u>Airport</u>	<u>Storm Drainage Utility</u>	<u>Redding Area Bus Authority</u>	<u>Convention Center</u>	<u>Totals</u>
Cash flows from operating activities:					
Cash received from customers \$ 3,608,333		\$ 1,293,952	\$ 889,067	\$ 897,203	\$ 528,111
Cash paid to suppliers	(711,316)	(496,082)	(3,079,373)	(1,028,734)	(5,315,505)
Cash paid to employees	<u>(505,683)</u>	<u>(294,052)</u>	<u>—</u>	<u>(793,052)</u>	<u>(1,592,787)</u>
Net cash provided (used) by operating activities	<u>76,953</u>	<u>98,933</u>	<u>(2,182,170)</u>	<u>(1,293,675)</u>	<u>(3,299,959)</u>
Cash flows from noncapital financing activities:					
Intergovernmental revenue received	42,333	—	2,319,177	19,689	2,381,199
Advances from other funds	695,047	—	32,613	—	727,660
Repayment of advances to other funds	(286,289)	—	—	(60,000)	(346,289)
Transfers in	<u>—</u>	<u>2,976,986</u>	<u>—</u>	<u>1,490,524</u>	<u>4,467,510</u>
Net cash provided (used) by noncapital financing activities	<u>451,091</u>	<u>2,976,986</u>	<u>2,351,790</u>	<u>1,450,213</u>	<u>7,230,080</u>
Cash flows from capital and related financing activities:					
Capital grants received	5,411,012	—	734,978	21,847	6,167,837
Proceeds from sale of assets	11,097	4,339	38,002	1,279	54,717
Purchase of capital assets	(6,101,852)	(1,593,537)	(1,251,834)	(213,456)	(9,160,679)
Interest paid	(131,810)	(14,977)	—	(27,519)	(174,306)
Proceeds from long-term debt	—	—	—	73,364	73,364
Principal paid on long-term debt	(130,910)	—	—	(9,975)	(140,885)
Principal paid on capital leases	—	(59,198)	—	(28,108)	(87,306)
Other revenue received	<u>168,219</u>	<u>235,864</u>	<u>—</u>	<u>—</u>	<u>404,083</u>
Net cash provided (used) by capital and related financing activities	<u>(774,244)</u>	<u>(1,427,509)</u>	<u>(478,854)</u>	<u>(182,568)</u>	<u>(2,863,175)</u>
Cash flows from investing activities:					
Investment revenue received	<u>3,032</u>	<u>110,407</u>	<u>35,281</u>	<u>3,683</u>	<u>152,403</u>
Net cash provided (used) by investing activities	<u>3,032</u>	<u>110,407</u>	<u>35,281</u>	<u>3,683</u>	<u>152,403</u>
Net increase (decrease) in cash	(243,168)	1,758,817	(273,953)	(22,347)	1,219,349
Cash and investments, beginning of year	<u>310,904</u>	<u>576,325</u>	<u>1,093,572</u>	<u>200,362</u>	<u>2,181,163</u>
Cash and investments, end of year	<u>\$ 67,736</u>	<u>\$ 2,335,142</u>	<u>\$ 819,619</u>	<u>\$ 178,015</u>	<u>\$ 3,400,512</u>

(continued)

	<u>Airport</u>	<u>Storm Drainage Utility</u>	<u>Redding Area Bus Authority</u>	<u>Convention Center</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$(1,242,724)	\$ (599,022)	\$(3,283,048)	\$(1,486,650)	\$(6,611,444)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization 3,093,196		1,292,106	707,736	884,684	208,670
(Increase) decrease in accounts receivable	(43,330)	(10,980)	(8,943)	—	(63,253)
(Increase) decrease in inventories	—	7,026	(1,409)	—	5,617
Increase (decrease) in accounts payable	63,019	(9,042)	205,654	20,831	280,462
Increase (decrease) in accrued liabilities	4,968	1,562	—	745	7,275
Increase (decrease) in intergovernmental payable	—	—	(9,121)	—	(9,121)
Increase (decrease) in deferred revenues	—	—	30,013	(19,689)	10,324
Increase (decrease) in accrued compensated absences	<u>2,914</u>	<u>1,653</u>	<u>—</u>	<u>(17,582)</u>	<u>(13,015)</u>
Total adjustments	<u>1,319,677</u>	<u>697,955</u>	<u>1,100,878</u>	<u>192,975</u>	<u>3,311,485</u>
Net cash provided (used) by operating activities	<u>\$ 76,953</u>	<u>\$ 98,933</u>	<u>\$(2,182,170)</u>	<u>\$(1,293,675)</u>	<u>\$(3,299,959)</u>

See accompanying notes to financial statements.

CITY OF REDDING
Combining Statement of Net Assets
Nonmajor Internal Service Funds
June 30, 2002

	<u>Equipment</u>	<u>Information Systems</u>	<u>General Support Services</u>	<u>Risk Management</u>	<u>Total</u>
ASSETS					
Cash and investments	\$ 722,871	\$ 706,108	\$ 745,606	\$ 7,338,403	\$ 9,512,988
Interest receivable	7,721	6,554	6,531	73,370	94,176
Accounts receivable, net	5,978	—	6,805	12,882	25,665
Prepaid items	—	—	4,027	274,109	278,136
Inventories	75,227	—	—	—	75,227
Interfund receivables	—	—	—	126,000	126,000
Total current assets	<u>811,797</u>	<u>712,662</u>	<u>762,969</u>	<u>7,824,764</u>	<u>10,112,192</u>
Capital assets:					
Land	—	—	8,310	—	8,310
Equipment	1,160,826	—	—	—	1,160,826
Improvements other than buildings	100,050	71,229	7,458	—	178,737
Automotive equipment	7,775,466	—	114,689	—	7,890,155
Furnishings and equipment	51,205	624,036	148,481	—	823,722
Assets under capital lease	<u>310,437</u>	<u>193,618</u>	<u>47,263</u>	<u>—</u>	<u>551,318</u>
Total capital assets	9,397,984	888,883	326,201	—	10,613,068
Less: accumulated depreciation	<u>(6,355,175)</u>	<u>(623,561)</u>	<u>(235,955)</u>	<u>—</u>	<u>(7,214,691)</u>
Net capital assets	<u>3,042,809</u>	<u>265,322</u>	<u>90,246</u>	<u>—</u>	<u>3,398,377</u>
Other assets:					
Advances to other funds	—	—	—	1,176,672	1,176,672
Total other assets	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,176,672</u>	<u>1,176,672</u>
Total assets	<u>3,854,606</u>	<u>977,984</u>	<u>853,215</u>	<u>9,001,436</u>	<u>14,687,241</u>

(continued)

	<u>Equipment</u>	<u>Information Systems</u>	<u>General Support Services</u>	<u>Risk Management</u>	<u>Total</u>
LIABILITIES AND NET ASSETS					
Current liabilities (payable from current assets):					
Accounts payable	\$ 92,606	\$ 37,281	\$ 82,578	\$ 31,111	\$ 243,576
Intergovernmental	177	—	—	—	177
Accrued liabilities	94,836	102,908	79,485	42,514	319,743
Claims and judgments payable	—	—	—	7,627,000	7,627,000
Deposits	—	—	—	11,250	11,250
Capital leases, current	<u>—</u>	<u>59,443</u>	<u>10,256</u>	<u>—</u>	<u>69,699</u>
Total current liabilities (payable from current assets)	<u>187,619</u>	<u>199,632</u>	<u>172,319</u>	<u>7,711,875</u>	<u>8,271,445</u>
Long-term liabilities:					
Accrued compensated absences	109,086	196,097	166,755	10,734	482,672
Capital leases, net of current	<u>—</u>	<u>99,379</u>	<u>18,212</u>	<u>—</u>	<u>117,591</u>
Total long-term liabilities	<u>109,086</u>	<u>295,476</u>	<u>184,967</u>	<u>10,734</u>	<u>600,263</u>
Total liabilities	<u>296,705</u>	<u>495,108</u>	<u>357,286</u>	<u>7,722,609</u>	<u>8,871,708</u>
Net assets:					
Invested in capital assets, net of related debt	—	106,500	61,776	—	168,276
Unrestricted	<u>3,557,901</u>	<u>376,376</u>	<u>434,153</u>	<u>1,278,827</u>	<u>5,647,257</u>
Total net assets	<u>\$ 3,557,901</u>	<u>\$ 482,876</u>	<u>\$ 495,929</u>	<u>\$ 1,278,827</u>	<u>\$ 5,815,533</u>

See accompanying notes to financial statements.

CITY OF REDDING
Combining Statement of Revenues, Expenses,
and Changes in Net Assets
Nonmajor Internal Service Funds
For the Year Ended June 30, 2002

	<u>Equipment</u>	<u>Information Systems</u>	<u>General Support Services</u>	<u>Risk Management</u>	<u>Total</u>
OPERATING REVENUES:					
User fees and charges	\$ 3,045,933	\$ 1,758,975	\$ 3,325,747	\$11,334,770	\$19,465,425
Other operating revenue	<u>20,704</u>	<u>—</u>	<u>—</u>	<u>1,580</u>	<u>22,284</u>
Total operating revenues	<u>3,066,637</u>	<u>1,758,975</u>	<u>3,325,747</u>	<u>11,336,350</u>	<u>19,487,709</u>
OPERATING EXPENSES:					
Maintenance, operations, and administration	2,829,473	1,646,369	2,951,167	11,597,772	19,024,781
Depreciation and amortization	<u>828,001</u>	<u>67,053</u>	<u>27,741</u>	<u>—</u>	<u>922,795</u>
Total operating expenses	<u>3,657,474</u>	<u>1,713,422</u>	<u>2,978,908</u>	<u>11,597,772</u>	<u>19,947,576</u>
Operating income (loss)	<u>(590,837)</u>	<u>45,553</u>	<u>346,839</u>	<u>(261,422)</u>	<u>(459,867)</u>
NON-OPERATING REVENUES (EXPENSES):					
Interest revenue	35,789	34,769	31,901	407,096	509,555
Interest expense	—	(5,096)	(2,128)	—	(7,224)
Gain (loss) on disposal of capital assets	8,615	—	452	848	9,915
Other non-operating revenues (expenses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>917</u>	<u>917</u>
Total non-operating revenues (expenses)	<u>44,404</u>	<u>29,673</u>	<u>30,225</u>	<u>408,861</u>	<u>513,163</u>
Income (loss) before transfers	(546,433)	75,226	377,064	147,439	53,296
Transfers in	<u>558,284</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>558,284</u>
Change in net assets	11,851	75,226	377,064	147,439	611,580
Net assets, beginning of year	<u>3,546,050</u>	<u>407,650</u>	<u>118,865</u>	<u>1,131,388</u>	<u>5,203,953</u>
Net assets, end of year	<u>\$ 3,557,901</u>	<u>\$ 482,876</u>	<u>\$ 495,929</u>	<u>\$ 1,278,827</u>	<u>\$ 5,815,533</u>

See accompanying notes to financial statements.

CITY OF REDDING
Combining Statement of Cash Flows
Nonmajor Internal Service Funds
For the Year Ended June 30, 2002

	<u>Equipment</u>	<u>Information Systems</u>	<u>General Support Services</u>	<u>Risk Management</u>	<u>Total</u>
Cash flows from operating activities:					
Cash received from other funds	\$ 3,060,835	\$ 1,758,975	\$ 3,318,942	\$11,334,227	\$19,472,979
Cash paid to suppliers	(1,771,993)	(358,848)	(1,974,069)	(11,597,355)	(15,702,265)
Cash paid to employees	<u>(1,061,680)</u>	<u>(1,272,384)</u>	<u>(1,065,513)</u>	<u>(453,502)</u>	<u>(3,853,079)</u>
Net cash provided (used) by operating activities	<u>227,162</u>	<u>127,743</u>	<u>279,360</u>	<u>(716,630)</u>	<u>(82,365)</u>
Cash flows from noncapital financing activities:					
Repayment of advances to other funds	—	—	—	1,707,448	1,707,448
Transfers in	558,284	—	—	—	558,284
Non-operating revenue	<u>—</u>	<u>—</u>	<u>—</u>	<u>917</u>	<u>917</u>
Net cash provided (used) by noncapital financing activities	<u>558,284</u>	<u>—</u>	<u>—</u>	<u>1,708,365</u>	<u>2,266,649</u>
Cash flows from capital and related financing activities:					
Proceeds from sale of assets	542	—	1,000	848	2,390
Purchase of capital assets	(630,972)	(243,072)	(28,963)	—	(903,007)
Interest paid	—	(5,096)	(2,128)	—	(7,224)
Proceeds from long-term debt	—	180,952	—	—	180,952
Principal paid on capital leases	<u>—</u>	<u>(40,552)</u>	<u>(9,673)</u>	<u>—</u>	<u>(50,225)</u>
Net cash provided (used) by capital and related financing activities	<u>(630,430)</u>	<u>(107,768)</u>	<u>(39,764)</u>	<u>848</u>	<u>(777,114)</u>
Cash flows from investing activities:					
Investment revenue received	<u>35,604</u>	<u>37,018</u>	<u>30,565</u>	<u>395,163</u>	<u>498,350</u>
Net cash provided by investing activities	<u>35,604</u>	<u>37,018</u>	<u>30,565</u>	<u>395,163</u>	<u>498,350</u>
Net increase (decrease) in cash	190,620	56,993	270,161	1,387,746	1,905,520
Cash and investments, beginning of year	<u>532,251</u>	<u>649,115</u>	<u>475,445</u>	<u>5,950,657</u>	<u>7,607,468</u>
Cash and investments, end of year	<u>\$ 722,871</u>	<u>\$ 706,108</u>	<u>\$ 745,606</u>	<u>\$ 7,338,403</u>	<u>\$ 9,512,988</u>

(continued)

	<u>Equipment</u>	<u>Information Systems</u>	<u>General Support Services</u>	<u>Risk Management</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (590,837)	\$ 45,553	\$ 346,839	\$ (261,422)	\$ (459,867)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	828,001	67,053	27,741	—	922,795
(Increase) decrease in accounts receivable	(5,978)	—	(6,805)	(2,123)	(14,906)
(Increase) decrease in inventories	(5,514)	—	—	—	(5,514)
(Increase) decrease in prepaid items	—	—	(4,027)	(126,116)	(130,143)
Increase (decrease) in accounts payable	(12,844)	17,981	(114,261)	(80,075)	(189,199)
Increase (decrease) in accrued liabilities	11,155	2,648	14,256	1,250	29,309
Increase (decrease) in claims and judgments payable	—	—	—	(251,942)	(251,942)
Increase (decrease) in deposits	—	—	—	2,839	2,839
Increase (decrease) in intergovernmental payable	177	—	—	—	177
Increase (decrease) in accrued compensated absences	<u>3,002</u>	<u>(5,492)</u>	<u>15,617</u>	<u>959</u>	<u>14,086</u>
Total adjustments	<u>817,999</u>	<u>82,190</u>	<u>(67,479)</u>	<u>(455,208)</u>	<u>377,502</u>
Net cash provided (used) by operating activities	<u>\$ 227,162</u>	<u>\$ 127,743</u>	<u>\$ 279,360</u>	<u>\$ (716,630)</u>	<u>\$ (82,365)</u>

See accompanying notes to financial statements.

CITY OF REDDING
Special Revenue Parking Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2002

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	\$ 74,450	\$ 74,450	\$ 74,656	\$ 206
Fines, forfeitures and penalties	102,000	102,000	127,989	25,989
Interest revenue	<u>25,460</u>	<u>25,460</u>	<u>19,010</u>	<u>(6,450)</u>
Total revenues	<u>201,910</u>	<u>201,910</u>	<u>221,655</u>	<u>19,745</u>
EXPENDITURES:				
Current:				
Public safety	149,020	149,020	139,189	9,831
Public works	85,640	85,640	71,553	14,087
Debt service:				
Interest and fiscal charges	<u>9,250</u>	<u>5,250</u>	<u>—</u>	<u>5,250</u>
Total expenditures	<u>243,910</u>	<u>239,910</u>	<u>210,742</u>	<u>29,168</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(42,000)</u>	<u>(38,000)</u>	<u>10,913</u>	<u>48,913</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	<u>16,000</u>	<u>16,000</u>	<u>—</u>	<u>(16,000)</u>
Total other financing sources (uses)	<u>16,000</u>	<u>16,000</u>	<u>—</u>	<u>(16,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(26,000)</u>	<u>(22,000)</u>	<u>10,913</u>	<u>32,913</u>
BUDGETARY FUND BALANCE (DEFICIT), beginning of year	<u>(1,182,800)</u>	<u>(1,182,800)</u>	<u>(1,182,800)</u>	<u>—</u>
BUDGETARY FUND BALANCE (DEFICIT), end of year	<u><u>\$(1,208,800)</u></u>	<u><u>\$(1,204,800)</u></u>	<u><u>\$(1,171,887)</u></u>	<u><u>\$ 32,913</u></u>
Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balance to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balance:			\$(1,187,411)	
1. Financial statement only interest income adjustment per GASB 31.			(432)	
2. The City does not budget for accounts payable adjustments.			6,693	
3. The City does not budget for benefit accruals.			20	
4. The City budgets for interest on loans on a cash, not accrual basis.			<u>9,243</u>	
Budgetary fund balance			<u><u>\$(1,171,887)</u></u>	

See accompanying notes to financial statements.

CITY OF REDDING
Special Revenue Street Maintenance Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2002

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	<u>\$ 2,973,060</u>	<u>\$ 2,973,060</u>	<u>\$ 3,198,891</u>	<u>\$ 225,831</u>
Total revenues	<u>2,973,060</u>	<u>2,973,060</u>	<u>3,198,891</u>	<u>225,831</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,973,060</u>	<u>2,973,060</u>	<u>3,198,891</u>	<u>225,831</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers out	<u>(3,008,060)</u>	<u>(3,008,060)</u>	<u>(2,971,982)</u>	<u>36,078</u>
Total other financing sources (uses)	<u>(3,008,060)</u>	<u>(3,008,060)</u>	<u>(2,971,982)</u>	<u>36,078</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(35,000)</u>	<u>(35,000)</u>	<u>226,909</u>	<u>261,909</u>
BUDGETARY FUND BALANCE, beginning of year	<u>977,121</u>	<u>977,121</u>	<u>977,121</u>	<u>—</u>
BUDGETARY FUND BALANCE, end of year	<u>\$ 942,121</u>	<u>\$ 942,121</u>	<u>\$ 1,204,030</u>	<u>\$ 261,909</u>
Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balance to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balance:			\$ 1,757,465	
1. Financial statement only interest income adjustment per GASB 31.			(6,083)	
2. The City budgets for taxes on a cash basis.			<u>(547,352)</u>	
Budgetary fund balance			<u>\$ 1,204,030</u>	

See accompanying notes to financial statements.

CITY OF REDDING
Special Revenue Community Development Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2002

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 3,211,220	\$ 3,211,220	\$ 2,392,357	\$ (818,863)
Interest revenue	160,961	160,961	229,546	68,585
Other revenues	<u>475</u>	<u>475</u>	<u>2,054</u>	<u>1,579</u>
Total revenues	<u>3,372,656</u>	<u>3,372,656</u>	<u>2,623,957</u>	<u>(748,699)</u>
EXPENDITURES:				
Current:				
Community development	<u>5,927,850</u>	<u>6,349,579</u>	<u>3,512,811</u>	<u>2,836,768</u>
Total expenditures	<u>5,927,850</u>	<u>6,349,579</u>	<u>3,512,811</u>	<u>2,836,768</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,555,194)</u>	<u>(2,976,923)</u>	<u>(888,854)</u>	<u>2,088,069</u>
OTHER FINANCING SOURCES (USES):				
Financing proceeds	—	—	299,930	299,930
Operating transfers in	350,000	350,000	—	(350,000)
Operating transfers out	<u>(4,000)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>—</u>
Total other financing sources (uses)	<u>346,000</u>	<u>346,000</u>	<u>295,930</u>	<u>(50,070)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(2,209,194)</u>	<u>(2,630,923)</u>	<u>(592,924)</u>	<u>2,037,999</u>
BUDGETARY FUND BALANCE,				
beginning of year, (as originally reported)	10,730,714	10,730,714	10,730,714	—
Prior period adjustment	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>	<u>—</u>
BUDGETARY FUND BALANCE,				
beginning of year, (as restated)	<u>10,870,714</u>	<u>10,870,714</u>	<u>10,870,714</u>	<u>—</u>
BUDGETARY FUND BALANCE, end of year	<u>\$ 8,661,520</u>	<u>\$ 8,239,791</u>	<u>\$10,277,790</u>	<u>\$ 2,037,999</u>

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

	\$11,494,000
1. Financial statement only interest income adjustment per GASB 31.	(5,033)
2. The City does not budget for accounts payable adjustments.	5,571
3. The City budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.	(1,657,477)
4. The City does not budget for the rolling stock fund.	(4,610)
5. The City does not budget for benefit accruals.	1,067
6. The City budgets for investment income on all funds, including refundable interest to HUD.	25,665
7. The City budgets for and records loan payments received in the revenue accounts, but adjusts the actual payment to loans receivable.	600,533
8. The City budgets for grants on a cash basis.	(428,838)
9. The City budgets for loans proceeds as a revenue, but adjusts the actual receipts to loans payable.	300,000
10. End of year encumbrances are included in actual expenditures, budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Fund Balance.	<u>(53,088)</u>
Budgetary fund balance	<u>\$10,277,790</u>

See accompanying notes to financial statements.

CITY OF REDDING
Special Revenue Housing Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2002

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 1,462,170	\$ 1,462,170	\$ 1,648,399	\$ 186,229
Intergovernmental revenue	5,928,138	5,928,138	5,266,983	(661,155)
Use of money and property	210,000	210,000	520,208	310,208
Interest revenue	370,250	370,250	256,255	(113,995)
Other revenues	<u>5,600</u>	<u>5,600</u>	<u>14,137</u>	<u>8,537</u>
Total revenues	<u>7,976,158</u>	<u>7,976,158</u>	<u>7,705,982</u>	<u>(270,176)</u>
EXPENDITURES:				
Current:				
Community development	11,836,028	12,750,128	8,048,564	4,701,564
Debt service:				
Interest and fiscal charges	<u>—</u>	<u>110,660</u>	<u>110,645</u>	<u>15</u>
Total expenditures	<u>11,836,028</u>	<u>12,860,788</u>	<u>8,159,209</u>	<u>4,701,579</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,859,870)</u>	<u>(4,884,630)</u>	<u>(453,227)</u>	<u>4,431,403</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of property	<u>285,000</u>	<u>285,000</u>	<u>—</u>	<u>(285,000)</u>
Total other financing sources (uses)	<u>285,000</u>	<u>285,000</u>	<u>—</u>	<u>(285,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(3,574,870)</u>	<u>(4,599,630)</u>	<u>(453,227)</u>	<u>4,146,403</u>
BUDGETARY FUND BALANCE,				
beginning of year, (as originally reported)	10,173,014	10,173,014	10,173,014	—
Prior period adjustment	<u>(140,000)</u>	<u>(140,000)</u>	<u>(140,000)</u>	<u>—</u>
BUDGETARY FUND BALANCE,				
beginning of year, (as restated)	<u>10,033,014</u>	<u>10,033,014</u>	<u>10,033,014</u>	<u>—</u>
BUDGETARY FUND BALANCE, end of year	<u><u>\$ 6,458,144</u></u>	<u><u>\$ 5,433,384</u></u>	<u><u>\$ 9,579,787</u></u>	<u><u>\$ 4,146,403</u></u>

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

	\$10,872,592
1. Financial statement only interest income adjustment per GASB 31.	(2,624)
2. The City does not budget for accounts payable adjustments.	(97,579)
3. The City budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.	(960,706)
4. The City budgets for land purchases in the expenditure accounts, but adjusts the actual payment to assets held for resale for property that is to be sold.	43,716
5. The City does not budget for benefit accruals.	(168)
6. The City budgets for and records loan payments received in the revenue accounts, but adjusts the actual payment to loans receivable.	510,226
7. The City does not budget for rolling stock.	(715)
8. The City budgets for grants on a cash basis.	7,617
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.	<u>(792,572)</u>
Budgetary fund balance	<u><u>\$ 9,579,787</u></u>

See accompanying notes to financial statements.

CITY OF REDDING
Special Revenue Special Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2002

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Investment revenue	\$ 35,000	\$ 35,000	\$ 143,838	\$ 108,838
Other revenues	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>143,838</u>	<u>108,838</u>
EXPENDITURES:				
Debt service:				
Bond issuance and other costs	<u>20,000</u>	<u>373,525</u>	<u>319,948</u>	<u>53,577</u>
Total expenditures	<u>20,000</u>	<u>373,525</u>	<u>319,948</u>	<u>53,577</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,000</u>	<u>(338,525)</u>	<u>(176,110)</u>	<u>162,415</u>
OTHER FINANCING SOURCES (USES):				
Financing proceeds	8,150,000	9,500,000	9,500,000	—
Bond discount	<u>—</u>	<u>(92,860)</u>	<u>(92,860)</u>	<u>—</u>
Total other financing sources (uses)	<u>8,150,000</u>	<u>9,407,140</u>	<u>9,407,140</u>	<u>—</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>8,165,000</u>	<u>9,068,615</u>	<u>9,231,030</u>	<u>162,415</u>
BUDGETARY FUND BALANCE, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
BUDGETARY FUND BALANCE end of year	<u>\$ 8,165,000</u>	<u>\$ 9,068,615</u>	<u>\$ 9,231,030</u>	<u>\$ 162,415</u>

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

\$ 9,256,515

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

(25,485)

Budgetary fund balance

\$ 9,231,030

See accompanying notes to financial statements.

CITY OF REDDING
Special Revenue General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2002

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Sales tax	\$ 323,000	\$ 323,000	\$ 271,514	\$ (51,486)
Total revenues	<u>323,000</u>	<u>323,000</u>	<u>271,514</u>	<u>(51,486)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>323,000</u>	<u>323,000</u>	<u>271,514</u>	<u>(51,486)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers out	<u>(323,000)</u>	<u>(323,000)</u>	<u>(271,514)</u>	<u>51,486</u>
Total other financing sources (uses)	<u>(323,000)</u>	<u>(323,000)</u>	<u>(271,514)</u>	<u>51,486</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
BUDGETARY FUND BALANCE, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
FUND BALANCE, end of year	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>
Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balance to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balance:			\$ —	
Budgetary fund balance			<u><u>\$ —</u></u>	

See accompanying notes to financial statements.

CITY OF REDDING
 General Capital Projects Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2002

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$12,640,740	\$12,640,740	\$ 1,267,685	\$(11,373,055)
Investment revenue	400,000	400,000	454,669	54,669
Other	<u>2,928,019</u>	<u>2,928,019</u>	<u>3,161,973</u>	<u>233,954</u>
Total revenues		<u>15,968,759</u>	<u>15,968,759</u>	<u>4,884,327</u>
(11,084,432)				
EXPENDITURES:				
Current:				
Community development	39,806	39,806	39,806	—
Capital outlay	15,809,294	43,443,054	6,597,711	36,845,343
Debt service	<u>132,510</u>	<u>132,510</u>	<u>132,508</u>	<u>2</u>
Total expenditures	<u>15,981,610</u>	<u>43,615,370</u>	<u>6,770,025</u>	<u>36,845,345</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,851)</u>	<u>(27,646,611)</u>	<u>(1,885,698)</u>	<u>25,760,913</u>
OTHER FINANCING SOURCES (USES):				
Loan proceeds	5,045,000	5,045,000	—	(5,045,000)
Transfers in	42,000	42,000	—	(42,000)
Transfers out	<u>(27,010)</u>	<u>(27,010)</u>	<u>—</u>	<u>27,010</u>
Total other financing sources (uses)	<u>5,059,990</u>	<u>5,059,990</u>	<u>—</u>	<u>(5,059,990)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	5,047,139	(22,586,621)	(1,885,698)	20,700,923
BUDGETARY FUND BALANCE				
beginning of year,	<u>9,557,325</u>	<u>9,557,325</u>	<u>9,557,325</u>	—
BUDGETARY FUND BALANCE				
end of year	<u>\$14,604,464</u>	<u>\$(13,029,296)</u>	<u>\$ 7,671,627</u>	<u>\$20,700,923</u>

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

	\$ 7,939,367
1. Financial statement only interest income adjustment per GASB 31.	(38,450)
2. The City does not budget for accounts payable adjustments.	496,919
3. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Fund Balance.	(3,106,515)
4. The City does not budget for the transfer of development fees and interest on those fees to the related enterprise funds.	1,989,433
5. The City budgets for grants on a cash basis.	311,176
6. Timing difference due to GASB 33.	(154,809)
7. The City does not budget for arbitrage paid to the IRS.	137,806
8. The City budgets for principal payments for loans.	(50,298)
9. The City does not budget for operating transfers.	<u>146,998</u>

Budgetary fund balance

\$ 7,671,627

See accompanying notes to financial statements.

CITY OF REDDING
 Canby-Hilltop-Cypress Capital Project Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2002

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 894,100	\$ 894,100	\$ 1,131,436	\$ 237,336
Use of money and property	147,490	147,490	251,281	103,791
Investment revenue	332,160	332,160	472,973	140,813
Other revenue	<u>—</u>	<u>—</u>	<u>4,448</u>	<u>4,448</u>
 Total revenues	 <u>1,373,750</u>	 <u>1,373,750</u>	 <u>1,860,138</u>	 <u>486,388</u>
EXPENDITURES:				
Current:				
General government	696,330	696,330	472,090	224,240
Capital outlay	<u>13,342,600</u>	<u>13,442,600</u>	<u>8,689,330</u>	<u>4,753,270</u>
 Total expenditures	 <u>14,038,930</u>	 <u>14,138,930</u>	 <u>9,161,420</u>	 <u>4,977,510</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(12,665,180)</u>	 <u>(12,765,180)</u>	 <u>(7,301,282)</u>	 <u>5,463,898</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of land	<u>176,770</u>	<u>176,770</u>	<u>249,287</u>	<u>72,517</u>
Total other financing sources (uses)	<u>176,770</u>	<u>176,770</u>	<u>249,287</u>	<u>72,517</u>
 Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	 <u>(12,488,410)</u>	 <u>(12,588,410)</u>	 <u>(7,051,995)</u>	 <u>5,536,415</u>
 BUDGETARY FUND BALANCE, beginning of year	 <u>14,639,277</u>	 <u>14,639,277</u>	 <u>14,639,277</u>	 <u>—</u>
 BUDGETARY FUND BALANCE, end of year	 <u>\$ 2,150,867</u>	 <u>\$ 2,050,867</u>	 <u>\$ 7,587,282</u>	 <u>\$ 5,536,415</u>

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

	\$ 9,895,298
1. Financial statement only interest income adjustment per GASB 31.	3,873
2. The City budgets for and records principal payments in the revenue accounts, but adjusts the actual payment to loans receivable.	251,114
3. Excess funds from debt service transferred to capital projects.	(501,064)
4. The City does not budget for accounts payable adjustments.	20,324
5. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures and Fund Balance.	<u>(2,082,263)</u>
 Budgetary fund balance	 <u>\$ 7,587,282</u>

See accompanying notes to financial statements.

CITY OF REDDING
Market Street Capital Project Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2002

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 606,710	\$ 616,710	\$ 795,126	\$ 178,416
Intergovernmental revenues	600,000	600,000	714,647	114,647
Use of money and property	5,150	6,150	—	(6,150)
Investment revenue	60,000	60,000	38,627,	(21,373)
Other revenue	—	—	<u>6,405</u>	<u>6,405</u>
Total revenues	<u>1,271,860</u>	<u>1,282,860</u>	<u>1,554,805</u>	<u>271,945</u>
EXPENDITURES:				
Current:				
General government	480,160	480,160	412,151	68,009
Capital outlay	1,873,160	1,884,160	1,393,301	490,859
Debt Service:				
Principal retirement	100,000	100,000	53,290	46,710
Interest	<u>23,640</u>	<u>23,640</u>	<u>3,300</u>	<u>20,340</u>
Total expenditures	<u>2,476,960</u>	<u>2,487,960</u>	<u>1,862,042</u>	<u>625,918</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,205,100)</u>	<u>(1,205,100)</u>	<u>(307,237)</u>	<u>897,863</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from loan	<u>344,000</u>	<u>344,000</u>	—	<u>(344,000)</u>
Total other financing sources (uses)	<u>344,000</u>	<u>344,000</u>	—	<u>(344,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(861,100)	(861,100)	(307,237)	553,863
BUDGETARY FUND BALANCE, beginning of year	<u>1,173,057</u>	<u>1,173,057</u>	<u>1,173,057</u>	—
BUDGETARY FUND BALANCE, end of year	<u>\$ 311,957</u>	<u>\$ 311,957</u>	<u>\$ 865,820</u>	<u>\$ 553,863</u>

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

	\$ 1,475,938
1. Financial statement only interest income adjustment per GASB 31.	(1,304)
2. Excess funds from debt service transferred to capital projects.	(11,069)
3. The City does not budget for accounts payable adjustments.	(302,153)
4. The City budgets for and records principal payments in the expenditure accounts, but adjusts the actual payment to loans payable.	(55,966)
5. The City budgets for and records loan payments received in the revenue accounts, but adjusts the actual payment to loans receivable.	5,150
6. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Fund Balance.	<u>(244,776)</u>
Budgetary fund balance	<u>\$ 865,820</u>

See accompanying notes to financial statements.

CITY OF REDDING
 Buckeye Capital Project Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2002

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 19,670	\$ 19,670	\$ 17,517	\$ (2,153)
Investment revenue	<u>650</u>	<u>650</u>	<u>168</u>	<u>(482)</u>
Total revenues	<u>20,320</u>	<u>20,320</u>	<u>17,685</u>	<u>(2,635)</u>
EXPENDITURES:				
Current:				
General government	7,370	7,370	4,110	3,260
Debt service:				
Principal retirement	5,000	5,000	5,000	—
Interest	<u>9,450</u>	<u>9,450</u>	<u>9,450</u>	<u>—</u>
Total expenditures	<u>21,820</u>	<u>21,820</u>	<u>18,560</u>	<u>3,260</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,500)</u>	<u>(1,500)</u>	<u>(875)</u>	<u>625</u>
BUDGETARY FUND BALANCE, beginning of year	<u>(160,225)</u>	<u>(160,225)</u>	<u>(160,225)</u>	<u>—</u>
BUDGETARY FUND BALANCE, end of year	<u>\$ (161,725)</u>	<u>\$ (161,725)</u>	<u>\$ (161,100)</u>	<u>\$ 625</u>
Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balance to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balance:			\$ (151,970)	
1. Financial statement only interest income adjustment per GASB 31.			4	
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.			<u>(9,134)</u>	
Budgetary fund balance			<u>\$ (161,100)</u>	

See accompanying notes to financial statements.

CITY OF REDDING
SHASTECH Capital Project Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2002

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 344,770	\$ 358,050	\$ 492,010	\$ 133,960
Use of money and property	3,683,240	3,683,240	251,553	(3,431,687)
Investment revenue	<u>40,000</u>	<u>40,000</u>	<u>20,602</u>	<u>(19,398)</u>
 Total revenues	 <u>4,068,010</u>	 <u>4,081,290</u>	 <u>764,165</u>	 <u>(3,317,125)</u>
EXPENDITURES:				
Current:				
General government	114,860	128,140	88,259	39,881
Capital outlay	<u>5,894,310</u>	<u>5,894,310</u>	<u>843,870</u>	<u>5,050,440</u>
 Total expenditures	 <u>6,009,170</u>	 <u>6,022,450</u>	 <u>932,129</u>	 <u>5,090,321</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(1,941,160)</u>	 <u>(1,941,160)</u>	 <u>(167,964)</u>	 <u>1,773,196</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from loan	<u>2,000,000</u>	<u>2,000,000</u>	<u>—</u>	<u>(2,000,000)</u>
Total other financing sources (uses)	<u>2,000,000</u>	<u>2,000,000</u>	<u>—</u>	<u>(2,000,000)</u>
 Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	 58,840	 58,840	 (167,964)	 (226,804)
 BUDGETARY FUND BALANCE, beginning of year	 <u>1,393,268</u>	 <u>1,393,268</u>	 <u>1,393,268</u>	 <u>—</u>
 BUDGETARY FUND BALANCE, end of year	 <u>\$ 1,452,108</u>	 <u>\$ 1,452,108</u>	 <u>\$ 1,225,304</u>	 <u>\$ (226,804)</u>

Explanation of differences from the Statement of Revenues, Expenditures

and Changes in Fund Balance to Actual Amounts Budgetary Basis Fund

Balance from the Statement of Revenues, Expenditures and Changes in
Fund Balance:

	\$ 185,007
1. Financial statement only interest income adjustment per GASB 31.	(491)
2. The City does not budget for accounts payable adjustments.	(15,737)
3. The City purchased land from deposits held by the State that were budgeted for in a prior year.	1,060,000
4. The City budgets for and records grants on a cash basis, but adjusts the revenue accounts to grants receivable at year end.	77,365
5. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Fund Balance.	<u>(80,840)</u>
 Budgetary fund balance	 <u>\$ 1,225,304</u>

See accompanying notes to financial statements.

CITY OF REDDING
Midtown Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2002

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 25,000	\$ 25,000	\$ 24,202	\$ (798)
Investment revenue	<u>8,000</u>	<u>8,000</u>	<u>3,080</u>	<u>(4,920)</u>
Total revenues	<u>33,000</u>	<u>33,000</u>	<u>27,282</u>	<u>(5,718)</u>
EXPENDITURES:				
Current:				
General government	2,000	2,000	755	1,245
Debt Service:				
Bond administration costs	2,000	2,000	1,500	500
Principal retirement	70,000	70,000	70,000	—
Interest	<u>30,180</u>	<u>34,180</u>	<u>33,621</u>	<u>559</u>
Total expenditures	<u>104,180</u>	<u>108,180</u>	<u>105,876</u>	<u>2,304</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(71,180)</u>	<u>(75,180)</u>	<u>(78,594)</u>	<u>(3,414)</u>
BUDGETARY FUND BALANCE (DEFICIT), beginning of year	<u>(818,914)</u>	<u>(818,914)</u>	<u>(818,914)</u>	<u>—</u>
BUDGETARY FUND BALANCE (DEFICIT), end of year	<u>\$ (890,094)</u>	<u>\$ (894,094)</u>	<u>\$ (897,508)</u>	<u>\$ (3,414)</u>
Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balance to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balance:			\$ (902,144)	
1. The City budgets for interest on loans on a cash, not accrual basis.			<u>4,636</u>	
Budgetary fund balance			<u>\$ (897,508)</u>	

See accompanying notes to financial statements.

CITY OF REDDING
 Canby-Hilltop-Cypress Debt Service Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2002

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 1,986,030	\$ 1,986,030	\$ 1,985,486	\$ (544)
Investment revenue	<u>135,000</u>	<u>135,000</u>	<u>110,450</u>	<u>(24,550)</u>
Total revenues	<u>2,121,030</u>	<u>2,121,030</u>	<u>2,095,936</u>	<u>(25,094)</u>
EXPENDITURES:				
Current:				
General government	120,000	120,000	91,552	28,448
Debt Service:				
Bond administration costs	15,000	15,000	6,180	8,820
Principal retirement	495,000	495,000	495,000	—
Interest	<u>1,047,520</u>	<u>1,047,520</u>	<u>1,047,511</u>	<u>9</u>
Total expenditures	<u>1,677,520</u>	<u>1,677,520</u>	<u>1,640,243</u>	<u>37,277</u>
Excess (deficiency) of revenues over (under) expenditures	<u>443,510</u>	<u>443,510</u>	<u>455,693</u>	<u>12,183</u>
BUDGETARY FUND BALANCE, beginning of year	<u>3,077,576</u>	<u>3,077,576</u>	<u>3,077,576</u>	<u>—</u>
BUDGETARY FUND BALANCE, end of year	<u>\$ 3,521,086</u>	<u>\$ 3,521,086</u>	<u>\$ 3,533,269</u>	<u>\$ 12,183</u>
Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balance:			\$ 3,062,956	
1. Financial statement only interest income adjustment per GASB 31.			(30,751)	
2. Excess funds from debt service transferred to capital projects.			<u>501,064</u>	
Budgetary fund balance			<u>\$ 3,533,269</u>	

See accompanying notes to financial statements.

CITY OF REDDING
Market Street Debt Service Funds
Budgetary Comparison Schedule
For the Year Ended June 30, 2002

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 226,020	\$ 226,020	\$ 225,573	\$ (447)
Investment revenue	<u>10,000</u>	<u>10,000</u>	<u>3,723</u>	<u>(6,277)</u>
Total revenues	<u>236,020</u>	<u>236,020</u>	<u>229,296</u>	<u>(6,724)</u>
EXPENDITURES:				
Current:				
General government	40,000	40,000	28,993	11,007
Debt Service:				
Bond administration costs	8,000	8,000	3,800	4,200
Principal retirement	40,000	40,000	40,000	—
Interest	<u>138,020</u>	<u>138,020</u>	<u>138,020</u>	<u>—</u>
Total expenditures	<u>226,020</u>	<u>226,020</u>	<u>210,813</u>	<u>15,207</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,000</u>	<u>10,000</u>	<u>18,483</u>	<u>8,483</u>
BUDGETARY FUND BALANCE, beginning of year	<u>215,246</u>	<u>215,246</u>	<u>215,246</u>	<u>—</u>
BUDGETARY FUND BALANCE, end of year	<u>\$ 225,246</u>	<u>\$ 225,246</u>	<u>\$ 233,729</u>	<u>\$ 8,483</u>
Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balance to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balance:			\$ 222,660	
1. Excess funds from debt service transferred to capital projects.			<u>11,069</u>	
Budgetary fund balance			<u>\$ 233,729</u>	

See accompanying notes to financial statements.

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 230,000. Commercial, freight, and passenger services are provided by Horizon Air, United Express Airlines, Airborne Express, Federal Express, UPS, and Ameriflight. Fixed-base operations provide a wide range of services including general airplane and engine maintenance as well as avionics; charter services; facilitation of sales of new and used aircraft; and sales of fuels, lubricants, and accessories. A propeller service and helicopter charter, repair, and sales are also available. Currently, two car rental agencies serve the traveling public from the passenger terminal.

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 70,391 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 2001 calendar year, over 131,472 passengers traveled through the terminal building. The airport property includes a total of 1,659 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 omnidirectional 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 and Mercy Air Ambulance both base and operate helicopters and a 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.

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, the City'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 60 square miles in size, with 67.3 miles of 115-kV transmission lines and 583 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 transmission lines that interconnect the City's 115/12-kV distribution substations to these delivery points. The transmission 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 transmission lines in the City's electric system are in generally excellent condition. The majority were constructed after 1985.

The City's 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 presently purchases most of its power from Western. 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. Three combustion turbine generators totaling 70 MW were added in 1994. In June 2002, the City commissioned its newest unit (Unit 5), a 43 MW highly efficient combined cycle gas turbine with heat recovery steam generator bringing total on site generation to 141 MW. 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). 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, air-conditioning load management, rebates on energy-efficient air-conditioners and appliances, 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 creative rate design.

Customer Base

The table below shows a five-year history of the growth in electric system customer accounts. Customer accounts do not represent the actual number of connections to the system.

Fiscal Year Ending June 30	*Number of Customer Accounts		
	Residential	Non-Residential	Total
1998	31,827	6,009	37,836
1999	32,144	6,154	38,298
2000	32,956	6,136	39,092
2001	33,504	6,136	39,640
2002	34,144	6,320	40,464

*Includes all active meters as of the last month of the fiscal year

Source: Utility Billing System Marketing Report of Quarterly SIC Usage

The total number of electric system customer accounts increased 7 percent during the last five years. The number of residential accounts increased 7.3 percent, while non-residential accounts increased 5.2 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, and upgrades to the influent pumping system occurred in 1996.

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 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 375 miles of interceptor and trunk sewers, fourteen 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 has an average 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 35 MGD, primary and secondary clarification, gravity filtration, chlorination for disinfection and sulfonation for dechlorination prior to discharge into the Sacramento River outfall. In addition, a series of nine 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. This plant is currently at 76% of capacity and the next plant expansion is scheduled for 2007.

Stillwater Regional Wastewater Treatment Plant. The plant, designated the Stillwater Regional Wastewater Treatment Plant, is located on an approximately 300-acre site along 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. Future expansions of the plant, projected to occur in two subsequent phases in 2011 and 2022, respectively, will result in the expansion of the plant’s average dry weather flow capacity to 8 MGD and its peak wet weather flow capacity to 24 MGD. It is anticipated that these future expansions will be financed by a combination of connection fee revenues 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 1998 and will expire in 2003. The Stillwater Wastewater system permit was adopted in 2001 and will expire in 2006.

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. 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, 2002. One household equivalent (HE) is the quantity of wastewater produced in the City of Redding by a average single-family residential household which is 300 gallons per day (GPD). 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

	1997-98	1998-99	1999-2000	2000-01	2001-02
Residential HEs	23,998	24,351	24,783	25,252	25,698
Commercial/Industrial HEs	10,023	10,197	10,415	10,493	10,642
Total System HEs	<u>34,021</u>	<u>34,548</u>	<u>35,198</u>	<u>35,745</u>	<u>36,340</u>
Annual System Growth	1.41%	1.55%	1.88%	1.55%	1.67%

The ten principal users of the Wastewater System for the fiscal year ended June 30, 2002, are shown below.

Ten Principal Users of the Wastewater System

User	Monthly Invoice Amount
Redding Medical Center	\$6,851
Aramark Uniform Service	4,075
Mercy Medical Center	2,848
Redwoods Association LTD (mobile home park)	2,540
Shasta County Sheriff	2,365
Shasta County Mental Health	2,266
City of Redding, Benton Landfill	2,137
Heritage Plaza – Phase II (multi-family residential)	2,056
City of Redding, Water Supply	2,026
Fairway Oaks Mobile Park	2,021
Total	\$29,185

The Wastewater System currently has an average dry weather daily 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, 2002 is shown below.

	Average Dry Weather Daily Flow Fiscal Years Ended June 30,				
	<u>1997-98</u>	<u>1998-99</u>	<u>1999-2000</u>	<u>2000-01</u>	<u>2001-02</u>
Clear Creek Plant	7.32	7.32	6.96	7.33	7.70
Stillwater Plant	<u>2.50</u>	<u>2.80</u>	<u>2.70</u>	<u>2.80</u>	<u>2.70</u>
Total Wastewater System	<u><u>9.82</u></u>	<u><u>10.12</u></u>	<u><u>9.66</u></u>	<u><u>10.13</u></u>	<u><u>10.40</u></u>

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 80,865. 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, which runs through 2003, details Redding's principal rights to the Sacramento River. The 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 currently increases 255 acre-feet per year and is now about 94 percent of the total. The Project Water Supply currently increases 45 acre-feet per year and is now about 18 percent of the river water supply. Project water is charged to the City at \$9 per acre-foot. The 2001 total entitlement is 19,600 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. This contract with the Bureau of Reclamation, which runs through 2009, allows Redding to obtain up to 6,140 acre-feet of water per year. Redding, along with 111 other Central Valley Project (CVP) water contractors, is currently renegotiating its CVP water contract. The 2001 delivery from that contract was 5,268 acre-feet. Water charges under this contract total \$50.83 per acre-foot (\$20.68 water cost, \$15.08 restoration fee and \$15.07 foregone power charge). The City has currently amended this

contract to add the Spring Creek Conduit as a point of diversion for the new Buckeye Water Treatment Plant.

Foothill water treatment plant constructed in 1981 expanded pumping and treatment capacity to a rated 24 million gallons per day (MGD). During the last two summers the treatment plant has been operating beyond treatment capacity to meet the demands of continued growth. While the project is expandable to a rated 42 MGD, the plant's practical operating capacity and projected design service date may be considerably greater. These facilities provide for filtration following the existing sedimentation basin and a 6 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.

The table shows the five-year history of growth in water customer accounts (customer accounts do not reflect the actual number of connections to the system):

	Fiscal Year 1997-98	Fiscal Year 1998-99	Fiscal Year 1999-00	Fiscal Year 2000-01	Fiscal Year 2001-02
Residential and Commercial	24,239	24,557	24,889	25,308	26,464

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.

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. This treatment plant meets all the existing 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 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. 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 6MG covered storage reservoir.

Storage is provided at three locations - one 6 MG covered storage reservoir at the treatment plant, two 1.5 MG prestressed concrete reservoirs having a high water surface of 733 feet on Foothill Boulevard, and one 2.0 MG prestressed concrete reservoir and one 2 MG steel tank 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 our 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 July 1991 another 2 MGD-capacity well was added to the Enterprise Zone. Two additional 2MGD wells were added during this fiscal year.

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, 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 nine-year replacement program. City forces have replaced approximately 3,800 services or 63 percent. Service replacement by City forces is cost effective. 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 which is being updated this fiscal year; 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, the distribution system has numerous deficiencies that are being improved through capital projects.

STORM DRAINAGE UTILITY

History

City Council established the Storm Drainage Utility on September 21, 1993. The utility is part of the Department of Public Works under the Director of Public Works. Responsibilities include street sweeping and the monitoring, maintaining, cleaning, and installing the storm drainage networks of the City.

Service Area and Customers

The service area encompasses storm drainage facilities within the City limits. The storm drainage network consists of 5,220 catch basins, 138 miles of pipe, and assorted drainage facilities. Approximately 15 miles of storm drain ditches are also maintained. Currently 537 center lane miles of streets are swept regularly with one street sweeper. The Storm Drainage Utility charge is 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.).

	Fiscal Year 2001-02	Service Rates
Customer Groups:		
Single-Family Residential - units	23,529	\$1.32/unit
Multi-Family Residential - units	11,148	\$0.83/unit
Commercial and Institutional - I.A.*	1,849	\$19.07/I.A.
*I.A. = Impervious Units		

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. This plan recommended the creation of the utility and outlined capital improvement projects needed to provide flood protection. The system is well maintained.

CITY OF REDDING

Government-wide Revenues
Last Ten Fiscal Years

(In Thousands)

<u>Fiscal Year</u>	<u>Program Revenue</u>			<u>General Revenue</u>			<u>Total</u>
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Taxes</u>	<u>Unrestricted Investment Earnings</u>	<u>Other</u>	
2000-2001	\$ 278,780	\$ 16,708	\$ 16,951	\$ 40,124	\$ 10,557	\$ 1,096	\$ 364,216
2001-2002	148,998	17,369	21,749	44,224	9,324	1,201	242,865

Source: City of Redding Comprehensive Annual Financial Report

CITY OF REDDING

Government-wide Expenses by Function
Last Ten Fiscal Years

(In Thousands)

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Planning</u>	<u>Recreation and Culture</u>	<u>Communtiy Development and Other</u>	<u>Interest on Long-term Debt</u>	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Non-major Enterprise Funds</u>	<u>Total</u>
2000-2001	\$ 6,715	\$ 24,706	\$ 8,676	\$ 3,357	\$ 3,665	\$ 8,163	\$ 3,319	\$ 207,617	\$ 8,517	\$ 9,176	\$ 10,073	\$ 9,560	\$ 303,544
2001-2002	5,614	26,265	9,238	3,197	8,534	8,480	3,229	102,383	9,292	9,806	11,674	10,454	208,166

Source: City of Redding Comprehensive Annual Financial Report

CITY OF REDDING

General Revenues by Source
Last Ten Fiscal Years

(In Thousands)

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter- Governmental</u>	<u>Charges for Services</u>	<u>Fines, Forfeitures, and Penalties</u>	<u>Interest & Use of Money & Property</u>	<u>Miscellaneous</u>	<u>Total</u>
1992-1993	\$ 21,800	\$ 2,690	\$ 10,591	\$ 1,203	\$ 355	\$ 4,539	\$ 4,105	\$ 45,283
1993-1994	22,638	2,874	12,166	1,308	349	6,181	3,869	49,385
1994-1995	22,899	2,203	13,647	1,089	304	7,503	3,815	51,460
1995-1996	23,378	1,502	14,008	1,026	321	7,796	4,964	52,995
1996-1997	24,784	1,919	18,346	884	333	8,034	3,844	58,144
1997-1998	25,486	1,794	16,223	1,083	415	9,161	4,635	58,797
1998-1999	26,543	2,611	15,078	1,110	518	8,852	2,524	57,236
1999-2000	29,362	3,125	20,735	1,508	547	9,065	3,349	67,691
2000-2001	31,679	3,371	19,665	1,426	659	10,638	4,158	71,596
2001-2002	34,766	1,657	20,030	1,906	812	10,913	5,646	75,730

Source: City of Redding Comprehensive Annual Financial Report

CITY OF REDDING

General Governmental Tax Revenues By Source
Last Ten Fiscal Years

(In Thousands)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Transient Occupancy Tax</u>	<u>Sales Tax</u>	<u>Other Taxes</u>	<u>Total</u>
2000-2001	11,014	2,741	16,370	1,554	31,679
2001-2002	11,982	2,981	18,005	1,798	34,766

Note:

Source: City of Redding Comprehensive Annual Financial Report

CITY OF REDDING

General Expenditures by Function
Last Ten Fiscal Years

(In Thousands)

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Planning</u>	<u>Recreation and Culture</u>	<u>Communitiy Development and Other</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
1992-1993	\$ 4,175	\$ 7,045	\$ 4,210	\$ 2,483	\$ 2,652	\$ 5,578	\$ 4,615	\$ 5,649	\$ 36,407
1993-1994	4,109	17,211	3,105	2,398	2,745	5,807	11,084	7,725	54,184
1994-1995	4,222	18,239	2,840	2,676	2,890	6,345	11,359	6,646	55,217
1995-1996	3,733	17,307	3,974	2,466	2,900	7,188	8,939	6,999	53,506
1996-1997	3,948	18,842	3,213	2,555	2,777	7,655	12,885	7,313	59,188
1997-1998	4,663	20,108	4,236	2,780	2,910	8,092	10,735	7,412	60,936
1998-1999	4,175	21,126	3,545	2,735	2,788	8,184	14,152	5,760	62,465
1999-2000	4,792	22,320	3,605	2,877	2,723	8,561	18,747	5,812	69,437
2000-2001	5,060	23,725	4,509	3,242	2,950	9,259	6,644	6,043	61,432
2001-2002	5,676	25,129	4,430	3,134	3,743	8,763	17,134	5,480	73,489

Source: City of Redding Comprehensive Annual Financial Report

CITY OF REDDING

Property Tax Levies and Collections
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>
1992-1993	\$ 4,685,335	\$ 4,905,535	104.70%	\$ 280,660	\$ 5,186,195	110.69	\$ 490,716
1993-1994	4,144,610	4,371,709	105.48%	162,804	4,534,513	109.41	633,374
1994-1995	4,330,650	4,682,915	108.13%	503,702	5,186,617	119.77	412,536
1995-1996	4,469,037	4,644,760	103.93%	198,072	4,842,832	108.36	461,260
1996-1997	4,858,795	4,731,899	97.39%	212,539	4,944,438	101.76	478,405
1997-1998	5,016,714	4,751,141	94.71%	228,124	4,979,265	99.25	471,825
1998-1999	5,113,006	4,830,876	94.48%	217,106	5,047,982	98.73	464,549
1999-2000	5,623,985	4,960,840	88.21%	207,724	5,168,564	91.90	581,527
2000-2001	5,451,122	5,271,739	96.71%	284,621	5,556,359	101.93	805,706
2001-2002	5,724,886	5,587,276	97.60%	236,650	5,823,926	101.73	727,926

Note: Basis for property tax rates is \$100 per assessed valuation.

Source: Shasta County Auditor-Controller records, and City of Redding Finance Division.

Ratio of
Delinquent
Taxes to Total
Tax Levy

10.47

15.28

9.53

10.32

9.85

9.41

9.09

10.34

14.78

12.72

CITY OF REDDING

Assessed and Estimated
Actual Value of Taxable Property
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Secured Roll</u>		<u>Unsecured Roll</u>		<u>Totals</u>	
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>
1992-1993	\$ 2,750,659,773	\$ 2,750,659,773	\$ 234,417,339	\$ 234,417,339	\$ 2,985,077,112	\$ 2,985,077,112
1993-1994	3,000,979,892	3,000,979,892	236,435,659	236,435,659	3,237,415,551	3,237,415,551
1994-1995	3,172,853,816	3,172,853,816	223,396,454	223,396,454	3,396,250,270	3,396,250,270
1995-1996	3,300,071,400	3,300,071,400	232,842,350	232,842,350	3,532,913,750	3,532,913,750
1996-1997	3,385,930,691	3,385,930,691	238,155,257	238,155,257	3,624,085,948	3,624,085,948
1997-1998	3,507,189,433	3,507,189,433	238,787,667	238,787,667	3,745,977,100	3,745,977,100
1998-1999	3,623,250,735	3,623,250,735	245,805,257	245,805,257	3,869,055,992	3,869,055,992
1999-2000	3,744,112,951	3,744,112,951	251,498,117	251,498,117	3,995,611,068	3,995,611,068
2000-2001	3,905,735,452	3,905,735,452	266,183,048	266,183,048	4,171,918,500	4,171,918,500
2001-2002	4,129,979,651	4,129,979,651	293,079,965	293,079,965	4,423,059,616	4,423,059,616

Note: Property values include supplemental tax rolls.

Source: Shasta County Assessor's Office

CITY OF REDDING

Property Tax Rates
All Direct and Overlapping Governments
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Basic County, City, School Levy</u>	<u>School Districts</u>	<u>Bella Vista Water District</u>	<u>Community Services District</u>	<u>Total</u>
1992-1993	1.0000	0.4618	0.2753	0.0489	1.7860
1993-1994	1.0000	0.4346	0.3232	0.0287	1.7865
1994-1995	1.0000	0.2912	0.3245	0.0313	1.6470
1995-1996	1.0000	0.2097	0.3483	0.0373	1.5953
1996-1997	1.0000	0.3930	0.3368	0.1348	1.8646
1997-1998	1.0000	0.4722	0.3698	0.0104	1.8524
1998-1999	1.0000	0.3728	0.3613	0.0000	1.7341
1999-2000	1.0000	0.5187	0.3423	0.0000	1.8610
2000-2001	1.0000	0.5187	0.3584	0.0083	1.8854
2001-2002	1.0000	0.4997	0.3634	0.0070	1.8701

Note: Basis for property tax rates is per \$100 assessed valuation.

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

CITY OF REDDING

Special Assessment Billings and Collections
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Special Assessment Billings Due (1)</u>	<u>Special Assessment Collected (2)</u>
1992-1993	\$ 1,257,970	\$ 1,105,126
1993-1994	1,319,082	1,148,210
1994-1995	1,364,993	1,163,465
1995-1996	1,426,284	1,295,710
1996-1997	1,404,089	1,440,014
1997-1998	1,301,879	1,372,179
1998-1999	1,231,026	1,277,394
1999-2000	949,849	981,955
2000-2001	910,304	981,955
2001-2002	888,218	875,088

(1) Principal only

(2) Includes prepayments

Source: City of Redding Finance Division

City of Redding
Special Assessment Billings & Collection
FYE 6/30/02

1) Assessment District Billings

	Principal	Interest	Totals
1915	888,217.61	619,334.08	1,507,551.69
1911	No longer billing for 1911 districts		
	58.92%	41.08%	100.00%

2) Special Assessment Rec'table change: Acct 14-100 (Assess TB Debt Svc file)

Prior Yr	249,633.63
06/30/2002	271,917.99
Change	<u><u>(22,284.36)</u></u>

3) Total Outstanding Principal

Assess Rec change	(22,284.36)
* % of Principal	58.92%
	<u><u>(13,129.47)</u></u>

4) Special Assessment Principal Collected

Total Principal	888,217.61
+/- change in Rec (#3)	<u>(13,129.47)</u>
Assess Princ Collected	<u><u>875,088.14</u></u>

CITY OF REDDING

Statement of Legal Debt Margin
June 30, 2002

Assessed Value (1)	<u>\$ 4,423,059,616</u>
Debt Limit - 3.75% of Total Assessed Value	\$ 165,864,736
Amount of Debt Applicable to the Limit (2)	<u>1,629,364</u>
Legal Debt Margin	<u>\$ 164,235,372</u>

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.

Assessed valuation includes supplemental tax rolls.

CITY OF REDDING

Schedule of Debt Ratios
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Net General Bonded Debt (3)</u>	<u>Ratio of Debt to Assessed Value</u>	<u>Debt per Capita</u>
1992-1993	73,900	\$ 2,985,077,112	\$ 10,130,277	0.34	137.08
1993-1994	75,100	3,237,415,551	6,754,891	0.21	89.95
1994-1995	75,770	3,396,250,270	5,472,970	0.16	72.23
1995-1996	76,690	3,532,913,750	4,341,131	0.12	56.61
1996-1997	77,353	3,624,085,948	3,350,234	0.09	43.31
1997-1998	78,084	3,745,977,100	2,920,170	0.08	37.40
1998-1999	78,675	3,869,055,992	2,624,102	0.07	33.35
1999-2000	79,593	3,995,611,068	2,301,980	0.06	28.92
2000-2001	82,543	4,171,918,500	1,978,753	0.05	23.97
2001-2002	84,560	4,423,059,616	1,629,364	0.04	19.27

Note: Assessed values include supplemental tax rolls.

Source: (1) State of California
(2) Shasta County Assessor's Office
(3) City of Redding Finance Division

CITY OF REDDING

Computation of Direct and Overlapping Debt
June 30, 2002

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Redding (3)</u>	<u>Amount Applicable to City of Redding</u>
Direct:			
City of Redding: (1)			
City of Redding	\$1,629,364	100.000%	\$1,629,364
City of Redding 1915 Act Bonds	10,947,000	100.000%	10,947,000
Total direct debt	<u>12,576,364</u>		<u>12,576,364</u>
Overlapping:			
County of Shasta: (2)			
Shasta Joint Powers Financing Authority	14,850,263	44.380%	6,590,547
Shasta County Schools:			
Anderson Union H/S District	13,375,000	13.801%	1,845,884
Enterprise School District	24,099,588	98.752%	23,798,825
Redding School District	24,145,000	98.435%	23,767,131
Columbia School District	4,780,000	73.949%	3,534,762
Total overlapping debt	<u>81,249,851</u>		<u>59,537,149</u>
Total direct and overlapping debt	<u>\$93,826,215</u>		<u>\$72,113,513</u>

Source: (1) City of Redding
(2) Shasta County Auditor-Controller's Office
(3) Percentages from Statement of Direct and Overlapping Debt Calculated using the Shasta County valuations by taxing district for fiscal year 1998-99.

CITY OF REDDING

Ratio of Annual Debt Service
For General Obligation Debt to Total General Expenditures (1)
Last Ten Fiscal Years

(In Thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt to General Expenditures</u>
1992-1993	691	232	923	46,407	1.99
1993-1994	657	810	1,467	54,184	2.71
1994-1995	581	954	1,535	55,217	2.78
1995-1996	1,103	810	1,913	53,506	3.58
1996-1997	494	609	1,103	59,188	1.86
1997-1998	512	1,172	1,684	60,936	2.76
1998-1999	480	1,281	1,761	62,465	2.82
1999-2000	426	1,314	1,740	69,437	2.51
2000-2001	569	1,422	1,991	61,432	3.24
2001-2002	519	1,205	1,724	73,489	2.35

Note: (1) General obligation bonds and capital leases served by the General Fund, and the Debt Service Fund.

Source: City of Redding Comprehensive Annual Financial Report - Combined Statement of Revenues, Expenditures, and Changes in Fund Balance

CITY OF REDDING

Wastewater Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenue (1)	Direct Operating Expense (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage (3)
				Principal	Interest	Total	
1992-1993	\$ 6,607,966	\$ 4,060,478	\$ 2,547,488	\$0	\$ 1,724,956	\$ 1,724,956	1.5
1993-1994	7,114,034	4,216,795	2,897,239	0	1,497,792	1,497,792	1.9
1994-1995	7,307,001	4,246,901	3,060,100	120,000	1,584,007	1,704,007	1.8
1995-1996	7,344,438	4,481,648	2,862,790	688,138	1,570,251	2,258,389	1.3
1996-1997	7,750,905	4,479,194	3,271,711	619,488	1,544,116	2,163,604	1.5
1997-1998	7,773,067	4,926,067	2,847,000	645,838	1,515,269	2,161,107	1.3
1998-1999	8,646,873	4,586,062	4,060,811	677,863	1,483,758	2,161,621	1.9
1999-2000	9,340,189	4,840,824	4,499,365	714,550	1,449,187	2,163,737	2.1
2000-2001	9,919,006	5,037,879	4,881,127	751,575	1,411,535	2,163,110	2.3
2001-2002	10,992,011	5,493,584	5,498,427	793,938	1,370,702	2,164,639	2.5

- Notes: (1) Total operating revenues and connection fees from other non-operating revenues.
(2) Total operating expenses exclusive of depreciation and amortization.
(3) This statement is not intended to show debt service coverage under the bond covenants.

Source: City of Redding Comprehensive Annual Financial Report

CITY OF REDDING

Water Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenue (1)	Direct Operating Expense (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage (3)
				Principal	Interest	Total	
1992-1993	\$ 5,569,084	\$ 4,016,340	\$ 1,552,744	\$ 234,288	\$ 142,711	\$ 376,999	4.1
1993-1994	6,313,172	4,714,817	1,598,355	595,000	509,533	1,104,533	1.4
1994-1995	6,762,136	5,179,343	1,582,793	410,000	1,033,286	1,443,286	1.1
1995-1996	6,737,519	4,355,796	2,381,723	467,601	1,018,936	1,486,537	1.6
1996-1997	7,047,447	4,985,995	2,061,452	764,109	1,007,238	1,771,347	1.2
1997-1998	6,427,277	5,252,466	1,174,811	745,617	971,954	1,717,571	0.7
1998-1999	7,636,404	4,915,050	2,721,354	782,879	940,265	1,723,144	1.6
1999-2000	8,907,376	5,722,270	3,185,106	789,764	906,506	1,696,270	1.9
2000-2001	10,136,223	5,955,067	4,181,156	827,026	870,904	1,697,930	2.5
2001-2002	11,676,817	6,508,257	5,168,560	854,054	863,833	1,717,887	3.0

- Notes:
- (1) Total operating revenues and connection fees from other non-operating revenues.
 - (2) Total operating expenses exclusive of depreciation and amortization.
 - (3) This statement is not intended to show debt service coverage under the bond covenants.

Source: City of Redding Comprehensive Annual Financial Report

CITY OF REDDING

Demographic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Square Miles (1)</u>	<u>Population (1)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rates (2)</u>
1992-1993	58.41	73,900	13,201	11.70
1993-1994	59.00	75,100	13,491	10.70
1994-1995	59.90	75,770	12,942	11.00
1995-1996	60.00	76,690	12,999	9.60
1996-1997	60.00	77,353	13,734	8.70
1997-1998	60.00	78,084	14,224	8.80
1998-1999	60.00	78,675	14,640	7.40
1999-2000	60.00	79,593	14,266	6.60
2000-2001	60.00	82,543	14,928	6.10
2001-2002	60.00	84,560	14,934	7.00

Note: Assessed values include supplemental tax rolls.

Source: (1) State of California
(2) Shasta County Assessor's Office
(3) City of Redding Finance Division

CITY OF REDDING

Property Value, Construction, and Bank Deposits
Last Ten Years

Fiscal Year	Commerical Construction (1)		Residential Construction (1)		Bank (2)
	Number of Permits	Value	Number of Permits	Value	Deposits (in Thousands)
1992-1993	36	\$ 10,662,048	834	\$ 75,681,536	\$ 891,374
1993-1994	36	10,305,947	622	67,286,882	957,193
1994-1995	37	16,416,571	438	48,135,407	919,550
1995-1996	41	18,651,672	445	41,389,865	989,752
1996-1997	38	23,088,365	348	43,713,864	1,215,695
1997-1998	44	15,102,753	299	38,160,866	1,227,618
1998-1999	39	18,173,791	412	53,853,459	1,237,740
1999-2000	48	16,881,795	436	66,752,009	1,367,764
2000-2001	60	30,887,531	493	76,887,447	1,481,148
2001-2002	77	31,600,773	533	85,959,447	*

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

Source: (1) City of Redding Development Services Department
(2) State Chartered Banks Information * June 2002 information not available at this time.
(3) Shasta County Assessor's Office

Property Value (3)

Net of Exemptions

\$ 2,985,077,112
3,237,415,551
3,396,250,270
3,532,913,750
3,624,085,948
3,745,977,100
3,869,055,992
3,995,611,068
4,171,918,500
4,423,059,616

CITY OF REDDING

Principal Property Taxpayers
June 30, 2002

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2000 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Mercy Hospital of Redding, Inc	Hospital	\$127,816,207	2.72%
National Medical Enterprises Hospitals, Inc	Hospital	67,403,943	1.43%
McConnell Foundation	Commercial Development/Retail Sales	50,296,233	1.07%
Mt Shasta Mall Associates	Commercial Development/Retail Sales	28,196,275	0.60%
Simpson College	Education	22,188,651	0.47%
Safeway Inc.	Retail Sales	17,040,490	0.36%
Shasta Enterprises	Development	15,053,025	0.32%
Meyer Motels LTD	Motel	14,679,010	0.31%
Wal-Mart	Retail Sales	14,229,841	0.30%
WRI Golden State LLC	Realty Investors	13,719,000	0.29%
Total		<u>\$370,622,675</u>	<u>7.87%</u>

Source: City of Redding Development Services Department

CITY OF REDDING

Miscellaneous Statistics
June 30,2002

Date of Incorporation	October 4, 1887	Culture and Recreation:		Solid Waste Operations:	
Population	84,560	Convention Center	1	Residential	25,500
Number of Registered Voters	40,484	Museums	3	Commercial	3,500
Area in square miles	60.00	Trails (maintained miles)	26.64	City waste buried	89,105 tons
Form of Government	Council/Manager	Parks developed	63	City waste diverted	22,071 tons
Employees:		Parks acreage (improved)	406	Trips to Trasfer Station	77,827 vehicles
Full-time	783	Parks acreage (unimproved)	466.67	Storm Drainage System:	
Part-time	231	Swimming pools	2	Residential	23,529
<u>City of Redding Facilities/Services</u>		Tennis courts	18	Commercial and Other	13,097
Miles of Streets	436	Fire Protection:		Length of system	296 miles
Number of street lights	6,578	Number of stations	7	Catch Basins	5,325
Traffic signs:		Number of firefighters	74	Water System:	
Regulatory	3,535	Police Protection:		Number of connections	26,464
Warning	2,070	Number of stations	1	Average daily consumption	23.95 MGD
Guide and services	480	Number of police officers	109	Length of water mains	465 miles
		Electric:		Water delivered acre ft	26,831
		Number of Connections		Wastewater System:	
		Residential	34144	Number of house equivalents	36,340
		Commercial and Other	6320	Length of sewer lines	375 miles
		Length of transmission lines and distribution system	650 miles	Effluent treated	10.41 MG

Source: City of Redding

CITY OF REDDING

Miscellaneous Statistics
June 30,2002

Facilities/Services Not Included
in the Reporting Entity

Education:

Elementary schools	24
Classrooms	355
Teachers	371
Students	7,079

Junior high schools	9
Classrooms	121
Teachers	125
Students	2,528

High schools	8
Classrooms	251
Teachers	281
Students	5,327

Hospitals:

Number of hospitals	2
Number of patient beds	542

Library:

Number	1
Number of books	131,488

Source: School Districts, Hospitals and the Library.