

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE

REDDING REDEVELOPMENT AGENCY

(A Component Unit of the City of Redding)

REDDING, CALIFORNIA

FISCAL YEAR ENDED JUNE 30, 2001

Issued by the Finance Division

Stephen W. Strong, Finance Officer

REDDING REDEVELOPMENT AGENCY
(A Component Unit of the City of Redding)
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2001

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INTRODUCTORY SECTION

December 1, 2001

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Redding Redevelopment Agency (the Agency) for the fiscal year ended June 30, 2001.

This year's report has been reformatted to comply with the new financial reporting model developed by the Governmental Accounting Standards Board (GASB) Statement 34. The new financial reporting model changes the format of the Agency's financial statements. It is intended to improve financial reporting by adding significant additional information not previously available in local governmental financial statements.

In addition to the fund-by-fund financial information currently presented in the Agency's financial statements, we are now including government-wide financial statements. The governmental-wide financial statements include a Statement of Net Assets that provides the total net equity of the Agency including infrastructure assets and the Statement of Activities that shows the cost of providing governmental 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 Agency's major funds as shown in the Governmental Fund Statements. These new statements combined with other information are further analyzed in a new narrative section called Management's Discussion and Analysis (MD&A). The MD&A 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 MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the Agency.

The Agency has taken a leadership role in implementing GASB 34. The Agency's early implementation, before the fiscal year ending 2002 deadline, will enable the Board of Directors and users of these financial statements to become more aware of the benefits and information contained in the new financial reporting model. The Redding Redevelopment Agency is proud to be on the leading edge of local governmental financial reporting.

This report consists of management's representations concerning the finances of the Agency. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Agency has established a comprehensive internal control framework that is designed both to protect the Agency's assets from loss, theft, or misuse and to compile sufficient reliable information

for the preparation of the Agency's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Agency's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Agency's financial statements have been audited by Hathaway and Ksenzulak, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Agency for the fiscal year ended June 30, 2001, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Agency's financial statements for the fiscal year ended June 30, 2001, 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 require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Agency's MD&A can be found immediately following the report of the independent auditors.

Profile of the Redding Redevelopment Agency

The City Council of the City of Redding, acting pursuant to the provisions of the Community Redevelopment Law (California Health and Safety Code § 33000, et seq.), activated the Agency on August 4, 1958. The Agency is charged with the goal of eliminating blight within designated geographic areas through the process of redevelopment. The Agency has broad authority to acquire, develop, administer, and sell or lease property, including the right of eminent domain and the right to issue long-term debt and expend proceeds.

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

The five members of the City Council serve as the governing body of the Agency, and exercise all rights, powers, duties and privileges of the Agency in carrying out redevelopment activities. The Deputy City

Manager serves as Executive Director and Secretary of the Agency. The City Attorney serves as Agency Counsel.

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

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

The budget serves as the foundation for the Agency's financial planning and control. The Agency, having adopted the City of Redding's administrative policies and procedures, implements a two-year budget with an annual review of the budget in accordance with Community Redevelopment Law. The Agency's fiscal year is from July 1 through the following June 30. The budget is submitted each May to the Agency's Board of Directors, who, depending on the budget cycle, by June 30, either adopts a two-year budget or reviews and amends the current two-year budget. The appropriated budget is prepared by fund (project area) and division (e.g., capital). The Executive Director may make transfers of appropriations within a division. Transfers of appropriations between divisions, however, require the special approval of the Board of Directors and must be permitted by Redevelopment Law. Transfers of appropriations between funds is prohibited. Budget to actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. This comparison for all major funds is presented in the required supplementary information section of this report, which starts on page 52. Budget comparisons for all nonmajor funds are presented in the supplementary information, which starts on page 66.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Agency operates.

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

Population Characteristics - The City of Redding was one of the fastest growing cities in California between 1970 and 1990, growing to 66,462 resident in 1990 from 16,659 in 1970. The City's population of 82,543 has increased 24.2% over the 1990 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 2001:

Year	<u>City of Redding</u>		<u>Shasta County</u>	
	Population	Annualized Percent Change Over Interval	Population	Annualized Percent Change Over Population
1970	16,659	3.04%	77,640	9.67%
1980	41,995	15.21	119,449	5.39
1990	66,462	5.83	147,036	2.31
2000	80,865	2.17	163,256	1.10
2001	82,543	2.08	165,669	1.48

Source: 1970-2000 data from U.S. Census; 2001 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 10,700 representing an increase of approximately 13.0%:

<u>Year</u>	<u>Population (Rounded)</u>
2001	82,500
2006	89,130
2011	93,200

The Redding area is expected to maintain 45% 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 2001:

<u>Region</u>	<u>Single Family Homes</u>
Sacramento	\$149,500
Redding	135,000
Los Angeles	230,000
San Francisco*	516,000
Orange County	282,000

Source: California Association of Realtors/ Shasta Assoc. of Realtors

*Reflects median price of homes in the Greater San Francisco Bay Area

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 2001 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 2001 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	\$0.35
Redding	0.38
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 two decades, the City's economic base has diversified to a regional service economy supported by retail and wholesale trade plus educational, recreational, medical, and 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 utility services. Major private employers in the Redding area, their products or services, and the approximate number of their respective full time employees as of April 2001 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	1,209
Shasta Nursery	Plants	850
Shasta Paper Company	Manufacturing	820
Sierra Pacific Industries	Manufacturing	650
J & A Food Service	Food Services/Restaurant	600
Shasta Comm. College	Education	510
Plainwell Paper Co.	Manufacturing	452
Holiday Markets	Grocery	425
Redding Rancheria	Casino/ Health clinic	425

Source: Greater Redding Chamber of Commerce

According to the State Employment Development Department, the unemployment rate of the City's metropolitan area was 6.1% on June 30, 2001. 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, 1995, through June, 2001:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Labor Force (1)</u>	<u>Unemployment</u> <u>Number (2)</u>	<u>Rate (3)</u>
1995	73,800	8,300	11.3
1996	72,500	6,800	9.4
1997	74,100	6,500	8.8
1998	72,900	6,600	9.1
1999	73,500	5,100	6.9
2000	76,200	5,100	6.7
2001	75,500	4,600	6.1

- (1) Civilian labor force and unemployment by place of residence.
- (2) The number includes all persons without jobs who are actively seeking work.
- (3) The unemployment rate is computed by the Employment Development Department from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

Source: State Department of Employment Development

Construction Activity - For the past ten calendar years ending December 2000, the City issued building permits valued at a total of \$980,924,331. New construction over the ten-year period represents 75% of the total construction activity. For calendar year 2000, 2,038 building permits were issued. The total permit valuation is \$119,672,542 for 2000.

The City of Redding is experiencing a return to normal growth. Current trends indicate that the City of Redding will continue to grow at a moderate rate in the years to come.

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>
Value/single family *	\$41,254,381	\$54,652,504	\$62,674,665
Number of permits	322	414	422
Value - multi dwellings *	\$3,491,686	\$1,238,544	\$12,141,711
Number of units	65	52	179
Value - business *	\$15,896,366	\$15,896,299	\$23,413,393
Number of permits	41	46	47
Value - Total all permits	\$88,987,999	\$93,167,206	\$119,672,542
Total permits**	1,794	1985	2038

* Value of new construction only

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

Source: 2000 Year End Report - Development Services Department

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 165,670 in the primary trade area and approximately 232,320 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 \$1,453,052,000 in calendar year 2000, a 9.5% increase over the same period for 1999. The number of outlets reporting taxable sales to the California State Board of Equalization decreased 0.3% overall, from 2,871 in 1996 to 2,863 in 2000, as follows:

<u>Year</u>	<u>Number of Outlets</u>	<u>Taxable Transactions (In Thousands)</u>	<u>Taxable Transactions Percentage Increase(Decrease)</u>
1996	2,871	1,117,852	3.9
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

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 Southern 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 71,000 for fiscal year 2000-01. The total fixed route ridership was up 1% and demand response ridership, a curb-to-curb service for the disabled, was up 15%. In October 1998, several route modifications and a fare increases were implemented. Historically, initial ridership drops after a system change and generally takes 3 years to return back to where ridership was before the change took place. It appears that ridership is recovering from the route changes of 1998.

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 Pacific Bell.

Community Services - Youth in the area attend school at one of 22 elementary schools, 6 middle schools, and 8 high schools. Shasta College, a two-year institution, offers both day and evening courses to approximately 10,500 students. Simpson College, a four-year liberal arts institution, has current enrollment of 1,250 students.

The City's parks system includes 53 developed parks, encompassing 252 acres, plus 446 developed open space acreage and 153 natural park acres, approximately 17 miles of trails and 3 boat ramp facilities. City operated cultural facilities include the Redding Convention Center, which hosts cultural programs, conferences, and conventions; the Martin Luther King, Jr. Memorial Center; the Teen Center; Civic Center Community room, and the Senior Citizens Center.

The City serves as the primary medical center for Northern California. The City's two general care hospitals serve approximately 310,450 people in Shasta, Tehama, Trinity, Siskiyou, and Lassen counties. The two hospitals have a total of 511 beds and employ more than 2,700 staff members. In addition, the City also has several specialized hospitals.

Long-term financial planning for the Agency. *Downtown.* In 1999, the Agency hired a consultant to develop a specific plan for the revitalization of Redding's Downtown. The Downtown Redding Specific Plan identifies the Downtown Mall, which encloses several city blocks, as a major component of the revitalization effort. Consideration is being given to the removal of the mall's roof and the reopening of certain streets to through traffic. There are several other components to revitalizing Redding's Downtown; however, the Downtown Mall is viewed as the central point. The changes would take several years. Total revitalization of the mall could cost up to \$18 million. Other funding sources are being sought to assist with the project, including potential funding from the State Transportation Improvement Program.

Development Partnerships. The Agency has identified a total of \$3.3 million for development partnerships that promote development or support a creative reuse of an existing development. To date, \$1.2 million has been encumbered, leaving a balance of \$2.1 million for future projects. Each project is considered on its own merits and there is no time line for expending the funds.

Clover Creek Preserve. The Clover Creek flood protection and environmental enhancement project will resolve long standing issues and concerns for flooding along portions of Clover Creek. The project will create a 46-acre detention basin on 128 acres of land and will include a lake, 2 miles of hiking trails and 2.5 miles of paved bicycle path. Construction of the project is slated to begin in early Spring 2002 and completion by late fall of the same year. The Agency anticipates borrowing \$2 million from the City of Redding for this project. The loan will be repaid with tax increment from the SHASTECC Project Area. Other funding sources are a \$5 million grant from the Costa-Machado Water Act of 2000 and \$200,000 plus from developer deposits.

Housing Projects. The Agency has targeted two residential neighborhoods for revitalization—the Parkview Neighborhood and the Martin Luther King Neighborhood. Improvements to the Parkview Neighborhood have begun and are anticipated to take five to seven years to complete at a total cost of approximately \$11 million dollars. The Martin Luther King Neighborhood is in the planning process. Costs and time lines will be determined within the next year. The Agency is preparing for a \$10 million bond issue to assist the two projects as well as other housing programs. Other funding sources for the targeted neighborhoods include the HOME Program.

Cash management policies and practices. Cash temporarily idle during the year was invested in the State Treasurer's investment pool. The average yield on investments was 6.1 percent. Investment income

includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

Risk Management. The Redevelopment Agency participates in the City of Redding self-insurance programs for property and general liability which affect the Agency. These insurance activities are accounted for in the City of Redding Risk Management Fund, an internal service fund. The Redding Redevelopment Agency is a component unity of the City of Redding. Additional information on the Agency's risk management activity can be found in Note 12 of the financial statements.

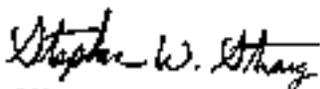
Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the Redding Redevelopment Agency for the comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2000. This was the eleventh consecutive year that the Agency has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,


STEPHEN W. STRONG
Finance Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Redding Redevelopment
Agency, California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

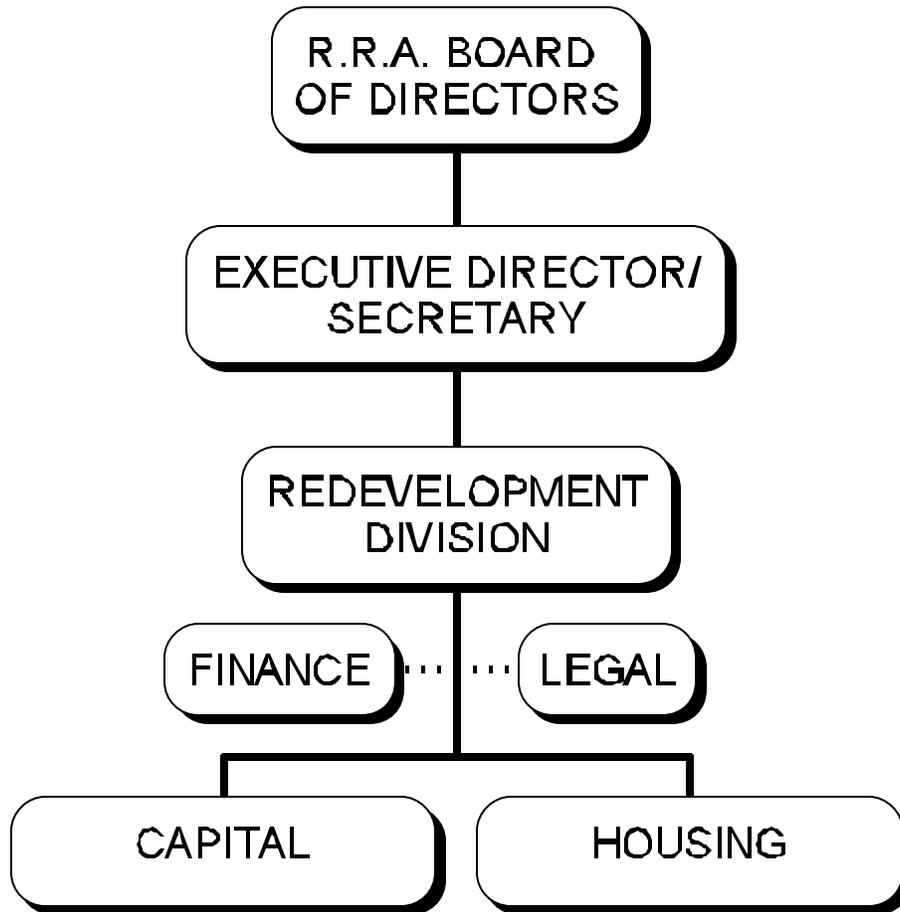
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



Imelda Aru
President

Jeffrey L. Easer
Executive Director

Redding Redevelopment Agency Organizational Chart



REDDING REDEVELOPMENT AGENCY

Listing of Officials June 30, 2001

Board of Directors

Pat Kight, Chair Person
Mark H. Cibula, Vice Chair Person
David L. McGeorge, Director
Michael J. Pohlmeyer, Director
Mary L. Stegall, Director

Other Officials

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

FINANCIAL SECTION

HATHAWAY & KSENZULAK, LLP

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KARIKA LAPP, CPA
JOHN KSENZULAK, CPA

NESL BYZICK, CPA
LEAH GOYNE, CPA
EUGENE E. GREENWALD, CPA

WILLIAM R. MOORE, CPA
JAMES VIOLA JR., CPA
DAVID L. WALLACE, CPA

ACCOUNTANTS' REPORT

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

We have audited the accompanying basic financial statements of Redding Redevelopment Agency, a component unit of the City of Redding, California, as of and for the fiscal year ended June 30, 2001, as listed in the financial section of the table of contents. These basic financial statements are the responsibility of Redding Redevelopment Agency's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

As described in Note 14 to the basic financial statements, the Agency adopted Government Accounting Standards Board Statements Nos. 33 and 34 and GASB Interpretation 6 as of and for the year ended June 30, 2001.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Redding Development Agency as of June 30, 2001, and the results of its activities and operations for the fiscal year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2001, on our consideration of the Redding Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

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

Hathaway & Ksenzulak, LLP

October 25, 2001

Management's Discussion and Analysis

As management of the Redding Redevelopment Agency (the Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2001. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-11 of this report.

Financial Highlights

- The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by \$10,452,214 (*net assets*). Of this amount, \$2,931,866 is a deficit in *unrestricted net assets*.
- The Agency's total net assets increased by \$4,524,554. Approximately half of the increase is attributable to state and federal grants received for capital projects.
- As of the close of the current fiscal year, the Agency's funds reported combined ending fund balances of \$28,586,621, an increase of \$2,063,906 in comparison with the prior year. Approximately 14 percent of this total, \$4,042,359, is *available for spending* at the government's discretion (*unreserved, undesignated fund balance*).
- The Agency's total debt decreased by \$580,000 (3 percent) during the current fiscal year. The key factor in this decrease was the Agency's payment of bond debt.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net assets* presents information on all of the Agency's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

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

The government-wide financial statements reflect that the Agency is principally supported by taxes, intergovernmental revenues and investment income. The intergovernmental revenue is principally

due to a \$5,000,000 grant to be received for a storm drainage basin project. During the current year \$1,394,128 was recorded as revenue. The balance will be received and recorded as revenue as the funds for the project are expended. The governmental activities of the Agency include general government, public works and community development.

The government-wide financial statements can be found on pages 28-29 of this report.

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

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

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

The Agency maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the following major funds: Canby-Hilltop-Cypress Special Revenue, Midtown Debt Service, Canby-Hilltop-Cypress Debt Service, the Market Street Capital Project, the Canby-Hilltop-Cypress Capital Project, and the SHASTECC Capital Project. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 30-36 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 37-50 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* which can be found on pages 52-57 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 62-69 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$10,452,214 at the close of the most recent fiscal year.

By far the largest portion of the Agency's net assets (94 percent) represents resources that are subject to external restrictions on how they may be used. The Agency is required by redevelopment law to restrict 20 percent of the tax increment revenue for housing programs.

An additional portion of the Agency's net assets (34 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, and construction in progress) less any related debt used to acquire those assets that is still outstanding. Approximately 29 percent of the capital assets are projects under construction that will be deeded to the City of Redding upon completion; consequently, these assets are not available for future spending. Although the Agency's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remainder of net assets is the deficit of \$2,931,866.

Redding Redevelopment Agency		
Net Assets (in millions)		
	Governmental Activities	
	2001	2000
Current assets	\$ 25.9	\$ 24.3
Noncurrent assets:		
Capital assets	3.7	2.0
Other	6.2	5.3
Total assets	<u>35.8</u>	<u>31.6</u>
Current liabilities	1.7	1.7
Noncurrent liabilities	23.7	24.1
Total liabilities	<u>25.4</u>	<u>25.8</u>
Net assets:		
Invested in capital assets, net of related debt	3.5	1.9
Restricted	9.9	8.4
Unrestricted (deficit)	(2.9)	(4.5)
Total net assets	<u>\$ 10.5</u>	<u>\$ 5.8</u>

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

The Agency's net assets increased by \$4,524,554 during the current fiscal year. About 37 percent of this increase represents the increase in the investment in capital assets, net of related debt. Approximately a third is attributable to the increase in net assets restricted for housing programs. Approximately another third is attributable to the reduction of the deficit due to increases in operating and capital grants.

Governmental activities. The growth in net assets of the Agency of \$4,524,554 is all related to governmental activities. Key elements of this increase are as follows:

Redding Redevelopment Agency		
Changes in Net Assets		
	Governmental Activities	
	<u>2001</u>	<u>2000</u>
Revenues:		
Program revenues:		
Charges for services	\$ 212,060	\$ 4,800
Operating grants and contributions	140,000	-
Capital grants and contributions	2,255,227	427,674
General revenues:		
Tax increment	5,699,067	5,135,379
Interest	1,567,056	1,359,435
Miscellaneous	<u>7,577</u>	<u>25,716</u>
Total revenues	<u>9,880,987</u>	<u>6,953,004</u>
Expenses:		
General Government	128,936	130,177
Public Works	2,811,372	4,374,954
Community development	809,728	940,853
Education (payment to school districts)	291,756	341,379
Interest and fiscal charges on long-term debt	<u>1,314,641</u>	<u>1,306,741</u>
Total expenses	<u>5,356,433</u>	<u>7,094,104</u>
Increase in net assets	<u>4,524,554</u>	<u>(141,100)</u>
Net assets - beginning as restated	5,812,660	5,953,760
Prior period adjustment	115,000	-
Net assets - beginning as restated	<u>5,927,660</u>	<u>5,953,760</u>
Net assets - ending	<u><u>\$ 10,452,214</u></u>	<u><u>\$ 5,812,660</u></u>

- Property tax increment revenue increased by \$563,688 (11 percent) during the year. Tax increment revenue has increased yearly in all project areas due to increase in property values and new development except for the Midtown project. Property values have drastically declined in the Downtown Mall area. This is evident by the sale of properties at prices much less than the assessed valuation.
- Operating grants increased by \$140,000. The new grant was for the redevelopment of the Redding Hotel, a project for low- and moderate-income housing.
- Capital grants and contributions increased by \$1,827,553. All of these state and federal grant revenues furnished resources for infrastructure projects.
- The decrease in expenses of \$1,737,671 is primarily related to a decrease in funds spent on infrastructure projects.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of \$28.6 million, an increase of \$2.1 million in comparison with the prior year. The *unreserved, undesignated fund balance*, which is available for spending at the government's discretion, increased by \$3.1 million while the unreserved portion of the fund balance designated for continuing projects decreased by \$1.9 million. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$2.1 million), 2) to pay debt service (\$3.3), 3) for noncurrent notes receivable (\$5.7), and 4) for a variety of other restricted purposes (\$0.9).

Of the major funds, the Canby-Hilltop-Cypress (CHC) Capital Project Fund is the most significant. At the end of the current fiscal year, the unreserved fund balance of the CHC Capital Project Fund was \$13.1 million, while the total fund balance reached \$14.6 million. The net increase in fund balance was minimal (\$35,905) because resources available in the current year were used for current expenditures. As a measure of the fund's liquidity, it may be useful to compare the unreserved fund balance to the total fund expenditures. Unreserved fund balance represents 535 percent of total fund expenditures.

The fund balance of the CHC Special Revenue Fund increased by \$0.9 million. Key to this increase was higher than anticipated revenue for interest, grants and other revenue. The *unreserved fund balance* increased by \$0.4 million to a total of \$2.2 million.

The Midtown Debt Service Fund has a *deficit fund balance* of \$1.3 million, an increase in the deficit of \$84,099 from fiscal year 1999-2000. Property values within the Downtown Mall have continued

to decline and with the passage of Proposition 13, the Midtown Project area has had to borrow money from the City of Redding to meet its lease revenue debt service obligation. The lease revenue debt service obligation has now been fully funded and the fund will start repaying the City for funds previously advanced.

The SHASTECCAPITAL PROJECT FUND's fund balance increased by \$1.2 million to a total fund balance of \$1.4 million. Key to this increase is a condemnation fund deposit of \$1.14 million held by the State of California for property the Agency is seeking to obtain for the Clover Creek Drainage Project. The deposit was funded through grant revenue. The deposit should be applied to the purchase of property in the next year which will reduce the fund balance. The *unreserved fund balance*, designated for continuing projects, increased by \$1.0 million.

The fund balances of the CHC Debt Service Fund and the Market Street Capital Project Fund did not change significantly.

Fund Budgetary Highlights

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

Differences between the original budget and the final amended budget of the CHC Capital Project Fund were major and can be briefly summarized as follows:

- \$60,940 in increases for legal services.
- \$10,835,290 in increases for capital projects of which \$9,085,450 were appropriations carried over from the previous fiscal year.

Capital Asset and Debt Administration

Capital assets. The Agency's investment in capital assets for its governmental-type activities as of June 30, 2001, amounts to \$3.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and construction work in progress. The total increase in the Agency's investment in capital assets for the current fiscal year was 77 percent.

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

- Acquisition of a 20-acre parcel acquired for inclusion with other lands to be developed as part of the Big League Dreams Sports Park (\$316,182).
- Predevelopment activities for the sports complex, including 1) the preparation and adoption of an environmental impact report addressing the environmental impacts and mitigation measures; 2) planning, design, marketing and construction advice and services in developing the multipurpose sports park facility; and 3) entering into a license agreement for the right

to use the Big League Dreams “Total Image,” including the look, design, style, shape, color scheme and architecture of the Big League Dreams Sports Parks and the right to use the name and logo in the operation and marketing of the Sports Park (\$527,907).

- Final design and construction documents completed for the Yuba Street Streetscape Project, a demonstration block in the heart of downtown Redding. Project sent out for bids and construction contract awarded (\$259,468).
- Preliminary design of the Clover Creek Preserve, a flood protection and environmental enhancement project, including the environmental review process. Consulting services for the final design and construction documents, FEMA map revision, and bidding assistance (\$497,365).

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

	<u>2001</u>	<u>2001</u>
Land	\$ 2,045,655	\$ 1,740,094
Buildings	154,069	201,959
Equipment	206	12,771
Construction work in progress	1,461,306	114,533
Total	<u>\$ 3,661,236</u>	<u>\$ 2,069,357</u>

Additional information on the Agency’s capital assets can be found in Note 11 on page 48 of this report.

Long-term debt. At the end of the current fiscal year, the Agency had total bonded debt outstanding of \$22.55 million. All of this debt represents bonds secured solely by specified revenue sources (i.e., tax allocation bonds). The Agency’s total bond debt decreased by \$580,000 (3 percent) during the current fiscal year.

**Redding Redevelopment Agency
Outstanding Debt
Lease Revenue and Tax Allocation Bonds**

	<u>2001</u>	<u>2000</u>
Lease revenue bonds	\$ 145,000	\$ 210,000
Tax allocation bonds	22,405,000	22,920,000
Total	<u>\$22,550,000</u>	<u>\$23,130,000</u>

The Canby-Hilltop-Cypress (CHC) Redevelopment Project Tax Allocation Bonds, Series C, and CHC Redevelopment Project Tax Allocation Refunding Bond, Series D, maintain a “AAA” rating

with both Standard and Poor's and Moody's. The Market Street Redevelopment Project Tax Allocation Bonds, Series A, have been rated "BBB" by Standard and Poor's. The Mall Parking Structure Lease Revenue Bonds, Series 1977, for the Midtown Project area maintains an "A3" rating from Moody's.

Other obligations include \$1.5 million owed to the City of Redding for the Midtown Project area. Due to the decline in property values within the Downtown Mall and the passage of Proposition 13, the Midtown Project area has had to borrow monies to pay its lease revenue bonds debt service.

Additional information on the Agency's long-term debt can be found in Note 7 on pages 45-46 of this report.

Economic Factors and Next Year's Budget

- The City of Redding has experienced a steady increase in population since 1996 of one to two percent per year while the unemployment rate has decreased from 9.9 percent in 1996 to 6.1 percent in 2001.
- Inflationary trends in the region compare favorably to national indices.
- The Agency's property assessed valuation for all project areas increased \$46.6 million (4 percent) in the current fiscal year.
- Reimbursement of infrastructure projects through state grants and Community Development Block grants will add to the increase in projected revenue.
- The Canby-Hilltop-Cypress Project Area has been a major success as a redevelopment project area and is one of the City's prime commercial and residential areas for new development. Assessed valuation has increased \$462.1 million (352.6 percent) over the base year in the original area and \$40.7 million (83.9 percent) over the base year in the amended area.

All of these factors were considered in preparing the Agency's budget for fiscal year 2001-02.

During the current fiscal year, unreserved fund balance increased to \$16,588,519. The Agency has appropriated all of this amount for spending in the 2001-02 fiscal year budget. Due to this fact the Agency has anticipated the requirement to issue bonds to cover planned housing projects.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

REDDING REDEVELOPMENT AGENCY
Statement of Net Assets
June 30, 2001

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and investments	\$22,190,279
Short-term receivables (net)	1,894,992
Notes receivable	8,123
Deposits	1,140,000
Assets held for resale	<u>696,195</u>
Total current assets	<u>25,929,589</u>
Noncurrent assets:	
Long-term receivables	306,732
Notes receivable	5,925,480
Capital assets, net	<u>3,661,236</u>
Total noncurrent assets	<u>9,893,448</u>
Total assets	<u>35,823,037</u>
LIABILITIES	
Current liabilities:	
Accounts payable	594,382
Accrued interest	399,443
Deposits	600
Intergovernmental payable	79,031
Bond payable	<u>605,000</u>
Total current liabilities	<u>1,678,456</u>
Noncurrent liabilities:	
Bond payable	21,945,000
Intergovernmental payable	1,593,501
Accrued liability	<u>153,866</u>
Total noncurrent liabilities	<u>23,692,367</u>
Total liabilities	<u>25,370,823</u>
NET ASSETS	
Invested in capital assets, net of related debt	3,516,236
Restricted for:	
Housing, community and special development	9,867,844
Unrestricted (deficit)	<u>(2,931,866)</u>
Total net assets	<u>\$10,452,214</u>

See accompanying notes to financial statements.

REDDING REDEVELOPMENT AGENCY
Statement of Activities
For the Year Ended June 30, 2001

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:					
General government	\$ 128,936	\$ —	\$ —	\$ —	\$ (128,936)
Public works	2,811,372	—	—	2,255,227	(556,145)
Community development	809,728	212,060	140,000	—	(457,668)
Education (payment to school districts)	291,756	—	—	—	(291,756)
Interest and fiscal charges on long-term debt	<u>1,314,641</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,314,641)</u>
Total government	<u>\$ 5,356,433</u>	<u>\$ 212,060</u>	<u>\$ 140,000</u>	<u>\$ 2,255,227</u>	<u>(2,749,146)</u>

General revenues	
Property taxes	5,699,067
Investment earnings	1,567,056
Miscellaneous	<u>7,577</u>
Total general revenue	<u>7,273,700</u>
Change in net assets	<u>4,524,554</u>
Net assets - beginning	5,812,660
Prior period adjustment	
<u>115,000</u>	
Net assets - beginning, restated	<u>5,927,660</u>
Net assets - ending	<u>\$10,452,214</u>

See accompanying notes to financial statements.

REDDING REDEVELOPMENT AGENCY
Governmental Funds
Balance Sheet
June 30, 2001

	Canby Hilltop Cypress Special Revenue	Midtown Debt Service	Canby Hilltop Cypress Debt Service
ASSETS			
Assets:			
Cash and investments	\$ 1,794,327	\$ 168,101	\$ 2,950,060
Receivables:			
Tax increment	138,554	4,166	375,187
Accrued interest	78,487	479	33,467
Intergovernmental	—	—	—
Notes	5,406,932	—	—
Other	2,216	—	—
Deposits	—	—	—
Assets held for sale	502,865	—	—
Advances to other funds	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
Total assets	<u>\$ 7,923,381</u>	<u>\$ 172,746</u>	<u>\$ 3,358,714</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 132,744	\$ —	\$ —
Payable from restricted assets:			
Accrued interest	—	203,446	—
Deposits	600	—	—
Intergovernmental payable	331	1,288,496	—
Deferred revenue	282,086	1,928	281,138
Advances from other funds	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
Total liabilities	<u>415,761</u>	<u>1,493,870</u>	<u>281,138</u>
Fund balances:			
Reserved for encumbrances	90,989	—	—
Reserved for noncurrent notes receivable	5,176,309	—	—
Reserved for school projects	—	—	—
Reserved for noncurrent intergovernmental receivables	—	—	—
Reserved for noncurrent advances	—	—	—
Reserved for debt service	—	—	3,077,576
Unreserved:			
Designated for continuing projects	930,000	—	—
Undesignated (deficit)	<u>1,310,322</u>	<u>(1,321,124)</u>	<u>—</u>
Total fund balances (deficit)	<u>7,507,620</u>	<u>(1,321,124)</u>	<u>3,077,576</u>
Total liabilities and fund balances	<u>\$ 7,923,381</u>	<u>\$ 172,746</u>	<u>\$ 3,358,714</u>

<u>Market Street Capital Project</u>	<u>Canby Hilltop Cypress Capital Project</u>	<u>SHASTEC Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,279,899	\$14,269,045	\$ 205,958	\$ 1,522,889	\$22,190,279
—	—	48,874	185,603	752,384
17,061	195,496	36,820	54,762	416,572
258,813	170,398	168,842	—	598,053
14,921	—	—	511,750	5,933,603
—	278,633	—	—	280,849
—	—	1,140,000	—	1,140,000
—	—	—	193,330	696,195
—	<u>222,167</u>	—	—	<u>222,167</u>
<u>\$ 1,570,694</u>	<u>\$15,135,739</u>	<u>\$ 1,600,494</u>	<u>\$ 2,468,334</u>	<u>\$32,230,102</u>
\$ 341,670	\$ 74,184	\$ 42,784	\$ 3,000	\$ 594,382
—	—	—	—	203,446
—	—	—	—	600
—	7,095	34,707	5	1,330,634
—	415,183	129,735	182,182	1,292,252
<u>55,967</u>	—	—	<u>166,200</u>	<u>222,167</u>
<u>397,637</u>	<u>496,462</u>	<u>207,226</u>	<u>351,387</u>	<u>3,643,481</u>
576,127	1,188,691	227,478	—	2,083,285
—	—	—	511,750	5,688,059
581,740	20,598	—	—	602,338
—	170,398	—	—	170,398
—	161,200	—	—	161,200
—	—	—	215,246	3,292,822
15,190	9,382,120	1,165,790	1,053,060	12,546,160
—	<u>3,716,270</u>	—	<u>336,891</u>	<u>4,042,359</u>
<u>1,173,057</u>	<u>14,639,277</u>	<u>1,393,268</u>	<u>2,116,947</u>	<u>28,586,621</u>
<u>\$ 1,570,694</u>	<u>\$15,135,739</u>	<u>\$ 1,600,494</u>	<u>\$ 2,468,334</u>	<u>\$32,230,102</u>

See accompanying notes to financial statements.

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REDDING REDEVELOPMENT AGENCY
Governmental Funds
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Assets
June 30, 2001

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

Fund balances of governmental funds	\$28,586,621
Capital assets have not been included as financial resources in governmental fund activity.	4,968,826
Accumulated depreciation has not been included in the fund financial statements.	(1,307,590)
Long-term debt that has not been included in the governmental fund activity:	
Tax allocation bonds payable	(22,405,000)
Lease revenue bonds payable	(145,000)
Accrued interest payable for the current portion of interest due on tax allocation bonds has not been reported in the governmental funds.	(399,443)
Tax revenue reported as deferred revenue in the governmental funds was recorded as revenue in the statement of activities.	574,795
Grant revenue reported as deferred revenue in the governmental funds was recorded as revenue in the statement of activities.	91,477
Notes receivable and/or interest on notes recorded as deferred revenue in the governmental funds was recorded as revenue in the statement of activities.	625,980
Accrued vacation and other leave not reported in governmental funds, but recorded as expense in the statement of activities.	<u>(138,452)</u>
Net assets of governmental activities	<u>\$10,452,214</u>

See accompanying notes to financial statements.

REDDING REDEVELOPMENT AGENCY
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2001

	Canby Hilltop Cypress Special Revenue	Midtown Debt Service	Canby Hilltop Cypress Debt Service
REVENUES:			
Tax increment	\$ 1,062,812	\$ 22,955	\$ 2,025,889
Use of money and property	176,609	11,555	141,468
Intergovernmental revenues	140,000	—	—
Other revenue	<u>210,685</u>	<u>—</u>	<u>—</u>
Total revenues	<u>1,590,106</u>	<u>34,510</u>	<u>2,167,357</u>
EXPENDITURES:			
Current:			
Administrative	412,103	883	97,609
Professional services	3,157	—	—
Housing assistance	426,807	—	—
Capital outlay:			
Project improvements	—	—	—
Equipment purchases	—	—	—
Debt service:			
Bond issuance and other costs	—	1,500	6,180
Principal retirement	—	65,000	475,000
Interest	<u>—</u>	<u>51,226</u>	<u>1,069,210</u>
Total expenditures	<u>842,067</u>	<u>118,609</u>	<u>1,647,999</u>
Excess of revenues over (under) expenditures	<u>748,039</u>	<u>(84,099)</u>	<u>519,358</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from sale of land	2,837	—	—
Operating transfers in	—	—	—
Operating transfers out	<u>—</u>	<u>—</u>	<u>(520,276)</u>
Total other financing sources (uses)	<u>2,837</u>	<u>—</u>	<u>(520,276)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>750,876</u>	<u>(84,099)</u>	<u>(918)</u>
FUND BALANCES, (DEFICIT), beginning of year	6,641,744	(1,237,025)	3,078,494
Prior period adjustment	<u>115,000</u>	<u>—</u>	<u>—</u>
FUND BALANCES, (DEFICIT), beginning of year restated	<u>6,756,744</u>	<u>(1,237,025)</u>	<u>3,078,494</u>
FUND BALANCES, (DEFICIT), end of year	<u>\$ 7,507,620</u>	<u>\$(1,321,124)</u>	<u>\$ 3,077,576</u>

Market Street Capital Project	Canby Hilltop Cypress Capital Project	SHASTECCapital Project	Other Governmental Funds	Total Governmental Funds
\$ 681,694	\$ 851,969	\$ 340,264	\$ 605,763	\$ 5,591,346
75,703	1,033,358	51,856	111,076	1,601,625
706,000	—	1,394,128	—	2,240,128
<u>11,256</u>	<u>5,002</u>	<u>41,943</u>	<u>5,712</u>	<u>274,598</u>
<u>1,474,653</u>	<u>1,890,329</u>	<u>1,828,191</u>	<u>722,551</u>	<u>9,707,697</u>
248,803	433,026	108,957	200,066	1,501,447
1,758	90,969	403	—	96,287
—	—	—	53,630	480,437
1,386,093	1,915,076	475,910	—	3,777,079
—	7,719	—	—	7,719
—	—	—	3,800	11,480
—	—	—	40,000	580,000
<u>5,897</u>	<u>—</u>	<u>34,707</u>	<u>149,819</u>	<u>1,310,859</u>
<u>1,642,551</u>	<u>2,446,790</u>	<u>619,977</u>	<u>447,315</u>	<u>7,765,308</u>
<u>(167,898)</u>	<u>(556,461)</u>	<u>1,208,214</u>	<u>275,236</u>	<u>1,942,389</u>
3,400	280	—	—	6,517
5,125	520,276	—	—	525,401
—	—	—	(5,125)	(525,401)
<u>8,525</u>	<u>520,556</u>	<u>—</u>	<u>(5,125)</u>	<u>6,517</u>
<u>(159,373)</u>	<u>(35,905)</u>	<u>1,208,214</u>	<u>270,111</u>	<u>1,948,906</u>
1,332,430	14,675,182	185,054	1,846,836	26,522,715
—	—	—	—	115,000
<u>1,332,430</u>	<u>14,675,182</u>	<u>185,054</u>	<u>1,846,836</u>	<u>26,637,715</u>
<u>\$ 1,173,057</u>	<u>\$14,639,277</u>	<u>\$ 1,393,268</u>	<u>\$ 2,116,947</u>	<u>\$28,586,621</u>

See accompanying notes to financial statements.

REDDING REDEVELOPMENT AGENCY
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2001

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

Net Change in Fund Balances - Total Governmental Funds	\$ 1,948,906
Governmental funds report capital outlays as expenditures.	1,665,411
In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.	(48,624)
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 assets which were disposed.	(25,187)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	428,652
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	580,000
In the statement of activities, interest is accrued on outstanding bonds; whereas in governmental funds, an interest expenditure is reported when due.	7,698
Some expense reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(32,302)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 4,524,554</u></u>

See accompanying notes to financial statements.

REDDING REDEVELOPMENT AGENCY
Notes to Financial Statements
June 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Entity

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

In July, 1990, the Agency's first project area, the "Midtown Project", was expanded and renamed the "Market Street Redevelopment Project".

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on the Agency activities as a whole. For the most part, the effect of interfund activity has been removed from these statements. The Agency only uses governmental activities, which normally are supported by taxes and intergovernmental revenues.

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

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

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

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

REDDING REDEVELOPMENT AGENCY
Notes to Financial Statements
June 30, 2001

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

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

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

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

The Agency reports the following major governmental funds:

The Canby Hilltop Cypress Special Revenue Fund accounts for housing set aside required under redevelopment law.

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

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

The Market Street Capital Project Fund accounts for all the projects in the Market Street project area.

The Canby Hilltop Cypress Capital Project Fund accounts for all the projects in the Canby Hilltop Cypress project area.

The SHASTECH Capital Project Fund accounts for all the projects in the SHASTECH project area.

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

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

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

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

REDDING REDEVELOPMENT AGENCY
Notes to Financial Statements
June 30, 2001

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

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

D. Assets, Liabilities, and Net Assets or Equity

Estimates

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

Cash and Investments

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

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Agency as a whole. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. When purchased, assets including infrastructure such as streets, traffic signals and signs, are recorded as expenditures in the governmental funds and capitalized in the government-wide statements. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

Personnel Services

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

REDDING REDEVELOPMENT AGENCY
Notes to Financial Statements
June 30, 2001

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

Net Assets

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

Interfund Transactions

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

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

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Budget Data

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

Budget information is adopted and presented for the special revenue, debt service and capital project funds. The presentations represent original appropriations adjusted for supplemental appropriations, if any, made during the year.

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

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

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

- A. The Agency does not budget for GASB 31 interest income.
- B. The Agency does not budget for accounts payable.
- C. The Agency does not budget for benefit accruals.
- D. The Agency does not budget for transfers from the debt service funds when revenue is in excess of debt service requirements.
- E. The Agency budgets for certain receivables and payables on a cash basis.
- F. The Agency budgets for land to be held for resale as an expenditure.

REDDING REDEVELOPMENT AGENCY
Notes to Financial Statements
June 30, 2001

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY - (Continued)

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, if any, 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.

NOTE 3 - CASH AND INVESTMENTS

The cash and investments as of June 30, 2001, are displayed on the balance sheet as follows:

Cash and investments	<u>\$22,190,279</u>
Total	<u>\$22,190,279</u>

Deposits - At June 30, 2001, the carrying amount of the Agency's deposits were \$24,759. The bank balance was \$24,755, all of which was covered by Federal depository insurance.

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

The California Government Code and the investment policy of the Agency authorize the Agency to invest in obligations, participations, or other instruments of the U.S. Government or its agencies, state and municipal bonds, commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by Standard & Poor's Corporation or Moody's Investor Service, Inc., bankers' acceptances, repurchase agreements, and the State Treasurer's Investment Pool (LAIF). Reverse repurchase agreements may be made only when prior approval of the Board of Directors has been given.

The Agency invests funds in the State Treasurer's Pooled Money Investment Account (PMIA) through the Local Agency Investment Fund (LAIF), a voluntary program created by statute in 1977. The PMIA has regulatory oversight from the Pooled Money Investment Board and an in-house Investment Committee. LAIF has oversight by the Local Agency Investment Advisory Board. The fair value of the Agency's position in the pool is materially equivalent to the value of pool shares.

In accordance with authorized investment laws, the State Treasurer's investment pool (LAIF) invests in various structured notes and mortgage-backed securities, such as collateralized mortgage obligations. As of July 1, 2001, 4.506% of LAIF's investment portfolio was invested in structured notes and other asset-backed securities.

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

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

REDDING REDEVELOPMENT AGENCY
Notes to Financial Statements
June 30, 2001

NOTE 3 - CASH AND INVESTMENTS - (Continued)

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

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

At June 30, 2001, the Agency's investments and deposits consisted of the following:

	<u>Category</u>			<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
U. S. Government Securities	\$ —	\$ 456,274	\$ —	\$ 456,274	\$ 456,274
Total categorized investments	<u>\$ —</u>	<u>\$ 456,274</u>	<u>\$ —</u>	<u>456,274</u>	<u>456,274</u>
Investment in State Treasurer's investment pool				18,857,779	18,857,779
Guaranteed investment agreements				1,129,250	1,129,250
Mutual funds				<u>1,722,217</u>	<u>1,722,217</u>
Total investments				22,165,520	<u><u>\$22,165,520</u></u>
Deposits				<u>24,759</u>	
Total cash and investments				<u><u>\$22,190,279</u></u>	

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables as of June 30, 2001, are comprised of the following:

Capital Project Funds:	
City of Redding - Wastewater Fund	\$ 170,398
State of California - State Water Quality Control Board	168,842
City of Redding - General Fund	<u>258,813</u>
	<u><u>\$ 598,053</u></u>

NOTE 5 - NOTES RECEIVABLE

Notes receivable as of June 30, 2001, consist of the following:

Two 8%, four 5% and one 3% notes receivable, payable in monthly installments of \$994 including interest. The notes, due through August, 2016, are secured by residential real property.

\$ 79,290

REDDING REDEVELOPMENT AGENCY
Notes to Financial Statements
June 30, 2001

NOTE 5 - NOTES RECEIVABLE - (Continued)

Twenty-five 5% notes with principal and accrued interest due upon property transfer or sale, upon death of owner, or upon change of use of the property. The notes are secured by residential real property.	463,537
One hundred sixty-three notes receivable with principal and accrued interest due upon property transfer or sale, upon death of owner, or upon change of use of the property. Interest due on the loans is 15% of property appreciation over the life of the loan. The notes are secured by residential real property.	2,627,114
3% note receivable from Shasta Housing Development Corporation with interest and principal due August, 2034. The note is secured by residential real property.	189,750
Note receivable from Northern Valley Catholic Social Services due January, 2055. The note bears interest at 1% and is secured by real property. Payments are due only when there are residual receipts from the project and/or at maturity.	1,121,906
Note receivable from Northern Valley Catholic Social Services due September, 2039. The note bears interest at 3% and is secured by real property. Payments are due only when there are residual receipts from the project and/or at maturity.	250,000
Funding agreement from the Downtown Redding Business Association due July, 2003. The agreement bears 0% interest.	14,921
Deferred acquisition and preconstruction funding agreement from Christian Church Homes of Northern California, Inc., dated April 20, 2001. The agreement bears interest at 3%. The total funding agreement of \$1,010,000 will be converted to a residual receipts loan.	964,585
Owner participation agreement from Catholic Charities of Sacramento, Inc., due December, 2010. The agreement bears interest at 4.92%.	107,500
Note receivable from Northern Valley Catholic Social Services due August, 2022. The note which is secured by real property bears interest at 3% for the first twelve years and 5% thereafter. Payments are due only when there are residual receipts from the project and/or at maturity.	<u>115,000</u>
Total notes receivable	<u>\$ 5,933,603</u>

No allowance for doubtful accounts is presented in the accompanying financial statements as management considers all receivables to be collectible.

REDDING REDEVELOPMENT AGENCY
Notes to Financial Statements
June 30, 2001

NOTE 6 - INTERGOVERNMENTAL PAYABLES

Intergovernmental payables consist of the following:

Reimbursement Agreements

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

The first agreement is a reciprocal one that provides for the Agency, as funds become available from tax increment revenue, to reimburse the City for all amounts paid to the Agency under the Midtown Project Lease. Therefore, in substance, the final source for this reimbursement is the property tax increment revenue. The amounts paid in fiscal year 2000-2001 under this agreement amounted to \$-0-.

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

Note Payable to City of Redding

City Council approved on August 25, 1972, a loan for \$550,000 from the City of Redding Electric Utility Fund to the Agency. The current balance is \$308,105 with interest at three percent to be repaid by periodic payments from tax increment payments, or out of any other funds available, until the total of principal and interest have been repaid. The monies were used for the sole purpose of acquiring an underground public parking facility located at the Midtown Mall. Upon retirement of the debt, the Agency shall convey all of its right to title and interest in the underground public parking facility to the City of Redding in accordance with their agreement dated August 25, 1972. Interest payable as of June 30, 2001 is \$194,106.

Following is a summary of the intergovernmental payable amounts as of June 30, 2001:

Fund	Amount
Special Revenue funds:	
Market Street	\$ 5
Canby-Hilltop-Cypress Project Reimbursement Agreement	331
Total special revenue funds	336
Debt Service funds:	
Midtown Project Reimbursement Agreement	980,391
Midtown Project note payable	308,105
Canby-Hilltop-Cypress Project Reimbursement Agreement	—
Total debt service funds	1,288,496
Capital Project funds:	
Canby-Hilltop-Cypress Project Reimbursement Agreement	7,095
SHASTECH Reimbursement Agreement	34,707
Total capital project funds	41,802
Total intergovernmental payable	\$ 1,330,634

REDDING REDEVELOPMENT AGENCY
Notes to Financial Statements
June 30, 2001

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in Long-Term Debt during the year ended June 30, 2001:

	Balance <u>July 1, 2000</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2001</u>
<u>Project Area:</u>				
<u>Market Street</u>				
Tax Allocation Bonds (Series A)	\$ <u>2,120,000</u>	\$ <u>—</u>	\$ <u>40,000</u>	\$ <u>2,080,000</u>
<u>Midtown</u>				
Lease Revenue Bonds	<u>210,000</u>	<u>—</u>	<u>65,000</u>	<u>145,000</u>
<u>Canby-Hilltop-Cypress</u>				
Tax Allocation Bonds (Series C)	5,230,000	<u>—</u>	115,000	5,115,000
Tax Allocation Bonds (Series D)	<u>15,570,000</u>	<u>—</u>	<u>360,000</u>	<u>15,210,000</u>
 Total Canby-Hilltop-Cypress	 <u>20,800,000</u>	 <u>—</u>	 <u>475,000</u>	 <u>20,325,000</u>
 Total general long-term debt	 <u>\$23,130,000</u>	 <u>\$ —</u>	 <u>\$ 580,000</u>	 <u>\$22,550,000</u>

Long-term debt consists of the following as of June 30, 2001:

Lease Revenue Bonds:

Interest from 5.5% to 7% payable on May 1 and November 1; maturities payable on November 1 in annual redemptions from \$20,000 to \$75,000; final payment November 1, 2003. Original issue: \$980,000. The Lease Revenue Bonds were issued to finance construction of a parking structure in the Midtown Redevelopment Area. \$ 145,000

Tax Allocation Bonds, Series A:

Interest at 6.7% payable March 1 and September 1; maturities are payable September 1 in annual redemptions from \$10,000 to \$170,000; final payment September 1, 2023. Original issue: \$2,285,000. Proceeds from the Series A Bonds are used to finance various capital improvements within the Market Street Redevelopment Area. 2,080,000

REDDING REDEVELOPMENT AGENCY
Notes to Financial Statements
June 30, 2001

NOTE 7 - LONG-TERM DEBT - (Continued)

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 used to finance various capital improvements within the Canby-Hilltop-Cypress Redevelopment Area. 5,115,000

Tax Allocation Bonds, Series D:

Interest from 2.7% to 5% payable March 1 and September 1; maturities are payable September 1 in annual redemptions from \$300,000 to \$1,075,000; final payment September 1, 2023. Original issue: \$17,510,000. Proceeds from the Series D Bonds were used to refund Tax Allocation Bonds, Series A and B. Remaining proceeds will be used to finance various capital improvements within the Canby-Hilltop-Cypress Redevelopment Area. 15,210,000

Total long-term debt \$22,550,000

Annual requirements to amortize long-term debt outstanding as of June 30, 2001 are set forth below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 605,000	\$ 1,194,376	\$ 1,799,376
2003	635,000	1,164,141	1,799,141
2004	585,000	1,131,420	1,716,420
2005	615,000	1,100,250	1,715,250
2006	645,000	1,066,450	1,711,450
2007-2011	3,795,000	4,757,005	8,552,005
2012-2016	4,925,000	3,589,555	8,514,555
2017-2021	6,415,000	2,066,295	8,481,295
2022-2024	<u>4,330,000</u>	<u>332,230</u>	<u>4,662,230</u>
	<u><u>\$22,550,000</u></u>	<u><u>\$16,401,722</u></u>	<u><u>\$38,951,722</u></u>

NOTE 8 - INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS

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

REDDING REDEVELOPMENT AGENCY
Notes to Financial Statements
June 30, 2001

NOTE 8 - INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS - (Continued)

<u>Advances Receivable From/Payable to:</u>	<u>Receivable</u>	<u>Payable</u>
Capital Project Funds:		
Canby-Hilltop-Cypress Project	\$ 222,167	\$ —
Buckeye Project	—	166,200
Market Street Project	—	55,967

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

The Canby-Hilltop-Cypress Project Fund advanced amounts to cover acquisition of Nick's Drive-In under an agreement dated December 15, 1997. Market Street Project Fund is to repay the original advance of \$200,000, of which \$55,967 remains due.

<u>Interfund Transfers:</u>	<u>Transfers in</u>	<u>Transfers Out</u>
Debt Service Funds:		
Canby-Hilltop-Cypress Project	\$ —	\$ 520,276
Market Street Project	—	5,125
Capital Project Funds:		
Canby-Hilltop-Cypress Project	520,276	—
Market Street Project	5,125	—
Total	<u>\$ 525,401</u>	<u>\$ 525,401</u>

In the fund financial statements, total transfers in and out are \$525,401. In the Canby-Hilltop-Cypress Debt Service Fund and Market Street Debt Service Fund revenue in excess of the debt service requirements was transferred to the capital project funds.

NOTE 9 - FUND BALANCE DEFICITS

Midtown Project Debt Service Fund (\$1,321,124) - As a result of Proposition 13, property tax increment revenue in the project area has not increased to the level necessary to make debt service payments. Funds have been advanced from the City of Redding to meet debt service requirements. The debt will be paid off in fiscal year end 2003 and funds will then be available to start repaying the advances made from the City.

Buckeye Capital Project Fund (\$160,225) - The deficit is the result of a new project area. The deficit should be eliminated as future tax increments are received.

REDDING REDEVELOPMENT AGENCY
Notes to Financial Statements
June 30, 2001

NOTE 10 - TAX INCREMENT REVENUE

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

NOTE 11 - CAPITAL ASSETS AND DEPRECIATION

A summary of changes in capital assets and depreciation is set forth below:

	Balance July 1, 2000	Additions	Reductions	Balance June 30, 2001
Land	\$ 1,740,094	\$ 316,183	\$ 10,622	\$ 2,045,655
Buildings	1,458,665	—	2,932	1,455,733
Construction in process	114,533	1,349,226	2,453	1,461,306
Equipment	<u>35,052</u>	<u>—</u>	<u>28,920</u>	<u>6,132</u>
Total	3,348,344	1,665,409	44,927	4,968,826
Less: accumulated depreciation	<u>1,278,987</u>	<u>48,624</u>	<u>20,021</u>	<u>1,307,590</u>
Book value	<u>\$ 2,069,357</u>	<u>\$ 1,616,785</u>	<u>\$ 24,906</u>	<u>\$ 3,661,236</u>

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

<u>Project Area:</u>	Balance July 1, 2000	Additions	Reductions	Balance June 30, 2001
<u>Market Street</u>				
Land	<u>\$ 994,992</u>	<u>\$ 286,668</u>	<u>\$ 10,622</u>	<u>\$ 1,271,038</u>
<u>Midtown</u>				
Buildings	<u>1,458,665</u>	<u>—</u>	<u>2,932</u>	<u>1,455,733</u>
<u>Canby-Hilltop-Cypress</u>				
Land	745,102	316,183	—	1,061,285
Equipment	35,052	—	28,920	6,132
Construction in process	10,681	565,193	2,453	573,421
Total Canby-Hilltop-Cypress	<u>790,835</u>	<u>881,376</u>	<u>31,373</u>	<u>1,640,838</u>
<u>SHASTEC</u>				
Construction in process	<u>103,852</u>	<u>497,365</u>	<u>—</u>	<u>601,217</u>
Total capital assets	<u>\$ 3,348,344</u>	<u>\$ 1,665,409</u>	<u>\$ 44,927</u>	<u>\$ 4,968,826</u>

REDDING REDEVELOPMENT AGENCY
Notes to Financial Statements
June 30, 2001

NOTE 12 - RISK MANAGEMENT

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

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

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

Liability Insurance is administered as a co-insurance plan. The City is self-insured up to \$500,000 with a municipal risk retention pool co-insuring claims from \$500,001 to \$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 quasi-external transactions. Incurred but not reported claims liability has been included in the claims payable amount as of June 30, 2001.

Property Insurance is administered as a co-insurance plan. The City is self-insured for claims up to \$25,000. An insurance company co-insures claims over \$25,000. The Risk Management Fund recognizes revenue from fund charges and accounts for actual expenditures. Funds determined to be at risk are charged a percentage of the total estimated insurance and claim expense. Percentages are based upon loss experience, and the interfund charges are reported as quasi-external transactions. Incurred but not reported claims liability has been included in the claims payable amount as of June 30, 2001.

NOTE 13 - COMMITMENTS

A number of construction contracts existed at June 30, 2001. The unexpended authorized amount of \$1,080,787 represents a commitment by the Agency.

NOTE 14 - PRIOR YEAR RESTATEMENTS

In fiscal year ending 2001, the Redding Redevelopment Agency implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 34 "Basic Financial Statements — and

REDDING REDEVELOPMENT AGENCY
Notes to Financial Statements
June 30, 2001

NOTE 14 - PRIOR YEAR RESTATEMENTS - (Continued)

Management's Discussion and Analysis — for State and Local Governments." Statement No. 34 established new financial reporting requirements for all state and local governments and consists of the following:

- Management's discussion and analysis;
- Basic Financial Statements
- Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting;
- Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds;
- Notes to the financial statements;
- Required supplementary information, which requires budgetary comparison schedules to be presented.

NOTE 15 - RESTRICTED CASH AND INVESTMENTS

Certain proceeds of the Agency's bonds, as well as certain resources set aside for their repayment, are restricted assets and are included in the cash and investments on the balance sheet. These amounts are maintained in a separate bank account and their use is limited by applicable bond covenants. The total amount in these restricted accounts is \$3,307,745. Following is a brief description of the restrictions and the amounts:

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

Midtown Mall lease revenue reserve account	\$ 160,537
Canby Hilltop Cypress Series C reserve account	469,432
Canby Hilltop Cypress Series D reserve account	1,129,250
Market Street Series A bond reserve account	<u>182,797</u>
Total	<u>\$ 1,942,016</u>

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

Midtown Mall lease revenue special account	\$ 7,563
Canby Hilltop Cypress Series C special account	359,731
Canby Hilltop Cypress Series D special account	991,648
Market Street Series A bond special account	<u>6,787</u>
Total	<u>\$ 1,365,729</u>

NOTE 16 - PRIOR PERIOD ADJUSTMENT

The prior period adjustment in the Canby Hilltop Cypress Special Revenue Fund is to correct an error in writing off the note receivable in a prior year. There was no effect on the excess of revenue over (under) expenses for the year ended June 30, 2000 as a result of this error.

REQUIRED SUPPLEMENTARY INFORMATION

REDDING REDEVELOPMENT AGENCY
 Canby-Hilltop-Cypress Special Revenue Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2001

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS):				
Tax increment	\$ 1,001,080	\$ 1,001,080	\$ 1,062,812	\$ 61,732
Use of money and property	245,100	245,100	442,863	197,763
Intergovernmental revenues	140,000	140,000	140,000	—
Other revenue	1,000	1,000	210,685	209,685
Proceeds from sale of land	<u>—</u>	<u>—</u>	<u>2,837</u>	<u>2,837</u>
Amount available for appropriation	<u>1,387,180</u>	<u>1,387,180</u>	<u>1,859,197</u>	<u>472,017</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Administrative	487,122	491,262	411,834	79,428
Professional services	4,000	4,000	3,157	843
Housing assistance	<u>1,382,000</u>	<u>2,628,470</u>	<u>1,318,573</u>	<u>1,309,897</u>
Total charges to appropriations	<u>1,873,122</u>	<u>3,123,732</u>	<u>1,733,564</u>	<u>1,390,168</u>
Excess of resources over (under) charges to appropriations	<u>(485,942)</u>	<u>(1,736,552)</u>	<u>125,633</u>	<u>1,862,185</u>
BUDGETARY FUND BALANCE,				
beginning of year	<u>6,641,744</u>	<u>6,641,744</u>	<u>6,641,744</u>	<u>—</u>
Prior period adjustment	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>	<u>—</u>
BUDGETARY FUND BALANCE,				
beginning of year restated	<u>6,756,744</u>	<u>6,756,744</u>	<u>6,756,744</u>	<u>—</u>
BUDGETARY FUND BALANCE,				
end of year	<u>\$ 6,270,802</u>	<u>\$ 5,020,192</u>	<u>\$ 6,882,377</u>	<u>\$ 1,862,185</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:

	\$ 7,507,620
1. Financial statement only interest income adjustment per GASB 31.	(5,851)
2. The Agency budgets for and records loan payments received in the revenue accounts, but adjusts the actual payment to loans receivable.	272,105
3. The Agency does not budget for benefit accruals.	269
4. The Agency does not budget for accounts payable adjustments.	129,326
5. The Agency 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.	(205,165)
6. The Agency budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.	<u>(815,927)</u>
Budgetary fund balance	<u>\$ 6,882,377</u>

See accompanying notes to financial statements.

REDDING REDEVELOPMENT AGENCY
Midtown Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2001

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS):				
Tax increment	\$ 33,000	\$ 33,000	\$ 22,955	\$ (10,045)
Use of money and property	<u>87,470</u>	<u>87,470</u>	<u>89,026</u>	<u>1,556</u>
Amount available for appropriation	<u>120,470</u>	<u>120,470</u>	<u>111,981</u>	<u>(8,489)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Administrative	1,700	1,700	883	817
Professional services	500	500	—	500
Debt Service:				
Bond administration costs	2,100	2,100	1,500	600
Principal retirement	69,110	65,110	65,000	110
Interest	<u>51,060</u>	<u>51,060</u>	<u>51,226</u>	<u>166</u>
Total charges to appropriations	<u>124,470</u>	<u>120,470</u>	<u>118,609</u>	<u>1,861</u>
Excess of resources over (under) charges to appropriations	<u>(4,000)</u>	<u>—</u>	<u>(6,628)</u>	<u>(6,628)</u>
BUDGETARY FUND BALANCE (DEFICIT), beginning of year				
	<u>(1,237,025)</u>	<u>(1,237,025)</u>	<u>(1,237,025)</u>	<u>—</u>
BUDGETARY FUND BALANCE (DEFICIT), end of year				
	<u><u>\$(1,241,025)</u></u>	<u><u>\$(1,237,025)</u></u>	<u><u>\$(1,243,653)</u></u>	<u><u>\$(6,628)</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:			\$ (1,321,124)	
1. The Agency budgets for lease revenue for the parking structure, but adjusts the actual advance to intergovernmental payable.			<u>77,471</u>	
Budgetary fund balance			<u><u>\$(1,243,653)</u></u>	

See accompanying notes to financial statements.

REDDING REDEVELOPMENT AGENCY
 Canby-Hilltop-Cypress Debt Service Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2001

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS):				
Tax increment	\$ 1,978,060	\$ 1,978,060	\$ 2,025,889	\$ 47,829
Use of money and property	<u>110,000</u>	<u>110,000</u>	<u>106,692</u>	<u>(3,308)</u>
Amount available for appropriation	<u>2,088,060</u>	<u>2,088,060</u>	<u>2,132,581</u>	<u>44,521</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Administrative	110,000	110,000	97,609	12,391
Debt Service:				
Bond administration costs	15,000	15,000	6,180	8,820
Principal retirement	475,000	475,000	475,000	—
Interest	<u>1,069,220</u>	<u>1,069,220</u>	<u>1,069,210</u>	<u>10</u>
Total charges to appropriations	<u>1,669,220</u>	<u>1,669,220</u>	<u>1,647,999</u>	<u>21,221</u>
Excess of resources over (under) charges to appropriations	<u>418,840</u>	<u>418,840</u>	<u>484,582</u>	<u>65,742</u>
BUDGETARY FUND BALANCE, beginning of year	<u>3,078,494</u>	<u>3,078,494</u>	<u>3,078,494</u>	<u>—</u>
BUDGETARY FUND BALANCE, end of year	<u>\$ 3,497,334</u>	<u>\$ 3,497,334</u>	<u>\$ 3,563,076</u>	<u>\$ 65,742</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:			\$ 3,077,576	
1. Financial statement only interest income adjustment per GASB 31.			(34,776)	
2. Excess funds from debt service transferred to capital projects.			<u>520,276</u>	
Budgetary fund balance			<u>\$ 3,563,076</u>	

See accompanying notes to financial statements.

REDDING REDEVELOPMENT AGENCY
Market Street Capital Project
Budgetary Comparison Schedule
For the Year Ended June 30, 2001

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS):				
Tax increment	\$ 620,000	\$ 620,000	\$ 681,694	\$ 61,694
Use of money and property	44,600	44,600	71,377	26,777
Intergovernmental revenues	1,161,419	1,161,419	887,425	(273,994)
Other revenue	—	—	21,556	21,556
Proceeds from sale of land	—	—	3,400	3,400
Proceeds from loan	344,000	344,000	—	(344,000)
Operating transfers in	<u>250,000</u>	<u>250,000</u>	<u>—</u>	<u>(250,000)</u>
Amount available for appropriation	<u>2,420,019</u>	<u>2,420,019</u>	<u>1,665,452</u>	<u>(754,567)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Administrative	435,965	435,965	248,827	187,138
Professional services	10,000	11,070	1,758	9,312
Capital Outlay:				
Project improvements	213,000	2,530,670	1,139,992	1,390,678
Debt Service:				
Principal retirement	50,000	50,000	50,000	—
Interest	<u>5,030</u>	<u>5,030</u>	<u>5,897</u>	<u>(867)</u>
Total charges to appropriations	<u>713,995</u>	<u>3,032,735</u>	<u>1,446,474</u>	<u>1,586,261</u>
Excess of resources over (under) charges to appropriations	<u>1,706,024</u>	<u>(612,716)</u>	<u>218,978</u>	<u>831,694</u>
BUDGETARY FUND BALANCE, beginning of year	<u>1,332,430</u>	<u>1,332,430</u>	<u>1,332,430</u>	<u>—</u>
BUDGETARY FUND BALANCE, end of year	<u>\$ 3,038,454</u>	<u>\$ 719,714</u>	<u>\$ 1,551,408</u>	<u>\$ 831,694</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:			\$ 1,173,057	
1.	Financial statement only interest income adjustment per GASB 31.		(4,324)	
2.	The Agency budgets for and records grants on a cash basis, but adjusts the revenue account to grants receivable at year end.		181,425	
3.	Excess funds from debt service transferred to capital projects.		(5,125)	
4.	The Agency does not budget for benefit accruals.		(25)	
5.	The Agency does not budget for accounts payable adjustments.		266,172	
6.	The Agency budgets for and records principal payments in the expenditure accounts, but adjusts the actual payment to loans payable.		(50,000)	
7.	The Agency budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.		(20,072)	
8.	The Agency budgets for and records loan payments received in the revenue accounts, but adjusts the actual payment to loans receivable.		<u>10,300</u>	
	Budgetary fund balance		<u>\$ 1,551,408</u>	

See accompanying notes to financial statements.

REDDING REDEVELOPMENT AGENCY
 Canby-Hilltop-Cypress Capital Project
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2001

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS):				
Tax increment	\$ 723,440	\$ 723,440	\$ 851,969	\$ 128,529
Use of money and property	503,601	503,601	1,080,577	576,976
Intergovernmental revenues	400,372	400,372	398,764	(1,608)
Other revenue	—	—	5,002	5,002
Proceeds from sale of land	<u>159,290</u>	<u>159,290</u>	<u>280</u>	<u>(159,010)</u>
Amount available for appropriation	<u>1,786,703</u>	<u>1,786,703</u>	<u>2,336,592</u>	<u>549,889</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Administrative	414,051	414,931	433,041	(18,110)
Professional services	43,500	104,440	90,969	13,471
Capital Outlay:				
Project improvements	1,835,000	12,670,290	2,005,743	10,664,547
Equipment purchases	<u>—</u>	<u>8,660</u>	<u>7,719</u>	<u>941</u>
Total charges to appropriations	<u>2,292,551</u>	<u>13,198,321</u>	<u>2,537,472</u>	<u>10,660,849</u>
Excess of resources over (under) charges to appropriations	<u>(505,848)</u>	<u>(11,411,618)</u>	<u>(200,880)</u>	<u>11,210,738</u>
BUDGETARY FUND BALANCE, beginning of year	<u>14,675,182</u>	<u>14,675,182</u>	<u>14,675,182</u>	<u>—</u>
BUDGETARY FUND BALANCE, end of year	<u>\$14,169,334</u>	<u>\$ 3,263,564</u>	<u>\$14,474,302</u>	<u>\$11,210,738</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:

	\$14,639,277
1. Financial statement only interest income adjustment per GASB 31.	(46,848)
2. The Agency budgets for and records principal payments in the revenue accounts, but adjusts the actual payment to loans receivable.	94,066
3. The Agency budgets for and records grants on a cash basis, but adjusts the revenue account to grants receivable at year end.	398,764
4. Excess funds from debt service transferred to capital projects.	(520,276)
5. The Agency does not budget for benefit accruals.	(13)
6. The Agency does not budget for accounts payable adjustments.	(87,686)
7. The Agency budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.	<u>(2,982)</u>
Budgetary fund balance	<u>\$14,474,302</u>

See accompanying notes to financial statements.

REDDING REDEVELOPMENT AGENCY
SHASTEC Capital Project
Budgetary Comparison Schedule
For the Year Ended June 30, 2001

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS):				
Tax increment	\$ 310,504	\$ 310,504	\$ 340,264	\$ 29,760
Use of money and property	18,000	18,000	50,983	32,983
Intergovernmental revenues	5,000,000	5,000,000	1,316,763	(3,683,237)
Other revenue	—	—	41,943	41,943
Proceeds from loan	2,000,000	2,000,000	—	(2,000,000)
Amount available for appropriation	7,328,504	7,328,504	1,749,953	(5,578,551)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Administrative	43,309	122,564	108,957	13,607
Professional services	1,300	1,300	403	897
Capital Outlay:				
Project improvements	—	6,852,340	1,594,523	5,257,817
Debt Service:				
Principal retirement	44,977	88,120	88,114	6
Interest	5,023	5,300	34,707	(29,407)
Total charges to appropriations	94,609	7,069,624	1,826,704	5,242,920
Excess of resources over (under) charges to appropriations	7,233,895	258,880	(76,751)	(335,631)
BUDGETARY FUND BALANCE,				
beginning of year	185,054	185,054	185,054	—
BUDGETARY FUND BALANCE,				
end of year	\$ 7,418,949	\$ 443,934	\$ 108,303	\$ (335,631)

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:

	\$ 1,393,268
1. Financial statement only interest income adjustment per GASB 31.	(873)
2. The Agency does not budget for accounts payable adjustments.	21,387
3. The Agency budgets for and records principal payments in the expenditure accounts, but adjusts the actual payment to loans payable.	(88,114)
4. The Agency budgets for land purchases in the expenditure accounts, but adjusted the actual payment to deposits for land purchased by condemnation.	(1,140,000)
5. The Agency budgets for and records grants on a cash basis, but adjusts the revenue accounts to grants receivable at year end.	(77,365)
Budgetary fund balance	\$ 108,303

See accompanying notes to financial statements.

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SUPPLEMENTAL INFORMATION

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Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Debt Service Funds

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

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

Capital Project Funds

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

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

REDDING REDEVELOPMENT AGENCY
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2001

	<u>Market Street Special Revenue</u>	<u>SHASTE Special Revenue</u>
ASSETS		
Assets:		
Cash and investments	\$ 1,161,837	\$ 165,571
Receivables:		
Tax increment	42,548	12,219
Accrued interest	52,169	1,975
Notes	511,750	—
Assets held for sale	<u>193,330</u>	<u>—</u>
 Total assets	 <u>\$ 1,961,634</u>	 <u>\$ 179,765</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 3,000	\$ —
Intergovernmental payable	5	—
Deferred revenue	66,904	9,564
Advances from other funds	<u>—</u>	<u>—</u>
 Total liabilities	 <u>69,909</u>	 <u>9,564</u>
Fund balances:		
Reserved for noncurrent notes receivable	511,750	—
Reserved for debt service	—	—
Unreserved:		
Designated for continuing projects	1,053,060	—
Undesignated (deficit)	<u>326,915</u>	<u>170,201</u>
 Total fund balances	 <u>1,891,725</u>	 <u>170,201</u>
 Total liabilities and fund balance	 <u>\$ 1,961,634</u>	 <u>\$ 179,765</u>

<u>Market Street Debt Service</u>	<u>Buckeye Capital Project</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 189,584	\$ 5,897	\$ 1,522,889
130,836	—	185,603
540	78	54,762
—	—	511,750
<u>—</u>	<u>—</u>	<u>193,330</u>
<u>\$ 320,960</u>	<u>\$ 5,975</u>	<u>\$ 2,468,334</u>
\$ —	\$ —	\$ 3,000
—	—	5
105,714	—	182,182
<u>—</u>	<u>166,200</u>	<u>166,200</u>
<u>105,714</u>	<u>166,200</u>	<u>351,387</u>
—	—	511,750
215,246	—	215,246
—	—	1,053,060
<u>—</u>	<u>(160,225)</u>	<u>336,891</u>
<u>215,246</u>	<u>(160,225)</u>	<u>2,116,947</u>
<u>\$ 320,960</u>	<u>\$ 5,975</u>	<u>\$ 2,468,334</u>

REDDING REDEVELOPMENT AGENCY
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2001

	<u>Market Street Special Revenue</u>	<u>SHASTEC Special Revenue</u>
REVENUES:		
Tax increment	\$ 295,069	\$ 85,066
Use of money and property	91,581	8,248
Intergovernmental revenues	—	—
Other revenue	—	—
	<u>386,650</u>	<u>93,314</u>
Total revenues		
EXPENDITURES:		
Current:		
Administrative	9,900	2,641
Housing assistance	20,630	33,000
Debt service:		
Bond issuance and other costs	—	—
Principal retirement	—	—
Interest	—	—
	<u>30,530</u>	<u>35,641</u>
Total expenditures		
Excess of revenues over (under) expenditures	<u>356,120</u>	<u>57,673</u>
OTHER FINANCING SOURCES (USES):		
Operating transfers out	—	—
	<u>—</u>	<u>—</u>
Total other financing sources (uses)		
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>356,120</u>	<u>57,673</u>
FUND BALANCES (DEFICIT), beginning of year	<u>1,535,605</u>	<u>112,528</u>
FUND BALANCES (DEFICIT), end of year	<u><u>\$ 1,891,725</u></u>	<u><u>\$ 170,201</u></u>

<u>Market Street Debt Service</u>	<u>Buckeye Capital Project</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 225,628	\$ —	\$ 605,763
10,984	263	111,076
—	—	—
<u>—</u>	<u>5,712</u>	<u>5,712</u>
<u>236,612</u>	<u>5,975</u>	<u>722,551</u>
30,444	157,081	200,066
—	—	53,630
3,800	—	3,800
40,000	—	40,000
<u>140,700</u>	<u>9,119</u>	<u>149,819</u>
<u>214,944</u>	<u>166,200</u>	<u>447,315</u>
<u>21,668</u>	<u>(160,225)</u>	<u>275,236</u>
<u>(5,125)</u>	<u>—</u>	<u>(5,125)</u>
<u>(5,125)</u>	<u>—</u>	<u>(5,125)</u>
<u>16,543</u>	<u>(160,225)</u>	<u>270,111</u>
<u>198,703</u>	<u>—</u>	<u>1,846,836</u>
<u>\$ 215,246</u>	<u>\$ (160,225)</u>	<u>\$ 2,116,947</u>

REDDING REDEVELOPMENT AGENCY
 Nonmajor Special Revenue Funds
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2001

	Market Street Special Revenue			
	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS):				
Tax increment	\$ 272,410	\$ 272,410	\$ 295,069	\$ 22,659
Use of money and property	<u>40,000</u>	<u>40,000</u>	<u>87,483</u>	<u>47,483</u>
Amount available for appropriation	<u>312,410</u>	<u>312,410</u>	<u>382,552</u>	<u>70,142</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Administrative	9,000	9,910	9,900	10
Professional services	720	720	—	720
Housing assistance	<u>620,000</u>	<u>1,630,210</u>	<u>520,206</u>	<u>1,110,004</u>
Total charges to appropriations	<u>629,720</u>	<u>1,640,840</u>	<u>530,106</u>	<u>1,110,734</u>
Excess of resources over (under) charges to appropriations	<u>(317,310)</u>	<u>(1,328,430)</u>	<u>(147,554)</u>	<u>1,180,876</u>
BUDGETARY FUND BALANCE, beginning of year	<u>1,535,605</u>	<u>1,535,605</u>	<u>1,535,605</u>	<u>—</u>
BUDGETARY FUND BALANCE, end of year	<u>\$ 1,218,295</u>	<u>\$ 207,175</u>	<u>\$ 1,388,051</u>	<u>\$ 1,180,876</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:

	\$ 1,891,725
1. Financial statement only interest income adjustment per GASB 31.	(4,099)
2. The Agency does not budget for accounts payable adjustments.	(6,245)
3. The Agency budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.	(300,000)
4. The Agency 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.	<u>(193,330)</u>
Budgetary fund balance	<u>\$ 1,388,051</u>

REDDING REDEVELOPMENT AGENCY
 Nonmajor Special Revenue Funds
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2001

	SHASTE C Special Revenue			
	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS):				
Tax increment	\$ 75,810	\$ 75,810	\$ 85,066	\$ 9,256
Use of money and property	<u>5,000</u>	<u>5,000</u>	<u>7,753</u>	<u>2,753</u>
Amount available for appropriation	<u>80,810</u>	<u>80,810</u>	<u>92,819</u>	<u>12,009</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Administrative	1,720	2,650	2,641	9
Housing assistance	<u>—</u>	<u>33,000</u>	<u>33,000</u>	<u>—</u>
Total charges to appropriations	<u>1,720</u>	<u>35,650</u>	<u>35,641</u>	<u>9</u>
Excess of resources over (under) charges to appropriations	<u>79,090</u>	<u>45,160</u>	<u>57,178</u>	<u>12,018</u>
BUDGETARY FUND BALANCE, beginning of year	<u>112,528</u>	<u>112,528</u>	<u>112,528</u>	<u>—</u>
BUDGETARY FUND BALANCE, end of year	<u>\$ 191,618</u>	<u>\$ 157,688</u>	<u>\$ 169,706</u>	<u>\$ 12,018</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:

	\$ 170,201
1. Financial statement only interest income adjustment per GASB 31.	<u>(495)</u>
Budgetary fund balance	<u>\$ 169,706</u>

REDDING REDEVELOPMENT AGENCY
 Nonmajor Debt Service Funds
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2001

	Market Street Debt Service			
	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS):				
Tax increment	\$ 223,200	\$ 223,200	\$ 225,628	\$ 2,428
Use of money and property	<u>10,000</u>	<u>10,000</u>	<u>9,766</u>	<u>(234)</u>
Amount available for appropriation	<u>233,200</u>	<u>233,200</u>	<u>235,394</u>	<u>2,194</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Administrative	35,500	35,500	30,444	5,056
Debt Service:				
Bond administration costs	7,000	7,000	3,800	3,200
Principal retirement	40,000	40,000	40,000	—
Interest	<u>140,700</u>	<u>140,700</u>	<u>140,700</u>	<u>—</u>
Total charges to appropriations	<u>223,200</u>	<u>223,200</u>	<u>214,944</u>	<u>8,256</u>
Excess of resources over (under) charges to appropriations	<u>10,000</u>	<u>10,000</u>	<u>20,450</u>	<u>10,450</u>
BUDGETARY FUND BALANCE, beginning of year	<u>198,703</u>	<u>198,703</u>	<u>198,703</u>	<u>—</u>
BUDGETARY FUND BALANCE, end of year	<u>\$ 208,703</u>	<u>\$ 208,703</u>	<u>\$ 219,153</u>	<u>\$ 10,450</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:

	\$ 215,246
1. Financial statement only interest income adjustment per GASB 31.	(1,218)
2. Excess funds from debt service transferred to capital projects.	<u>5,125</u>
Budgetary fund balance	<u>\$ 219,153</u>

REDDING REDEVELOPMENT AGENCY
 Nonmajor Capital Project Funds
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2001

	Buckeye Capital Project			
	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget- Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS):				
Use of money and property	\$ —	\$ —	\$ 249	\$ 249
Other revenue	—	—	5,712	5,712
Proceeds from loan	—	166,200	157,081	(9,119)
	—	166,200	163,042	(3,158)
Amount available for appropriation	—	166,200	163,042	(3,158)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
Administrative	—	157,081	157,081	—
Debt service:				
Interest	—	9,119	9,119	—
	—	166,200	166,200	—
Total charges to appropriations	—	166,200	166,200	—
Excess of resources over (under) charges to appropriations	—	—	(3,158)	(3,158)
BUDGETARY FUND BALANCE, beginning of year	—	—	—	—
BUDGETARY FUND BALANCE, end of year	\$ —	\$ —	\$ (3,158)	\$ (3,158)

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:

\$ (160,225)

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

(14)

2. The Agency budgets for and records proceeds from loans in the revenue accounts, but adjusts the actual loan to advances payable to other funds.

157,081

Budgetary fund balance

\$ (3,158)

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STATISTICAL SECTION

REDDING REDEVELOPMENT AGENCY
 General Revenue by Source
 Last Ten Fiscal Years

Fiscal Year	Taxes	Use of Money and Property	Proceeds from Long-term Debt Issue	Other	Total
1992-1993	\$ 3,385,287	\$ 520,765	\$ 5,905,000	\$ 40,000	\$ 9,851,052
1993-1994	3,921,096	1,049,862	9,844,591	1,450,652	16,266,201
1994-1995	3,748,370	1,355,719	-	26,466	5,130,555
1995-1996	3,713,925	1,294,823	-	845,994	5,854,742
1996-1997	3,899,608	1,273,110 *	-	617,678 *	5,790,396
1997-1998	4,318,800	1,267,200	-	1,562,549	7,148,549
1998-1999	4,708,738	1,234,603	-	1,270,293	7,213,634
1999-2000	4,946,154	1,401,103	-	608,093	6,955,350
2000-2001	5,591,346	1,601,625	-	2,521,243	9,714,214
2001-2002					-

Note: Includes all governmental fund revenues and other financing sources (excluding operating transfers).

Source: RRA Comprehensive Annual Financial Report (* as restated)

REDDING REDEVELOPMENT AGENCY
 General Expenditures by Function
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Capital Outlay</u>	<u>Current</u>	<u>Debt Service</u>	<u>Total</u>
1992-1993	\$ 656,021	\$ 916,493	\$ 1,711,552	\$ 3,284,066
1993-1994	1,167,152	619,887	3,213,228	5,000,267
1994-1995	2,561,358	859,048	1,902,921	5,323,327
1995-1996	4,609,214	837,394	1,854,734	7,301,342
1996-1997	3,202,255	996,109	1,849,747	6,048,111
1997-1998	5,864,818	1,385,281	1,869,985	9,120,084
1998-1999	455,674	1,446,893	1,874,950	3,777,517
1999-2000	3,582,158	1,801,179	1,864,518	7,247,855
2000-2001	3,784,798	2,078,171	1,902,339	7,765,308
2001-2002				-

Note: Includes all governmental fund expenditures.

Source: RRA Comprehensive Annual Financial Report

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

Fiscal Year	Total Tax Levy	Current Tax Collections	Current Suuplemental Tax Collections	Percent of Current/ Suuplemental Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
1992-1993	\$ 3,722,429	\$ 3,142,136	\$ 143,367	88.26%	\$ 133,208	\$ 3,418,711	91.84%	\$ 414,316	11.13%
1993-1994	4,354,774	3,549,116	83,420	83.42	108,069	3,740,605	85.90	611,659	14.05
1994-1995	4,515,372	3,296,983	170,425	76.79	403,149	3,870,557	85.72	451,433	10.00
1995-1996	4,727,470	3,448,258	39,239	73.77	146,109	3,633,606	76.86	585,312	12.38
1996-1997	5,089,879	3,644,817	90,656	73.39	168,361	3,903,834	76.70	386,667	7.60
1997-1998	5,453,437	4,127,657	89,213	77.32	204,821	4,421,691	81.08	406,773	7.46
1998-1999	6,018,364	4,273,621	240,037	75.00	196,377	4,710,035	78.26	419,476	6.97
1999-2000	6,680,903	4,717,844	85,925	71.90	191,790	4,995,559	74.77	559,295	8.37
2000-2001	7,292,745	5,082,363	159,657	71.88	263,958	5,505,978	75.50	752,384	10.32
2001-2002				#DIV/0!		-	#DIV/0!		#DIV/0!

Note: Basis for property tax rates is \$100 per assessed valuation.
The above amounts reflect the Agency as a whole.

Source: Shasta County Auditor-Controller records
Redding Redevelopment Agency

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

Canby-Hilltop-Cypress Project	Assessed Valuation		Percent Increase (Decrease)	
	Total	Over Base Year	Over Base Year	Over Previous Year
1984-1985	\$ 191,128,630	\$ 59,231,120	44.9%	- %
1985-1986	223,390,670	91,493,160	69.4	16.9
1986-1987	260,902,485	129,004,975	97.8	16.8
1987-1988	279,164,832	147,267,322	111.7	7.0
1988-1989	292,948,900	161,051,390	122.1	4.9
1989-1990	317,073,862	182,627,522	135.8	8.2
1990-1991	366,413,718	231,967,378	172.5	15.6
1991-1992	389,975,355	258,927,455	197.6	6.4
1992-1993	431,629,020	300,581,120	229.4	10.7
1993-1994	460,276,275	329,228,375	251.2	6.6
1994-1995	469,795,902	338,748,002	258.5	2.1
1995-1996	484,774,503	353,726,603	269.9	3.2
1996-1997	506,021,159	374,973,259	286.1	4.4
1997-1998	520,598,234	389,550,334	297.3	2.9
1998-1999	543,713,166	412,665,266	314.9	4.4
1999-2000	563,222,318	432,174,418	329.8	3.6
2000-2001	593,131,351	462,083,451	352.6	5.3
2001-2002	621,633,792	490,585,892	374.4	4.8
 <u>Base Year</u>				
1980-1981		134,446,340		
1991-1992	(Amended)	131,047,900		

Source: Shasta County Auditor-Controller

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

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

Canby-Hilltop-Cypress Amendment #1	Assessed Valuation		Percent Increase (Decrease)	
	Total	Over Base Year	Over Base Year	Over Previous Year
1991-1992	\$ 62,549,271	\$ 14,006,857	28.9%	- %
1992-1993	69,136,799	20,594,385	42.4	10.5
1993-1994	75,514,477	26,972,063	55.6	9.2
1994-1995	78,958,994	30,416,580	62.7	4.6
1995-1996	77,735,509	29,193,095	60.1	(1.5)
1996-1997	81,876,625	33,334,211	68.7	5.3
1997-1998	82,150,413	33,607,999	69.2	0.3
1998-1999	83,906,739	35,364,325	72.9	2.1
1999-2000	86,362,665	37,820,251	77.9	2.9
2000-2001	89,279,973	40,737,559	83.9	3.4
2001-2002	92,543,521	44,001,107	90.6	3.7
<u>Base Year</u>				
1989-1990	48,542,414			

Source: Shasta County Auditor-Controller

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

Midtown Project	Assessed Valuation		Percent Increase (Decrease)	
	Total	Over Base Year	Over Base Year	Over Previous Year
1980-1981	\$ 8,464,660	\$ 3,380,760	66.5%	- %
1981-1982	9,712,090	4,628,190	91.0	14.7
1982-1983	9,362,640	4,278,740	84.2	(3.6)
1983-1984	9,590,900	4,507,000	88.7	2.4
1984-1985	9,571,440	4,487,540	88.3	(0.2)
1985-1986	9,397,430	4,313,530	84.8	(1.8)
1986-1987	9,118,420	4,034,520	79.4	(3.0)
1987-1988	9,475,329	4,391,429	86.4	3.9
1988-1989	9,045,794	3,961,894	77.9	(4.5)
1989-1990	9,185,720	4,101,820	80.7	1.5
1990-1991	9,246,015	4,162,115	81.9	0.7
1991-1992	9,437,049	4,353,149	85.6	2.1
1992-1993	11,089,143	6,005,243	118.1	17.5
1993-1994	10,884,196	5,800,296	114.1	(1.8)
1994-1995	10,888,037	5,804,137	114.2	0.0
1995-1996	10,792,442	5,708,542	112.3	(0.9)
1996-1997	9,801,189	4,717,289	92.8	(9.2)
1997-1998	8,581,616	3,497,716	68.8	(12.4)
1998-1999	8,087,206	3,003,306	59.1	(5.8)
1999-2000	7,428,884	2,344,984	46.1	(8.1)
2000-2001	7,139,498	2,055,598	40.4	(3.9)
2001-2002	7,092,358	2,008,458	39.5	(0.7)
<hr/>				
Base Year				
1973-1974	5,083,900			

Source: Shasta County Auditor-Controller

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

Market Street (Expanded Project)	Assessed Valuation		Percent Increase (Decrease)	
	Total	Over Base Year	Over Base Year	Over Previous Year
1991-1992	\$ 314,140,593	\$ 29,944,525	10.6%	- %
1992-1993	323,147,205	38,951,137	13.8	2.9
1993-1994	351,341,077	67,145,009	23.8	8.7
1994-1995	353,182,209	68,986,141	24.4	0.5
1995-1996	360,988,158	76,792,090	27.2	2.2
1996-1997	371,960,947	87,764,879	31.1	3.0
1997-1998	385,086,690	102,836,626	36.4	3.5
1998-1999	395,121,470	112,871,406	40.0	2.6
1999-2000	403,798,267	121,548,203	43.1	2.2
2000-2001	421,624,890	139,374,826	49.4	4.4
2001-2002	449,083,797	166,833,733	59.1	6.5
<hr/>				
Base Year				
1989-1990	282,250,064			

Source: Shasta County Auditor-Controller

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

SHASTEC Project	Assessed Valuation		Percent Increase (Decrease)	
	Total	Over Base Year	Over Base Year	Over Previous Year
1997-1998	\$ 98,629,815 *	\$ 4,426,904 *	4.7%	- %
1998-1999	143,570,454	14,821,562	11.5	45.6
1999-2000	160,575,574	31,826,682	24.7	11.8
2000-2001	165,984,163	37,235,271	28.9	3.4
2001-2002	181,847,501	53,098,609	41.2	9.6
<u>Base Year</u>				
1995-1996	128,748,892			

Source: Shasta County Auditor-Controller

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

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

Buckeye Project	Assessed Valuation		Percent Increase (Decrease)	
	Total	Over Base Year	Over Base Year	Over Previous Year
2001-2002	\$ 66,155,557 *	\$ 2,116,557 *	4.7%	- %
<u>Base Year</u>				
1999-2000	64,039,000			

Source: Shasta County Auditor-Controller

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

REDDING REDEVELOPMENT AGENCY
Property Tax Rates
All Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Basic County, City, School Levy	School Districts	Bella Vista Water District	Community Services District	Total
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	0.5381	0.3698	0.0104	1.9183
1998-1999	1.0000	0.4400	0.3613	0.0000	1.8013
1999-2000	1.0000	0.5833	0.3423	0.0000	1.9256
2000-2001	1.0000	0.4577	0.3584	0.0000	1.8161
2001-2002					0.0000

Note: Basis for property tax rates is per \$100 assessed valuation.
The above amounts reflect the Agency as a whole.

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

REDDING REDEVELOPMENT AGENCY
Schedule of Debt Ratios
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>City of Redding Population (1)</u>	<u>City of Redding Assessed Value (2)</u>	<u>Redevelopment Agency Net General Bond Debt (3)</u>	<u>Ratio of Net Bonded Debt to Assessed Valuation</u>	<u>Debt per Capita</u>
1992-1993	73,900	\$ 2,985,077,112	\$ 16,185,000	0.54%	\$ 219.01
1993-1994	75,100	3,237,415,551	26,145,000	0.81	348.14
1994-1995	75,770	3,396,250,270	25,665,000	0.76	338.72
1995-1996	76,690	3,532,913,750	25,200,000	0.71	328.60
1996-1997	77,353	3,624,085,948	24,715,000	0.68	319.51
1997-1998	78,084	3,745,977,100	24,210,000	0.65	310.05
1998-1999	78,675	3,869,055,992	23,680,000	0.61	300.99
1999-2000	79,593	3,995,611,068	23,130,000	0.58	290.60
2000-2001	82,543	4,171,918,500	22,550,000	0.54	273.19
2001-2002				#DIV/0!	#DIV/0!

Note: Assessed values include supplemental tax rolls.

Source: (1) State of California
(2) Shasta County Assessor's Office
(3) RRA Comprehensive Annual Financial Report

REDDING REDEVELOPMENT AGENCY
 Computation of Direct and Overlapping Debt
 June 30, 2002

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Agency (3)</u>	<u>Amount Applicable to Agency</u>
City of Redding: (1)			
City of Redding	\$ 1,978,753	30.731%	\$ 608,091
City of Redding 1915 Act Bonds	11,784,500	100.000 *	11,784,500
County of Shasta: (2)			
Shasta Joint Powers Financing Authority	16,924,499	16.769	2,838,069
Shasta County Schools: (3)			
Anderson Union High School District	13,203,000	3.689	487,059
Columbia School District	4,865,000	6.664	324,204
Enterprise School District	23,165,306	43.056	9,974,054
Junction School District	2,004,022	12.366	247,817
Redding School District	<u>24,955,000</u>	26.228	<u>6,545,197</u>
Total direct and overlapping debt	<u>\$ 98,880,080</u>		<u>\$ 32,808,991</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 2000-2001.

* The City of Redding's percentage was used as the Redding Redevelopment Agency's percentage is not available.

REDDING REDEVELOPMENT AGENCY
Ratio of Annual Debt Service for
General Bonded Debt to Total General Expenditures
Last Ten Fiscal Years

Fiscal Year	Bond Principal	Bond Interest	Total Debt Service	Total General Expenditures	Percentage Ratio of Debt Service to General Expenditures
1992-1993	\$ 300,000	\$ 786,105	\$ 1,086,105	\$ 3,284,066	33.07%
1993-1994	1,490,279 *	1,119,027 *	2,609,306 *	5,000,267	52.18
1994-1995	480,000	1,351,938	1,831,938	5,323,327	34.41
1995-1996	465,000	1,335,705	1,800,705	7,301,342	24.66
1996-1997	485,000	1,316,931	1,801,931	6,048,111	29.79
1997-1998	505,000	1,296,308	1,801,308	9,120,084	19.75
1998-1999	530,000	1,273,676	1,803,676	3,777,517	47.75
1999-2000	550,000	1,249,093	1,799,093	7,247,855	24.82
2000-2001	580,000	1,222,720	1,802,720	7,765,308	23.22
2001-2002					#DIV/0!

Source: RRA Comprehensive Annual Financial Report (* as restated)

REDDING REDEVELOPMENT AGENCY
Principal Property Taxpayers
June 30, 2002

Taxpayer	Type of Business	2001-2002 Assessed Valuation	Percentage of Total Assessed Valuation*
National Medical Enterprises Hospital, Inc.	Hospital	\$ 57,077,653	4.47%
Cordano, James J. Co., et al.	Commercial Development/Retail Sales	20,774,154	1.63
Meyer Motels, Ltd.	Motel	19,169,267	1.50
BPP/Golden State Acquis. LLC	Commercial Real Estate	12,466,436	0.98
Shasta Enterprises	Development	11,287,448	0.88
McConnell Foundation	Commercial Development/Retail Sales	11,123,289	0.87
Knighten, Gary & Patsy	Commercial/Residential/Real Estate	10,137,010	0.79
Western Investment RE Trust	Commercial Development/Retail Sales	9,127,000	0.71
Red Lion Hotels, Inc.	Motel	8,821,050	0.69
Costco Wholesale Corporation	Wholesale and Retail Sales	8,093,070	0.63
Total		<u>\$ 168,076,377</u>	<u>13.15%</u>

Source: Redding Redevelopment Agency

* Based on total assessed valuations for all project areas.

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

Fiscal Year	Commercial Construction (1)		Residential Construction (1)		Bank (2)	Property Value (3)
	Number of Permits	Value	Number of Permits	Value	Deposits (in Thousands)	Net of Exemptions
1992-1993	36	\$ 10,662,048	834	\$ 75,681,536	\$ 891,374	\$ 2,985,077,112
1993-1994	36	10,305,947	622	67,286,882	957,193	3,237,415,551
1994-1995	37	16,416,571	438	48,135,407	919,550	3,396,250,270
1995-1996	41	18,651,672	445	41,389,865	989,752	3,532,913,750
1996-1997	38	23,088,365	348	43,713,864	1,215,695	3,624,085,948
1997-1998	44	15,102,753	299	38,160,866	1,227,618	3,745,977,100
1998-1999	39	18,173,791	412	53,853,459	1,237,740	3,869,055,992
1999-2000	48	16,881,795	436	66,752,009	1,367,764	3,995,611,068
2000-2001	60	30,887,531	493	76,887,447	*	4,171,918,500
2001-2002						

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

Source: (1) City of Redding Development Services Department
(2) State Chartered Banks Information (* June 2001 information not available at this time)
(3) Shasta County Assessor's Office

REDDING REDEVELOPMENT AGENCY
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Redding Redevelopment Agency - Square Miles (1)				City of Redding			
	Market Street	Canby Hilltop Cypress	SHASTECC	Buckeye	Square Miles (2)	Population (3)	School Enrollment (4)	Unemployment Rates (5)
1992-1993	4.05	1.90			58.41	73,900	13,201	11.7%
1993-1994	4.05	1.90			59.00	75,100	13,491	10.7
1994-1995	4.05	1.90			59.90	75,770	12,942	11.0
1995-1996	4.05	1.90			60.00	76,690	12,999	9.6
1996-1997	4.05	1.90	6.42		60.00	77,353	13,734	8.7
1997-1998	4.05	1.90	6.42		60.00	78,084	14,224	8.8
1998-1999	4.05	1.90	6.42		60.00	78,675	14,640	7.4
1999-2000	4.05	1.90	6.42		60.00	79,593	14,266	6.6
2000-2001	4.05	1.90	6.42	1.67	60.00	82,543	14,928	6.1
2001-2002	4.05	1.90	6.42	1.67	60.00			

Source: (1) Redding Redevelopment Agency
(2) City of Redding Development Services Department
(3) State of California
(4) Shasta County Office of Education
(5) State of California Employment Development Department

OTHER SUPPLEMENTAL INFORMATION

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

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

We have audited the financial statements of Redding Redevelopment Agency, a component unit of the City of Redding, California, as of and for the year ended June 30, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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

Hathaway & Ksenzulak, LLP
October 25, 2001