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Approved by Redding City Council on January 21, 2014

Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2013



Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2013



On the Cover

Pictured on the cover is the July 25, 2013, ribbon cutting for the completed restoration and grand re-opening of the historic Diestelhorst Bridge in Redding, California. First built in 1915, the open-spandrel arch bridge has the distinction of being the first and oldest remaining concrete bridge built for automobiles to span the Sacramento River. It is an important link in the Sacramento River National Recreational Trail and posted on the National Register of Historic Places. A cherished local and state landmark, the bridge is known for its beauty and now used recreationally by pedestrians, bicyclists and for special events.

City of Redding

Redding, California



Comprehensive Annual Financial Report

For the Year ended June 30, 2013

ISSUED BY FINANCE DIVISION

DENNICE L. MAXWELL
DIRECTOR OF FINANCE

City of Redding
Comprehensive Annual Financial Reports
For the year ended June 30, 2013
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INTRODUCTORY SECTION



CITY OF REDDING

ADMINISTRATIVE SERVICES DEPARTMENT

FINANCE DIVISION

777 Cypress Avenue, Redding, CA 96001-2718

P.O. Box 496071, Redding, CA 96049-6071

530.225.4079 FAX 530.225-4324

December 23, 2013

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

Honorable Members:

In accordance with State and local statutes, the City of Redding hereby submits the Comprehensive Annual Financial Report for the year ended June 30, 2013. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and result of operations of the City in accordance with generally accepted accounting principles; and that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs have been made.

D. H. Scott & Company, a firm of licensed certified public accountants has issued an unqualified ("clean") opinion on the City of Redding's financial statements for fiscal year ended June 30, 2013.

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

PROFILE OF THE CITY

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

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

Redding is the county seat for Shasta County and is located on the Sacramento River approximately 160 miles north of Sacramento, the state capital, and 150 miles east of the Pacific Ocean at the northernmost end of the Sacramento Valley. The City has an estimated population of 90,670 and encompasses approximately 60 square miles within the corporate limits. Extracting timber and the processing of wood by products along with agriculture, tourism and government have historically been the pillars of the local economy. Over the past few decades, there has been a general shift toward a service-based economy.

REPORTING ENTITY AND ITS SERVICES

This report includes all of the funds of the City. Financial information for separate legal entities related to the City of Redding includes the Redding Housing Authority, Redding Area Bus Authority, the Redding Joint Powers Financing Authority and the Redding Capital Services Corporation. All are accounted for in the City's financial statements in accordance with Governmental Accounting and Financial Reporting Standards. Component unit financial reports are on file with the City. Under California State law all redevelopment agencies were dissolved as of January 31, 2012. The Redding Redevelopment Agency was dissolved on January 31, 2012 and all excess assets were transferred to a private purpose trust fund.

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

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

LOCAL ECONOMY

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

Population Characteristics - The City was one of the fastest growing cities in California between 1970 and 1990, growing to 66,432 residents in 1990 from 16,659 in 1970. However, lately the City's population growth has slowed. From 2000 to 2010 the City's population grew by an average of 1.11 percent. During the last year the City's population growth was .36 percent. The City's population of 90,670 has increased 12.1% over the 2000 U.S. Census tabulation. The City's population represents approximately 50% of Shasta County's population. The following table indicates population growth for the City and Shasta County from 1970 to 2013:

Year	City of Redding		Shasta County	
	Population	Annualized Percent Change over Interval	Population	Annualized Percent Change over Interval
1970	16,659	---	77,640	---
1980	41,995	9.69%	119,449	4.40%
1990	66,432	4.69%	147,036	2.10%
2000	80,865	1.99%	163,256	1.05%
2010	89,878	1.11%	177,248	0.85%
2011	90,050	0.19%	177,516	0.15%
2012 *	90,342	0.32%	178,107	0.33%
2013	90,670	0.36%	178,601	0.28%

Source: 1970-2010 data from U.S. Census; 2011-2013 estimates from the California State Department of Finance as of January 1 (*2012 revised estimate, May 1, 2013 report)

The City's population, over the next 10 years, is projected to grow by approximately 5,893 an increase of approximately 6.5%. The Redding area is expected to maintain approximately 50% of the total Shasta County population because of a variety of factors that will support urban development, including utilities (wastewater, storm drainage, water, electric, and solid waste), employment, regional shopping, transportation services, and reduced commuting.

Housing Costs - Housing in the City is less costly than in many other urban areas in the State of California and on the West Coast. The following table sets forth the median price of housing in other urban areas of California as compared to Shasta County, in which Redding is the largest city, as of June 2013:

Region	Median Home Price
Shasta County	\$192,800
Sacramento	\$247,100
Los Angeles	\$403,760
Orange County	\$661,740
San Francisco	\$855,180

Source: California Association of Realtors

Industry and Employment - Extracting timber and the processing of wood by-products, together with agriculture, tourism, and government, have historically been the major sectors of employment in the City. However, the City's economic base has diversified to a regional service economy supported by retail and wholesale trade plus educational, recreational, medical, and government services for an area covering several counties.

The major non-local government employers in the City and the County include those in medical services, and retail services. Major employers in the City of Redding, their products or services, and the approximate number of their respective full time employees as of June 2013 are listed in the following table:

<u>Employer</u>	<u>Product/Services</u>	<u>Employees</u>
Shasta County (*)	County Services	1,838
Mercy Medical Center	Medical Facilities/Services	1,730
City of Redding (**)	City Services	762
Shasta Community College	Education	675
Shasta Regional Medical Center	Medical Facilities/Services	600
Walmart	Retail	442
United States Post Office	Postal Service	377
Oakdale Heights Management	Retirement Apartments/Hotels	350
Blue Shield of California	Health Care Insurance	330
Redding Rancheria	Casino/Redding Rancheria	310

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

(**) Full-time budgeted positions. In 2012-13 there were 717 full-time and 344 part-time/temporary positions filled.

Source: Derived from the Employment Development Department's (EDD) listing of the top employers in Shasta County.

According to the State Employment Development Department, the unemployment rate of the City's metropolitan area was 10.6 percent on June 30, 2013. 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 2003 through June 2013:

Fiscal Year	Ending	Unemployment		
		Labor Force	Number	Rate
	June 30			
	2003	84,000	6,300	7.5%
	2004	84,000	6,300	7.5%
	2005 *	82,400	5,800	7.0%
	2006 *	83,300	5,200	6.2%
	2007	83,900	5,900	7.0%
	2008	83,500	7,700	9.2%
	2009	85,300	12,400	14.5%
	2010 *	85,200	12,900	15.1%
	2011 *	82,800	12,300	14.9%
	2012 *	82,500	11,000	13.3%
	2013	80,600	8,500	10.6%

Source: State Department of Employment
(*Years 2005-2006 and 2010-2012 Revised)

Construction Activity - For the past ten calendar years ending December 2012, the City issued building permits valued at a total of \$1,169,111,830. New construction over the ten-year period represents 66.63% of the total construction activity. For the 2012 calendar year 1,493 building permits were issued, with a total permit valuation of \$34,541,736. After four years of declining permit activity, year 2012 saw an upturn in permit and related construction activity (with the exception of Multi-family dwellings). This trend is expected to continue in the current calendar year.

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

	2009	2010	2011	2012
Value Single Family*	\$17,937,903	\$9,037,810	\$2,263,009	\$11,808,113
Number of Units	94	44	11	66
Value Multi-dwellings	\$1,455,742	\$2,321,578	\$1,007,088	\$242,233
Number of Permits(1)	8	30	4	1
Number of Units	21	21	12	2
Value Business	\$19,730,416	\$10,595,061	\$80,000	\$2,357,832
Number of Permits	17	12	1	10
Value Total all Permits	\$58,940,655	\$33,648,870	\$14,531,472	\$34,541,736
Total Permits**	2,665	1,256	1,213	1,493

* Value of new construction only.

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

(1) Includes hotel and apartment units - "R" occupancies.

Source: City of Redding Development Services Department

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

Taxable transactions in the City were approximately \$1.8 billion in calendar year 2012, a 6.2% increase over the same period for 2011.

Year	Taxable Transactions (In Thousands)	Taxable Transactions Percentage Increase (Decrease)
2002	1,652,064	5.8%
2003	1,748,793	5.9%
2004	1,898,286	8.5%
2005	2,046,597	7.8%
2006	2,104,055	2.8%
2007	1,983,496	-5.7%
2008	1,835,601	-7.5%
2009	1,603,079	-12.7%
2010	1,614,631	0.7%
2011	1,732,786	7.3%
2012	1,840,953	6.2%

Source: California State Board of Equalization

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

The City is served by the Union Pacific Railroad and Amtrak for rail transportation. Greyhound serves the City with bus service. United Express Airlines provides air service from Redding Municipal Airport to San Francisco, California.

Redding Area Bus Authority (RABA) is the City's multi-bus transportation system and offers thirteen different fixed routes, rural service and demand response (curb-to-curb) services. RABA had an average total monthly ridership of approximately 72,421 for fiscal year 2012-13.

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

Community Services - Youth in the area attend school at one of 37 elementary schools, 9 middle/junior high schools, 12 charter schools, 2 regional occupation programs and 16 high schools. There are several higher educational institutions in the immediate area offering bachelor and master's degrees: Chico State University Center for Regional and Continuing Education (located in the Health Science & University Center, downtown Redding), National University, Simpson University, and Shasta Bible College & Graduate School. Shasta Community College, a two-year institution, offers both day and evening courses to over 12,200 students. In addition, there are several Vocational & Technical schools offering a diverse range of programs.

The City's parks system includes 67 developed parks and facilities, encompassing over 635 developed acres. Included in this total acreage are 175 acres of natural area parks (improved open space), 63.46 miles of trails, and 15 special purpose facilities. Among these special purpose facilities are the Redding Convention Center, which hosts cultural/performing arts programs, conferences, and conventions; the Redding Aquatic Center; the Redding Big League Dreams Sports Park; the Redding Soccer Park; the Senior Citizens Center; the Benton Dog Park; 3 boat ramp facilities that provide access to the Sacramento River; and various community centers and special event venues such as the Martin Luther King, Jr. Community Center, and the Caldwell Recreation Center.

The City serves as the primary medical center for Northern California. The City's two general care hospitals serve approximately 360,000 people in Shasta, Tehama, Trinity, Siskiyou, and Lassen counties. The two largest hospitals have a total of 510 beds and employ approximately 2,330 staff members. In addition, the City also has several specialized hospitals.

LONG-TERM FINANCIAL PLANNING

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

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The City's accounting records are maintained on the modified accrual basis for governmental fund types and on the accrual basis for proprietary fund types. In developing the City's accounting system, consideration is given to the adequacy of internal accounting controls which are designed to provide reasonable, but not absolute, assurance regarding:

1. The safeguarding of assets against losses from unauthorized use or disposition.
2. The reliability of financial records for preparing financial statements and maintaining accountability of assets.

The concept of reasonable assurance recognized that the cost of a control procedure should not exceed the benefits likely to be derived and that the evaluation of costs and benefits require estimates and judgments of management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the department and fund level. The City Manager may transfer appropriations between divisions within a department within a fund; however, any revision that increases total fund expenditures without providing additional revenue to cover the total expenditure must be approved by City Council.

The City utilizes the encumbrance system as a management control technique to assist in controlling expenditures.

FEDERAL GRANTS SINGLE AUDIT APPROACH

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

As a recipient of Federal, State, and County financial assistance, the City of Redding is responsible for implementing an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. The results of the City of Redding's single audit for the fiscal year ended June 30, 2013, provided no instances of material weaknesses in the internal control structure or significant violation of applicable laws and regulations.

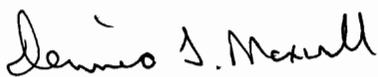
CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Redding for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. This was the 29th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

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



Dennice L. Maxwell
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

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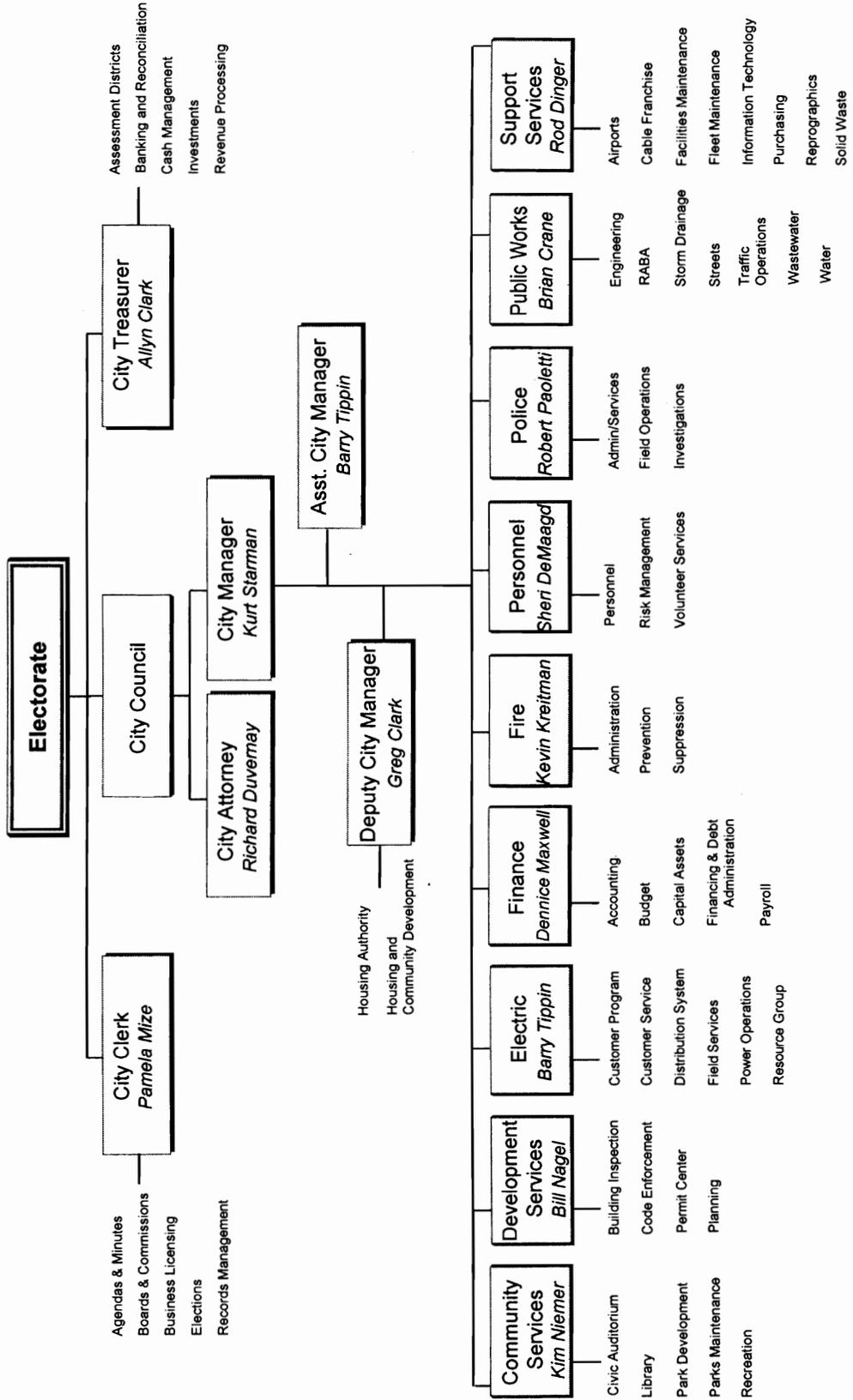
**City of Redding
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

City of Redding Organization Chart



MUNICIPAL OFFICIALS

City Council

Mayor..... Rick Bosetti
Vice Mayor Patrick H. Jones
Council Member.....Gary Cadd
Council Member..... Missy McArthur
Council Member.....Francie Sullivan

Administrative Personnel

City Manager.....Kurt Starman
Assistant City Manager.....Barry Tippin
Deputy City Manager Greg Clark
City Attorney.....Richard Duvernay
City Clerk.....Pamela Mize
City Treasurer Allyn Clark
Director of Community Services.....Kim Niemer
Director of Development Services..... Bill Nagel
Director of Electric Barry Tippin
Director of Finance Dennice Maxwell
Director of PersonnelSheri DeMaagd
Director of Public Works.....Brian Crane
Director of Support Services..... Rod Dinger
Fire Chief Kevin Kreitman
Police Chief Robert Paoletti

FINANCIAL SECTION



D. H. SCOTT & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
— A LIMITED LIABILITY PARTNERSHIP —

David H. Scott, APC, CPA
Keith F. Hunting, CPA
Vivian R. Piche', CPA
Paul J. Catanese, APC, CPA/MBA
Larry T. Dahl, CPA

Charlie J. Burns, CPA
Casey M. Cancilla, CPA
Lori Goyne, CPA/ABV
Cheryl Hull, CPA
Gerald R. Tadina, CPA

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redding, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 21 - 39 and 137 - 141 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and budgetary schedules, and Schedule of Passenger Facility Charges Collected and Expended and Interest Collected, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary schedules, and Schedule of Passenger Facility Charges Collected and Expended and Interest Collected are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary schedules, and Schedule of Passenger Facility Charges Collected and Expended and Interest Collected are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards* and the Transportation Development Act

In accordance with *Government Auditing Standards* and the Transportation Development Act, we have also issued our report dated December 20, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Transportation Development Act in considering the City's internal control over financial reporting and compliance.

D.A. Scott & Company LLP

Redding, California
December 20, 2013

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Management's Discussion and Analysis

As management of the City of Redding (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ending June 30, 2013. The management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address future challenges), (d) identify any material deviations from the financial plan (approved budget), and (e) identify individual fund issues or concerns.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal (beginning on page 3) and the financial statements (beginning on page 41).

FINANCIAL HIGHLIGHTS

- The City's net position increased by \$3.4 million. The governmental net position decreased by \$2.5 million and the business-type net position increased by \$5.9 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$76.4 million, an increase of \$2.4 million in comparison with the prior year. Only 16.2% of this total amount, \$12.3 million, is unassigned.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$12.6 million, or 19.9% of the total General Fund expenditures. The total General Fund balance at the end of the current fiscal year was \$19.0 million, or 30.1% of total General Fund expenditures. This is an \$8.8 million increase from the prior year.
- The City's total debt decreased by \$2.5 million (net of bond premiums, discounts and unamortized losses on defeased debt) during the year ending June 30, 2013. In addition the City made \$15.5 million in regular scheduled debt payments. The City issued \$12.2 million in State loans for wastewater treatment plant upgrades.

USING THIS FINANCIAL REPORT/OVERVIEW OF REPORT

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements to provide the reader further understanding of the City.

Government-wide Financial Statements

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

Statement of Net Position: This financial statement is made up of five elements – assets, liabilities, deferred outflows of resources, deferred inflows of resources and net position. Over time, the change in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

The government-wide financial statements can be found on pages 43-47 of this report.

Fund Financial Statements

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

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

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

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and General Capital Project Fund, which are considered to be major funds. Data from the other nine governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 51-57 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 59-69 of this report.

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

The basic fiduciary fund financial statement can be found on pages 71-75 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 77-133 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. During the City’s fiscal year ended 2013, net position changed as follows (all amounts are in thousands):

	Governmental Activities	Business Activities	Total
Beginning Net Position	\$364,599	\$378,362	\$742,961
Increase (decrease) in net position	(2,536)	5,915	\$3,379
Ending Net Position	<u>\$362,063</u>	<u>\$384,277</u>	<u>\$746,340</u>

The City’s total net position increased by 0.5% from a year ago, increasing from \$743 million to \$746 million. Net position from governmental activities decreased by 0.7% and net position from business activities increased by 1.6%. The \$2.5 million decrease in net position from governmental activities is primarily due to a decrease in dedicated property taxes from the redevelopment

agency of the City, which was eliminated as of January 31, 2012.

The \$5.9 million increase in net position from business-type activities is primarily due to funds being accumulated for current and future capital projects, especially the Electric Utility Fund and Waste Water Utility Fund.

The following schedule displays a summary breakdown of the City's net position as of June 30, 2013 and 2012:

	Net Position (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$117,662	\$113,811	\$170,363	\$165,633	\$288,025	\$279,444
Capital Assets, net	335,412	339,716	521,126	513,743	856,538	853,459
Total Assets	<u>453,074</u>	<u>453,527</u>	<u>691,489</u>	<u>679,376</u>	<u>1,144,563</u>	<u>1,132,903</u>
Current Liabilities	14,443	14,928	39,062	38,607	53,505	53,535
Long Term Liabilities	76,567	74,000	268,150	262,407	344,717	336,407
Total Liabilities	<u>91,010</u>	<u>88,928</u>	<u>307,212</u>	<u>301,014</u>	<u>398,222</u>	<u>389,942</u>
Net Position:						
Net investment in						
Capital Assets	301,401	303,499	270,149	263,727	571,550	567,226
Restricted	42,201	43,831	16,555	18,929	58,756	62,760
Unrestricted	18,461	17,269	97,573	95,706	116,034	112,975
Total Net Position	<u>\$362,063</u>	<u>\$364,599</u>	<u>\$384,277</u>	<u>\$378,362</u>	<u>\$746,340</u>	<u>\$742,961</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$746 million at the June 30, 2013. Most of the City's net position (77%) is invested in capital assets (i.e., land, buildings, utility plants, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, (8%) represents resources that are subject to external restrictions as to how they may be used. The remaining balance of \$116 million is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors or for investments in capital assets. Only \$18.5 million of the unrestricted net position pertain to governmental activities, the balance can only be used for the utilities and other business activities of the City.

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

Changes in Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues						
Charges for services	\$ 11,468	\$ 11,668	\$ 222,990	\$ 225,586	\$ 234,458	\$ 237,254
Operating grants	17,484	17,033	4,170	4,451	21,654	21,484
Capital grants and contributions	8,718	6,854	10,197	13,337	18,915	20,191
General Revenues						
Sales Tax	20,696	19,755	-	-	20,696	19,755
Property Tax	19,284	22,435	-	-	19,284	22,435
Investment earnings	1	821	(668)	1,251	(667)	2,072
Other	6,468	7,025	2	1	6,470	7,026
Total Revenues	<u>84,119</u>	<u>85,591</u>	<u>236,691</u>	<u>244,626</u>	<u>320,810</u>	<u>330,217</u>
Expenses:						
General Government	7,297	7,217	-	-	7,297	7,217
Police	26,116	25,838	-	-	26,116	25,838
Fire	17,752	16,780	-	-	17,752	16,780
Public Works	13,287	12,732	-	-	13,287	12,732
Planning	3,636	3,533	-	-	3,636	3,533
Recreation and Culture	11,604	10,987	-	-	11,604	10,987
Community Development	10,341	14,133	-	-	10,341	14,133
Interest on Long-Term Debt	2,037	3,459	-	-	2,037	3,459
Electric	-	-	156,080	159,457	156,080	159,457
Water	-	-	16,208	15,975	16,208	15,975
Wastewater	-	-	19,406	17,908	19,406	17,908
Storm Drainage	-	-	2,325	2,255	2,325	2,255
Solid Waste	-	-	20,484	19,954	20,484	19,954
Transportation	-	-	9,680	9,916	9,680	9,916
Convention Center	-	-	1,177	1,642	1,177	1,642
Total Expenses	<u>92,070</u>	<u>94,679</u>	<u>225,360</u>	<u>227,107</u>	<u>317,430</u>	<u>321,786</u>
Increase in net position before transfers and extraordinary gain	(7,951)	(9,088)	11,331	17,519	3,380	8,431
Extraordinary gain	-	10,410	-	-	-	10,410
Transfers	5,416	4,164	(5,416)	(4,164)	-	-
Increase in net position	(2,535)	5,486	5,915	13,355	3,380	18,841
Net position July 1	<u>364,598</u>	<u>359,113</u>	<u>378,362</u>	<u>365,007</u>	<u>742,960</u>	<u>724,120</u>
Net position June 30	<u>\$ 362,063</u>	<u>\$ 364,599</u>	<u>\$ 384,277</u>	<u>\$ 378,362</u>	<u>\$ 746,340</u>	<u>\$ 742,961</u>

Governmental Activities

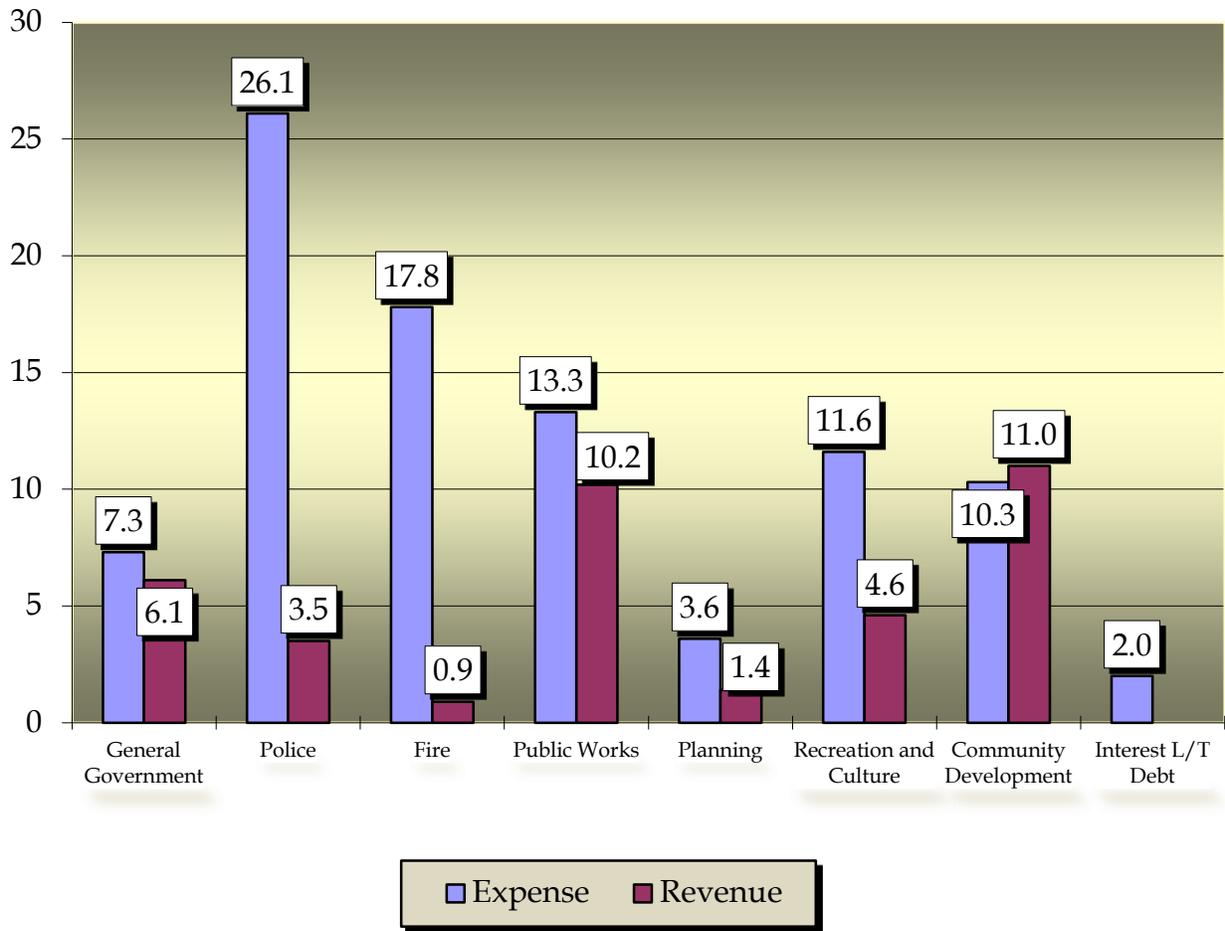
The governmental activities program expenses exceed program revenues by \$54.4 million; however, general revenues and transfers were \$51.9 million resulting in a decrease in governmental activities net position of \$2.5 million.

Property taxes decreased by 14% from the prior year. The large decrease is due to the elimination of redevelopment agencies in California as of January 31, 2012. Although the City received a portion of the property taxes that used to be disbursed to the redevelopment agency and a portion of the funds returned to Shasta County due to the dissolution of the redevelopment agency, property taxes still decreased by more than \$3 million in the City.

Capital grants and contributions increased by \$1.9 million primarily due to grants received for the Sacramento River Parkway trail project.

The largest decrease in expenses was in the community development category, which decreased by \$3.8 million. The decrease in community development was due to the elimination of redevelopment agencies as of January 31, 2012, as described above.

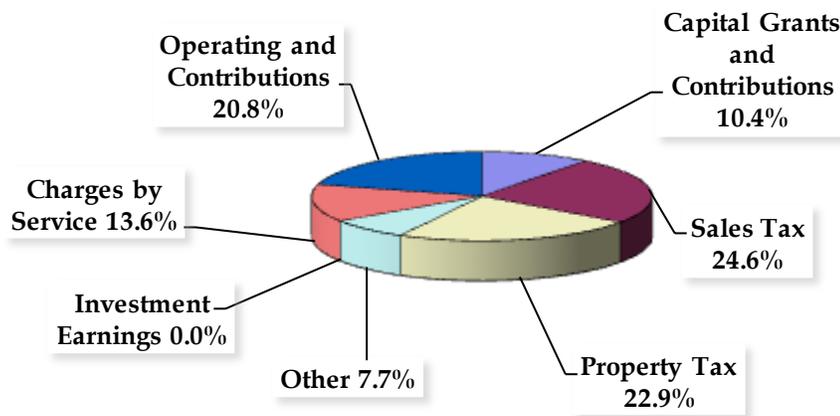
Expenses and Program Revenues - Governmental Activities (in millions)



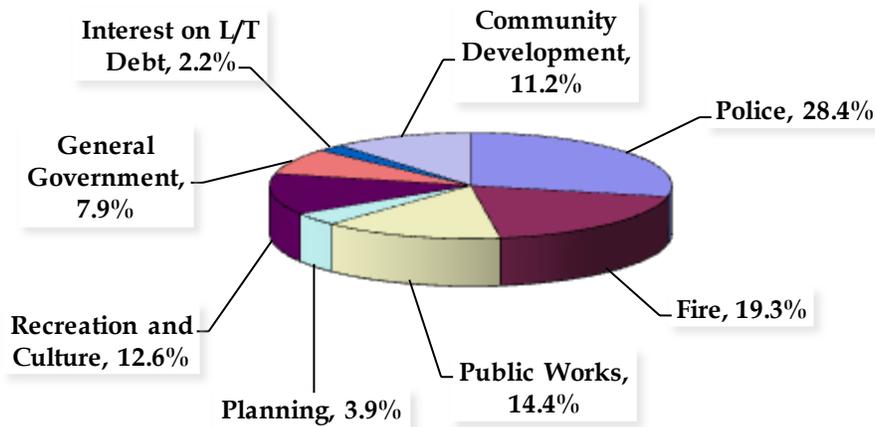
As shown in the expenses and program revenue graph above, Public Works expense exceeded program revenues by \$3.1 million. The reason revenues are less than expenses are that program revenues from Public Works include \$6.4 million in capital grants and contributions. The capital grants and contributions were used for capital assets as they could not be used to cover operating expenses.

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

Revenues by Source - Governmental Activities



Expense by Source - Governmental Activities



Business-Type Activities

Business-type activities increased the City's net position by \$5.9 million. Key elements of this increase are as follows:

- Revenues exceed expenses for water, wastewater and transportation as funds are being accumulated for current and future capital projects. Electric revenues exceeded expenses due to a more favorable wholesale market and a significant reduction in operating and maintenance expenses.

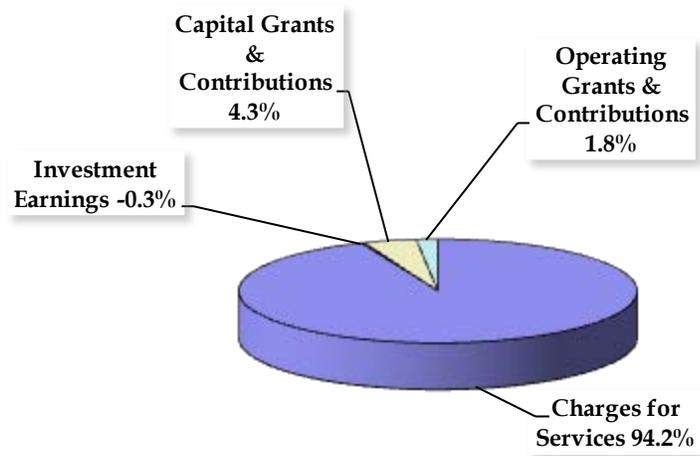
The following schedule shows business-type activities revenues and expenses.

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

	Revenue		Expense		Changes in net position	
	2013	2012	2013	2012	2013	2012
Electric	\$ 161,075	\$ 164,741	\$ 156,080	\$ 159,457	\$ 4,995	\$ 5,284
Water	18,242	16,695	16,208	15,975	2,034	720
Wastewater	22,683	27,896	19,406	17,908	3,277	9,988
Storm Drainage	1,516	1,436	2,325	2,255	(809)	(819)
Solid Waste	19,249	19,285	20,484	19,954	(1,235)	(669)
Transportation	14,469	13,090	9,680	9,916	4,789	3,174
Convention Center	122	231	1,177	1,642	(1,055)	(1,411)
Investment Earnings	(668)	1,251	-	-	(668)	1,251
Transfers	(5,416)	(4,164)	-	-	(5,416)	(4,164)
Other	3	1	-	-	3	1
Total	\$ 231,275	\$ 240,462	\$ 225,360	\$ 227,107	\$ 5,915	\$ 13,355

The Wastewater change in net position decreased \$6.7 million from the prior year primarily due to \$5.9 million in grants received from the State of California for improvements to the wastewater treatment facility in fiscal year 2011-12.

Revenues by Source - Business-Type Activities



Typically business-type activities charge customers for the services provided and the related necessary capital costs. As can be seen from the above graph, charges for services make up the vast majority (94.2%) of the revenues of the business-type activities.

Financial Analysis of the Government's Funds

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

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

As of the fiscal year ended June 30, 2013, the City's governmental funds reported combined ending fund balances of \$76.4 million, an increase of \$2.4 million. The June 30, 2013 fund balance of \$76.4 million only has 16.2% of this total (\$12.3 million) as unassigned fund balance. Unassigned fund balance is available for spending at the government's discretion, without changing any current planned expenditures. The remainder of fund balance is nonspendable (\$1.8 million), restricted by outside sources (\$59.0 million) or already intended to be used by the City for a specific purpose (assigned fund balance, \$3.2 million).

The General Fund is the chief operating fund of the City. At June 30, 2013, unassigned fund balance was \$12.6 million. As a measure of the General Fund's liquidity, it may be useful to

compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19.9% of the total General Fund expenditures, while total fund balance represents 30.1% of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$8.8 million during the year ended June 30, 2013.

General Fund revenues increased \$5.9 million and expenditures also increased by \$1.6 million from FYE 2012 to 2013. The increase in revenue was due primarily to an increase in sales tax of \$1.3 million (6.5%) and an increase in property taxes of \$5.1 million (35.5%) due to higher property values and the dissolution of redevelopment agency. The City received a portion of the property taxes that used to be disbursed to the redevelopment agency and a portion of the funds returned to Shasta County due to the dissolution of the redevelopment agency. Tax rates were not changed during the year.

The \$1.6 million increase in expenditures is due to the City hiring nine new fire personnel positions that are covered entirely by a Staffing for Adequate Fire and Emergency Response (SAFER) grant and an increase in engineering and streets maintenance costs.

Other financing sources increased by \$4.1 million. The increase is due primarily to an increase in net transfers.

The Capital Project Fund accounts for the financing and construction activities of the City. On June 30, 2013, the restricted fund balance was \$13.5 million. Both restricted fund balance and total fund balance represent 129% of the total Capital Project Funds expenditures.

The fund balance of the City's Capital Project Fund decreased \$3.5 million during the year ended June 30, 2013.

Capital Project Fund revenues increased \$1.3 million and expenditures decreased \$0.8 million. The increase in revenue was due to an increase in fire facilities, traffic impact and park development fees.

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

Changes in Net Position Major Proprietary Funds
(in thousands)

	Net Position July 1, 2012	Changes in Net Position	Net Position June 30, 2013
Electric Utility	\$107,350	(847)	\$106,503
Water Utility	\$79,905	2,230	\$82,135
Wastewater Utility	\$116,409	2,192	\$118,601
Solid Waste Collection/Disposal	\$31,604	(1,378)	\$30,226

Net Position - Restricted and Unrestricted
Major Proprietary Funds as of June 30, 2013
(in thousands)

	Net Investment in Capital Assets	Restricted Net Position	Unrestricted Net Position	Total Net Position
Electric Utility	\$46,831	-	59,672	\$106,503
Water Utility	\$60,761	560	20,814	\$82,135
Wastewater Utility	\$90,982	12,899	14,720	\$118,601
Solid Waste Collection/Disposal	\$17,476	-	12,750	\$30,226

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

General Fund Budgetary Highlights

The City adopts two one-year budgets every other year. The fiscal year ending June 30, 2013, was the second year of the two-year budget process. Differences between the original General Fund budget and the amended General Fund budget expenditures are shown below:

General Fund Original and Amended Budget
(in thousands)

	Original	Amended	Increase (Decrease)
General Government	\$ 5,554	\$ 6,095	\$ 541
Public Safety:			
Police	25,291	27,277	1,986
Fire Safety	16,722	17,706	984
Public Works	6,243	9,840	3,597
Planning	3,517	3,533	16
Recreation and culture	4,233	4,518	285
Principal payments	1,414	1,552	138
Interest payments and bond costs	1,400	1,477	77
Total Expenditures	<u>\$ 64,374</u>	<u>\$ 71,998</u>	<u>\$ 7,624</u>

As shown in the previous table, the General Fund's original budget was amended up by \$7.6 million or approximately 11.8%. The reasons for this increase are as follows:

- The Police budget increased by \$2.0 million due to grants and grant type agreements approved and received after the budget was originally adopted. It is the City policy not to include grant expenditures in the original adopted budget if grant approval has not been finalized. These grants were for drug enforcement, traffic enforcement, police officers and school resource officers along with other Police related activities.
- The Fire budget increased by \$1.0 million due to grants for personnel and equipment.
- The Public Works budget increased by \$3.6 million due to grant funding for streets overlay and other street projects.
- The City does not include rolling stock appropriations in its original budget. It is a Council policy to maintain a rolling stock fund separate from the General Fund which departments, with the City Manager approval, can transfer funds to the General Fund and amend the adopted budget for the transfers. During the year departments' budgets were increased by \$0.2 million due to these rolling stock transfers.
- The budget was amended for other revenue additions, but this amount was offset overall by reductions due to personnel savings.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2013, totaled \$857 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, utility plants, collections, generation, distributions and transmissions systems, improvements, machinery and equipment, park facilities, roads, and bridges. The total increase in the City's investment in capital assets for the current year was \$3.1 million (a 1.3% decrease for governmental activities and a 1.4% increase for business-type activities).

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

- Developers added an estimated \$0.7 million of water, wastewater, electric, storm drainage improvements, streets, sidewalks and traffic signals.
- Electric Utility spent \$1.7 million in the current year on a new transmission line from the Airport substation to the north Redding substation.
- The City spent \$2.4 million on the Diestlehorst Bridge and \$2.6 million on the Twin View Bridge projects.
- Airports spent \$4.3 million on the Municipal Terminal expansion project and \$4.4 million on the Benton Airpark runway safety improvements.
- \$8.4 million was spent on the Clear Creek Wastewater expansion project.
- \$8.2 million was spent on the Stillwater Wastewater expansion project.

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

Changes in capital assets consist of the following:

Changes in Capital Assets
(in thousands)
Governmental Activities

	Balance June 30, 2012	Additions	Deletions	Reclassifications	Balance June 30, 2013
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 29,630	\$ -	\$ -	\$ -	\$ 29,630
Construction in process	11,477	9,622	(606)	(7,415)	13,078
Total capital assets, not being depreciated	41,107	9,622	(606)	(7,415)	42,708
Capital assets, being depreciated:					
Buildings	55,420	-	-	-	55,420
Improvements other than buildings	101,268	-	-	82	101,350
Infrastructure	258,159	200	-	8,134	266,493
Automotive equipment	11,213	79	(254)	771	11,809
Furnishings and equipment	7,825	61	(294)	(13)	7,579
Assets under capital lease:					
Furnishings and equipment	325	-	-	-	325
Automotive equipment	1,247	-	-	(738)	509
Total capital assets, being depreciated	435,457	340	(548)	8,236	443,485
Less accumulated depreciation for:					
Buildings	(21,142)	(1,733)	-	-	(22,875)
Improvements other than buildings	(41,678)	(4,110)	-	-	(45,788)
Infrastructure	(59,150)	(7,178)	-	-	(66,328)
Automotive equipment	(8,559)	(699)	213	(525)	(9,570)
Furnishings and equipment	(5,504)	(641)	292	13	(5,840)
Assets under capital lease:					
Furnishings and equipment	(270)	(15)	-	-	(285)
Automotive equipment	(545)	(42)	-	492	(95)
Total accumulated depreciation	(136,848)	(14,418)	505	(20)	(150,781)
Total capital assets, being depreciated, net	298,609	(14,078)	(43)	8,216	292,704
Governmental activities capital assets, net	\$ 339,716	\$ (4,456)	\$ (649)	\$ 801	\$ 335,412

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

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

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

	Balance June 30, 2012	Additions	Deletions	Reclassifications	Balance June 30, 2013
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 18,423	\$ 37	\$ -	\$ -	\$ 18,460
Construction in progress	48,259	33,062	(85)	(18,230)	63,006
Total capital assets, not being depreciated	<u>66,682</u>	<u>33,099</u>	<u>(85)</u>	<u>(18,230)</u>	<u>81,466</u>
Capital assets, being depreciated:					
Utility plants	690,667	2,381	(6,227)	15,920	702,741
Buildings	49,063	-	-	-	49,063
Improvements other than buildings	41,678	31	-	1,509	43,218
Automotive equipment	34,008	666	(656)	(20)	33,998
Furnishings and equipment	15,652	220	(405)	-	15,467
Assets under capital lease:					
Furnishings and equipment	4,735	-	-	-	4,735
Total capital assets, being depreciated	<u>835,803</u>	<u>3,298</u>	<u>(7,288)</u>	<u>17,409</u>	<u>849,222</u>
Less accumulated depreciation for:					
Utility plants	(300,340)	(21,280)	5,697	-	(315,923)
Buildings	(28,034)	(1,263)	-	-	(29,297)
Improvements other than buildings	(30,434)	(1,413)	-	-	(31,847)
Automotive equipment	(17,006)	(2,454)	367	20	(19,073)
Furnishings and equipment	(12,207)	(759)	405	-	(12,561)
Assets under capital lease:					
Furnishings and equipment	(721)	(140)	-	-	(861)
Total accumulated depreciation	<u>(388,742)</u>	<u>(27,309)</u>	<u>6,469</u>	<u>20</u>	<u>(409,562)</u>
Total capital assets, being depreciated, net	<u>447,061</u>	<u>(24,011)</u>	<u>(819)</u>	<u>17,429</u>	<u>439,660</u>
Business-type activities capital assets, net	<u>\$ 513,743</u>	<u>\$ 9,088</u>	<u>\$ (904)</u>	<u>\$ (801)</u>	<u>\$ 521,126</u>

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

Long Term Debt

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

	Balance June 30, 2012	Additional Transfers	Reductions	Balance June 30, 2013
Governmental Activities:				
Capital leases Payable	\$ 388	\$ -	\$ 167	\$ 221
Lease Revenue Bonds	40,022	-	2,805	37,217
Special assessment debt	1,097	-	294	803
Loan	1,360	-	318	1,042
Total Government Activities	<u>42,867</u>	<u>-</u>	<u>3,584</u>	<u>39,283</u>
Business-Type Activities				
State Loan Payable	65,362	12,169	2,960	74,571
Revenue Bonds	22,723	-	3,030	19,693
Certificates of participation	172,780	-	5,540	167,240
Capital leases	2,931	-	372	2,559
Total Business-Type Activities	<u>263,796</u>	<u>12,169</u>	<u>11,902</u>	<u>264,063</u>
Total outstanding long-term debt	<u>\$ 306,663</u>	<u>\$ 12,169</u>	<u>\$ 15,486</u>	<u>\$ 303,346</u>

The City's total debt decreased by \$2.5 million (net of bond premiums, discounts and unamortized losses on defeased debt) during the year ending June 30, 2013. The City made \$15.5 million in regular scheduled debt payments. The City also issued \$12.2 million in State loans for wastewater treatment plant upgrades.

Currently, the City's legal debt margin is \$254 million. However, this relates only to general obligation type bonds. Other factors such as available revenues, special assessment pledges, etc. will affect the City's actual capacity to issue future debt.

Additional information on the City's long-term debt can be found in note 11 on pages 107-114 of this report.

Economic Factors and Next Year's Budgets and Rates

- The City of Redding has experienced an increase in population since 2006 of less than one percent per year while the unemployment rate has increased from 6.2% in 2006 to 10.6% in 2013.
- Inflationary trends in the region compare favorably to national indices.
- Overall tax revenue for the City's General Fund increased by 16.9% during the year. This was primarily due to increases in property taxes and an increase in sales tax. With the dissolution of the City's redevelopment agency, the City received a redistribution of past tax increment that was returned to Shasta County by the Successor Agency to the Redding Redevelopment Agency plus additional residual property tax not needed for the required obligations of the Successor Agency. This amounted to \$3.9 million of the \$5.1 increase in property tax in the General Fund. Taxable sales within the City increased by 4.8%. Tax rates were not changed. The City expects sales tax revenue will increase by 3.5% in fiscal year 2013-14. It is expected property tax revenue will decrease slightly in fiscal year 2013-14.
- Building activity in the City continued to below historic averages in fiscal year 2013 and the City expects it to remain below the historical average during the fiscal year 2013-14.
- The economy will remain slow in fiscal year 2013-14.

All of these factors will be considered in preparing the City's budget for the 2013-14 fiscal year.

During the current fiscal year, fund balance in the General Fund increased by \$8.8 million to \$19.0 million. The City anticipates decreasing the General Fund balance slightly in fiscal year ending 2014. This amount, adjusted for certain known factors, has been included in the City's 10-year financial plan and the City continues to maintain a 5% cash reserve in all years.

The utilities all planned for rate increases, except the storm drainage utility, when their biennial budgets were built and these increases have been approved by City Council.

Request for Information

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

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Redding
Statement of Net Position
June 30, 2013

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Cash and investments	\$ 37,625,608	\$ 117,036,253	\$ 154,661,861
Receivables:			
Interest	3,082,112	266,313	3,348,425
Accounts, net	1,211,491	24,693,447	25,904,938
Taxes	5,235,744	-	5,235,744
Current intergovernmental	13,395,746	3,125,039	16,520,785
Notes	36,067,285	-	36,067,285
Special assessments	980,490	-	980,490
Pacifcorp Energy	-	2,440,429	2,440,429
Other	870,023	-	870,023
Internal balances	11,570,589	(11,570,589)	-
Inventories	365,214	8,742,887	9,108,101
Prepaid items	1,208,873	1,346,355	2,555,228
Restricted assets:			
Cash and investments	5,043,753	6,767,082	11,810,835
Interest receivable	132	155	287
Taxes receivable	-	-	-
Power acquisition costs, net	-	953,896	953,896
Prepaid purchase cost	-	870,000	870,000
Long-term receivable	235,881	-	235,881
Financing costs, net	768,852	565,971	1,334,823
Capital assets:			
Land and construction in progress	42,708,386	81,466,140	124,174,526
Other capital assets, net of depreciation	292,703,460	439,660,359	732,363,819
Investment in JPA	-	1,555,349	1,555,349
Storage base gas	-	13,570,000	13,570,000
Total assets	453,073,639	691,489,086	1,144,562,725

(Continued)

See accompanying Notes to Basic Financial Statements.

City of Redding
Statement of Net Position
June 30, 2013

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
LIABILITIES			
Accounts payable	\$ 1,435,204	\$ 11,316,997	\$ 12,752,201
Accrued liabilities	1,243,631	855,422	2,099,053
Intergovernmental payable	623,371	2,152,042	2,775,413
Accrued interest payable	532,811	1,231,842	1,764,653
Unearned revenue	629,912	3,807,743	4,437,655
Deposits	107,624	5,332,469	5,440,093
Accounts payable from restricted	17,786	511,322	529,108
Landfill closing costs, due within one year	-	125,000	125,000
Claims and judgements payable, due within one year	3,069,165	-	3,069,165
Compensated absences, due within one year	3,265,080	1,666,418	4,931,498
Long-term debt, due within one year	3,518,888	12,062,606	15,581,494
Landfill closing costs, due in more than one year	-	1,750,000	1,750,000
Claims and judgements payable, due in more than one year	10,106,545	-	10,106,545
Accrued compensated absences, due in more than one year	8,051,828	4,779,500	12,831,328
Accrued liabilities, due in more than one year	22,900,920	19,460,339	42,361,259
Long-term debt, due in more than one year	35,507,482	242,160,287	277,667,769
Total liabilities	91,010,247	307,211,987	398,222,234
NET POSITION			
Net investment in capital assets	301,401,234	270,149,380	571,550,614
Restricted for:			
Capital outlay	-	16,554,856	16,554,856
Debt service	626,232	-	626,232
Housing	16,781,761	-	16,781,761
Community development	22,264,916	-	22,264,916
Public works	2,527,913	-	2,527,913
Unrestricted	18,461,336	97,572,863	116,034,199
Total net position	\$ 362,063,392	\$ 384,277,099	\$ 746,340,491

(Concluded)

City of Redding
Statement of Activities
For the year ended June 30, 2013

Functions / Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 7,296,724	\$ 5,904,251	\$ 216,350	\$ -	\$ 6,120,601
Police	26,116,291	915,251	2,484,618	75,000	3,474,869
Fire	17,751,879	474,547	158,957	247,708	881,212
Public works	13,286,742	557,062	3,322,233	6,354,886	10,234,181
Planning	3,636,094	1,337,696	12,436	-	1,350,132
Recreation and culture	11,604,233	2,246,388	334,024	2,040,185	4,620,597
Community development	10,341,051	32,770	10,955,533	-	10,988,303
Interest on long-term debt	2,036,578	-	-	-	-
Total governmental activities	92,069,592	11,467,965	17,484,151	8,717,779	37,669,895
Business-type activities:					
Electric	156,080,538	160,944,663	14,288	115,884	161,074,835
Water	16,207,794	16,734,627	-	1,507,813	18,242,440
Wastewater	19,405,723	21,355,779	-	1,327,313	22,683,092
Storm drainage	2,324,951	1,429,969	-	85,975	1,515,944
Solid waste	20,484,434	18,800,831	-	447,755	19,248,586
Transportation	9,679,832	3,603,988	4,153,260	6,712,174	14,469,422
Convention center	1,176,913	119,823	2,560	-	122,383
Total business-type activities	225,360,185	222,989,680	4,170,108	10,196,914	237,356,702
Total primary government	\$ 317,429,777	\$ 234,457,645	\$ 21,654,259	\$ 18,914,693	\$ 275,026,597

General Revenues and Transfers:

Taxes:
Property taxes, levied for general purpose
Transient occupancy taxes
Sales taxes
Motor vehicle taxes
Franchise taxes
Other taxes
Total taxes
Investment income (loss)
Other
Gain on sale of asset(s)
Transfers
Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (1,176,123)	\$ -	\$ (1,176,123)
(22,641,422)	-	(22,641,422)
(16,870,667)	-	(16,870,667)
(3,052,561)	-	(3,052,561)
(2,285,962)	-	(2,285,962)
(6,983,636)	-	(6,983,636)
647,252	-	647,252
(2,036,578)	-	(2,036,578)
(54,399,697)	-	(54,399,697)
-	4,994,297	4,994,297
-	2,034,646	2,034,646
-	3,277,369	3,277,369
-	(809,007)	(809,007)
-	(1,235,848)	(1,235,848)
-	4,789,590	4,789,590
-	(1,054,530)	(1,054,530)
-	11,996,517	11,996,517
(54,399,697)	11,996,517	(42,403,180)
19,284,310	-	19,284,310
4,099,953	-	4,099,953
20,696,311	-	20,696,311
38,845	-	38,845
896,297	-	896,297
988,154	-	988,154
46,003,870	-	46,003,870
1,011	(667,664)	(666,653)
143,637	2,696	146,333
299,492	-	299,492
5,416,339	(5,416,339)	-
51,864,349	(6,081,307)	45,783,042
(2,535,348)	5,915,210	3,379,862
364,598,740	378,361,889	742,960,629
\$ 362,063,392	\$ 384,277,099	\$ 746,340,491

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

City of Redding
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	General Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 9,308,260	\$ 6,865,305	\$ 8,064,339	\$ 24,237,904
Interest receivable	25,449	13,571	3,015,800	3,054,820
Accounts receivable, net	909,639	252,014	10,889	1,172,542
Intergovernmental receivable	3,739,559	6,834,330	1,830,225	12,404,114
Taxes receivable	5,235,744	-	235,881	5,471,625
Other receivable	844,375	-	25,648	870,023
Due from other funds	840,126	-	-	840,126
Prepaid items	657,856	31,767	23,550	713,173
Inventories	202,010	-	-	202,010
Restricted assets:				
Cash and investments	2,316,134	2,604,729	122,890	5,043,753
Interest receivable	16	116	-	132
Interfund receivable	-	-	41,171	41,171
Advances to other funds	-	-	41,940	41,940
Special assessments receivable	-	-	980,490	980,490
Notes receivable	-	-	36,067,285	36,067,285
Total assets	\$ 24,079,168	\$ 16,601,832	\$ 50,460,108	\$ 91,141,108

(Continued)

See accompanying Notes to Basic Financial Statements.

City of Redding
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	General Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 274,393	\$ 832,838	\$ 93,425	\$ 1,200,656
Accrued liabilities	1,008,825	26,100	28,237	1,063,162
Intergovernmental payable	65,169	5,098	11,634	81,901
Due to other funds	-	-	121,168	121,168
Accounts payable from restricted assets	-	6,857	10,929	17,786
Interfund payable	41,171	-	-	41,171
Unearned revenues	369,332	16,482	241,812	627,626
Deferred revenues	3,294,221	2,160,587	5,278,831	10,733,639
Deposits	9,689	-	97,920	107,609
Advances from other funds	41,940	-	753,087	795,027
Total liabilities	5,104,740	3,047,962	6,637,043	14,789,745
Fund Balances:				
Nonspendable	1,767,355	31,767	23,550	1,822,672
Restricted	1,408,645	13,522,103	44,032,227	58,962,975
Assigned	3,232,344	-	-	3,232,344
Unassigned	12,566,084	-	(232,712)	12,333,372
Total fund balances	18,974,428	13,553,870	43,823,065	76,351,363
Total liabilities and fund balances	\$ 24,079,168	\$ 16,601,832	\$ 50,460,108	\$ 91,141,108

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City of Redding
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2013

Total Fund Balances - Total Governmental Funds	\$ 76,351,363
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets have not been included as financial resources in governmental fund activity.	470,085,536
Accumulated depreciation has not been included in the governmental fund financial statements.	(139,102,207)
Financing costs net of amortization	768,853
Long-term debt that has not been included in the governmental fund activity.	(39,026,370)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.	(532,811)
The net other post employment benefit obligation has not been reported in the governmental funds.	(19,189,409)
Revenue reported as deferred revenue in the governmental funds was recorded as revenue in the statement of activities.	10,733,639
Internal service fund net assets included in the governmental activities on the statement of activities.	12,534,384
Business portion of operating transfers from Internal Service Funds	(407,440)
Accrued vacation and other leave not reported in governmental funds, but recorded as expense in the Statement of Activities.	<u>(10,152,146)</u>
Net Position of Governmental Activities	<u><u>\$ 362,063,392</u></u>

See accompanying Notes to Basic Financial Statements.

City of Redding
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2013

	General Fund	General Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 19,401,676	\$ -	\$ -	\$ 19,401,676
Sales and use taxes	20,524,404	-	272,517	20,796,921
Other taxes	5,984,405	-	-	5,984,405
Special assessments	9,561	-	604,826	614,387
Licenses and permits	907,797	-	55,638	963,435
Intergovernmental revenues	3,413,736	5,594,377	12,267,431	21,275,544
Charges for services	1,760,305	-	1,295,630	3,055,935
Fines, forfeitures, and penalties	753,911	-	169,866	923,777
Use of money and property	6,298,369	3,480	-	6,301,849
Interest revenue	13,597	(52,882)	181,127	141,842
Other	682,912	2,275,613	1,209,370	4,167,895
Total revenues	59,750,673	7,820,588	16,056,405	83,627,666
EXPENDITURES:				
Current:				
General government	5,281,612	2,167	-	5,283,779
Community development	-	-	10,094,221	10,094,221
Public safety:				
Police	24,679,910	-	43,647	24,723,557
Fire	16,596,126	-	-	16,596,126
Public works	4,360,380	312,260	402,605	5,075,245
Planning	3,214,827	-	-	3,214,827
Recreation and culture	4,301,961	147,691	2,394,064	6,843,716
Capital outlay	1,647,115	7,822,930	187,055	9,657,100
Debt service:				
Principal	1,552,102	1,737,845	269,000	3,558,947
Interest and fiscal charges	1,479,863	463,024	64,742	2,007,629
Total expenditures	63,113,896	10,485,917	13,455,334	87,055,147
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,363,223)	(2,665,329)	2,601,071	(3,427,481)
OTHER FINANCING SOURCES (USES):				
Sale of assets	296,484	228	2,780	299,492
Transfers in	13,652,804	-	777,258	14,430,062
Transfers out	(1,805,520)	(869,388)	(6,190,690)	(8,865,598)
Total other financing sources (uses)	12,143,768	(869,160)	(5,410,652)	5,863,956
Net change in fund balances	8,780,545	(3,534,489)	(2,809,581)	2,436,475
FUND BALANCES:				
Beginning of year	10,193,883	17,088,359	46,632,646	73,914,888
End of year	<u>\$ 18,974,428</u>	<u>\$ 13,553,870</u>	<u>\$ 43,823,065</u>	<u>\$ 76,351,363</u>

See accompanying Notes to Basic Financial Statements.

City of Redding

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities For the year ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds	\$ 2,436,475
--	--------------

Amounts reported for governmental activities in the Statement of Activities were different because:

Governmental funds reported acquisition of capital assets as part of capital outlay expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.	9,657,100
Transfer of capital asset from Governmental Fund to Enterprise Fund	682,470
In the Statement of Activities, donated assets are reported as a capital contribution.	355,702
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in governmental funds.	(13,503,703)
Disposal of capital assets is reported in the Governmental-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources. Therefore, it is not reported as expenditures in governmental funds. - Net book value of the assets disposed	(606,241)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	614,814
In the Statement of Activities, the net other post employment benefit obligation has been accrued.	(4,348,863)
Repayment of bond principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets.	3,558,947
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represented the change in accrued interest from the prior year.	5,598
Compensated absences in the Statement of Activities is reported as an expense but is not reported in the governmental funds.	(327,303)
Loan proceeds provided current financial resources to governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds was reported with governmental activities.	(652,904)
Business portion of operating transfer from Internal Service funds	(407,440)
Change in Net Position of Governmental Activities	\$ (2,535,348)

See accompanying Notes to Basic Financial Statements.

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PROPRIETARY FUND FINANCIAL STATEMENTS

Major Enterprise Funds:

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

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

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

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

Internal Service Funds:

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

City of Redding
Statement of Fund Net Position
Proprietary Funds
June 30, 2013

	Enterprise Funds		
	Electric Utility	Water Utility	Waste Water Utility
ASSETS			
Current assets:			
Cash and investments	\$ 41,342,136	\$ 20,633,520	\$ 27,102,335
Interest receivable	96,910	45,635	68,121
Accounts receivable, net	18,111,491	2,104,349	2,235,061
Prepaid items	1,119,448	43,274	55,069
Intergovernmental receivable	582,858	-	-
Inventories	7,994,073	605,824	28,929
Interfund receivable	-	-	90,000
Pacificorp Energy receivable	2,440,429	-	-
Total current assets	71,687,345	23,432,602	29,579,515
Noncurrent assets:			
Restricted assets:			
Cash and investments	2,130,957	1,027,255	2,614,757
Interest receivable	128	14	-
Total restricted assets	2,131,085	1,027,269	2,614,757
Capital assets:			
Land	4,233,039	508,799	2,861,579
Construction in progress	7,958,219	1,343,670	43,029,125
Utility plants	362,014,857	111,728,997	202,663,426
Buildings	4,645,865	3,637,249	2,613,886
Improvements other than buildings	2,980,015	-	185,670
Automotive equipment	5,072,665	2,062,569	1,616,346
Furnishings and equipment	7,297,412	1,059,802	1,984,851
Assets under capital lease	-	-	-
Total capital assets	394,202,072	120,341,086	254,954,883
Less: accumulated depreciation	(191,077,574)	(53,423,703)	(80,564,586)
Net capital assets	203,124,498	66,917,383	174,390,297
Other assets:			
Power acquisition costs, net	953,896	-	-
Prepaid purchase cost	870,000	-	-
Advances to other funds	426,095	-	616,418
Financing costs, net	275,040	128,588	107,431
Investment in JPA	1,555,349	-	-
Storage base gas	13,570,000	-	-
Total other assets	17,650,380	128,588	723,849
Total noncurrent assets	222,905,963	68,073,240	177,728,903
Total assets	294,593,308	91,505,842	207,308,418

See accompanying Notes to Basic Financial Statements.

Enterprise Funds			Governmental
Solid Waste	Non-Major		Activities
Collection/	Enterprise	Total	Internal
Disposal	Funds		Service
			Funds
\$ 20,559,225	\$ 7,399,037	\$ 117,036,253	\$ 13,387,704
45,079	10,568	266,313	27,292
1,846,351	396,195	24,693,447	38,949
104,127	24,437	1,346,355	495,700
12,271	2,529,910	3,125,039	991,632
-	114,061	8,742,887	163,204
-	-	90,000	67,500
-	-	2,440,429	-
<u>22,567,053</u>	<u>10,474,208</u>	<u>157,740,723</u>	<u>15,171,981</u>
902,784	91,329	6,767,082	-
12	1	155	-
<u>902,796</u>	<u>91,330</u>	<u>6,767,237</u>	<u>-</u>
1,571,090	9,285,129	18,459,636	110,810
10,312	10,665,178	63,006,504	-
-	26,333,731	702,741,011	-
14,141,504	24,024,824	49,063,328	-
2,006,625	38,045,860	43,218,170	2,384,243
15,436,591	9,809,620	33,997,791	11,810,274
2,119,150	3,005,300	15,466,515	1,293,710
-	4,735,090	4,735,090	508,763
<u>35,285,272</u>	<u>125,904,732</u>	<u>930,688,045</u>	<u>16,107,800</u>
<u>(17,841,747)</u>	<u>(66,653,936)</u>	<u>(409,561,546)</u>	<u>(11,679,283)</u>
<u>17,443,525</u>	<u>59,250,796</u>	<u>521,126,499</u>	<u>4,428,517</u>
-	-	953,896	-
-	-	870,000	-
-	-	1,042,513	4,912,222
39,222	15,690	565,971	-
-	-	1,555,349	-
-	-	13,570,000	-
<u>39,222</u>	<u>15,690</u>	<u>18,557,729</u>	<u>4,912,222</u>
<u>18,385,543</u>	<u>59,357,816</u>	<u>546,451,465</u>	<u>9,340,739</u>
<u>40,952,596</u>	<u>69,832,024</u>	<u>704,192,188</u>	<u>24,512,720</u>

City of Redding
Statement of Fund Net Position
Proprietary Funds, Continued
June 30, 2013

	Enterprise Funds		
	Electric Utility	Water Utility	Waste Water Utility
LIABILITIES			
Current liabilities (payable from current assets):			
Accounts payable	\$ 6,787,345	\$ 216,846	\$ 2,527,494
Accrued liabilities	492,997	75,139	103,315
Accrued interest payable	668,069	29,400	474,563
Claims and judgements payable	-	-	-
Intergovernmental payable	1,146,954	17,335	2,566
Due to other funds	-	-	-
Interfund payables	-	-	-
Deferred revenues	782,807	45,326	-
Deposits	2,993,404	-	-
Accrued compensated absences, due with in one year	1,027,163	111,629	128,280
Landfill closure costs, due with in one year	-	-	-
Capital leases, due with in one year	-	-	-
Long-term debt, due with in one year	5,217,842	591,539	1,380,124
State loan, due with in one year	-	-	3,559,375
Current liabilities (payable from restricted assets):			
Accounts payable	511,322	-	-
Total current liabilities	<u>19,627,903</u>	<u>1,087,214</u>	<u>8,175,717</u>
Long-term liabilities:			
Accrued compensated absences, due in more than one year	2,875,550	292,561	279,500
Landfill closure costs, due in more than one year	-	-	-
Advances from other funds	-	-	-
Accrued liabilities, due in more than one year	11,804,294	1,399,006	1,783,246
Claims and judgements, due in more than one year	-	-	-
Capital leases, due in more than one year	-	-	-
Long-term debt, due in more than one year	153,782,732	6,592,314	7,995,494
State loan, due in more than one year	-	-	70,473,246
Total long-term liabilities	<u>168,462,576</u>	<u>8,283,881</u>	<u>80,531,486</u>
Total liabilities	<u>188,090,479</u>	<u>9,371,095</u>	<u>88,707,203</u>
NET POSITION			
Net investment in capital assets	46,831,399	60,760,785	90,982,058
Restricted for:			
Capital projects	-	559,470	12,898,464
Unrestricted	59,671,430	20,814,492	14,720,693
Total net position	<u>\$ 106,502,829</u>	<u>\$ 82,134,747</u>	<u>\$ 118,601,215</u>

See accompanying Notes to Basic Financial Statements.

Enterprise Funds			Governmental Activities	
Solid Waste Collection/Disposal	Non-Major Enterprise Funds	Total	Internal Service Funds	
\$ 320,589	\$ 1,464,723	\$ 11,316,997	\$ 234,549	
146,934	37,037	855,422	180,469	Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.
45,263	14,547	1,231,842	-	
-	-	-	3,069,165	
69,087	916,100	2,152,042	541,470	
-	718,959	718,959	-	
-	157,500	157,500	-	
72,109	2,907,501	3,807,743	2,286	Proprietary Funds total net position \$ 391,324,489
2,295,950	43,115	5,332,469	15	
350,521	48,825	1,666,418	304,662	Less business-type portion of the Internal Service Fund (7,047,390)
125,000	-	125,000	-	
-	403,608	403,608	-	
809,325	52,964	8,051,794	-	Statement of Activities: Net Position \$ 384,277,099
-	47,829	3,607,204	-	
-	-	511,322	-	
4,234,778	6,812,708	39,938,320	4,332,616	
1,152,930	178,959	4,779,500	860,100	
1,750,000	-	1,750,000	-	
-	4,779,253	4,779,253	422,395	
3,527,947	945,846	19,460,339	3,711,511	
-	-	-	10,106,545	
-	2,155,804	2,155,804	-	
61,009	609,438	169,040,987	-	
-	490,250	70,963,496	-	
6,491,886	9,159,550	272,929,379	15,100,551	
10,726,664	15,972,258	312,867,699	19,433,167	
17,475,975	54,099,163	270,149,380	4,428,517	
-	3,096,922	16,554,856	-	
12,749,957	(3,336,319)	104,620,253	651,036	
\$ 30,225,932	\$ 53,859,766	\$ 391,324,489	\$ 5,079,553	

(Concluded)

City of Redding
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2013

	Enterprise Funds		
	Electric Utility	Water Utility	Waste Water Utility
OPERATING REVENUES:			
User fees and charges	\$ 114,675,907	\$ 16,484,568	\$ 21,342,150
Wholesale power sales	40,055,385	-	-
Rental charges	-	-	-
Other operating revenue	6,193,133	12,720	335
Total operating revenues	160,924,425	16,497,288	21,342,485
OPERATING EXPENSES:			
Cost of power, water, and transportation	64,335,870	528,019	-
Maintenance, operations, and administration	69,253,833	11,381,673	11,616,022
Depreciation and amortization	13,548,833	3,623,164	5,572,955
Total operating expenses	147,138,536	15,532,856	17,188,977
OPERATING INCOME (LOSS)	13,785,889	964,432	4,153,508
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	(74,276)	(172,089)	(241,696)
Interest expense	(8,492,201)	(438,657)	(1,994,811)
Intergovernmental revenues	-	33,495	-
Gain (loss) on disposal of assets	(466,052)	(5,555)	630
Other non-operating revenues (expenses)	34,527	1,627,208	1,228,233
Total nonoperating revenues (expenses)	(8,998,002)	1,044,402	(1,007,644)
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	4,787,887	2,008,834	3,145,864
Capital contributions	115,884	84,450	112,375
Transfers in	276,779	136,835	40,434
Transfers out	(6,027,400)	-	(1,106,157)
Change in net position	(846,850)	2,230,119	2,192,516
NET POSITION:			
Beginning of year	107,349,679	79,904,628	116,408,699
End of year	\$ 106,502,829	\$ 82,134,747	\$ 118,601,215

See accompanying Notes to Basic Financial Statements.

Enterprise Funds			Governmental	
Solid Waste Collection/ Disposal	Non-Major Enterprise Funds	Total	Internal Service Funds	
\$ 17,358,378	\$ 2,360,816	\$ 172,221,819	\$ 54,690,709	Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.
-	-	40,055,385	-	
-	1,421,415	1,421,415	-	
1,440,572	650,738	8,297,498	14,389	
18,798,950	4,432,969	221,996,117	54,705,098	
-	3,110,534	67,974,423	-	Proprietary Funds change in net position \$ 6,418,699
18,265,109	6,011,378	116,528,015	54,378,183	Add Internal Service Funds income - business-type activity (503,489)
1,807,533	3,698,425	28,250,910	914,317	
20,072,642	12,820,337	212,753,348	55,292,500	Statement of Activities: Change in Net Position \$ 5,915,210
(1,273,692)	(8,387,368)	9,242,769	(587,402)	
(151,859)	(27,748)	(667,668)	(119,848)	
(121,569)	(285,990)	(11,333,228)	(5,570)	
-	4,163,675	4,197,170	-	
(229,142)	-	(700,119)	(26,041)	
(68,120)	814,535	3,636,383	5,622	
(570,690)	4,664,472	(4,867,462)	(145,837)	
(1,844,382)	(3,722,896)	4,375,307	(733,239)	
447,755	6,699,267	7,459,731	282,453	
18,812	1,389,358	1,862,218	-	
-	(145,000)	(7,278,557)	(830,595)	
(1,377,815)	4,220,729	6,418,699	(1,281,381)	
31,603,747	49,639,037	384,905,790	6,360,934	
\$ 30,225,932	\$ 53,859,766	\$ 391,324,489	\$ 5,079,553	

City of Redding
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2013

	Enterprise Funds		
	Electric Utility	Water Utility	Waste Water Utility
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 156,817,767	\$ 16,415,997	\$ 21,317,776
Cash paid to suppliers	(102,280,022)	(8,432,512)	(7,350,253)
Cash paid to employees	(22,797,854)	(3,072,870)	(3,991,416)
Other income received	6,193,133	249,914	12,585
Net cash provided (used) by operating activities	37,933,024	5,160,529	9,988,692
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Intergovernmental revenue received	96,332	-	-
Advances from other funds	-	-	-
Repayment of advances from other funds	-	(64,667)	(66,639)
Advances to other funds	-	-	-
Repayment of advances to other funds	2,666	-	90,000
Transfers in	276,779	41,015	40,434
Transfers out	-	-	-
Other Revenue	(6,027,400)	-	-
Net cash provided (used) by noncapital financing activities	(5,651,623)	(23,652)	63,795
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grant received	-	-	-
Proceeds from sale of assets	62,791	83,302	630
Purchase of capital assets	(5,234,818)	(1,549,667)	(21,020,276)
Interest paid	(8,294,474)	(382,211)	(1,990,514)
Principal paid on long-term debt	(5,540,000)	(645,000)	(4,429,710)
Principal paid on capital leases	-	-	-
Long-term debt issued	-	-	12,139,164
Cash collected for future capital outlay	20,239	1,389,868	1,215,983
Net cash provided (used) by capital and related financing activities	(18,986,262)	(1,103,708)	(14,084,723)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment revenue received	(96,123)	(173,984)	(227,184)
Rents received	-	-	-
Net cash provided (used) by investing activities	(96,123)	(173,984)	(227,184)
Net increase (decrease) in cash and cash equivalents	13,199,016	3,859,185	(4,259,420)
CASH AND CASH EQUIVALENTS:			
Beginning of year	30,274,077	17,801,590	33,976,512
End of year	\$ 43,473,093	\$ 21,660,775	\$ 29,717,092
Reconciliation to statement of net position			
Cash and cash equivalents	\$ 41,342,136	\$ 20,633,520	\$ 27,102,335
Restricted cash and cash equivalents	2,130,957	1,027,255	2,614,757
	\$ 43,473,093	\$ 21,660,775	\$ 29,717,092

See accompanying Notes to Basic Financial Statements.

Solid Waste Collection/ Disposal	Enterprise Funds		Governmental Activities
	Non-Major Enterprise Funds	Total	Internal Service Funds
\$ 19,940,336	\$ 4,363,317	\$ 218,855,193	\$ 54,704,133
(11,720,923)	(8,234,793)	(138,018,503)	(46,405,047)
(7,156,209)	(1,307,004)	(38,325,353)	(6,984,595)
1,442,452	464,819	8,362,903	225
<u>2,505,656</u>	<u>(4,713,661)</u>	<u>50,874,240</u>	<u>1,314,716</u>
72,109	3,899,526	4,067,967	223,425
-	725,141	725,141	-
(7,323)	(892,430)	(1,031,059)	-
-	-	-	(5,571)
-	-	92,666	95,767
18,812	1,057,151	1,434,191	-
-	(145,000)	(145,000)	(830,595)
-	-	(6,027,400)	5,622
<u>83,598</u>	<u>4,644,388</u>	<u>(883,494)</u>	<u>(511,352)</u>
-	8,962,550	8,962,550	-
59,028	(2)	205,749	230
(831,739)	(7,913,515)	(36,550,015)	(51,259)
(88,698)	(283,023)	(11,038,920)	2
(815,000)	(100,536)	(11,530,246)	-
-	(370,956)	(370,956)	-
-	-	12,139,164	-
-	322,859	2,948,949	-
<u>(1,676,409)</u>	<u>617,377</u>	<u>(35,233,725)</u>	<u>(51,027)</u>
(145,334)	(28,228)	(670,853)	(119,618)
-	29,552	29,552	-
<u>(145,334)</u>	<u>1,324</u>	<u>(641,301)</u>	<u>(119,618)</u>
767,511	549,428	14,115,720	632,719
<u>20,694,498</u>	<u>6,940,938</u>	<u>109,687,615</u>	<u>12,754,985</u>
<u>\$ 21,462,009</u>	<u>\$ 7,490,366</u>	<u>\$ 123,803,335</u>	<u>\$ 13,387,704</u>
\$ 20,559,225	\$ 7,399,037	\$ 117,036,253	\$ 13,387,704
902,784	91,329	6,767,082	-
<u>\$ 21,462,009</u>	<u>\$ 7,490,366</u>	<u>\$ 123,803,335</u>	<u>\$ 13,387,704</u>

(Continued)

City of Redding
Statement of Cash Flows
Proprietary Funds, Continued
For the year ended June 30, 2013

	Enterprise Funds		
	Electric Utility	Water Utility	Waste Water Utility
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 13,785,889	\$ 964,432	\$ 4,153,508
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Other non-operating revenue and expense	-	237,194	12,250
Depreciation and amortization	13,548,833	3,623,164	5,572,955
(Increase) decrease in accounts receivable	2,086,475	(68,571)	(24,374)
(Increase) decrease in inventories	(1,008,562)	21,242	18,418
(Increase) decrease in prepaid items	52,967	(879)	(1,130)
(Increase) decrease in investment in JPA	(417,617)	-	-
(Increase) decrease in deposits	6,500,000	-	-
Increase (decrease) in accounts payable	585,721	58,546	(149,398)
Increase (decrease) in accrued liabilities	22,126	9,098	4,307
Increase (decrease) in claims and judgements payable	-	-	-
Increase (decrease) in deposits	181,160	-	-
Increase (decrease) in intergovernmental payable	(87,155)	5,661	1,393
Increase (decrease) in deferred revenues	(527,751)	-	-
Increase (decrease) in accrued compensated absences	52,798	(53,223)	(78,891)
Increase (decrease) in accrued landfill closure costs	-	-	-
Increase (decrease) in claims and judgements payable long-term	-	-	-
Increase (decrease) in accrued liabilities long-term	3,158,140	363,865	479,654
Total adjustments	24,147,135	4,196,097	5,835,184
Net cash provided (used) by operating activities	\$ 37,933,024	\$ 5,160,529	\$ 9,988,692
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Plant contributed from developers	\$ 115,884	\$ 84,450	\$ 112,375
Capitalized interest	300,772	-	233,830
Accrued interest rolled into principal on loans	-	-	326,569
Non-cash change in deposits	-	-	-
Equipment transfers	-	(4,340)	(1,106,157)
Total non-cash capital and related financing activities	\$ 416,656	\$ 80,110	\$ (433,383)

See accompanying Notes to Basic Financial Statements.

Solid Waste Collection/ Disposal	Enterprise Funds		Governmental Activities
	Non-Major Enterprise Funds	Total	Internal Service Funds
\$ (1,273,692)	\$ (8,387,368)	\$ 9,242,769	\$ (587,402)
1,880	462,124	713,448	-
1,807,533	3,698,425	28,250,910	914,317
(58,563)	(67,257)	1,867,710	(739)
-	1,523	(967,379)	10,745
(2,235)	(500)	48,223	(14,385)
-	-	(417,617)	-
-	-	6,500,000	-
5,433	40,755	541,057	42,028
10,153	3,027	48,711	17,016
-	-	-	(891,418)
384,819	2,485	568,464	(1)
(24,764)	(613,894)	(718,759)	3,576
-	-	(527,751)	-
122,397	(561)	42,520	104,916
591,176	-	591,176	-
-	-	-	817,673
941,519	147,580	5,090,758	898,390
<u>3,779,348</u>	<u>3,673,707</u>	<u>41,631,471</u>	<u>1,902,118</u>
<u>\$ 2,505,656</u>	<u>\$ (4,713,661)</u>	<u>\$ 50,874,240</u>	<u>\$ 1,314,716</u>
\$ -	\$ 85,975	\$ 398,684	\$ -
-	-	534,602	-
-	-	326,569	-
(377,755)	-	(377,755)	299,437
-	-	(1,110,497)	-
<u>\$ (377,755)</u>	<u>\$ 85,975</u>	<u>\$ (228,397)</u>	<u>\$ 299,437</u>

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FIDUCIARY FUND FINANCIAL STATEMENTS

Agency Funds

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

Private-purpose Trust Fund

Private-purpose trust funds are a fiduciary fund type used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments.

Successor Agency to the Redding Redevelopment Agency Private-purpose Trust Fund

Under California State law a successor agency was established to handle the obligations of the former Redding Redevelopment Agency. GASB has determined that this fund should be classified as a private-purpose trust fund.

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City of Redding
Statement of Agency Net Position
Agency Funds
June 30, 2013

ASSETS

Cash and cash equivalents	\$	2,236,036
Accounts receivable		50,448
Interest receivable		7,832
Total assets	\$	2,294,316

LIABILITIES

Deposits	\$	2,294,316
Total liabilities	\$	2,294,316

See accompanying Notes to Basic Financial Statements.

City of Redding
Statement of Fiduciary Net Position
Successor Agency to the Redding Redevelopment Agency Private-purpose Trust Fund
June 30, 2013

ASSETS	
Cash and investments:	
Cash with trustee	\$ 3,986,214
Bond proceeds	4,054,008
Bond reserves	6,981,748
Interest receivable	9,432
Intergovernmental receivable	42,778
Notes receivable, net	325,000
Financing costs, net	619,420
Capital assets:	
Land	947,799
Building	1,455,733
Equipment	6,132
Total capital assets	<u>2,409,664</u>
Less accumulated depreciation	<u>(1,461,865)</u>
Net capital assets	<u>947,799</u>
Total assets	<u>16,966,399</u>
LIABILITIES	
Accounts payable	11
Accrued interest payable	660,627
Deferred revenue	325,000
Intergovernmental payable	866,178
Long-term debt	<u>45,047,527</u>
Total liabilities	<u>46,899,343</u>
NET POSITION	
Held in trust for: individuals, organizations and other governments	<u>(29,932,944)</u>
Total net position	<u>\$ (29,932,944)</u>

See accompanying Notes to Basic Financial Statements.

City of Redding
Statement of Changes in Fiduciary Net Position
Successor Agency to the Redding Redevelopment Agency Private-purpose Trust Fund
For the year ended June 30, 2013

ADDITIONS:	
Property taxes	\$ 3,537,330
Investment revenue	80,282
Total additions	<u>3,617,612</u>
 DEDUCTIONS:	
Administrative costs	250,000
Payment on Recognized Obligation Payment Schedule	24,413,594
Total deductions	<u>24,663,594</u>
Net change in net position	<u>(21,045,982)</u>
 NET POSITION:	
Beginning of period	<u>(8,886,962)</u>
End of period	<u><u>\$ (29,932,944)</u></u>

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

City of Redding
Notes to Basic Financial Statements
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

As required by GAAP, the accompanying basic financial statements present the City and its component units. Component units are entities for which the City is considered to be financially accountable. GASB defines component units as legally separate entities that meet any one of the following tests:

- ◆ The City appoints the voting majority of the board of the entity and:
 - is able to impose its will on the entity and/or
 - is in a relationship of financial benefit or burden with the entity.
- ◆ The entity is fiscally dependent upon the City.
- ◆ The financial statements of the City would be misleading if data from the entity were omitted.

Management determined that the following component units should be blended based on the criteria above:

- ◆ Redding Housing Authority
- ◆ Redding Joint Power Financing Authority
- ◆ Redding Capital Services Corporation
- ◆ Redding Area Bus Authority

These component units are included in the primary government because of the significance of their financial or operational relationship and the same City governing body.

Each of the blended component units in the accompanying basic financial statements of the City are described below:

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Reporting Entity, Continued

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

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

Redding Capital Services Corporation (Corporation), a nonprofit public benefit corporation, was organized under the Nonprofit Public Benefit Corporation Law of the State of California to provide financial assistance to the City, by constructing, financing, purchasing and selling and leasing various public facilities, land and equipment for the use, benefit and enjoyment of the public serviced by the City. City council members, in a separate session, serve as the board of directors of the Corporation. The financing activity of the Corporation has been included in the City's financial statements in the enterprise funds.

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

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

B. Government-Wide and Fund Financial Statements

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

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Government-Wide and Fund Financial Statements, Continued

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues as available if they are collected within sixty days of the end of the current fiscal period, except for sales tax which has a ninety day availability period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

D. Basis of Presentation

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

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

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

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

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Basis of Presentation, Continued

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

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

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

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

General Support Services - this fund is used to provide printing, reprographics, geographic services, records retention, building and maintenance services, volunteer services and employee services.

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

Fiduciary Funds

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

Private-purpose Trust Fund - is a fiduciary fund type used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and interest benefit individuals, private organizations, or other governments. This trust fund is used to account for the fiduciary assets, liabilities and net position of the Successor Agency (Agency) to the Redding Redevelopment Agency, the former redevelopment agency of the City.

The City reports the following major governmental funds:

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

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

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Basis of Presentation, Continued

The City reports the following major proprietary funds:

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Assets, Liabilities, and Net Position or Equity

Cash and Investments

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

All cash and investments of proprietary funds are held in the City's investment pool. Therefore, all cash and investments in the proprietary funds are considered cash and cash equivalents for purposes of the statement of cash flows as these cash pools have the general characteristics of a demand deposit account.

General Receivables and Property Taxes Receivable

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

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

Inventories

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

Capital Assets

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

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Capital Assets, Continued

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

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

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

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

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

Pension Plan

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

Vacation and Sick Pay

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

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Vacation and Sick Pay, Continued

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

Unearned/Deferred Revenue

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

In the fund financial statements, deferred revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records deferred revenues when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period.

In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue and deferred revenue is removed from the combined balance sheet and revenue is recognized.

Long-Term Obligations

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

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

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Fund Equity

In the fund financial statements, governmental funds aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications; restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed ordinances of the City Council – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the City Council’s “intent” to be used for specific purposes, but are neither restricted nor committed. The City Council and City Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use externally restricted resources first, the unrestricted resources-committed, assigned, and unassigned-in order as needed. The City has no formal policy of assignment of fund balance. So it is presumed that the order of spending is first committed fund balance, then assigned fund balance, and last of all, unassigned fund balance.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Net Position

For government-wide reporting as well as in proprietary funds, fund equity is called net position. Net position is comprised of three components: net investment in capital assets; restricted; and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes and other debt that are attributed to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

Use of Estimates

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

F. New Pronouncements

In 2013, the City adopted a new accounting standard in order to conform to the following Governmental Accounting Standards Board Statement (GASB):

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Revenues, Deferred Inflows of Resources, and Net Position* - this statement provides financial reporting guidance for deferred outflows and resources and deferred inflows of resources. It also amends the net asset reporting requirements of GASB Statement No. 34 by incorporating deferred outflows and inflows into the definitions and renaming the residual measure as net position, rather than net assets.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2013, are as follows:

	Government-Wide Statement of Net Assets			Fiduciary Funds Statement of	
	Governmental Activities	Business Activities	Total	Net Assets	Total
Cash and investments	\$ 37,625,608	\$ 117,036,253	\$ 154,661,861	\$ 6,222,250	\$ 160,884,111
Restricted cash and investments	\$ 5,043,753	\$ 6,767,082	\$ 11,810,835	\$ 11,035,756	\$ 22,846,591

The City maintains a cash and investment pool that is available for use by all funds, except for funds of the Authority, Agency, and RABA (these funds have segregated accounts). Each fund’s portion of the cash and investment pool or segregated accounts is displayed on the Statement of Net Position and the Fund Financial Statement Balance Sheets as “Cash and Investments.”

Deposits - At June 30, 2013, the carrying amount of the City’s deposits was \$17,720,909, of which \$1,030,379 was restricted and \$16,690,530 was unrestricted. The bank balance was \$19,773,495. Of the bank balance, \$1,850,000 was covered by Federal depository insurance, and \$17,923,495 was covered by collateral held in the pledging bank’s trust department. Such collateral is in the City’s name.

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

The California Government Code and the investment policy of the City authorize the City to invest in obligations, participation, or other instruments of the U.S. Government or its agencies, state and municipal bonds, commercial paper of “prime” quality of the highest ranking or of the highest letter and numerical rating as provided by Standard & Poor’s Corporation or Moody’s Investor Service, Inc., bankers’ acceptances, repurchase agreements, mortgage pass-through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable pass-through certificates, or consumer receivable-backed bonds, and medium-term notes (issued by U.S. Corporations) of a maximum of five years with a minimum rating category of “A” by a nationally recognized rating service, notes, bonds, or other obligations secured by a valid first priority security interest, and the State Treasurer’s Investment Pool (LAIF). Reverse repurchase agreements may be made only when prior approval of the City Council has been given.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

2. CASH AND INVESTMENTS, Continued

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

In accordance with authorized investment laws, LAIF invests in various structured notes and mortgage-backed securities, such as collateralized mortgage obligations. As of June 30, 2013, 1.96% of LAIF’s investment portfolio was invested in structured notes and other asset-backed securities.

At June 30, 2013, the City’s investments and deposits were as follows:

	Cash and Investments		
	Fair Value		Total
	Unrestricted	Restricted	
Deposits	\$ 16,675,914	\$ 1,030,379	\$ 17,706,293
Medium Term Corporate Notes	12,140,041	-	12,140,041
Federal Agency Bonds	119,822,532	-	119,822,532
Local Agency Investment Fund	11,544,736	12,605,665	24,150,401
Mutual Funds	700,888	9,210,547	9,911,435
Total Investments	144,208,197	21,816,212	166,024,409
Total Cash and Investments	\$ 160,884,111	\$ 22,846,591	\$ 183,730,702

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

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

2. CASH AND INVESTMENTS, Continued

As of June 30, 2013, the City had the following investments and maturities:

Unrestricted:	Investments Maturities (in Years)				
	Fair Value	Less Than 1	1-2	3-4	5
Investment Type					
Medium Term Corporate Notes	\$ 12,140,041	\$ -	\$ -	\$ 4,024,601	\$ 8,115,440
Federal Agency Bonds	119,822,532	-	-	48,163,225	71,659,307
Investment in State Treasurer's Investment Pool	11,544,736	11,544,736	-	-	-
Mutual Funds	700,888	700,888	-	-	-
Total	\$ 144,208,197	\$ 12,245,624	\$ -	\$ 52,187,826	\$ 79,774,747

Restricted:	Investments Maturities (in Years)			
	Fair Value	Less Than 1	1-5	More Than 5
Investment in State Treasurer's Investment Pool	\$ 12,605,665	\$ 12,605,665	\$ -	\$ -
Mutual Funds	9,210,547	9,210,547	-	-
Total	\$ 21,816,212	\$ 21,816,212	\$ -	\$ -

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

2. CASH AND INVESTMENTS, Continued

Credit Risk - As of June 30, 2013, the City's investments in Federal Agency Bonds were rated Aaa by Moody's Investors Service. The City's investments in Medium Term Corporate Notes were rated A by Moody's Investors Service. Investments in LAIF are not rated as LAIF is a State sponsored investment pool. The City policy limits the percentage invested in various instruments by category.

The California Government Code and the investment policy of the City authorize the City to invest in obligations, participation, or other instruments of the U.S. Government or its agencies, state and municipal bonds, commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by Standard & Poor's Corporation or Moody's Investor Service, Inc., bankers' acceptances, repurchase agreements, mortgage pass-through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable pass-through certificates, or consumer receivable-backed bonds, and medium-term notes (issued by U.S. Corporations) of a maximum of five years with a minimum rating category of "A" by a nationally recognized rating service, notes, bonds, or other obligations secured by a valid first priority security interest, and the State Treasurer's Investment Pool (LAIF). Reverse repurchase agreements may be made only when prior approval of the City Council has been given.

Custodial Credit Risk - All securities are held in the name of the City. As a result, the City had no custodial credit risk at June 30, 2013.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. INTERFUND ACTIVITIES

Due To Other Funds	Due From Other Funds	
	General Fund	Total
Governmental Funds:		
Nonmajor Governmental Funds	\$ 121,168	\$ 121,168
Enterprise funds:		
Nonmajor Enterprise Funds	718,958	718,958
Total	\$ 840,126	\$ 840,126

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

Interfund Payable	Interfund Receivable				Total
	Nonmajor Governmental Funds	General Capital Projects Fund	Wastewater Utility Fund	Internal Service Funds	
Governmental Funds:					
General Fund	\$ 41,171	\$ -	\$ -	\$ -	\$ 41,171
Nonmajor Governmental Funds	-	-	-	-	-
Enterprise Funds:					
Electric Utility	-	-	-	-	-
Water Utility	-	-	-	-	-
Wastewater Utility	-	-	-	-	-
Solid Waste Utiliy	-	-	-	-	-
Nonmajor Enterprise funds	-	-	90,000	67,500	157,500
Total	\$ 41,171	\$ -	\$ 90,000	\$ 67,500	\$ 198,671

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

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

4. ADVANCES TO AND FROM OTHER FUNDS

The long-term advances consisted of the following:

Advances from other funds	Advances to other funds						Total
	General Fund	Nonmajor Governmental Funds	General Capital Projects Fund	Electric Utility	Waste Water Utility	Internal Service Funds	
Governmental funds:							
General Fund	\$ -	\$ 41,940	\$ -	\$ -	\$ -	\$ -	\$ 41,940
Nonmajor Governmental Funds	-	-	-	426,095	-	326,992	753,087
Enterprise funds:							
Electric Utility	-	-	-	-	-	-	-
Water Utility	-	-	-	-	-	-	-
Wastewater Utility	-	-	-	-	-	-	-
Solid Waste Utility	-	-	-	-	-	-	-
Nonmajor Enterprise Funds	-	-	-	-	616,418	4,162,835	4,779,253
Internal Service Funds	-	-	-	-	-	422,395	422,395
Total	\$ -	\$ 41,940	\$ -	\$ 426,095	\$ 616,418	\$ 4,912,222	\$ 5,996,675

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

4. ADVANCES TO AND FROM OTHER FUNDS, Continued

1. The Electric Utility loaned the Parking Fund additional funds for another parking structure at the Downtown Mall. The outstanding balance at year-end was \$426,095.
2. The General Fund has advanced funds to the Parking Fund to cover operating expenditures. This balance has been transferred to the Risk Management Fund and had a balance of \$326,992 at year-end.
3. In recent years the General Fund has advanced \$8,917,054 to the Airport Fund to finance improvements and operating expenses. The balance was transferred to the Risk Management Fund during the 2009-2010 fiscal year. The Airport Fund has repaid \$7,117,677 to date. The remaining balance is \$1,799,377 all of which is classified as long-term.
4. In recent years the General Fund has advanced \$1,110,847 to the Convention Center Fund to finance improvements and operating expenses. The balance was transferred to the Risk Management Fund during the 2009-2010 fiscal year. The balance at year-end was \$1,435,007.
5. Under an agreement, the Wastewater Fund has made payments on the Airport Fund's sewer special assessment. The outstanding balance of the advance, in the amount of \$706,418, is to be repaid including interest at the City's average earnings on its pooled cash accounts. Of this amount, \$616,418 is long-term at year-end.
6. The Risk Management Fund advanced funds to the Airport Fund to acquire property. There was a balance of \$129,300 at year-end.
7. The Risk Management Fund advanced funds to the Convention Center Fund to finance additional improvements. At year-end the balance was \$866,651, of this amount, \$799,151 is long-term at year-end.
8. In 2005 the Agency and the Authority each prepaid ten year's rent for use of the Civic Center. These entities have received a discounted rent from the General Fund which is being amortized over the 10 year period. The remaining balance at year-end was \$83,111, of which \$41,940 was classified as long-term.
9. The Risk Management Fund advanced funds to the Equipment Fund to finance the upgrade of the City's 800 megahertz communications system. At year-end the balance was \$422,395.
10. The General Capital Projects Fund financed the acquisition of its new Integrated Land Management System. The majority of the system is being paid for by the City's utilities. The General Capital Projects Fund has recorded a receivable from the utilities to cover their portion of the capital project. At year-end the remaining balance was paid in full.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

5. CAPITAL ASSETS

Changes in capital assets consisted of the following:

	Balance June 30, 2012	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2013
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 29,630,066	\$ -	\$ -	\$ -	\$ 29,630,066
Construction in process	11,477,734	9,622,345	(606,239)	(7,415,520)	13,078,320
Total capital assets, not being depreciated	41,107,800	9,622,345	(606,239)	(7,415,520)	42,708,386
Capital assets, being depreciated:					
Buildings	55,419,282	-	-	-	55,419,282
Improvements other than buildings	101,268,183	-	-	81,700	101,349,883
Infrastructure	258,158,163	200,000	-	8,134,873	266,493,036
Automotive equipment	11,213,862	79,372	(253,894)	770,934	11,810,274
Furnishings and equipment	7,824,936	60,745	(294,436)	(12,533)	7,578,712
Assets under capital lease:					
Furnishings and equipment	325,000	-	-	-	325,000
Automotive equipment	1,247,411	-	-	(738,648)	508,763
Total capital assets, being depreciated	435,456,837	340,117	(548,330)	8,236,326	443,484,950
Accumulated depreciation:					
Buildings	(21,142,113)	(1,732,818)	-	-	(22,874,931)
Improvements other than buildings	(41,677,355)	(4,110,748)	-	-	(45,788,103)
Infrastructure	(59,149,422)	(7,178,541)	-	-	(66,327,963)
Automotive equipment	(8,560,502)	(698,016)	213,137	(524,719)	(9,570,100)
Furnishings and equipment	(5,503,969)	(640,500)	291,936	12,533	(5,840,000)
Assets under capital lease:					
Furnishings and equipment	(270,000)	(15,000)	-	-	(285,000)
Automotive equipment	(545,429)	(42,397)	-	492,433	(95,393)
Total accumulated depreciation	(136,848,790)	(14,418,020)	505,073	(19,753)	(150,781,490)
Total capital assets, being depreciated, net	298,608,047	(14,077,903)	(43,257)	8,216,573	292,703,460
Total governmental activities	\$ 339,715,847	\$ (4,455,558)	\$ (649,496)	\$ 801,053	\$ 335,411,846

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

5. CAPITAL ASSETS, Continued

Depreciation expense was charged to governmental activities as follows:

Program	Depreciation
General government	\$ 1,798,307
Police	397,727
Fire	346,606
Public works	7,358,168
Recreation and culture	4,511,074
Community development	6,138
Total depreciation - governmental functions	<u>\$ 14,418,020</u>

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

	Balance June 30, 2012	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2013
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 18,422,509	\$ 37,127	\$ -	\$ -	\$ 18,459,636
Construction in progress	48,259,750	33,061,509	(84,517)	(18,230,238)	63,006,504
Total capital assets, not being depreciated	<u>66,682,259</u>	<u>33,098,636</u>	<u>(84,517)</u>	<u>(18,230,238)</u>	<u>81,466,140</u>
Capital assets, being depreciated:					
Utility plants	690,667,093	2,381,433	(6,227,422)	15,919,907	702,741,011
Buildings	49,063,328	-	-	-	49,063,328
Improvements other than buildings	41,677,302	31,590	-	1,509,278	43,218,170
Automotive equipment	34,007,747	665,507	(655,710)	(19,753)	33,997,791
Furnishings and equipment	15,652,071	219,605	(405,161)	-	15,466,515
Assets under capital lease:					
Furnishings and equipment	4,735,090	-	-	-	4,735,090
Total capital assets, being depreciated	<u>835,802,631</u>	<u>3,298,135</u>	<u>(7,288,293)</u>	<u>17,409,432</u>	<u>849,221,905</u>
Less accumulated depreciation for:					
Utility plants	(300,338,713)	(21,280,764)	5,696,814	-	(315,922,663)
Buildings	(28,034,232)	(1,262,753)	-	-	(29,296,985)
Improvements other than buildings	(30,434,742)	(1,412,282)	-	-	(31,847,024)
Automotive equipment	(17,006,501)	(2,453,874)	367,540	19,753	(19,073,082)
Furnishings and equipment	(12,205,955)	(760,188)	405,151	-	(12,560,992)
Assets under capital lease:					
Furnishings and equipment	(721,604)	(139,196)	-	-	(860,800)
Total accumulated depreciation	<u>(388,741,747)</u>	<u>(27,309,057)</u>	<u>6,469,505</u>	<u>19,753</u>	<u>(409,561,546)</u>
Total capital assets, being depreciated, net	<u>447,060,884</u>	<u>(24,010,922)</u>	<u>(818,788)</u>	<u>17,429,185</u>	<u>439,660,359</u>
Total business-type activities	<u>\$ 513,743,143</u>	<u>\$ 9,087,714</u>	<u>\$ (903,305)</u>	<u>\$ (801,053)</u>	<u>\$ 521,126,499</u>

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

5. CAPITAL ASSETS, Continued

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

	Depreciation Expense
Electric	\$ 12,660,648
Water	3,609,861
Wastewater	5,547,676
Storm drainage	1,200,622
Solid waste	1,794,084
Transportation	2,386,965
Convention center	109,201
	<hr/>
Total depreciation expense business-type activities	\$ 27,309,057

6. POWER ACQUISITION COSTS

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

	June 30, 2013
Power Acquisition Cost	\$ 3,470,314
Less: Amortization	(2,516,418)
	<hr/>
Power Acquisition Cost, Net	\$ 953,896

7. SELF-INSURANCE

The City administers self-insurance programs for property, general liability, and workers' compensation. Effective May 1, 2007, the City became part of the California Public Entity Public Insurance Authority, a joint powers authority, which administers the City's self-insurance for employee health. These insurance activities are accounted for in the Risk Management Fund. The liability for insurance claims is estimated on a case-by-case basis for all pending claims. There has been no significant reduction in any of the insurance coverages from the prior year. Costs in the City's Risk Management Fund have not exceeded charges to the various funds of the City and its component units.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

7. SELF-INSURANCE, Continued

Settled claims resulting from these risks have not exceeded co-insurance plan coverage or commercial insurance coverage in any of the past three fiscal years.

Employee Health Insurance The City is part of the California Public Entity Public Insurance Authority, a joint powers authority. The Risk Management Fund recognizes revenue from fund charges and accounts for actual expenditures. Funds determined to be at risk are charged estimated claims expense based on salary. The interfund charges are reported as an expense or expenditure in the at risk fund. The estimated liability for pending and incurred but not reported employee health insurance claims relating to July 1, 2012 and prior at June 30, 2013, has been included as an accrued liability in the risk management internal service fund.

Workers' Compensation Insurance is administered as a co-insurance plan. The City is self-insured up to \$750,000 with an insurance company co-insuring claims from \$750,001 to \$50,000,000. Funds determined to be at risk are charged a percentage of the total estimated insurance and claim expense. Percentages are based upon loss experience and salary costs. The interfund charges are reported as an expense or expenditure in the fund at risk. The estimated liability for pending and incurred but not reported claims at June 30, 2013, has been included in the Risk Management Fund's claims payable amount as of June 30, 2013.

Liability Insurance is administered as a co-insurance plan. The City is self-insured up to \$500,000 with an insurance company co-insuring claims from \$500,001 to \$40,000,000. The Risk Management Fund recognizes revenue from fund charges and accounts for actual expenditures. Funds determined to be at risk are charged a percentage of the total estimated insurance and claim expense. Percentages are based upon loss experience and salary. The interfund charges are reported as an expense or expenditure in the funds at risk. Incurred but not reported claims liability has been included in the claims payable amount as of June 30, 2013.

Property Insurance is administered as a co-insurance plan. The City is self-insured for claims up to \$25,000. An insurance company co-insures claims over \$25,000. Additionally, the City has acquired earthquake and flood coverage for the Redding Power Plant up to \$100,000,000. The deductibles on these policies are 5% of insured value and \$500,000 respectively. The Risk Management Fund recognizes revenue from fund charges and accounts for actual expenditures. Funds determined to be at risk are charged a percentage of the total estimated insurance and claim expense. Percentages are based upon loss experience and salary costs. The interfund charges are reported as an expense or expenditure in the funds at risk. Incurred but not reported claims liability has been included in the claims payable amount as of June 30, 2013.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

7. SELF-INSURANCE, Continued

The following is a reconciliation of changes in claims liability amounts for fiscal years ended June 30, 2013:

<u>Worker's Compensation</u>					
For the Years Ended June 30,	Claims Payable July 1	Claims Incurred	Claims Payments	Claims Payable June 30	Claims Due Within One Year
2011	9,497,200	2,457,423	(1,830,423)	10,124,200	2,639,200
2012	10,124,200	2,446,384	(1,707,444)	10,863,140	2,547,706
2013	10,863,140	1,050,767	(1,570,097)	10,343,810	2,438,213

<u>General Liability</u>					
For the Years Ended June 30,	Claims Payable July 1	Claims Incurred	Claims Payments	Claims Payable June 30	Claims Due Within One Year
2011	2,599,450	113,309	(451,209)	2,261,550	1,399,533
2012	2,261,550	1,166,216	(1,063,036)	2,364,730	1,391,292
2013	2,364,730	631,964	(244,284)	2,752,410	551,462

<u>Health and Dental</u>					
For the Years Ended June 30,	Claims Payable July 1	Claims Incurred	Claims Payments	Claims Payable June 30	Claims Due Within One Year
2011	37,510	17,629,805	(17,557,905)	109,410	109,410 (1)
2012	109,410	17,938,279	(18,026,104)	21,585	21,585 (1)
2013	21,585	18,606,178	(18,548,273)	79,490	79,490 (1)

(1) These claims are dental claims only.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

8. COMPENSATED ABSENCES

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

The City's changes in compensated absences for the year ended June 30, 2013 were as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due within One Year
Governmental activities	\$ 10,884,689	\$ 4,120,861	\$ 3,688,642	\$ 11,316,908	\$ 3,265,080
Business-type activities	6,403,398	2,963,735	2,921,215	6,445,918	1,666,418
Total compensated absences	<u>\$ 17,288,087</u>	<u>\$ 7,084,596</u>	<u>\$ 6,609,857</u>	<u>\$ 17,762,826</u>	<u>\$ 4,931,498</u>

9. INDIVIDUAL FUND DISCLOSURES

Parking Special Revenue Fund - The deficit of \$232,443 in this fund arose from operational losses which have been covered by the General Fund. This project is being financed by parking meter funds, parking fines and property tax increment payments. The deficit will take a number of years to eliminate.

Convention Center Enterprise Fund - The deficit of \$1,655,929 in this fund is the result of expenses exceeding revenue. The City has adopted a 5-year plan to provide for a positive net income to the fund.

Information Systems Fund - The deficit of \$361,369 in this fund results from the City funding Internal Service Funds on a cash flow basis. Until the City funds the Other Post Employment Benefit (OPEB) this fund will continue to have a deficit balance.

General Support Services Fund - The deficit of \$457,222 in this fund results from the City funding Internal Service Funds on a cash flow basis. Until the City funds the Other Post Employment Benefit (OPEB) this fund will continue to have a deficit balance.

Municipal Utilities Support Fund - The deficit of \$962,514 in this fund results from the City funding Internal Service Funds on a cash flow basis. Until the City funds the Other Post Employment Benefit (OPEB) this fund will continue to have a deficit balance.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

10. JOINT VENTURES

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

M-S-R Public Power Agency

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

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

The members' rights, property, income, and expense-sharing ratio in most all Power Agency activities is as follows: Modesto Irrigation District - 50%; City of Santa Clara - 35%; and City of Redding - 15%. In recent renewable activities members' percentageships have varied based on each member's individual utilities needs.

The activities of M-S-R consist of a 28.8% ownership interest in a 498-megawatt coal-fire electricity generating plant located in New Mexico (the "San Juan" plant) and ownership of capacity on the Southwest Transmission Project. The San Juan plant began commercial operation in 1982 and is owned jointly by the Public Service Company of New Mexico (38.5%), M-S-R (28.8%), and four other municipal power entities (32.7%). The Power Agency is also a participant in the Southwest Transmission Project, a 500 kilovolt alternating current transmission project between Central Arizona and Southern California which provides a firm transmission for most of the transmission path between the San Juan plant and the members' distribution systems. The initial activity of MSR was the 28% interest in San Juan.

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

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

10. JOINT VENTURES, Continued

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

Summary audited financial information of the M-S-R Public Power Agency as of and for the year ended December 31, 2012 is as follows (in thousands):

Total Assets	\$ 249,877	Total revenues	\$ 140,788
	<u> </u>	Total expenses	<u>(119,151)</u>
Total liabilities	\$ 365,795	Net income	21,637
Total members' deficit	<u>(115,918)</u>	Members' deficit, January 1, 2012	(137,555)
Total liabilities & members' deficit	<u>\$ 249,877</u>	Member distributions	<u>-</u>
		Members' deficit, December 31, 2012	<u>\$ (115,918)</u>

The debt of the Power Agency is comprised entirely of revenue bonds totaling \$313 million. These bonds are secured by a pledge and assignment of the net electric revenues of the Power Agency and are supported by take-and-pay commitments of the participants.

The City utilizes the equity method of accounting for M-S-R Public Power Agency. The City has invested \$17.4 million in this joint venture. However, operating losses have caused the City to have a deficit equity in the Power Agency of \$17.39 million at December 31, 2012. Because the City's equity in M-S-R's net loss exceeds its investment, the equity method of accounting for the investment has been suspended. At the time the equity investment value of the Agency becomes a positive amount, the electric utility fund will resume presenting such values in its balance sheet. Under the joint exercise of power agreement, which formed M-S-R, the City is responsible for funding up to 15% of M-S-R's operating costs, to the extent such funding is necessary. During the year ended June 30, 2013, the City made no contributions to fund its share of operating deficits. If there were such contributions, they would be included in operating expenses.

M-S-R Energy Authority

The Modesto Irrigation District, the City of Santa Clara, and the City of Redding formed M-S-R Energy Authority for the principal purpose to acquire, construct, maintain, operate and finance projects for the benefit of any one or more of the Members. On September 10, 2009, the Authority entered into a series of thirty-year prepaid gas contracts with Citigroup Energy, Inc., which are financed by non-recourse revenue bonds. The M-S-R Energy Authority also entered into matching Natural Gas Supply

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

10. JOINT VENTURES, Continued

Agreements (“Supply Agreements”) whereby each member is obligated to purchase the natural gas from the Authority at a discount from the Index Price. The Supply Agreements will continue in effect until September 30, 2039, unless terminated earlier due to certain defaults, as set forth therein, or the termination of the matching prepaid gas contract. If the M-S-R Energy Authority fails on any day to deliver the quantity of natural gas required to be delivered pursuant to a Supply Agreement, the member will have no obligation for any of the natural gas supply that was not delivered as a result of such delivery default.

The equity of the M-S-R Energy Authority is split between the members based on the revenues and expenses applicable to each individual member’s Supply Agreement. Redding’s equity in the M-S-R Energy Authority’s net losses exceeds its investment and, therefore, the equity method of accounting has been suspended. As of December 31, 2012, the City’s unrecognized share of member’s deficit of the M-S-R Energy Authority was \$30,998,017.

The long term debt of the M-S-R Energy Authority totaled \$901,620,000 at December 31, 2012. The M-S-R Energy Authority did not make any principal or interest payments in 2012.

Transmission Agency of Northern California

The Transmission Agency of Northern California (TANC) is a joint powers agency organized for the principal purpose to provide electric transmission or other facilities for the use of its members. The City has an 8.41% ownership interest in TANC. The first transmission construction project undertaken by TANC was the development of the California-Oregon Transmission Project (COTP). The project is a 339 mile long, 500 kilovolt alternating current transmission project between southern Oregon and central California. In 2009, TANC purchased an additional 121 megawatts (MW) of COTP transfer capability from the City of Vernon. TANC’s new ownership share of COTP transfer capability is 1367 MW and TANC pays 87% of the operating costs. The City’s share of the project is 115 MW.

Also TANC receives from PG&E 300 MW of bi-directional transmission service over PG&E’s system between the Tesla and Midway Substations. The City’s share of this South of Tesla agreement is 10.33% at June 30, 2013.

Summarized financial information of TANC as of and for the year ended June 30, 2013, is as follows (in thousands):

Total assets	<u>\$ 415,580</u>
Total liabilities	\$ 399,467
Total net position	<u>16,113</u>
Total liabilities and net position	<u>\$ 415,580</u>
Net increase (decrease) in net position	<u>\$ 4,756</u>

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

10. JOINT VENTURES, Continued

Balancing Authority of Northern California

The Balancing Authority of Northern California (BANC) is a joint powers agency consisting of the Sacramento Municipal Utility district (SMUD), Modesto Irrigation District (MID), Roseville Electric and Redding Electric Utility (REU) as its founding members as was formed in 2009. On June 26, 2013, BANC members voted to accept Trinity Public Utilities District (TPUD) as a new member. REU participates in BANC through the Western sub-balancing authority. BANC assumed the balancing authority responsibilities on May 1, 2011 from SMUD that include the matching of generation to load and coordinating system operations with neighboring Balancing Authorities. The Central Valley project (CVP) generation, owned by the Bureau of Reclamation and Western Area Power Administration’s transmission facilities along with the 500 kV California Oregon Transmission Project (COTP), are included among other resources within the BANC footprint. BANC members contract for about 40 percent of the CVP hydroelectric resource. The COTP is jointly owed by several parties including WAPA and BANC members via the Transmission Agency of Northern California (TANC).

BANC provides its members an ownership voice in all balancing authority decisions consistent with the principle of maximizing consumer value. It also provides members a unified voice and representation in topics pertaining to Balancing Area matters. The structure provides flexibility to expand potential cost-saving opportunities by sharing future facility costs and clarifies roles and responsibilities of the members regarding reliability standard compliance.

The member’s rights and expense-sharing is based on the participation percentages in most BANC activities. BANC member’s participation percentages are based on the member’s retail sales and stands at 69.9%, 16.5%, 7.9%, 5.1% and 0.6% for SMUD, MID, Roseville, REU, and TPUD respectively. These participation percentages can be updated as the need requires.

Summarized financial information of BANC as of and for the year ended September 30, 2013, is as follows (in thousands)

Total assets	<u>\$ 598,758</u>
Total liabilities	\$ 598,758
Total net position	<u>-</u>
Total liabilities and net position	<u>\$ 598,758</u>
Net increase (decrease) in net position	<u>\$ -</u>

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

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

10. JOINT VENTURES, Continued

Contingent Liability

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

	<u>Total Debt</u>	<u>City of Redding's Participating Share</u>	<u>City of Redding's Contingent liability</u>
M-S-R (1):			
Bonds	\$ 313,445,000	15.000%	\$ 47,016,750
TANC (2)			
Bonds (2002A, 2003A & B)	\$ 244,425,000	8.346%	\$ 20,399,711
Bonds (2009A & B)	\$ 98,770,000	8.412%	\$ 8,308,532
TANC subtotal	<u>\$ 343,195,000</u>		<u>\$ 28,708,243</u>
BANC (3)	\$ -	5.20%	\$ -
Total	<u><u>\$ 656,640,000</u></u>		<u><u>\$ 75,724,993</u></u>

(1) As of December 31, 2012

(2) As of June 30, 2013

(3) As of September 30, 2013

In addition, the City would be, under certain conditions, liable to pay a portion of costs associated with the operations of the entities. Under certain circumstances, such as default or bankruptcy of the other participants, the City may also be liable to pay a portion of the debt of these joint ventures on behalf of those participants and seek reimbursement from those participants. These costs are not measurable at this time.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

11. LONG-TERM DEBT

The following is a summary of long-term obligations of the City at June 30, 2013.

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due within One Year
Governmental Activities:					
Long-term debt:					
Special assessment debt					
with governmental commitment	1,097,000	-	269,000	828,000	331,000
Revenue bonds	40,022,240	-	2,804,920	37,217,320	2,948,083
Loan	1,359,826	-	317,845	1,041,981	138,898
Capital lease payable	387,902	-	167,182	220,720	85,358
Long-term debt before unamortized amounts	42,866,968	-	3,558,947	39,308,021	3,503,339
Unamortized loss on defeasance of debt	(511,581)	-	(43,082)	(468,499)	(43,083)
Bond premiums	442,046	-	71,657	370,389	67,077
Bond discount	(189,011)	-	(5,470)	(183,541)	(8,445)
Total governmental activities long-term debt	42,608,422	-	3,582,052	39,026,370	3,518,888
Business-type activities:					
Long-term debt:					
Revenue bonds	22,722,760	-	3,030,080	19,692,680	3,126,917
State loans payable	65,362,473	12,168,394	2,960,166	74,570,701	3,607,204
Capital leases payable	2,930,369	-	370,956	2,559,413	403,608
Certificates of participation	172,780,000	-	5,540,000	167,240,000	5,730,000
Long-term debt before unamortized amounts	263,795,602	12,168,394	11,901,202	264,062,794	12,867,729
Unamortized deferred loss on defeasance of debt	(16,697,865)	-	(1,163,642)	(15,534,223)	(1,163,642)
Bond premium	6,056,215	-	361,893	5,694,322	358,519
Total business-type activities long-term debt	253,153,952	12,168,394	11,099,453	254,222,893	12,062,606
Total long-term debt	\$ 295,762,374	\$ 12,168,394	\$ 14,681,505	\$ 293,249,263	\$ 15,581,494

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

11. LONG-TERM DEBT, Continued

	Government Activities	Business-Type Activities
<u>Special Assessment Debt with Governmental Commitment</u>		
1915 Act Assessment District Bonds:		
Interest from 4.70% to 9.25% payable on March 2 and September 2; maturities payable on September 2 in annual redemptions from \$2,000 to \$820,000; final payment September 2, 2019. Original issues totaled \$22,778,150. Payable from annual installments of unpaid special assessments on certain parcels of property within each assessment district.	\$ 828,000	\$ -
Total 1915 Act Assessment District Bonds	<u>\$ 828,000</u>	<u>\$ -</u>
<u>Revenue Bonds:</u>		
2003 Water Revenue Bonds Series A:		
The 2003 Water Revenue Bonds were issued to refinance the 1993 Water Revenue Bonds. The 1993 Water Revenue Bonds were originally issued to finance capital improvements to the City's water system. Serial Bonds of \$11,135,000 bear interest from 2.0% to 5.0%, payable on December 1 and June 1; maturities are payable June 1 in annual redemptions from \$250,000 to \$1,055,000; final payment due June 1, 2018. Two term bonds totaling \$4,225,000 were issued. The first bond bears interest at 5.0% and matures on June 1, 2021 in the amount of \$2,400,000; and the second bond bears interest at 4.65% and matures on June 1, 2023 in the amount of \$1,825,000. Payable from the operating revenues of the Water Utility Fund.	\$ -	\$ 7,710,000
2002 Wastewater Refunding Revenue Bonds, Series A:		
The 2002 Wastewater refunding revenue bonds were issued to refinance 1993 wastewater debt and wastewater's portion of the corporation yard debt. Serial Bonds of \$23,575,000 bear interest from 2.0% to 4.0%, payable on December 1 and June 1; maturities are payable December 1 in annual redemption amounts ranging from \$1,190,000 to \$1,885,000; final payment due December 1, 2018. Payable from the operating revenues of the Wastewater Utility Fund.	-	10,300,000
2003 Lease Revenue Bond, Series A and Series B:		
Issued to finance the construction of the Redding Aquatic Center, the Sports Complex, and refinance the 1993 Lease Revenue Bonds for Shascom, Convention Center and the Municipal Airport. Payable from the operating revenues of the Redding Aquatic Center, Sports Complex, SHASCOM, Convention Center, and Municipal Airport Funds.		

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

11. LONG-TERM DEBT, Continued

	Government Activities	Business-Type Activities
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Revenue Bonds, Continued

2003 Lease Revenue Bond, Series A and Series B (Continued):

Series A, Serial/Term Bonds:

Serial Bonds interest from 2% to 5% payable on March 1 and September 1; maturities payable annually on March 1 in annual redemptions from \$170,000 to \$290,000; final payment due March 1, 2019. Original issue \$3,535,000. Term Bonds, (1) bear interest at 5.0% maturity payable on March 1, 2023, in the amount of \$1,310,000; (2) bear interest at 4.75%, maturity payable on March 1, 2028, in the amount of \$680,000; (3) bear interest at 4.875% maturity payable on March 1, 2033, in the amount of \$865,000.

	\$ 3,712,320	\$ 697,680
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Series B, Serial/Term Bonds:

Serial Bonds interest from 1.8% to 5.0% payable on March 1 and September 1; maturities payable on March 1 in annual redemptions from \$35,000 to \$60,000; final payment due March 1, 2013. Term Bonds, 5.875% interest, maturity payable on March 1, 2013, in the amount of \$2,280,000.

	2,280,000	-
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2004 Lease Revenue Bonds:

Issued to finance the purchase and renovation of certain public safety and recreation facilities of the City and payable from General Fund revenues.

Series A, Serial/Term Bonds:

Serial Bonds interest from 2.0% to 5.0%, payable on March 1 and September 1, maturities payable annually on March 1 from \$250,000 to \$1,430,000; final payment on March 1, 2023. Original issue: \$17,620,000. Term Bonds bear interest at (1) 4.25% maturity payable March 1, 2018 in the amount of \$865,000; (2) bear interest at 5.0%, maturity payable on March 1, 2020 in the amount of \$1,230,000.

	6,005,000	985,000
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Series B, Serial/Term Bonds:

Serial Bonds interest from 3.0% to 5.0%, payable on March 1 and September 1; maturities payable on March 1 from \$430,000 to \$1,305,000; final payment on March 1, 2026. Original issue: \$16,970,000. Term Bonds bear interest at (1) 5.00% maturity payable on March 1, 2022 in the amount of \$1,090,000; (2) bear interest at 5.0% maturity payable on March 1, 2024 in the amount of \$1,200,000; (3) bear interest at 4.625% maturity payable on March 1, 2026 in the amount of \$1,320,000.

	8,510,000	-
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City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

11. LONG-TERM DEBT, Continued

	Government Activities	Business-Type Activities
<u>Revenue Bonds, Continued</u>		
2007 Lease Revenue Bonds:		
Serial Bonds interest from 3.45% to 5.00%, payable on March 1 and September 1; maturities payable on March 1 in annual redemptions from \$360,000 to \$1,220,000; final payment on March 1, 2037. Original issue: \$21,415,000. Term Bonds bear interest at (1) 4.00% maturity payable on March 1, 2023 in the amount of \$1,580,000; (2) bear interest at 4.25% maturity payable on March 1, 2032 in the amount of \$2,385,000; (3) bear interest at 4.25% maturity payable on March 1, 2037 in the amount of \$2,935,000.	\$ 16,710,000	\$ -
Total Revenue Bonds	<u>\$ 37,217,320</u>	<u>\$ 19,692,680</u>
 <u>Loans</u>		
Development Services - Integrated Land Management System (ILMS)		
Original loan amount was \$662,993. \$200,000 down payment with monthly installments of \$7,717, interest free, maturity payable on November 6, 2014.	\$ 177,481	\$ -
McConnell Roundabout		
Original loan amount was \$1,401,802.62. Yearly installments of \$305,627, including interest at 3.0% payable July 1, maturity payable on July 1, 2016.	<u>864,500</u>	<u>-</u>
Total Loans	<u>\$ 1,041,981</u>	<u>\$ -</u>
 <u>State Loans:</u>		
2007 California Airport Loan (Benton)		
Original loan amount was \$842,000. Annual installments are \$75,912, including interest at 5.219% payable June 10, maturity payable on June 10, 2025.	-	538,079

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

11. LONG-TERM DEBT, Continued

	Government Activities	Business-Type Activities
State Loans (Continued):		
State Water Resources Control Board Interceptor Loans		
Westside Interceptor		
The total loan agreement is \$16,792,600. Annual installments ranging from \$610,061 to \$1,086,907 plus interest at 2.6% payable February 20, maturity payable on February 20, 2023.	\$ -	\$ 9,709,771
Clear Creek Interceptor (Phase I)		
The total loan agreement is \$4,360,035. Annual installments of \$272,605, including interest at 2.2% payable September 30, maturity payable on September 30, 2027.	-	3,450,928
Clear Creek Interceptor (Phase II)		
The total loan agreement is \$4,966,936. Annual installments of \$319,677, including interest at 2.4% payable October 31, maturity payable on October 31, 2028.	-	4,206,043
Clear Creek Interceptor (Phase III)		
The total loan agreement is \$18,194,825. The outstanding balance includes \$515,118 of construction period interest. Annual installments of \$1,208,152, including interest at 2.6% payable March 31, maturing March 31, 2030.	-	16,431,313
Clear Creek Interceptor (Phase IV)		
The total loan agreement is \$8,542,186. Annual installments of \$567,387, including interest at 2.6% payable March 31, maturity payable on March 31, 2030.	-	7,716,667
Clear Creek Interception (Phase V)		
The total loan agreement is \$20,457,000. The outstanding balance includes \$286,509 of construction period interest. In 2013, additional withdrawals were taken in the amount of \$5,521,885 to construct Phase V of the Clear Creek Wastewater Interceptor. Annual installments of \$916,992, including interest at 2.6% payable April 15, maturity payable on April 15, 2033.	-	14,161,021
Clear Creek Interceptor (Phase VI)		
The total loan agreement is \$12,122,280. The outstanding balance includes \$56,514 of construction period interest. In 2013, additional withdrawals were taken in the amount of \$647,308 to construct Phase VI of the Clear Creek Wastewater Interceptor. Annual installments of \$565,390, including interest at 1.0% payable December 15, maturity payable on December 15, 2031.	-	9,741,376

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

11. LONG-TERM DEBT, Continued

	Government Activities	Business-Type Activities
State Loans (Continued):		
Clear Creek Interceptor (Phase VII)		
The total loan agreement is \$5,150,000. The outstanding balance includes \$7,775 of construction period interest. In 2013, withdrawals were taken in the amount of \$2,290,311 to construct Phase VII of the Clear Creek Wastewater Interceptor. Withdrawals will continue to take place as the project progresses. When the project is complete, any accrued interest (currently at 2.6%) will roll up into the principal amount to obtain the original loan amount. Until the project is completed, no principal or interest payments are due.	-	2,298,086
Boulder Creek (Phase I)		
The total loan agreement is \$2,466,105. Annual installments of \$78,521, including interest at 2.7% payable February 1, maturity payable February 1, 2031.	-	1,107,848
Mary Street		
The total loan agreement is \$3,365,560. Annual installments of \$106,915, including interest at 2.7% payable April 16, maturity April 16, 2031	-	1,508,455
Stillwater Interceptor		
The total loan agreement is \$12,563,200. In 2013, withdrawals were taken in the amount of \$3,668,829 to construct Phase I of the Stillwater Wastewater Interceptor. The outstanding balance includes \$32,286 of construction period interest. Withdrawals will continue to take place as the project progresses. When the project is complete, any accrued interest (currently at 2.2%) will roll up into the principal amount to obtain the original loan amount. Until the project is completed, no principal or interest payments are due.	-	3,701,115
Total State Loans	<u>\$ -</u>	<u>\$ 74,570,701</u>
<u>Capital Leases Payable</u>		
The capital leases payable from governmental activities were \$387,902 for fiscal year ended June 30, 2013.	\$ 220,720	\$ -
The capital leases payable from all the business-type activities are being reported in the respective proprietary fund. For the fiscal year ended June 30, 2013, the capital leases in the enterprise funds were \$2,930,368.	-	2,559,413
Total Capital Leases Payable	<u>\$ 220,720</u>	<u>\$ 2,559,413</u>

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

11. LONG-TERM DEBT, Continued

	Government Activities	Business-Type Activities
<u>Certificates of Participation</u>		
2005 Electric System Revenue Certificates of Participation -Series 2005:		
\$30,700,000 Bonds due in annual principal installments of \$1,755,000 to \$3,105,000; starting June 30, 2023. Annual interest installments of \$155,250 to \$1,507,475, payable on June 1. Bonds are payable through June 1, 2035, interest accrues at 4.5% to 5%. Original issue of \$30,700,000. Payable from the operating revenues of the Electric Utility.	\$ -	\$ 30,700,000
2008 Electric System Revenue Certificates of Participation -Series 2008:		
\$157,965,000 Bonds due in annual principal installments of \$380,000 to \$10,790,000 payable June 1 and semi-annual interest installments of \$269,750 to \$3,813,557, payable on December 1. Bonds payable through June 1, 2030, interest accrues at 3.0% to 5%. Original issue \$157,965,000. Payable from the operating revenues of the Electric Utility.		136,540,000
Total Certificates of Participation	\$ -	\$ 167,240,000
Summary of Outstanding Debt:		
Total Outstanding Debt	\$ 39,308,021	\$ 264,062,794
Add: Bond Premiums	370,389	5,694,322
Less: Bond Discounts	(183,541)	-
Less: Unamortized deferred loss on defeased debt	(468,499)	(15,534,223)
Total Outstanding Debt, net of premiums, discounts, unamortized deferred loss	\$ 39,026,370	\$ 254,222,893

Current year amortization expense for bond premiums, discounts and deferred loss on defeased debt was (\$23,105) for the governmental activities and \$801,749 for the business-type activities.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

11. LONG-TERM DEBT, Continued

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

	Original Amount	2012-2013 Additions	Total Amortization	Net
Governmental Activities	\$ 1,329,512	\$ -	\$ 560,660	\$ 768,852
Business-Type Activities	1,194,887	-	628,916	565,971
	<u>\$ 2,524,399</u>	<u>\$ -</u>	<u>\$ 1,189,576</u>	<u>\$ 1,334,823</u>

Current year amortization expense recorded in the governmental activities was \$66,473 and in the business-type activities was \$69,785.

The annual requirements to amortize all debt outstanding as of June 30, 2013, excluding obligations associated with compensated absences and housing set aside, are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities		Government-Wide	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	3,503,341	1,732,508	12,867,728	10,733,846	16,371,069	12,466,354
2015	3,753,497	1,593,847	12,710,967	10,447,570	16,464,464	12,041,417
2016	2,552,882	1,425,747	13,047,444	9,991,270	15,600,326	11,417,017
2017	2,611,465	1,321,076	13,242,311	9,466,463	15,853,776	10,787,539
2018	2,404,904	1,215,240	13,785,564	8,997,243	16,190,468	10,212,483
2019-2023	12,651,932	4,414,827	71,832,378	36,624,931	84,484,310	41,039,758
2024-2028	5,260,000	2,150,999	73,819,595	21,233,278	79,079,595	23,384,277
2029-2033	4,175,000	1,116,840	46,320,993	5,824,104	50,495,993	6,940,944
2034-2038	2,395,000	259,462	6,435,814	467,238	8,830,814	726,700
Total	<u>\$ 39,308,021</u>	<u>\$ 15,230,546</u>	<u>\$ 264,062,794</u>	<u>\$ 113,785,943</u>	<u>\$ 303,370,815</u>	<u>\$ 129,016,489</u>

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

12. LEASES

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

Fiscal Year Ended June 30,	Capital Leases
2014	\$ 683,664
2015	619,300
2016	601,798
2017	179,621
2018	152,922
2019-2023	877,849
2024-2028	879,023
Total minimum lease payments	<u>3,994,177</u>
Less amount representing interest	<u>(1,214,044)</u>
Present value of minimum lease payments	<u><u>\$ 2,780,133</u></u>

Debt service for the present value (discounted at rates ranging between 3.41% - 9.13%) of minimum lease payments will be provided from the following funds:

General	\$ 235,191
Airports	3,702,833
Convention Center	53,917
Electric Utility	<u>2,236</u>
Total debt service	<u><u>\$ 3,994,177</u></u>

Assets acquired with the above leases were as follows:

	Government Activities	Business Activities	Total
Asset:			
Furnishings and equipment	\$ 325,000	\$ 4,735,090	\$ 5,060,090
Automotive equipment	508,763	-	508,763
Less: Accumulated depreciation	<u>(380,393)</u>	<u>(860,800)</u>	<u>(1,241,193)</u>
Net capital assets	<u><u>\$ 453,370</u></u>	<u><u>\$ 3,874,290</u></u>	<u><u>\$ 4,327,660</u></u>

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

13. FUND BALANCE

Fund balance as of June 30, 2013, consists of the following:

	General Fund	Major Capital Project Fund	Other Funds	Total
Fund balances:				
Nonspendable fund balance:				
Nonspendable in form	\$ 859,866	\$ 31,767	\$ 23,550	\$ 915,183
Contractually nonspendable	907,489	-	-	907,489
Total nonspendable	<u>1,767,355</u>	<u>31,767</u>	<u>23,550</u>	<u>1,822,672</u>
Restricted fund balance:				
Fiscal agent reserves	1,408,645	-	-	1,408,645
Capital projects	-	13,522,103	-	13,522,103
Debt service	-	-	603,431	603,431
Special Revenue	-	-	43,428,796	43,428,796
Total restricted	<u>1,408,645</u>	<u>13,522,103</u>	<u>44,032,227</u>	<u>58,962,975</u>
Assigned fund balance:				
Encumbrances	607,992	-	-	607,992
Rolling stock	1,026,851	-	-	1,026,851
Future expenditures	1,147,000	-	-	1,147,000
Capital projects	450,501	-	-	450,501
Total assigned	<u>3,232,344</u>	<u>-</u>	<u>-</u>	<u>3,232,344</u>
Unassigned:				
General Fund	12,566,084	-	-	12,566,084
Special Revenue	-	-	(232,712)	(232,712)
Debt Service	-	-	-	-
Total Unassigned	<u>12,566,084</u>	<u>-</u>	<u>(232,712)</u>	<u>12,333,372</u>
Total fund balances	<u>\$ 18,974,428</u>	<u>\$ 13,553,870</u>	<u>\$ 43,823,065</u>	<u>\$ 76,351,363</u>

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

14. INTEREST COST CAPITALIZED

Details of interest cost in proprietary funds at June 30, 2013, are as follows:

Interest cost charged to operations	\$ 11,338,798
Interest cost capitalized	<u>534,602</u>
Total interest cost incurred	<u><u>\$ 11,873,400</u></u>

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

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

During fiscal year 2012-13, RABA received an additional \$855,000 in PTMISEA Funding. During the fiscal year RABA incurred \$108,476 in qualifying expenditures and earned \$5,812 in interest income. The June 30, 2013, unspent balance in PTMISEA funding was \$2,551,438.

Other Proposition 1B Funds

During fiscal year 2012-13 RABA received \$307,122 in additional non PTMISEA Proposition 1B funds. During the fiscal year RABA incurred \$101,906 in qualifying expenditures and earned \$671 in interest. The June 30, 2013 balance of non PTMISEA Proposition 1B funds was \$356,060.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

16. PLEDGED REVENUE

Revenue Pledged	Borrowing Fund/Entity	Bond/Loan	Use of Funds	Year of Loan or Year Repayments and/or Interest Payments Began	Original Issue/Loan Amount	Payments Amortized Thru
Net Revenues	Water Utility	Bond	Refund prior debt issues.	2003	15,360,000	2023
Net Revenues	Wastewater Utility	Bond	Refund prior debt issues.	2002	23,575,000	2018
Net Revenues	Wastewater Utility	SRF Loan*	Westside Interceptor	2006	16,792,600	2023
Net Revenues	Wastewater Utility	SRF Loan*	Clear Creek WWTP Ph I	2009	4,360,035	2027
Net Revenues	Wastewater Utility	SRF Loan*	Clear Creek WWTP Ph II	2010	4,966,936	2029
Net Revenues	Wastewater Utility	SRF Loan*	Clear Creek WWTP Ph III	2011	18,156,295	2031
Net Revenues	Wastewater Utility	SRF Loan*	Clear Creek WWTP Ph IV	2012	8,542,186	2030
Net Revenues	Wastewater Utility	SRF Loan*	Clear Creek WWTP Ph V	N/A**	14,161,021	2033
Net Revenues	Wastewater Utility	SRF Loan*	Clear Creek WWTP Ph VI	2013	10,122,280	2031
Net Revenues	Wastewater Utility	SRF Loan*	Clear Creek WWTP Ph VII	N/A**	2,298,085	2034
Net Revenues	Wastewater Utility	SRF Loan*	Mary Street Sewer	2012	1,655,634	2031
Net Revenues	Wastewater Utility	SRF Loan*	Boulder Creek Interceptor	2012	1,233,053	2031
Net Revenues	Wastewater Utility	SRF Loan*	Stillwater Ph I Interceptor	N/A**	3,701,115	2033
Net Revenues Plus Reserves	Electric Utility	COPs	Infrastructure	2005	30,700,000	2035
Net Revenues Plus Reserves	Electric Utility	COPs	Refund prior debt and finance Unit 6	2009	157,965,000	2030

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

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

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

Estimated % of Pledged Revenue Required for Debt Service	Estimated % of Pledged Revenue Plus Reserves Required for Debt Service	Remaining Principal & Interest	Current Year Principal & Interest Paid	Current Year Pledged Revenue Available	Reserve Balance
17%	15%	9,846,806	1,027,210	6,042,715	1,027,255
18%		11,543,543	1,926,535	10,713,000	
10%		11,151,668	1,115,167	10,713,000	
3%		4,089,076	272,605	10,713,000	
3%		5,114,828	319,677	10,713,000	
11%		20,538,581	1,208,152	10,713,000	
5%	5%	9,645,571	567,387	10,713,000	567,387
9%	8%	18,339,835	-	10,713,000	916,992
5%	5%	10,742,415	527,927	10,713,000	565,390
1%	1%	2,976,233	-	10,713,000	148,812
1%	1%	1,924,469	106,915	10,713,000	106,915
1%	1%	1,413,379	78,521	10,713,000	78,521
2%	2%	4,814,803	-	10,713,000	230,740
5%	2%	55,982,675	1,507,475	30,279,504	41,918,740
41%	17%	203,538,525	12,321,675	30,279,504	41,918,740

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

17. RETIREMENT PLANS

Information for the year ended June 30, 2013, has been used in the following note when possible. However, information provided by the California Public Employees Retirement System (CalPERS) for the year ended June 30, 2013 was not available. Therefore, PERS information has been prepared using information for the year ended June 30, 2012. Public Agency Retirement Services (PARS) has been prepared using information as of July 1, 2012.

Plan Description

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

In addition to the defined benefit pension plan through CalPERS, the City offers a defined benefit Retirement Enhancement Plan (REP) to the PERS Miscellaneous Plan through PARS. This plan became effective on January 1, 2005.

Funding Policy

Miscellaneous Plan - Active plan members are required to contribute 7% of their annual covered salary. The member contribution can be paid by the member or by the City in accordance with labor agreements. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2012/13 was 16.459%. The contribution requirements of the plan members are established by State statute and the employer contribution rates are established and may be amended by CalPERS.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

17. RETIREMENT PLANS, Continued

Safety Plan - The funding policy for the Safety Plan is the same as for the Miscellaneous except that active plan members are required to contribute 9% of their annual covered salary and the required employer contribution rate for fiscal year 2012/13 was 36.328%. The required member contribution is paid by the City in accordance with labor agreements.

REP - Active plan members from five bargaining units are not required to contribute to the plan to participate. The City is required to make all required contributions to fund the benefits for its members. The required employer contribution rate for fiscal year 2012/13 ranged from 10.19% to 16.3%.

Annual Pension Cost

For fiscal year 2012/13 the City's annual pension cost was \$8,759,125 for the Miscellaneous Plan and \$7,228,640 for the Safety Plan. The required contributions for fiscal year 2012/13 were determined as part of the June 30, 2010, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. For fiscal year 2012/13 the City's annual pension cost to PARS was \$4,834,113. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.30% to 14.20% for miscellaneous members and from 3.30% to 14.20% for safety members, and (c) 2% cost-of-living adjustment. Both (a) and (b) include an inflation component of 2.75% and a production growth component of 0.25%. The actuarial assumptions used by PARS are consistent with those used by CalPERS.

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

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

17. RETIREMENT PLANS, Continued

THREE-YEAR TREND INFORMATION FOR PERS
Miscellaneous Plan

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/11	8,254,748	100%	-
6/30/12	8,492,349	100%	-
6/30/13	8,759,125	100%	-

CALIFORNIA PUBLIC EMPLOYEE RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS*
Miscellaneous Plan

<u>Actuarial Valuation Date</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Total Unfunded Liability/ (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Liability as a Percentage of Covered Payroll</u>
6/30/12	\$ 326,136,175	\$ 260,886,436	\$ 65,249,739	79.99%	\$ 38,710,230	168.56%

* The schedule of funding progress for the post employment defined benefit plan can be found in the required supplemental section immediately following the notes to the financial statement. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

17. RETIREMENT PLANS, Continued

THREE-YEAR TREND INFORMATION FOR PERS
Safety Plan

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/11	6,580,637	100%	\$ -
6/30/12	7,018,797	100%	-
6/30/12	7,228,640	100%	-

CALIFORNIA PUBLIC EMPLOYEE RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS*
Safety Plan

<u>Actuarial Valuation Date</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Total Unfunded Liability/ (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Liability as a Percentage of Covered Payroll</u>
6/30/12	\$ 224,849,442	\$ 160,872,172	\$ 63,977,270	71.55%	\$ 15,590,490	410.36%

* The schedule of funding progress for the post employment defined benefit plan can be found in the required supplemental section immediately following the notes to the financial statement. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

17. RETIREMENT PLANS, Continued

THREE-YEAR TREND INFORMATION FOR PARS
Miscellaneous Plan

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	4,251,628	100%	\$ -
6/30/12	5,009,002	100%	-
6/30/13	4,834,113	100%	-

PUBLIC AGENCY RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS*
Miscellaneous Plan

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability	Actuarial Value of Assets	Total Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	Liability as a Percentage of Covered Payroll
7/1/12	\$ 56,307,898	\$ 22,280,023	\$ 34,027,875	39.57%	\$ 34,488,937	98.66%

* The schedule of funding progress for the post employment defined benefit plan can be found in the required supplemental section immediately following the notes to the financial statement. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

18. POSTEMPLOYMENT HEALTHCARE PLAN

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

Funding Policy. The contribution requirements of plan members are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City Council. For fiscal year 2013, the City did not prefund any portion of the plan. The cost of current premiums, financed on a pay-as-you-go basis, is shared equally between the City and the retirees. The full cost of current premiums for the fiscal year ended June 30, 2013, was \$5,978,082 of which the retirees contributed \$3,022,735.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

18. POSTEMPLOYMENT HEALTHCARE PLAN, Continued

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

Annual required contribution	\$ 13,048,000
Interest on net OPEB obligation	1,521,000
Adjustment to annual required contribution	<u>(1,489,000)</u>
Annual OPEB cost (expense)	13,080,000
Contributions made	<u>(2,955,347)</u>
Increase in net OPEB obligation	10,124,653
Net OPEB obligation - beginning of year	<u>32,023,248</u>
Net OPEB obligation - end of year	<u><u>\$ 42,147,901</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 is as follows:

For the Years Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	8,353,000	30.0%	22,887,550
2012	12,294,000	25.7%	32,023,248
2013	13,080,000	22.6%	42,147,901

Funded Status and Funding Progress. As of January 1, 2013, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits at June 30, 2013 was projected to be \$112.2 million, and the actuarial value of assets was \$.1 million, resulting in a projected unfunded actuarial accrued liability (UAAL) of \$112.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$52.9 million, and the ratio of the UAAL to the covered payroll was 212%.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

18. POSTEMPLOYMENT HEALTHCARE PLAN, Continued

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

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

In the January 1, 2013, actuarial valuation, the Entry Age Normal cost funding method was used. The actuarial assumptions included a 4.25 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and a medical trend for claims cost assumption. The investment rate included a 3 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll. The remaining amortization period at June 30, 2013, was twenty-six years.

19. POSTCLOSURE CARE COSTS

State and federal laws and regulations required the City to place a final cover on Benton Landfill, which closed in 1990. The City has completed the final cover and other closure items required. The City is also required under state and federal laws and regulations to perform certain maintenance and monitoring functions at the landfill site for the next 13 years. The remaining estimated liability for landfill postclosure care cost was \$1,875,000 as of June 30, 2013 as shown in the table below. The total estimated cost of the landfill postclosure care is based on the amount that would be paid if all services required to monitor and maintain the landfill were acquired as of June 30, 2013. There is no requirement to currently fund this amount. The cost for postclosure care at the landfill and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) will be covered by charges to Solid Waste rate payers.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

19. POSTCLOSURE CARE COSTS, Continued

Changes in postclosure care costs for the year ended June 30, 2013, were as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due within One Year
Postclosure care liability	\$ 1,283,824	\$ 740,610	\$ 149,434	\$ 1,875,000	\$ 125,000

20. COMMITMENTS AND CONTINGENCIES

Redding Electric Utility (REU)

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

To keep pace with New Mexico State and Federal EPA standards and regulations, the San Juan generation station may be required to install selective catalytic reduction (SCR) emission controls to reduce haze in the area surrounding the plant. The estimated MSR share for this project would be \$85 million. Redding's share would be \$12.75 million. A state environmental plan has been proposed as an alternative to installing SCRs. The alternative is to shut down units 2 and 3 and install selective non-catalytic reduction (SNCR) emission controls. Negotiations are underway to determine allocation of cost, as well as which participants will exit the project and which will remain.

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

C. REU is contractually committed to purchase natural gas in the 2013 through 2020 time period. The following table provides on a yearly basis the approximate purchase dollar amount and what percentage these purchases cover of the minimum fuel requirements for the expected operating level of the Redding Power facility.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

20. COMMITMENTS AND CONTINGENCIES, Continued

Redding Electric Utility (REU), Continued

	2014	2015	2016	2017	2018	2019	2020
Purchase Cost \$ (million)	\$14.6	\$14.7	\$12.6	\$12.8	\$9.8	\$10.3	\$7.6
% Natural Gas Hedge**	103%	101%	103%	98%	121%	114%	76%

** This is the % of gas acquired to meet power retail sales after considering all other power resources and before wholesale power and gas transactions.

- D. In 2010, REU entered into a 28 - year term contract with Gill Ranch Storage. Under the Agreement REU has leased cushion gas valued at \$13,570,000 to Gill Ranch and Gill Ranch provides REU with approximately 600,000 Dth of natural gas storage.
- E. REU has contractually committed to purchase power from M-S-R Public Power Agency on an as-delivered basis from a Pacific Northwest wind project. Deliveries began October 1, 2006. REU's share of the output from the wind project is approximately 190,000 MWH per year. The twenty-year contract has a \$13,600,000 annual expected expense. The wind based energy from this contract is a major source of eligible renewable energy with the associated environmental attributes available to meet REU's renewable resource portfolio requirements. M-S-R has completed an amendment to the Pacific Northwest Wind Contract which addresses financial responsibility for the Bonneville Power Administration's (BPA) Wind Integration Charge (WIC). M-S-R assumes responsibility for the first \$1.2 per kw-mo, Iberdrola Renewable assumes responsibility for the next \$1.20 per kw-mo. The contract term is extended 5 years with certain adjustments in pricing and delivery. Currently, the WIC is approximately \$1.23 per kw-mo.
- F. In addition to the eligible renewable wind based energy covered in the previous item, REU has contractually committed to purchase eligible renewable power from Trinity Public Utilities District (TPUD). Under the agreement Redding will purchase the "excess" energy and subsequent "Renewable Energy Credits" (REC'S) from the upgrade of the Lewiston Dam Hydroelectric generator. This resource is anticipated to begin service in mid 2016. The renewable energy from this small hydro project will qualify under California's renewable energy laws.

West Central Landfill

In 1990 the City entered into an agreement with Shasta County to operate West Central Landfill (the landfill). Under the agreement, the City is obligated to operate the landfill at least until there are no bonds or contracts outstanding. The current 1997 refunding bonds expired July 1, 2010 and the bonds were paid off. The City records the activity and net position of the operations portion of the landfill in its Solid Waste enterprise fund. Net position associated with the landfill, recorded on the City's books at June 30, 2013, was \$5,938,873.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

21. TRANSFERS

The following operating transfers were made during the fiscal year ended June 30, 2013:
(The reasons for these transfers are set forth below)

<i>Transfers Out</i>	<i>Transfers In</i>							<i>Total</i>
	<i>General Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Electric Fund</i>	<i>Solid Waste</i>	<i>Water</i>	<i>Wastewater</i>	<i>Nonmajor Enterprise funds</i>	
Governmental Funds:								
Major Funds:								
General Fund	\$ -	\$ 777,120	\$ -	\$ -	\$ -	\$ -	\$ 1,028,400	\$ 1,805,520
General Capital Projects Fund	869,388	-	-	-	-	-	-	869,388
Nonmajor Governmental Funds	6,190,690	-	-	-	-	-	-	6,190,690
Enterprise Funds:								
Major Enterprise Funds:								
Electric	6,027,400	-	-	-	-	-	-	6,027,400
Solid Waste	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Wastewater	-	-	-	-	91,480	-	332,207	423,687
Nonmajor Enterprise Funds	145,000	-	-	-	-	-	-	145,000
Internal Service Funds	420,326	138	276,779	18,812	45,355	40,434	28,751	830,595
Subtotal	<u>13,652,804</u>	<u>777,258</u>	<u>276,779</u>	<u>18,812</u>	<u>136,835</u>	<u>40,434</u>	<u>1,389,358</u>	<u>16,292,280</u>
Less capital assets transferred to Governmental Funds from Enterprise Funds:	-	682,470	-	-	-	-	-	682,470
Total	<u>\$ 13,652,804</u>	<u>\$ 1,459,728</u>	<u>\$ 276,779</u>	<u>\$ 18,812</u>	<u>\$ 136,835</u>	<u>\$ 40,434</u>	<u>\$ 1,389,358</u>	<u>\$ 16,974,750</u>

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

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

22. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. The assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 12, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-001. Under the guidelines of the Bill, the Successor Agency remitted \$8.3 million of unencumbered housing funds and \$13.2 million of unencumbered other funds to Shasta County in fiscal year 2012-13 to be redistributed to other units of the state and local government.

Following the disbursement of unencumbered funds, the Department of Finance of the State of California granted a “Finding of Completion” on June 20, 2013, to the City of Redding Successor Agency. The Successor Agency is now allowed to place loan agreements between the former redevelopment agency and sponsoring entity on the Recognized Obligation Payment Schedule and utilize remaining bond proceeds.

Successor agencies are only allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

22. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY, Continued

Long-term debt consisted of the following as of June 30, 2013:

Tax Allocation Bonds, Series 2003:

Interest from 2.0% to 5.679% payable March 1 and September 1; maturities are payable September 1 in annual redemptions from \$170,000 to \$400,000; final payment September 1, 2023. Original issue: \$5,185,000. Proceeds from the Series 2003 Bonds are used to finance various capital improvements within the Market Street Redevelopment Area. \$ 3,430,000

Tax Allocation Bonds, Series A:

Interest from 2.61% to 6.4% payable on March 1 and September 1; maturities payable on September 1 in annual redemptions from \$280,000 to \$545,000; final payment September 1, 2016. Original issue: \$6,000,000. Proceeds from the Series A Bonds are used for housing projects. 2,025,000

Tax Allocation Housing Bonds, Series B:

Interest from 4.5% to 4.875% payable March 1 and September 1; maturities are payable beginning September 1, 2016, in annual redemptions from \$105,000 to \$745,000; final payment September 1, 2021. Original issue: \$3,500,000. Proceeds from the Series B Bond are used for housing projects. 3,500,000

Tax Allocation Bonds, Series A 2003:

Interest from 2.0% to 5.0% payable March 1 and September 1; maturities are payable September 1 in annual redemptions from \$1,040,000 to \$2,055,000; final payment September 1, 2023. Original issue: \$28,935,000. Proceeds from the Series A 2003 Bonds are used to finance various capital improvements within the Canby-Hilltop-Cypress Redevelopment Area. 18,550,000

Tax Allocation Bonds, Series 2006:

Interest from 4.0% to 5.0% payable March 1 and September 1; maturities are payable September 1 in annual redemptions from \$245,000 to \$5,585,000; final payment September 1, 2036. Original issue: \$15,000,000. Proceeds from the Series 2006 Bonds are used to finance various capital improvements within the SHASTEK Redevelopment Area. 13,375,000

	40,880,000
Total bonds outstanding	

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

22. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY, Continued

Long-term debt (continued):

Discount on Market Street Tax Allocation Bonds, Series 2003	(26,077)
Discount on Canby-Hilltop-Cypress Tax Allocation Bonds, Series A	(11,299)
Discount on Canby-Hilltop-Cypress Tax Allocation Bonds, Series B	(18,248)
Premium on Canby-Hilltop-Cypress Tax Allocation Bonds, Series A 2003	38,386
Discount on SHASTECC Tax Allocation Bonds, Series 2006	(51,145)
Unamortized deferred loss on defeased debt	(267,625)
	<hr/>
Total discount/premium and unamortized deferred loss on defeased debt	(336,008)
	<hr/>
Total long-term bond debt	<u>40,543,992</u>

Note payable to the City of Redding Electric Fund:

A note was approved by City Council on August 25, 1972, for \$550,000 from the City of Redding Electric Utility Fund to the Agency. The principal balance due at June 30, 2013, is \$308,105 along with \$274,753 of simple interest calculated at the LAIF quarterly interest rate.

582,858

Note payable to the City of Redding Parking Fund:

A contract was entered into on May 1, 1977, with the Agency and the City of Redding Parking Fund for the repayment of the Redding Redevelopment Agency, Redding Mall Parking Structure Lease Revenue Bonds, Series 1977. Simple interest is calculated using the LAIF quarterly interest rate.

443,245

Note payable to the City of Redding Risk Management Fund:

A repayment agreement was made by and between the City of Redding Risk Management Fund and the Agency on May 18, 1999, for repayment of a \$2,000,000 loan for the construction of the Clover Creek Preserve Drainage Project. Simple interest is calculated using the LAIF quarterly interest rate.

991,632

Note payable to the City of Redding General Fund:

A reimbursement agreement was entered into by and between the Agency and the City of Redding on September 21, 2009, for property tax increment advanced to the Agency between fiscal year 1984-85 and 2008-09. No interest is calculated on this loan.

2,485,800

Total long-term debt	<u>\$ 45,047,527</u>
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City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

22. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY, Continued

Annual requirements to amortize long-term bonds outstanding as of June 30, 2013, are set forth below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,400,000	\$ 1,937,825	\$ 4,337,825
2015	2,505,000	1,824,031	4,329,031
2016	2,625,000	1,702,364	4,327,364
2017	2,760,000	1,573,379	4,333,379
2018	2,890,000	1,436,065	4,326,065
2019-2023	15,970,000	4,867,704	20,837,704
2024-2028	4,875,000	2,095,088	6,970,088
2029-2033	3,430,000	1,302,000	4,732,000
2034-2037	3,425,000	352,875	3,777,875
	<u>\$ 40,880,000</u>	<u>\$ 17,091,331</u>	<u>\$ 57,971,331</u>

23. SUBSEQUENT EVENTS

The City issued \$14,730,000 in Water and Wastewater Refunding Revenue Bonds, 2013 Series A on September 19, 2013 to refund the Water Refunding Revenue Bonds, 2003 Series A and the Wastewater Refunding Revenue Bonds, 2002 Series A on September 19, 2013 and to pay costs associated with issuing the Refunding Bonds.

The City issued \$9,585,000 in Lease Revenue Bonds (2013 Capital Projects), 2013 Series B and \$2,110,000 in Lease Revenue Bonds (2013 Capital Projects), 2013 Series C (Taxable) on October 2, 2013 to (i) refund the outstanding Lease Revenue Bonds (2003 Capital Projects), 2003 Series A and 2003 Series B (taxable), (ii) funding the acquisition and construction of a new Police Facility and (iii) to pay costs of issuing the Bonds.

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REQUIRED SUPPLEMENTARY INFORMATION

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City of Redding
Required Supplementary Information
For the year ended June 30, 2013

1. BUDGETARY PRINCIPLES

Budget Data

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

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

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

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

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

- A. The City does not budget for the fair market value adjustment required under GASB 31.
- B. The City does not budget for accounts payable or intergovernmental payables.
- C. The City does not budget for benefit accruals.
- D. The City budgets for certain receivables and payables on a cash basis.
- E. The City budgets for land to be held for resale as expenditure.
- F. Encumbrances are not included in the Statement of Revenue, Expenditures and Changes in Fund Balance

Budgetary Basis Reconciliation

Budgets are not adopted for the Landscape Maintenance Fund and the Asset Seizure Fund.

City of Redding

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

For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 15,010,120	\$ 17,610,120	\$ 19,401,676	\$ 1,791,556
Sales and use taxes	19,700,000	20,400,000	20,418,865	18,865
Other taxes	5,692,500	5,829,500	5,957,372	127,872
Licenses and permits	1,038,540	888,540	907,797	19,257
Intergovernmental revenues	1,888,170	4,801,860	3,443,588	(1,358,272)
Charges for services	1,716,900	1,510,510	1,790,014	279,504
Fines, forfeitures, and penalties	540,000	870,520	753,911	(116,609)
Use of money and property	6,563,740	6,235,300	6,254,459	19,159
Interest revenue	28,000	101,050	138,106	37,056
Other revenue	403,100	513,430	610,127	96,697
Total revenues	52,581,070	58,760,830	59,675,915	915,085
EXPENDITURES:				
Current:				
General government:				
City Attorney	536,280	560,540	524,785	35,755
City Clerk	596,660	721,870	679,608	42,262
City Manager	1,591,788	1,839,688	1,427,386	412,302
City Treasurer	536,790	555,190	550,379	4,811
Finance	1,256,330	1,378,070	1,273,309	104,761
Personnel	527,680	519,520	510,416	9,104
Purchasing	508,750	519,900	502,908	16,992
Public safety:				
Police	25,290,450	27,277,090	25,175,271	2,101,819
Fire safety	16,722,210	17,706,010	16,774,213	931,797
Public works	6,243,040	9,839,840	6,214,319	3,625,521
Planning	3,516,960	3,532,790	3,203,682	329,108
Recreation and culture	4,232,830	4,517,770	4,354,587	163,183
Principal payments	1,413,760	1,552,110	1,552,102	8
Interest and fiscal charges	1,400,100	1,477,440	1,475,817	1,623
Total expenditures	64,373,628	71,997,828	64,218,782	7,779,046
REVENUES OVER (UNDER) EXPENDITURES	(11,792,558)	(13,236,998)	(4,542,867)	8,694,131
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	10,000	10,000	282,353	272,353
Long-term debt issued	-	-	-	-
Transfers in	12,076,000	15,126,160	13,465,708	(1,660,452)
Transfers out	(1,578,520)	(2,245,720)	(2,280,280)	(34,560)
Total other financing sources (uses)	10,507,480	12,890,440	11,467,781	(1,422,659)
Net change in fund balances	(1,285,078)	(346,558)	6,924,914	7,271,472
BUDGETARY FUND BALANCES:				
Beginning of year	10,193,883	10,193,883	10,193,883	-
End of year	\$ 8,908,805	\$ 9,847,325	\$ 17,118,797	\$ 7,271,472

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual General Fund, Continued For the year ended June 30, 2013

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

Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances	\$	18,974,428
1. The City budgets for taxes on a cash basis.		(124,480)
2. The City budgets for grants on a cash basis.		(3,338)
3. Timing difference due to GASB #33.		(7,885)
4. The City does not budget for accounts payable adjustments.		(282,529)
5. The City does not budget for benefit accruals.		(73,374)
6. Financial statement only adjustment for GASB #31.		134,849
7. The City does not budget for interest, sale of property or rental income related to the rolling stock fund. The City budgets only for the transfers in and out of the rolling stock fund.		(327,419)
8. The City does not budget for special assessments.		(9,561)
9. The City does not budget for interest on the long-term advances.		4,048
10. Encumbrances are not included in the Statement of Revenues, Expenditures and Changes in Fund Balance.		(729,914)
12. The City did not budget for prepaid rent for the Housing Authority and the Agency		(43,910)
13. The City does not budget for developer's fees that are prepaid.		28,208
14. The City does not budget for transfers in from Internal Service funds of the excess reserves.		(420,326)
Budgetary Fund Balance	<u>\$</u>	<u>17,118,797</u>

(Concluded)

City of Redding
Schedule of Funding Progress-PERS/PARS
Required Supplementary Information
For the year ended June 30, 2013

California Public Employee Retirement System Schedule of Funding Progress

Miscellaneous Plan:

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability	Actuarial Value of Assets	Total Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a Percentage of Covered Payroll
6/30/10	287,261,243	238,247,409	49,013,834	82.94%	40,984,400	119.59%
6/30/11	313,055,347	251,528,858	61,526,489	80.35%	39,660,573	155.13%
6/30/12	326,136,175	260,886,436	65,249,739	79.99%	38,710,230	168.56%

Safety Plan

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability	Actuarial Value of Assets	Total Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a Percentage of Covered Payroll
6/30/10	198,111,034	147,219,413	50,891,621	74.31%	17,505,722	290.71%
6/30/11	215,899,219	154,967,982	60,931,237	71.78%	16,203,080	376.05%
6/30/12	224,849,442	160,872,172	63,977,270	71.55%	15,590,490	410.36%

Public Agency Retirement System Schedule of Funding Progress

Miscellaneous Plan - PARS

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability	Actuarial Value of Assets	Total Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	Liability as a Percentage of Covered Payroll
9/30/08	37,032,204	8,140,579	28,891,625	21.98%	43,682,550	66.14%
7/1/10	47,911,219	13,862,912	34,048,307	28.93%	39,487,227	86.23%
7/1/12	56,307,898	22,280,023	34,027,875	39.57%	34,488,937	98.66%

City of Redding
Schedule of Funding Progress-Healthcare Plan
Required Supplementary Information
For the year ended June 30, 2013

Municipal Retired Employees Healthcare Plan
Miscellaneous, Safety and Elected Officials Healthcare Plan:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/09	-	82,616,000	82,616,000	0.00%	55,052,000	150%
1/1/11	65,000	121,227,000	121,162,000	0.00%	50,335,000	241%
1/1/13	56,000	107,262,000	107,206,000	0.00%	50,410,000	213%

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SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

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

Parking Fund

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

Street Maintenance Fund

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

Community Development Fund

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

Housing Fund

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

General Special Revenue

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

Landscape Maintenance Districts

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

Library Fund

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

Asset Seizure Fund

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

DEBT SERVICE FUND

The debt service fund is used to account for the payment of interest and principal on general debt of the City.

1915 Act Assessment Districts

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

City of Redding
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2013

	Special Revenue				
	Parking	Street Maintenance	Community Development	Housing	General Special Revenue
ASSETS					
Cash and investments	\$ 79,456	\$ 2,118,037	\$ 1,534,659	\$ 1,845,963	\$ -
Interest receivable, unrestricted	491	6,307	1,738,953	1,265,226	-
Accounts receivable, net	-	-	-	10,889	-
Intergovernmental receivable	443,245	403,569	147,643	835,768	-
Taxes receivable	-	-	-	235,881	-
Other receivable	-	-	23,537	2,111	-
Restricted cash and investments	-	-	-	97,890	-
Interfund receivable	-	-	-	41,171	-
Prepaid items	269	-	23,281	-	-
Advances to other funds	-	-	-	41,940	-
Special assessments receivable	-	-	-	-	-
Notes receivable	-	-	20,975,485	15,091,800	-
Total assets	\$ 523,461	\$ 2,527,913	\$ 24,443,558	\$ 19,468,639	\$ -
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 369	\$ -	\$ 31,195	\$ 8,157	\$ -
Accrued liabilities	1,396	-	5,270	20,563	-
Intergovernmental payable	475	-	8,195	2,274	-
Due to other funds	-	-	-	121,168	-
Accounts payable from restricted assets	-	-	-	10,929	-
Unearned revenues	-	-	217,440	20,749	-
Deferred revenues	577	-	1,893,261	2,405,118	-
Deposits	-	-	-	97,920	-
Advances from other funds	753,087	-	-	-	-
Total liabilities	755,904	-	2,155,361	2,686,878	-
Fund Balances (deficit):					
Nonspendable	269	-	23,281	-	-
Restricted	-	2,527,913	22,264,916	16,781,761	-
Unassigned	(232,712)	-	-	-	-
Total fund balances	(232,443)	2,527,913	22,288,197	16,781,761	-
Total liabilities and fund balances	\$ 523,461	\$ 2,527,913	\$ 24,443,558	\$ 19,468,639	\$ -

Special Revenue			Debt Service	Total
Landscape Maintenance District	Library	Asset Seizure Fund	1915 ACT Assessment District Bonds	Non-Major Governmental Funds
\$ 526,925	\$ 1,207,435	\$ 173,998	\$ 577,866	\$ 8,064,339
1,229	2,648	381	565	3,015,800
-	-	-	-	10,889
-	-	-	-	1,830,225
-	-	-	-	235,881
-	-	-	-	25,648
-	-	-	25,000	122,890
-	-	-	-	41,171
-	-	-	-	23,550
-	-	-	-	41,940
6,699	-	-	973,791	980,490
-	-	-	-	36,067,285
<u>\$ 534,853</u>	<u>\$ 1,210,083</u>	<u>\$ 174,379</u>	<u>\$ 1,577,222</u>	<u>\$ 50,460,108</u>
\$ 96	\$ 53,608	\$ -	\$ -	\$ 93,425
329	679	-	-	28,237
-	690	-	-	11,634
-	-	-	-	121,168
-	-	-	-	10,929
-	3,623	-	-	241,812
6,084	-	-	973,791	5,278,831
-	-	-	-	97,920
-	-	-	-	753,087
<u>6,509</u>	<u>58,600</u>	<u>-</u>	<u>973,791</u>	<u>6,637,043</u>
-	-	-	-	23,550
528,344	1,151,483	174,379	603,431	44,032,227
-	-	-	-	(232,712)
<u>528,344</u>	<u>1,151,483</u>	<u>174,379</u>	<u>603,431</u>	<u>43,823,065</u>
<u>\$ 534,853</u>	<u>\$ 1,210,083</u>	<u>\$ 174,379</u>	<u>\$ 1,577,222</u>	<u>\$ 50,460,108</u>

City of Redding
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2013

	Special Revenue				
	Parking	Street Maintenance	Community Development	Housing	General Special Revenue
REVENUES:					
Sales tax revenue	\$ -	\$ -	\$ -	\$ -	\$ 272,517
Special assessments	-	-	-	-	-
Licenses, fees and permits	55,638	-	-	-	-
Intergovernmental revenues	-	2,708,706	1,350,651	8,157,590	-
Charges for services	-	-	-	41,000	-
Fines, forfeitures and penalties	61,857	-	-	-	-
Interest revenue	851	10,708	108,036	76,218	-
Other revenues	18,724	-	1,009,294	31,556	-
Total revenues	137,070	2,719,414	2,467,981	8,306,364	272,517
EXPENDITURES:					
Current:					
Community development	-	-	957,854	9,136,367	-
Public safety	41,148	-	-	-	-
Public works	79,361	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	187,055	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	626	-	-
Total expenditures	120,509	-	1,145,535	9,136,367	-
REVENUE OVER (UNDER) EXPENDITURE	16,561	2,719,414	1,322,446	(830,003)	272,517
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of assets	-	-	-	2,780	-
Transfers in	138	-	-	-	-
Transfers out	-	(4,769,247)	-	-	(272,517)
Total other financing sources (uses)	138	(4,769,247)	-	2,780	(272,517)
Net change in fund balances	16,699	(2,049,833)	1,322,446	(827,223)	-
FUND BALANCES:					
Beginning of year	(249,142)	4,577,746	20,965,751	17,608,984	-
End of year	\$ (232,443)	\$ 2,527,913	\$ 22,288,197	\$ 16,781,761	\$ -

Special Revenue			Debt Service	
Landscape Maintenance District	Library	Asset Seizure Fund	Assessment District Bonds	Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 272,517
317,991	-	-	286,835	604,826
-	-	-	-	55,638
-	50,484	-	-	12,267,431
-	1,254,630	-	-	1,295,630
1,135	106,874	-	-	169,866
(4,181)	(11,688)	(1,496)	2,679	181,127
2,637	-	147,159	-	1,209,370
<u>317,582</u>	<u>1,400,300</u>	<u>145,663</u>	<u>289,514</u>	<u>16,056,405</u>
-	-	-	-	10,094,221
-	-	2,499	-	43,647
323,244	-	-	-	402,605
-	2,394,064	-	-	2,394,064
-	-	-	-	187,055
-	-	-	269,000	269,000
-	-	-	64,116	64,742
<u>323,244</u>	<u>2,394,064</u>	<u>2,499</u>	<u>333,116</u>	<u>13,455,334</u>
<u>(5,662)</u>	<u>(993,764)</u>	<u>143,164</u>	<u>(43,602)</u>	<u>2,601,071</u>
-	-	-	-	2,780
-	777,120	-	-	777,258
-	-	-	(1,148,926)	(6,190,690)
-	777,120	-	(1,148,926)	(5,410,652)
<u>(5,662)</u>	<u>(216,644)</u>	<u>143,164</u>	<u>(1,192,528)</u>	<u>(2,809,581)</u>
<u>534,006</u>	<u>1,368,127</u>	<u>31,215</u>	<u>1,795,959</u>	<u>46,632,646</u>
<u>\$ 528,344</u>	<u>\$ 1,151,483</u>	<u>\$ 174,379</u>	<u>\$ 603,431</u>	<u>\$ 43,823,065</u>

City of Redding

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

Special Revenue Parking Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES:				
Licenses and permits	\$ 62,000	\$ 62,000	\$ 55,638	\$ (6,362)
Fines, forfeitures and penalties	116,000	116,000	61,857	(54,143)
Interest revenue	18,500	18,500	2,117	(16,383)
Other revenue	12,000	12,000	18,724	6,724
Total revenues	208,500	208,500	138,336	(70,164)
EXPENDITURES:				
Current:				
Public safety	113,700	113,700	42,115	71,585
Public works	78,790	78,790	78,907	(117)
Total expenditures	192,490	192,490	121,022	71,468
Net change in fund balance	16,010	16,010	17,314	(1,304)
FUND BALANCE:				
Beginning of year	(249,142)	(249,142)	(249,142)	-
End of year	\$ (233,132)	\$ (233,132)	\$ (231,828)	\$ (1,304)
Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balances to Actual Amounts Budgetary Basis:				
Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances			\$ (232,443)	
1. Financial statement only adjustment per GASB #31.			1,267	
2. The City does not budget for accounts payable adjustments.			(514)	
3. The City budgets does not budget for interest expense on internal loans.				
4. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Fund Balance.			(138)	
Budgetary Fund Balance			<u>\$ (231,828)</u>	

City of Redding

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

Special Revenue Street Maintenance Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 3,957,500	\$ 3,957,500	\$ 3,797,496	\$ (160,004)
Interest revenues	20,000	20,000	47,832	27,832
Total revenues	3,977,500	3,977,500	3,845,328	(132,172)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	3,977,500	3,977,500	3,845,328	(132,172)
OTHER FINANCING SOURCES (USES):				
Transfers out	(4,884,720)	(4,884,720)	(4,769,247)	115,473
Total other financing sources (uses)	(4,884,720)	(4,884,720)	(4,769,247)	115,473
Net change in fund balance	(907,220)	(907,220)	(923,919)	(16,699)
FUND BALANCE:				
Beginning of year	4,577,746	4,577,746	4,577,746	-
End of year	\$ 3,670,526	\$ 3,670,526	\$ 3,653,827	\$ (16,699)

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

Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 2,527,913
1. Financial statement only adjustment per GASB #31.	37,124
2. The City budgets for grants and taxes on a cash basis.	1,088,790
Budgetary Fund Balance	\$ 3,653,827

City of Redding

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

Special Revenue Community Development Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 1,559,570	\$ 2,590,980	\$ 1,529,289	\$ (1,061,691)
Interest revenue	90,000	150,910	140,486	(10,424)
Use of money and property	300,000	483,940	496,070	12,130
Other revenues	300	300	1,009,267	1,008,967
Total revenues	1,949,870	3,226,130	3,175,112	(51,018)
EXPENDITURES:				
Current:				
Community development	3,701,030	4,976,300	2,079,767	2,896,533
Total expenditures	3,701,030	4,976,300	2,079,767	2,896,533
Net change in fund balance	(1,751,160)	(1,750,170)	1,095,345	2,845,515
Other Financing sources (uses):				
Transfers In	-	-	2,086	2,086
Total other financing sources (uses)	-	-	2,086	2,086
FUND BALANCE:				
Beginning of year	20,965,751	20,965,751	20,965,751	-
End of year	\$ 19,214,591	\$ 19,215,581	\$ 22,063,182	\$ 2,847,601

(Continued)

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Special Revenue Community Development Fund For the year ended June 30, 2013

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

Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances	\$	22,288,197
1. Financial statement only adjustment per GASB #31.		22,477
2. The City does not budget for accounts payable and accrued liability adjustments.		10,559
3. The City budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.		(808,984)
4. The City budgets for and records loan payments received in the revenue accounts, but adjusts the actual payment to loans receivable.		495,274
5. The City budgets for grants on a cash basis.		178,638
6. The City budgets for transfers to and from the rolling stock fund.		2,086
7. The City does not budget for benefit accruals.		96
8. The City budgets for interest income on notes receivable, trust fun assets and rolling stock cash on a cash basis.		10,742
9. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Fund Balance.		(135,903)
		<hr/>
Budgetary Fund Balance	\$	22,063,182
		<hr/> <hr/> (Concluded)

City of Redding

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

Special Revenue Housing Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES:				
Property taxes				\$ -
Intergovernmental revenue	9,925,990	8,936,720	8,184,142	(752,578)
Use of money and property		104,520	167,155	62,635
Interest	10,000	30,870	82,108	51,238
Taxes and special assessments	20,000	20,100	72,556	52,456
Total revenues	9,955,990	9,092,210	8,505,961	(586,249)
EXPENDITURES:				
Current:				
Community development	10,056,740	9,716,390	9,069,383	647,007
Total expenditures	10,056,740	9,716,390	9,069,383	647,007
Net change in fund balance	(100,750)	(624,180)	(563,422)	(60,758)
FUND BALANCE:				
Beginning of year	17,608,984	17,608,984	17,608,984	-
End of year	\$ 17,508,234	\$ 16,984,804	\$ 17,045,562	\$ (60,758)

(Continued)

City of Redding

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

Special Revenue Housing Fund

For the year ended June 30, 2013

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

Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances	\$	16,781,761
1. Financial statement only adjustment per GASB #31.		1,440
2. The City does not budget for accounts payable or intergovernmental payable adjustments.		4,288
3. The City budgets for housing loan payment revenue, but adjusts the actual payments to loans receivable.		166,441
4. The City budgets for grants on a cash basis.		27,266
5. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Fund Balance.		(22,213)
6. The City budgeted and paid for rent in a prior year, but adjusts the prepayment for the current year portion.		6,290
7. The City budgets for interest income on notes receivable on a cash basis.		(3,580)
8. The City budgets for interest income on notes receivable, trust fund assets.		(2,780)
9. The City does not budget for interest accruals.		8,029
10. Vested retirement benefits are not included in actual expenditures budgetary basis, but are included in the Statement of Revenues, Expenditures, and Fund Balance.		41,000
11. The City budgeted and paid rent in a prior year, but adjusts the prepayment for the current year portion.		37,620
		<hr/>
Budgetary Fund Balance	\$	<u>17,045,562</u>
		(Concluded)

City of Redding

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

Special Revenue General Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Sales tax	\$ 272,500	\$ 272,500	\$ 272,517	\$ 17
Total revenues	272,500	272,500	272,517	17
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	272,500	272,500	272,517	17
OTHER FINANCING SOURCES (USES):				
Transfers out	(272,000)	(272,000)	(272,517)	(517)
Total other financing sources (uses)	(272,000)	(272,000)	(272,517)	(517)
Net change in fund balance	500	500	-	(500)
FUND BALANCE:				
Beginning of year	-	-	-	-
End of year	\$ 500	\$ 500	\$ -	\$ (500)

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City of Redding

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

Special Revenue Library Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ 20,210	\$ 20,203	\$ (7)
Charges for services	1,258,300	1,258,300	1,254,630	(3,670)
Fines, forfeitures and penalties	97,130	97,130	106,874	9,744
Interest revenue	10,600	10,600	3,057	(7,543)
Other revenues	-	-	-	-
Total revenues	1,366,030	1,386,240	1,384,764	(1,476)
EXPENDITURES:				
Current:				
Recreation and culture	2,326,580	2,669,250	2,455,034	214,216
Total expenditures	2,326,580	2,669,250	2,455,034	214,216
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(960,550)	(1,283,010)	(1,070,270)	(212,740)
OTHER FINANCING SOURCES (USES):				
Transfers in	779,460	779,460	777,120	(2,340)
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	729,460	729,460	727,120	(2,340)
Net change in fund balance	(231,090)	(553,550)	(343,150)	210,400
FUND BALANCE:				
Beginning of year	1,368,127	1,368,127	1,368,127	-
End of year	\$ 1,137,037	\$ 814,577	\$ 1,024,977	\$ 210,400

(Continued)

City of Redding

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

Special Revenue Library Fund

For the year ended June 30, 2013

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

Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances	\$	1,151,483
1. Financial statement only adjustment per GASB #31.		20,445
2. The City does not budget for accounts payable adjustments.		2,256
3. The City budgets for grants on a cash basis.		(30,281)
4. The City does not budget for interest income, sale of property or rental income related to the equipment replacement fund. The City budgets only for the transfers in and out of the equipment replacement fund.		(55,700)
5. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Fund Balance.		(63,226)
Budgetary Fund Balance	\$	<u>1,024,977</u>

(Concluded)

City of Redding

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

General Capital Projects Fund -- Major Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenue		\$ 2,835,610	\$ 2,275,608	\$ (560,002)
Use of money and property	3,480	3,480	3,480	-
Investment revenue	300,000	300,000	72,095	(227,905)
Other	3,699,330	4,184,070	2,608,730	(1,575,340)
Total revenues	4,002,810	7,323,160	4,959,913	(2,363,247)
EXPENDITURES:				
Current:				
General government	1,453,890	1,454,640	886,146	568,494
Police	-	1,035,000	675,117	359,883
Public works	25,528,250	28,342,130	12,702,450	15,639,680
Recreation and culture	538,010	1,766,260	689,959	1,076,301
Debt Service:				
Principal retirement	1,917,270	1,917,271	1,915,326	1,945
Interest and fiscal charges	463,270	463,269	463,024	245
Total expenditures	29,900,690	34,978,570	17,332,022	17,646,548
REVENUES OVER (UNDER) EXPENDITURES	(25,897,880)	(27,655,410)	(12,372,109)	15,283,301
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	-	-	228	228
Transfers in	200,000	1,062,000	783,833	(278,167)
Transfers out	(1,080,340)	(1,942,340)	(1,502,388)	439,952
Total other financing sources (uses)	(880,340)	(880,340)	(718,327)	162,013
Net change in fund balance	(26,778,220)	(28,535,750)	(13,090,436)	15,445,314
FUND BALANCE:				
Beginning of year	17,088,359	17,088,359	17,088,359	-
End of year	\$ (9,689,861)	\$ (11,447,391)	\$ 3,997,923	\$ 15,445,314

(Continued)

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual General Capital Projects Fund -- Major Fund For the year ended June 30, 2013

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

Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances	\$	13,553,870
1. Financial statement only adjustment per GASB #31.		124,362
2. The City does not budget for accounts payable adjustments.		181,575
3. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Changes in Fund Balance.		(6,935,447)
4. The City does not budget for the transfer of developer fees and interest on those fees to the related enterprise funds.		250,683
5. The City budgets for grants on a cash basis.		(3,378,769)
6. The City budgets for and records payments on advances in the expenditure accounts, but adjusts the actual payment to advances payable to other funds.		150,833
7. The City did not budget for revenue from the Agency Fund.		143,050
8. The City did not budget for the costs associated with the ILMS project.		(92,234)
Budgetary Fund Balance	\$	<u>3,997,923</u>
		(Concluded)

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NONMAJOR ENTERPRISE FUNDS

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

Airport

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

Storm Drainage

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

Redding Area Bus Authority

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

Convention Center

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

City of Redding
Combining Statement of Fund Net Position
Nonmajor Enterprise Funds
June 30, 2013

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
ASSETS					
Current assets:					
Cash and investments	\$ -	\$ 3,617,569	\$ 3,746,230	\$ 35,238	\$ 7,399,037
Interest receivable	56	8,201	2,216	95	10,568
Accounts receivable	99,934	251,319	44,942	-	396,195
Prepaid items	7,114	7,081	-	10,242	24,437
Intergovernmental receivable	1,354,236	-	1,175,674	-	2,529,910
Inventories	-	17,132	96,929	-	114,061
Total current assets	1,461,340	3,901,302	5,065,991	45,575	10,474,208
Non-current assets:					
Restricted assets:					
Cash and investments	55,887	-	-	35,442	91,329
Interest receivable	1	-	-	-	1
Total restricted assets	55,888	-	-	35,442	91,330
Capital assets:					
Land	6,406,355	909,184	1,719,590	250,000	9,285,129
Utility plants	-	26,333,731	-	-	26,333,731
Buildings	12,732,224	-	7,639,062	3,653,538	24,024,824
Improvements other than buildings	32,527,575	2,348,779	1,684,482	1,485,024	38,045,860
Automotive equipment	729,238	487,843	8,442,124	150,415	9,809,620
Furnishings and equipment	278,592	37,195	2,383,905	305,608	3,005,300
Assets under capital lease	4,175,880	-	-	559,210	4,735,090
Construction in progress	10,484,738	107,146	73,294	-	10,665,178
Total capital assets	67,334,602	30,223,878	21,942,457	6,403,795	125,904,732
Less: accumulated depreciation	(34,077,778)	(15,926,735)	(11,523,429)	(5,125,994)	(66,653,936)
Net capital assets	33,256,824	14,297,143	10,419,028	1,277,801	59,250,796
Other assets:					
Financing costs, net	9,599	-	-	6,091	15,690
Total other assets	9,599	-	-	6,091	15,690
Total non-current assets	33,322,311	14,297,143	10,419,028	1,319,334	59,357,816
Total assets	34,783,651	18,198,445	15,485,019	1,364,909	69,832,024

(Continued)

City of Redding
Combining Statement of Fund Net Position, Continued
Nonmajor Enterprise Funds
June 30, 2013

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
LIABILITIES					
Current liabilities (payable from current assets):					
Accounts payable	\$ 935,278	\$ 4,441	\$ 450,666	\$ 74,338	\$ 1,464,723
Accrued liabilities	20,391	12,055	4,591	-	37,037
Accrued interest payable	10,216	-	-	4,331	14,547
Intergovernmental payables	-	-	915,492	608	916,100
Due to other funds	547,147	-	171,812	-	718,959
Interfund payables	90,000	-	-	67,500	157,500
Deferred revenues	-	-	2,907,501	-	2,907,501
Deposits payable	37,930	-	5,185	-	43,115
Accrued compensated absences, due within one year	30,234	18,591	-	-	48,825
Capital leases, due within one year	349,691	-	-	53,917	403,608
Long-term debt, due within one year	31,891	-	-	21,073	52,964
State loan, due within one year	47,829	-	-	-	47,829
Total current liabilities	2,100,607	35,087	4,455,247	221,767	6,812,708
Long-term liabilities:					
Compensated absences, due in more than one year	111,300	67,659	-	-	178,959
Advances from other funds	2,545,095	-	-	2,234,158	4,779,253
Accrued liabilities, due in more than one year	363,413	258,182	-	324,251	945,846
Capital leases, due in more than one year	2,155,804	-	-	-	2,155,804
Long-term debt, due in more than one year	368,776	-	-	240,662	609,438
State loan, due in more than one year	490,250	-	-	-	490,250
Total long-term liabilities	6,034,638	325,841	-	2,799,071	9,159,550
Total liabilities	8,135,245	360,928	4,455,247	3,020,838	15,972,258
NET POSITION					
Net investment in capital assets	29,252,052	14,297,143	10,419,028	130,940	54,099,163
Restricted for capital projects	-	3,096,922	-	-	3,096,922
Unrestricted	(2,603,646)	443,452	610,744	(1,786,869)	(3,336,319)
Total net position	\$ 26,648,406	\$ 17,837,517	\$ 11,029,772	\$ (1,655,929)	\$ 53,859,766

(Concluded)

City of Redding
Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the year ended June 30, 2013

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
OPERATING REVENUES:					
User Fees and Charges	\$ 101,603	\$ 1,198,137	\$ 1,061,076	\$ -	\$ 2,360,816
Rental fees	1,303,208	-	-	118,207	1,421,415
Other operating revenue	646,426	2,695	-	1,617	650,738
Total operating revenues	2,051,237	1,200,832	1,061,076	119,824	4,432,969
OPERATING EXPENSES:					
Cost of power, water, and transportation	-	-	3,110,534	-	3,110,534
Maintenance, operations, and administration	1,874,272	1,077,533	2,007,998	1,051,575	6,011,378
Depreciation and amortization	1,358,425	1,200,622	1,029,542	109,836	3,698,425
Total operating expenses	3,232,697	2,278,155	6,148,074	1,161,411	12,820,337
Operating income (loss)	(1,181,460)	(1,077,323)	(5,086,998)	(1,041,587)	(8,387,368)
NONOPERATING REVENUE (EXPENSES):					
Interest revenue	208	(29,535)	2,093	(514)	(27,748)
Interest expense	(270,803)	-	(671)	(14,516)	(285,990)
Intergovernmental revenues	134,631	-	4,026,484	2,560	4,163,675
Other non-operating revenues (expenses)	553,151	231,832	29,552	-	814,535
Total nonoperating revenues (expenses)	417,187	202,297	4,057,458	(12,470)	4,664,472
Income (loss) before operating transfers and capital contributions	(764,273)	(875,026)	(1,029,540)	(1,054,057)	(3,722,896)
Capital contributions	6,376,550	85,975	236,742	-	6,699,267
Transfers in	13,769	349,589	-	1,026,000	1,389,358
Transfers out	(145,000)	-	-	-	(145,000)
Change in net position	5,481,046	(439,462)	(792,798)	(28,057)	4,220,729
NET POSITION:					
Beginning of year	21,167,360	18,276,979	11,822,570	(1,627,872)	49,639,037
End of year	<u>\$ 26,648,406</u>	<u>\$ 17,837,517</u>	<u>\$ 11,029,772</u>	<u>\$ (1,655,929)</u>	<u>\$ 53,859,766</u>

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City of Redding
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the year ended June 30, 2013

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 2,047,268	\$ 1,138,110	\$ 1,054,168	\$ 123,771	\$ 4,363,317
Cash paid to suppliers	(1,108,091)	(473,609)	(5,670,621)	(982,472)	(8,234,793)
Cash paid to employees	(709,578)	(532,215)	-	(65,211)	(1,307,004)
Other operating revenue	462,124	2,695	-	-	464,819
Net cash provided (used) by operating activities	691,723	134,981	(4,616,453)	(923,912)	(4,713,661)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Intergovernmental revenue received	251,380	-	3,645,586	2,560	3,899,526
Advances from other funds	553,329	-	171,812	-	725,141
Repayment of advances to other funds	-	-	-	-	-
Repayment of advances from other funds	(796,744)	(2,441)	(57,245)	(36,000)	(892,430)
Transfers in	13,769	17,382	-	1,026,000	1,057,151
Transfers out	(145,000)	-	-	-	(145,000)
Net cash provided (used) by noncapital financing activities	(123,266)	14,941	3,760,153	992,560	4,644,388
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital grants received	7,747,471	-	1,215,079	-	8,962,550
Proceeds from sale of assets	(2)	-	-	-	(2)
Purchases of capital assets	(7,739,568)	(5,917)	(168,030)	-	(7,913,515)
Interest paid	(268,578)	-	(671)	(13,774)	(283,023)
Principal paid on long-term debt	(79,161)	-	-	(21,375)	(100,536)
Principal paid on capital leases	(319,888)	-	-	(51,068)	(370,956)
Cash collected for future capital outlay	91,027	231,832	-	-	322,859
Net cash provided (used) by capital and related financing activities	(568,699)	225,915	1,046,378	(86,217)	617,377
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment revenue received	244	(29,736)	1,868	(604)	(28,228)
Rents received	-	-	29,552	-	29,552
Net cash provided (used) by investing activities	244	(29,736)	31,420	(604)	1,324
Net increase (decrease) in cash and cash equivalents	2	346,101	221,498	(18,173)	549,428
CASH AND CASH EQUIVALENTS:					
Beginning of year	55,885	3,271,468	3,524,732	88,853	6,940,938
End of year	\$ 55,887	\$ 3,617,569	\$ 3,746,230	\$ 70,680	\$ 7,490,366
Reconciliation to statement of net position					
Cash and cash equivalents	\$ -	\$ 3,617,569	\$ 3,746,230	\$ 35,238	\$ 7,399,037
Restricted cash and cash equivalents	55,887	-	-	35,442	91,329
	\$ 55,887	\$ 3,617,569	\$ 3,746,230	\$ 70,680	\$ 7,490,366

(Continued)

City of Redding
Combining Statement of Cash Flows
Nonmajor Enterprise Funds, Continued
For the year ended June 30, 2013

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income (loss)	\$ (1,181,460)	\$ (1,077,323)	\$ (5,086,998)	\$ (1,041,587)	\$ (8,387,368)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Other non-operating revenue and expense	462,124	-	-	-	462,124
Depreciation and amortization	1,358,425	1,200,622	1,029,542	109,836	3,698,425
Accounts receivable	(4,269)	(60,027)	(6,908)	3,947	(67,257)
Inventories	-	(5,665)	7,188	-	1,523
Prepaid items	(155)	(154)	-	(191)	(500)
Accounts payable	(16,530)	588	52,809	3,888	40,755
Accrued liabilities	907	2,302	(182)	-	3,027
Deposits payable	300	-	2,185	-	2,485
Intergovernmental payable	-	-	(614,089)	195	(613,894)
Accrued compensated absences	(7,053)	6,492	-	-	(561)
Accrued liabilities long-term	79,434	68,146	-	-	147,580
Net cash provided (used) by operating activities	\$ 691,723	\$ 134,981	\$ (4,616,453)	\$ (923,912)	\$ (4,713,661)
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Plant contributed from developers	\$ -	\$ 85,975	\$ -	\$ -	\$ 85,975
Total non-cash capital and related financing activities	\$ -	\$ 85,975	\$ -	\$ -	\$ 85,975

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INTERNAL SERVICE FUNDS

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

Equipment Fund

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

Information Systems Fund

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

General Support Services Fund

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

Risk Management Fund

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

Municipal Utilities Support Fund

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

City of Redding
Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2013

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
ASSETS						
Current assets:						
Cash and investments	\$ 259,964	\$ 626,866	\$ 523,176	\$ 11,577,005	\$ 400,693	\$ 13,387,704
Interest receivable	1,080	2,027	2,003	21,389	793	27,292
Accounts receivable, net	644	-	-	38,305	-	38,949
Prepaid items	26,733	21,302	28,217	394,611	24,837	495,700
Intergovernmental receivable	-	-	-	991,632	-	991,632
Inventories	163,204	-	-	-	-	163,204
Interfund receivable	-	-	-	67,500	-	67,500
Total current assets	451,625	650,195	553,396	13,090,442	426,323	15,171,981
Non-current assets:						
Capital assets:						
Land	-	-	110,810	-	-	110,810
Land Improvements other than buildings	2,346,746	-	37,497	-	-	2,384,243
Automotive equipment	11,468,518	-	131,935	-	209,821	11,810,274
Furnishings and equipment	640,890	393,456	228,871	-	30,493	1,293,710
Assets under capital lease	508,763	-	-	-	-	508,763
Total capital assets	14,964,917	393,456	509,113	-	240,314	16,107,800
Less: accumulated depreciation	(10,813,114)	(324,594)	(355,114)	-	(186,461)	(11,679,283)
Net capital assets	4,151,803	68,862	153,999	-	53,853	4,428,517
Other assets:						
Advances to other funds	-	-	-	4,912,222	-	4,912,222
Total other assets	-	-	-	4,912,222	-	4,912,222
Total non-current assets	4,151,803	68,862	153,999	4,912,222	53,853	9,340,739
Total assets	4,603,428	719,057	707,395	18,002,664	480,176	24,512,720
LIABILITIES						
Current liabilities:						
Accounts payable	32,305	8,223	95,893	95,201	2,927	234,549
Intergovernmental payable	-	-	17,320	523,604	546	541,470
Accrued liabilities	26,202	26,621	34,976	50,268	42,402	180,469
Claims and judgements payable	-	-	-	3,069,165	-	3,069,165
Deferred revenues	-	2,286	-	-	-	2,286
Deposits	-	-	15	-	-	15
Compensated absences - current	65,795	54,723	53,676	38,248	92,220	304,662
Total current liabilities	124,302	91,853	201,880	3,776,486	138,095	4,332,616
Long-term liabilities:						
Advances from other funds	422,395	-	-	-	-	422,395
Accrued compensated absences	161,033	151,801	178,027	103,094	266,145	860,100
Accrued liabilities	687,600	836,772	784,710	363,979	1,038,450	3,711,511
Claims and judgements	-	-	-	10,106,545	-	10,106,545
Total long-term liabilities	1,271,028	988,573	962,737	10,573,618	1,304,595	15,100,551
Total liabilities	1,395,330	1,080,426	1,164,617	14,350,104	1,442,690	19,433,167
NET POSITION						
Net investment in capital assets	4,151,803	68,862	153,999	-	53,853	4,428,517
Unrestricted	(943,705)	(430,231)	(611,221)	3,652,560	(1,016,367)	651,036
Total net position	\$ 3,208,098	\$ (361,369)	\$ (457,222)	\$ 3,652,560	\$ (962,514)	\$ 5,079,553

City of Redding
Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the year ended June 30, 2013

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
OPERATING REVENUES:						
User fees and charges	\$ 3,124,121	\$ 2,219,340	\$ 3,974,627	\$ 42,829,301	\$ 2,543,320	\$ 54,690,709
Other operating revenue	6,999	-	999	6,166	225	14,389
Total operating revenues	3,131,120	2,219,340	3,975,626	42,835,467	2,543,545	54,705,098
OPERATING EXPENSES:						
Maintenance, operations, and administration	3,191,383	2,209,505	4,220,430	41,778,399	2,978,466	54,378,183
Depreciation and amortization	851,322	32,204	16,755	-	14,036	914,317
Total operating expenses	4,042,705	2,241,709	4,237,185	41,778,399	2,992,502	55,292,500
OPERATING INCOME (LOSS)	(911,585)	(22,369)	(261,559)	1,057,068	(448,957)	(587,402)
NONOPERATING REVENUE (EXPENSES):						
Interest revenue	(976)	(4,155)	(2,686)	(108,577)	(3,454)	(119,848)
Interest expense	(5,570)	-	-	-	-	(5,570)
Gain on disposal of capital assets	(23,570)	(2,476)	5	-	-	(26,041)
Other non-operating revenues(exp)	-	-	-	5,622	-	5,622
Total nonoperating expenses	(30,116)	(6,631)	(2,681)	(102,955)	(3,454)	(145,837)
Income (loss) before transfers and contributions	(941,701)	(29,000)	(264,240)	954,113	(452,411)	(733,239)
Capital contributions	282,453	-	-	-	-	282,453
Transfers out	-	(374,934)	(455,661)	-	-	(830,595)
Change in net position	(659,248)	(403,934)	(719,901)	954,113	(452,411)	(1,281,381)
NET POSITION:						
Beginning of year	3,867,346	42,565	262,679	2,698,447	(510,103)	6,360,934
End of year	\$ 3,208,098	\$ (361,369)	\$ (457,222)	\$ 3,652,560	\$ (962,514)	\$ 5,079,553

City of Redding
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2013

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from other funds	\$ 3,131,688	\$ 2,219,340	\$ 3,975,625	\$ 42,834,160	\$ 2,543,320	\$ 54,704,133
Cash paid to suppliers	(1,771,164)	(531,319)	(2,495,858)	(41,081,216)	(525,490)	(46,405,047)
Cash paid to employees	(1,241,101)	(1,457,214)	(1,488,998)	(637,522)	(2,159,760)	(6,984,595)
Other income received	-	-	-	-	225	225
Net cash provided (used) by operating activities	119,423	230,807	(9,231)	1,115,422	(141,705)	1,314,716
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Repayment of advances from other funds	(250,000)	-	-	345,767	-	95,767
Advances to other funds	-	-	-	(5,571)	-	(5,571)
Intergovernmental revenue received	-	-	-	223,425	-	223,425
Transfers out	-	(374,934)	(455,661)	-	-	(830,595)
Property damage claim	-	-	-	5,622	-	5,622
Net cash provided (used) by noncapital financing activities	(250,000)	(374,934)	(455,661)	569,243	-	(511,352)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from sale of assets	203	22	5	-	-	230
Purchase of capital assets	-	(15,124)	(6,940)	-	(29,195)	(51,259)
Interest Paid	2	-	-	-	-	2
Net cash provided (used) by capital and related financing activities	205	(15,102)	(6,935)	-	(29,195)	(51,027)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment revenue received	(1,217)	(4,284)	(2,307)	(108,924)	(2,886)	(119,618)
Net cash provided (used) by investing activities	(1,217)	(4,284)	(2,307)	(108,924)	(2,886)	(119,618)
Net increase (decrease) in cash and cash equivalents	(131,589)	(163,513)	(474,134)	1,575,741	(173,786)	632,719
CASH AND CASH EQUIVALENTS:						
Beginning of year	391,553	790,379	997,310	10,001,264	574,479	12,754,985
End of year	\$ 259,964	\$ 626,866	\$ 523,176	\$ 11,577,005	\$ 400,693	\$ 13,387,704

(Continued)

City of Redding
Combining Statement of Cash Flows
Internal Service Funds, Continued
For the year ended June 30, 2013

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Operating income (loss)	\$ (911,585)	\$ (22,369)	\$ (261,559)	\$ 1,057,068	\$ (448,957)	\$ (587,402)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	851,322	32,204	16,755	-	14,036	914,317
(Increase) decrease in accounts receivable	568	-	-	(1,307)	-	(739)
(Increase) decrease in inventories	10,745	-	-	-	-	10,745
(Increase) decrease in prepaid items	(551)	(444)	(561)	(12,286)	(543)	(14,385)
Increase (decrease) in accounts payable	(11,887)	(9,047)	22,997	45,597	(5,632)	42,028
Increase (decrease) in accrued liabilities	3,488	2,230	2,126	3,851	5,321	17,016
Increase (decrease) in claims and judgements payable	-	-	-	(891,418)	-	(891,418)
Increase (decrease) in deposits	-	-	(1)	-	-	(1)
Increase (decrease) in intergovernmental payable	-	-	(814)	4,379	11	3,576
Increase (decrease) in accrued compensated absences	19,674	29,950	20,014	9,158	26,120	104,916
Increase (decrease) in claims and judgements long-term	-	-	-	817,673	-	817,673
Increase (decrease) in accrued liabilities long-term	157,649	198,283	191,812	82,707	267,939	898,390
Total adjustments	1,031,008	253,176	252,328	58,354	307,252	1,902,118
Net cash provided (used) by operating activities	\$ 119,423	\$ 230,807	\$ (9,231)	\$ 1,115,422	\$ (141,705)	\$ 1,314,716
Schedule of noncash capital activities:						
Equipment contributed from customer	\$ 299,437	\$ -	\$ -	\$ -	\$ -	\$ 299,437
Total non-cash capital and related financing activities	\$ 299,437	\$ -	\$ -	\$ -	\$ -	\$ 299,437

(Concluded)

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FIDUCIARY FUNDS

Agency Funds

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

Special Deposits

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

IPSS Fund

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

City of Redding
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
<u>Special Deposits</u>				
Assets:				
Cash and investments	\$ 932,777	\$ 5,806,127	\$ 5,446,493	\$ 1,292,411
Accounts receivable	10,657	4,304,261	4,301,652	13,266
Interest receivable	6,506	-	494	6,012
Total assets	\$ 949,940	\$ 10,110,388	\$ 9,748,639	\$ 1,311,689
Liabilities:				
Deposits	\$ 949,940	\$ 10,110,388	\$ 9,748,639	\$ 1,311,689
Total liabilities	\$ 949,940	\$ 10,110,388	\$ 9,748,639	\$ 1,311,689
<u>IPSS</u>				
Assets:				
Cash and investments	\$ 754,826	\$ 526,132	\$ 337,333	\$ 943,625
Accounts receivable	11,929	375,221	349,968	37,182
Interest receivable	1,948	-	128	1,820
Total assets	\$ 768,703	\$ 901,353	\$ 687,429	\$ 982,627
Liabilities:				
Deposits	\$ 768,703	\$ 901,353	\$ 687,429	\$ 982,627
Total liabilities	\$ 768,703	\$ 901,353	\$ 687,429	\$ 982,627
<u>Total</u>				
Assets:				
Cash and investments	\$ 1,687,603	\$ 6,332,259	\$ 5,783,826	\$ 2,236,036
Accounts receivable	22,586	4,679,482	4,651,620	50,448
Interest receivable	8,454	-	622	7,832
Total assets	\$ 1,718,643	\$ 11,011,741	\$ 10,436,068	\$ 2,294,316
Liabilities:				
Deposits	\$ 1,718,643	\$ 11,011,741	\$ 10,436,068	\$ 2,294,316
Total liabilities	\$ 1,718,643	\$ 11,011,741	\$ 10,436,068	\$ 2,294,316

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Redding's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

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Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 182

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenues sources. 194

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 220

City of Redding
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003-04	2004-05	2005-06	2006-07
Governmental activities				
Net investment in capital assets	\$ 152,599,739	\$ 160,825,551	\$ 172,814,117	\$ 188,370,460
Restricted	37,186,278	40,434,959	41,537,596	46,293,480
Unrestricted	24,216,326	26,390,155	28,543,456	37,777,707
Total governmental activities net position	\$ 214,002,343	\$ 227,650,665	\$ 242,895,169	\$ 272,441,647
Business-type activities				
Net investment in capital assets	\$ 200,043,626	\$ 220,179,734	\$ 190,161,873	\$ 238,330,630
Restricted	31,011,072	34,051,195	33,452,385	15,786,725
Unrestricted	77,810,482	63,110,632	116,877,608	102,615,412
Total business-type activities net position	\$ 308,865,180	\$ 317,341,561	\$ 340,491,866	\$ 356,732,767
Primary government				
Net investment in capital assets	\$ 352,643,365	\$ 381,005,285	\$ 362,975,990	\$ 426,701,090
Restricted	68,197,350	74,486,154	74,989,981	62,080,205
Unrestricted	102,026,808	89,500,787	145,421,064	140,393,119
Total primary government net position	\$ 522,867,523	\$ 544,992,226	\$ 583,387,035	\$ 629,174,414

Source: City of Redding Comprehensive Annual Financial Report

Fiscal Year					
2007-08	2008-09	2009-10	2010-11	2011-12	2012-2013
\$ 213,545,402	\$ 215,773,740	\$ 288,328,860	\$ 303,837,954	\$ 303,499,470	\$ 301,401,234
47,999,512	46,969,131	49,612,778	53,687,464	43,830,207	42,200,822
35,204,839	73,406,378	5,025,229	1,588,034	17,269,063	18,461,336
<u>\$ 296,749,753</u>	<u>\$ 336,149,249</u>	<u>\$ 342,966,867</u>	<u>\$ 359,113,452</u>	<u>\$ 364,598,740</u>	<u>\$ 362,063,392</u>
\$ 257,415,432	\$ 271,838,921	\$ 267,709,679	\$ 266,569,610	\$ 263,727,224	\$ 270,149,380
14,417,207	13,641,495	11,981,816	17,362,637	18,929,291	16,554,856
92,480,560	75,311,930	78,797,442	81,074,227	95,705,374	97,572,863
<u>\$ 364,313,199</u>	<u>\$ 360,792,346</u>	<u>\$ 358,488,937</u>	<u>\$ 365,006,474</u>	<u>\$ 378,361,889</u>	<u>\$ 384,277,099</u>
\$ 470,960,834	\$ 487,612,661	\$ 556,038,539	\$ 570,407,564	\$ 567,226,694	\$ 571,550,614
62,416,719	60,610,626	61,594,594	71,050,101	62,759,498	58,755,678
127,685,399	148,718,308	83,822,671	82,662,261	112,974,437	116,034,199
<u>\$ 661,062,952</u>	<u>\$ 696,941,595</u>	<u>\$ 701,455,804</u>	<u>\$ 724,119,926</u>	<u>\$ 742,960,629</u>	<u>\$ 746,340,491</u>

City of Redding
Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003-04	2004-05	2005-06	2006-07
Expenses				
Governmental Activities				
General government	\$ 6,460,999	\$ 7,823,328	\$ 6,043,808	\$ 5,840,837
Police	21,554,360	22,639,639	22,938,459	24,388,239
Fire	12,568,277	13,614,525	13,896,656	14,587,056
Public Works	9,616,568	8,439,622	11,350,449	11,427,486
Planning	4,202,068	4,871,248	3,894,286	4,869,938
Recreation and culture	5,732,598	9,075,527	8,390,240	8,650,759
Community development	11,707,216	15,516,690	16,349,078	13,036,414
Interest on long-term debt	3,976,239	3,731,476	4,110,575	4,743,424
Total governmental activities expenses	<u>75,818,325</u>	<u>85,712,055</u>	<u>86,973,551</u>	<u>87,544,153</u>
Business-Type Activities				
Electric	118,023,084	133,187,082	131,048,566	139,338,821
Water	10,447,116	9,779,384	10,878,391	12,022,834
Wastewater	11,743,540	10,609,067	11,718,895	12,517,219
Storm drainage	1,765,074	1,510,206	1,846,993	2,122,729
Solid waste	15,880,622	14,617,316	16,433,051	17,130,494
Transportation	8,214,988	8,301,803	9,172,005	9,159,483
Convention center	2,680,425	2,503,314	2,578,833	2,495,721
Total business-type activities expenses	<u>168,754,849</u>	<u>180,508,172</u>	<u>183,676,734</u>	<u>194,787,301</u>
Total primary government expenses	<u>\$ 244,573,174</u>	<u>\$ 266,220,227</u>	<u>\$ 270,650,285</u>	<u>\$ 282,331,454</u>
Program Revenues				
Governmental Activities				
Charges for services:				
General government	\$ 2,105,485	\$ 2,293,668	\$ 4,669,323	\$ 5,933,921
Public works	936,885	1,013,954	269,504	219,567
Planning	2,575,763	3,059,516	3,204,622	2,609,623
Other activities	2,319,156	2,433,455	2,064,225	2,976,895
Operating grants and contributions	14,347,489	16,331,121	17,524,126	18,594,929
Capital grants and contributions	39,516,056	11,837,627	10,834,923	18,918,861
Total governmental activities program revenues	<u>61,800,834</u>	<u>36,969,341</u>	<u>38,566,723</u>	<u>49,253,796</u>
Business-type activities				
Charges for services:				
Electric	124,669,322	127,893,208	140,336,132	133,308,642
Water	12,174,497	11,966,513	12,540,136	14,264,218
Wastewater	10,459,146	11,806,688	12,709,979	15,768,736
Solid waste	15,727,879	15,984,667	16,608,413	17,317,785
Transportation	2,063,966	2,363,703	2,558,384	2,863,235
Other activities	1,706,783	1,661,984	1,660,073	1,788,340
Operating grants and contributions	3,594,562	4,000,415	4,152,460	5,141,381
Capital grants and contributions	10,080,012	17,315,640	15,773,165	17,199,684
Total business-type activities program revenues	<u>180,476,167</u>	<u>192,992,818</u>	<u>206,338,742</u>	<u>207,652,021</u>
Total primary government program revenues	<u>\$ 242,277,001</u>	<u>\$ 229,962,159</u>	<u>\$ 244,905,465</u>	<u>\$ 256,905,817</u>
Net (Expense) Revenue				
Governmental activities	\$ (14,017,491)	\$ (48,742,714)	\$ (48,406,828)	\$ (38,290,357)
Business-type activities	11,721,318	12,484,646	22,662,008	12,864,720
Total primary government	<u>\$ (2,296,173)</u>	<u>\$ (36,258,068)</u>	<u>\$ (25,744,820)</u>	<u>\$ (25,425,637)</u>

Fiscal Year					
2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
\$ 5,168,803	\$ 7,726,275	\$ 6,383,391	\$ 5,278,782	\$ 7,217,464	\$ 7,296,724
27,716,907	28,282,449	27,497,342	26,269,521	25,838,317	26,116,291
17,618,698	17,189,677	17,076,785	16,236,292	16,780,046	17,751,879
10,339,597	12,753,802	10,447,617	9,639,403	12,731,599	13,286,742
5,750,052	5,634,317	4,434,756	3,689,281	3,532,884	3,636,094
10,964,863	11,598,055	11,470,482	10,744,101	10,986,615	11,604,233
15,160,077	20,803,513	24,737,850	18,533,923	14,132,539	10,341,051
5,367,360	5,168,490	4,760,944	4,899,556	3,459,498	2,036,578
<u>98,086,357</u>	<u>109,156,578</u>	<u>106,809,167</u>	<u>95,290,859</u>	<u>94,678,962</u>	<u>92,069,592</u>
163,293,058	173,451,814	161,100,955	165,227,316	159,456,608	156,080,538
12,570,242	12,646,773	14,574,967	14,575,101	15,975,372	16,207,794
13,378,188	13,686,453	15,075,253	16,889,147	17,907,974	19,405,723
2,563,858	2,498,787	2,354,882	2,492,302	2,255,283	2,324,951
18,702,626	18,228,705	18,497,103	18,876,936	19,953,480	20,484,434
9,838,187	10,340,798	10,037,079	10,450,822	9,915,606	9,679,832
2,952,600	2,966,577	3,131,705	2,457,085	1,642,316	1,176,913
<u>223,298,759</u>	<u>233,819,907</u>	<u>224,771,944</u>	<u>230,968,709</u>	<u>227,106,639</u>	<u>225,360,185</u>
<u>\$ 321,385,116</u>	<u>\$ 342,976,485</u>	<u>\$ 331,581,111</u>	<u>\$ 326,259,568</u>	<u>\$ 321,785,601</u>	<u>\$ 317,429,777</u>
\$ 5,215,942	\$ 5,465,585	\$ 5,211,415	\$ 5,605,847	\$ 6,128,583	\$ 5,904,251
1,279,365	492,040	939,201	811,949	717,929	557,062
2,900,666	1,595,092	1,415,218	1,060,499	1,282,262	1,337,696
4,153,936	4,044,057	3,772,070	3,499,360	3,539,227	3,668,956
16,262,587	17,411,451	17,731,034	19,756,822	17,033,353	17,484,151
22,032,319	52,890,580	20,954,834	19,708,994	6,854,366	8,717,779
<u>51,844,815</u>	<u>81,898,805</u>	<u>50,023,772</u>	<u>50,443,471</u>	<u>35,555,720</u>	<u>37,669,895</u>
152,834,481	157,529,886	152,499,576	168,333,684	164,375,161	160,944,663
14,550,142	14,128,755	13,968,396	14,653,288	15,886,937	16,734,627
17,128,355	17,190,847	18,287,784	19,503,467	21,113,321	21,355,779
17,985,385	17,201,828	17,614,327	18,395,742	19,161,513	18,800,831
3,037,429	3,151,051	3,114,393	3,207,076	3,530,250	3,603,988
2,202,160	2,168,958	2,115,383	1,844,432	1,519,081	1,549,792
4,311,285	4,799,554	5,319,012	5,181,927	4,450,939	4,170,108
13,702,005	10,276,508	10,685,872	9,368,813	13,337,075	10,196,914
<u>225,751,242</u>	<u>226,447,387</u>	<u>223,604,743</u>	<u>240,488,429</u>	<u>243,374,277</u>	<u>237,356,702</u>
<u>\$ 277,596,057</u>	<u>\$ 308,346,192</u>	<u>\$ 273,628,515</u>	<u>\$ 290,931,900</u>	<u>\$ 278,929,997</u>	<u>\$ 275,026,597</u>
\$ (46,241,542)	\$ (27,257,773)	\$ (56,785,395)	\$ (44,847,388)	\$ (59,123,242)	\$ (54,399,697)
2,452,483	(7,372,520)	(1,167,201)	9,519,720	16,267,638	11,996,517
<u>\$ (43,789,059)</u>	<u>\$ (34,630,293)</u>	<u>\$ (57,952,596)</u>	<u>\$ (35,327,668)</u>	<u>\$ (42,855,604)</u>	<u>\$ (42,403,180)</u>

City of Redding
Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting) (Continued)

	Fiscal Year			
	2003-04	2004-05	2005-06	2006-07
General Revenue and				
Other Changes in Net Position				
Governmental Activities				
Taxes				
Sales taxes	\$ 20,297,843	\$ 21,696,313	\$ 23,857,074	\$ 23,184,177
Property taxes	16,965,869	17,900,941	25,735,494	30,017,785
In lieu	5,753,770	-	-	-
Transient and occupancy taxes	3,275,325	3,512,022	3,747,553	3,966,328
Motor vehicle in-lieu taxes	3,960,686	6,971,460	611,129	479,622
Franchise taxes	828,940	827,175	916,818	997,756
Other taxes	1,129,334	1,329,072	1,364,821	1,221,396
Investment earnings	2,031,348	3,106,598	3,355,569	5,916,734
Gain on sale of property	(337,650)	-	-	-
Miscellaneous	68,789	120,092	103,125	101,000
Transfers	(4,180,250)	7,666,014	3,794,368	1,941,445
Extraordinary gain	-	-	-	-
Total governmental activities	<u>49,794,004</u>	<u>63,129,687</u>	<u>63,485,951</u>	<u>67,826,243</u>
Business-type activities				
Investment earnings (loss)	1,866,949	3,657,749	3,785,359	8,459,278
Gain on sale of property	(42,005)	-	-	-
Miscellaneous	-	-	-	-
Transfers	4,180,250	(7,666,014)	(3,794,368)	(1,941,445)
Other items	(150,684)	-	-	4,685
Total business activities	<u>5,854,510</u>	<u>(4,008,265)</u>	<u>(9,009)</u>	<u>6,522,518</u>
Total primary government	<u>\$ 55,648,514</u>	<u>\$ 59,121,422</u>	<u>\$ 63,476,942</u>	<u>\$ 74,348,761</u>
Change in Net Position				
Governmental activities	\$ 35,776,513	\$ 14,386,973	\$ 15,079,123	\$ 29,535,886
Adjustments	(237,621)	(738,651)	165,381	10,592
Total governmental activities	<u>35,538,892</u>	<u>13,648,322</u>	<u>15,244,504</u>	<u>29,546,478</u>
Business-type activities	17,575,828	8,476,381	22,652,999	19,387,238
Adjustments - business activities			497,306	(3,146,337)
Total business activities	<u>17,575,828</u>	<u>8,476,381</u>	<u>23,150,305</u>	<u>16,240,901</u>
Total changes in net position - primary government	<u>\$ 53,114,720</u>	<u>\$ 22,124,703</u>	<u>\$ 38,394,809</u>	<u>\$ 45,787,379</u>

Source: City of Redding Comprehensive Annual Financial Report

Fiscal Year					
2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
\$ 21,647,441	\$ 19,375,971	\$ 18,480,866	\$ 19,157,880	\$ 19,754,922	\$ 20,696,311
33,238,207	34,820,263	33,540,288	30,583,596	22,434,321	19,284,310
-	-	-	-	-	-
3,957,034	3,625,101	3,497,627	3,635,090	3,869,713	4,099,953
384,059	260,061	268,465	293,986	283,588	38,845
967,150	992,321	888,406	911,180	930,731	896,297
1,150,466	996,583	931,504	935,173	895,591	988,154
6,492,706	4,065,026	1,284,562	1,101,518	820,983	1,011
-	-	76,085	122,183	133,561	299,492
100,000	100,000	100,000	100,000	911,518	143,637
2,612,585	2,421,943	4,535,210	4,153,367	4,163,910	5,416,339
-	-	-	-	10,409,692	-
70,549,648	66,657,269	63,603,013	60,993,973	64,608,530	51,864,349
7,738,038	6,272,631	3,398,687	1,150,239	1,251,057	(667,664)
-	-	-	-	-	-
-	-	-	-	-	-
(2,612,585)	(2,421,943)	(4,535,210)	(4,153,367)	(4,163,910)	(5,416,339)
2,496	979	315	945	630	2,696
5,127,949	3,851,667	(1,136,208)	(3,002,183)	(2,912,223)	(6,081,307)
\$ 75,677,597	\$ 70,508,936	\$ 62,466,805	\$ 57,991,790	\$ 61,696,307	\$ 45,783,042
\$ 24,308,106	\$ 39,399,496	\$ 6,817,618	\$ 16,146,585	\$ 5,485,288	\$ (2,535,348)
-	-	-	-	-	-
24,308,106	39,399,496	6,817,618	16,146,585	5,485,288	(2,535,348)
7,580,432	(3,520,853)	(2,303,409)	6,517,537	13,355,415	5,915,210
-	-	-	-	-	-
7,580,432	(3,520,853)	(2,303,409)	6,517,537	13,355,415	5,915,210
\$ 31,888,538	\$ 35,878,643	\$ 4,514,209	\$ 22,664,122	\$ 18,840,703	\$ 3,379,862

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

	Fiscal Year			
	2003-04	2004-05	2005-06	2006-07
General Fund				
Reserved	\$ 5,604,846	\$ 7,960,371	\$ 5,088,973	\$ 5,836,083
Unreserved	20,908,746	14,051,582	14,409,873	17,475,454
Total general fund	<u>26,513,592</u>	<u>22,011,953</u>	<u>19,498,846</u>	<u>23,311,537</u>
All Other Governmental Funds				
Reserved	\$ 42,922,062	\$ 43,711,331	\$ 49,982,576	\$ 41,495,690
Unreserved, designated for, reported in:				
Special revenue funds	4,925,613	14,667,177	14,531,667	8,939,932
Capital projects funds	15,120,183	24,925,785	26,139,758	62,437,942
Unreserved, undesignated, reported in:				
Special revenue funds	3,130,866	877,114	2,435,338	7,776,230
Capital projects funds	(9,839,024)	296,773	675,765	7,582,682
Debt service funds	14,674,603	2,465,914	(1,271,925)	(1,267,509)
Total all other governmental funds	<u>\$ 70,934,303</u>	<u>\$ 86,944,094</u>	<u>\$ 92,493,179</u>	<u>\$ 126,964,967</u>
	Fiscal Year			
	2010-11	2011-12	2012-13	
General Fund				
Nonspendable	1,710,364	1,743,974	1,767,355	
Restricted	1,418,289	1,410,393	1,408,645	
Assigned	1,881,098	1,466,454	3,232,344	
Unassigned	4,809,108	5,573,062	12,566,084	
Total general fund	<u>\$ 9,818,859</u>	<u>\$ 10,193,883</u>	<u>\$ 18,974,428</u>	
All Other Governmental Funds				
Nonspendable	1,697,328	68,104	55,317	
Restricted	100,880,968	63,902,312	57,554,330	
Assigned	-	-	-	
Unassigned	(1,975,049)	(249,411)	(232,712)	
Total all other governmental funds	<u>\$ 100,603,247</u>	<u>\$ 63,721,005</u>	<u>\$ 57,376,935</u>	

Source: City of Redding Comprehensive Annual Financial Report

Fiscal Year		
2007-08	2008-09	2009-10
\$ 6,302,324	\$ 4,905,691	\$ 3,795,073
13,430,337	5,139,052	7,470,433
19,732,661	10,044,743	11,265,506
\$ 57,794,053	\$ 61,453,924	\$ 62,317,199
11,306,543	8,933,742	7,258,582
40,518,292	21,667,051	17,628,400
6,706,906	5,324,788	6,802,994
8,782,898	14,820,724	2,361,163
(1,241,046)	(1,213,848)	(1,196,710)
\$ 123,867,646	\$ 110,986,381	\$ 95,171,628

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

	Fiscal Year			
	2003-04	2004-05	2005-06	2006-07
Revenues				
Taxes	\$ 42,463,395	\$ 43,856,582	\$ 55,488,972	\$ 59,524,861
Licenses and permits	1,868,324	2,159,509	2,244,909	1,589,747
Intergovernmental revenues	26,857,196	29,538,610	20,651,015	25,835,843
Charges for services	2,343,447	2,698,496	3,087,242	3,730,253
Fines	985,786	1,063,502	800,275	926,522
Use of money and property	9,255,389	3,679,150	5,452,555	5,639,155
Interest revenue	1,833,241	2,854,682	3,167,557	5,526,660
Special assessments	1,522,665	2,887,274	1,524,188	1,464,323
Miscellaneous	5,197,696	6,145,044	8,676,756	6,853,688
Total revenues	92,327,139	94,882,849	101,093,469	111,091,052
Expenditures				
General government	6,403,628	6,648,418	6,994,486	7,296,375
Community development	12,439,346	14,226,661	17,004,289	14,262,851
Public safety	31,269,917	35,625,481	37,684,535	38,417,064
Public works	4,750,695	5,915,842	7,690,555	5,920,843
Planning	4,031,899	4,859,683	4,392,294	4,714,858
Recreation and culture	4,459,732	5,755,954	5,051,006	5,719,996
Capital outlay	21,921,650	13,206,504	15,007,032	26,539,273
Debt service:				
Principal retirement	2,016,759	4,012,357	4,562,460	4,324,708
Interest and fiscal charges	4,076,484	3,901,201	4,133,488	4,493,534
Bond issuance costs	982,578	349,311	-	677,851
Total expenditures	92,352,688	94,501,412	102,520,145	112,367,353
Excess of revenues over (under) expenditures	(25,549)	381,437	(1,426,676)	(1,276,301)

Fiscal Year					
2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
\$ 60,575,049	\$ 59,231,951	\$ 56,847,912	\$ 55,531,852	\$ 47,806,603	\$ 46,183,002
1,409,549	919,484	904,249	853,202	915,422	963,435
32,130,286	44,205,365	30,291,860	41,308,531	22,835,959	21,275,544
4,828,400	3,693,777	3,218,326	2,697,345	2,765,973	3,055,935
1,089,317	1,333,019	1,395,523	1,046,207	1,500,026	923,777
6,318,669	6,434,661	6,015,841	6,311,596	6,638,286	6,301,849
6,120,195	3,624,089	1,007,459	1,001,286	740,063	141,842
1,671,937	1,684,815	796,878	751,326	761,787	614,387
4,936,950	6,115,887	3,045,835	3,048,462	2,587,503	4,167,895
119,080,352	127,243,048	103,523,883	112,549,807	86,551,622	83,627,666
6,926,626	6,997,295	5,795,422	5,202,372	5,627,595	5,283,779
15,625,733	21,607,335	25,226,846	18,035,641	16,360,799	10,094,221
42,538,068	44,305,381	42,179,779	41,483,662	40,629,153	41,319,683
5,878,230	7,861,504	5,031,215	4,456,262	4,089,781	5,075,245
5,419,587	5,437,393	4,172,970	3,485,319	3,106,140	3,214,827
7,418,515	7,439,993	6,889,257	6,372,869	6,273,179	6,843,716
35,872,742	50,136,882	24,231,055	24,467,682	12,195,037	9,657,100
5,533,870	5,710,487	6,775,043	5,229,044	5,706,539	3,558,947
5,473,145	5,231,749	4,781,807	4,698,793	3,348,200	2,007,629
5,650	-	-	-	-	-
130,692,166	154,728,019	125,083,394	113,431,644	97,336,423	87,055,147
(11,611,814)	(27,484,971)	(21,559,511)	(881,837)	(10,784,801)	(3,427,481)

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

	Fiscal Year			
	2003-04	2004-05	2005-06	2006-07
Other Financing Sources (Uses)				
Sale of capital asset	77,735	33,058	838,344	696,456
Financing proceeds	-	290,891	39,878	250,000
Long-term debt issued	44,430,000	16,970,000	-	36,415,000
Bond discount	(51,342)	-	-	(266,824)
Premium on bonds issued	365,639	611,624	-	76,427
Proceeds of refunding bonds escrow agent	(29,465,181)	(10,548,316)	-	-
Transfers in	18,368,202	33,800,013	15,230,516	11,213,114
Transfers out	(22,548,453)	(29,764,223)	(11,646,084)	(8,738,168)
Total other financing sources (uses)	11,176,600	11,393,047	4,462,654	39,646,005
Extraordinary Item	-	-	-	-
Net change in fund balances	\$ 11,151,051	\$ 11,774,484	\$ 3,035,978	\$ 38,369,704
Fund Balances (deficit), beginning of year, as originally stated	\$ 86,534,465	\$ 97,447,895	\$ 108,956,047	\$ 108,956,047
Prior period adjustment	(237,621)	(266,332)	-	(85,225)
Change in accounting principal	-	-	-	-
Fund Balances (deficit), beginning of year, as restated	86,296,844	97,181,563	108,956,047	108,870,822
Residual equity transfer in	-	-	-	-
Fund balances (deficit), end of year	\$ 97,447,895	\$ 108,956,047	\$ 111,992,025	\$ 147,240,526
Debt service as a percentage of noncapital expenditures	13%	10%	10%	11%

(Source: City of Redding Comprehensive Annual Financial Report)

Fiscal Year					
2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
1,851,372	233,399	1,804,652	169,672	187,120	299,492
400,000	-	-	-	-	-
-	-	662,993	343,770	1,401,803	-
-	-	-	-	-	-
-	-	-	-	-	-
11,351,753	19,768,205	17,190,872	10,531,521	11,087,998	14,430,062
(8,667,508)	(15,085,816)	(12,692,996)	(6,178,154)	(6,804,428)	(8,865,598)
4,935,617	4,915,788	6,965,521	4,866,809	5,872,493	5,863,956
-	-	-	-	(31,594,910)	-
\$ (6,676,197)	\$ (22,569,183)	\$ (14,593,990)	\$ 3,984,972	\$ (36,507,218)	\$ 2,436,475
\$ 150,276,504	\$ 143,600,307	\$ 121,031,125	\$ 106,437,134	\$ 110,422,106	\$ 73,914,888
-	-	-	-	-	-
-	-	-	-	-	-
150,276,504	143,600,307	121,031,125	106,437,134	110,422,106	73,914,888
-	-	-	-	-	-
\$ 143,600,307	\$ 121,031,124	\$ 106,437,135	\$ 110,422,106	\$ 73,914,888	\$ 76,351,363
12%	10%	11%	11%	11%	7%

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

Fiscal Year	Property Tax	Transient Occupancy Tax	Sales Tax	Other Taxes	Total
2003-2004	16,932	3,275	20,298	1,959	42,464
2004-2005	17,913	3,512	20,276	2,156	43,857
2005-2006	25,885	3,748	23,575	2,281	55,489
2006-2007	29,781	3,966	23,558	2,220	59,525
2007-2008	32,884	3,957	21,616	2,118	60,575
2008-2009	34,311	3,625	19,307	1,989	59,232
2009-2010	33,447	3,498	18,083	1,820	56,848
2010-2011	30,571	3,616	19,479	1,866	55,532
2011-2012	22,574	3,838	19,536	1,859	47,807
2012-2013	19,402	4,073	20,797	1,911	46,183

Source: City of Redding Comprehensive Annual Financial Report

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

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

Type of Customer	Fiscal Year ended June 30,			
	2009		2010	
	Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)
Residential	36,601	386,638	36,676	381,904
Commercial	5,068	344,764	5,044	330,097
Industrial	356	14,934	359	14,127
Other	882	45,936	880	43,872
Total	42,907	792,272	42,959	770,000

Fiscal Year ended June 30,					
2006		2007		2008	
Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)
35,729	383,508	36,264	388,390	36,486	381,654
4,957	344,753	5,019	350,435	5,063	345,468
318	16,865	333	16,808	341	15,967
765	46,027	800	47,376	877	48,248
<u>41,769</u>	<u>791,153</u>	<u>42,416</u>	<u>803,009</u>	<u>42,767</u>	<u>791,337</u>

Fiscal Year ended June 30,					
2011		2012		2013	
Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)
36,824	377,161	36,974	375,136	37,127	375,606
5,032	332,375	5,020	333,200	5,012	338,257
355	13,586	345	13,227	330	13,506
902	44,610	915	44,379	930	46,756
<u>43,113</u>	<u>767,732</u>	<u>43,254</u>	<u>765,942</u>	<u>43,399</u>	<u>774,125</u>

City of Redding
Electric Utility Rates
Last Ten Fiscal Years

Fiscal Year	Residential		Commercial			
	Monthly Base Rate	Energy charge per kwh	Monthly Base Rate		Energy charge	
			Small Commercial (< 15,000 kwh)	Large Commercial (> 15,000 kwh)	All kwh	Per kwh in excess of 15,000
2004	5.46	0.0848	5.41	12.48	0.0950	0.0441
2005	5.68	0.0882	5.63	12.98	0.0988	0.0459
2006	5.68	0.0882	5.63	12.98	0.0988	0.0459
2007	6.01	0.0934	5.96	13.74	0.1046	0.0486
2008	6.36	0.9890	6.31	14.54	0.1107	0.0514
2009	6.86	0.1067	6.86	15.70	0.1288	0.0598
2010	7.40	0.1151	7.40	16.90	0.1288	0.0598
2011	8.50	0.1239	11.00	21.00	0.137	0.0645
2012	9.80	0.1330	16.50	25.00	0.1448	0.0696
2013	11.30	0.1426	18.00	29.00	0.1560	0.0750

Source: City of Redding Utility Rate Schedules

Industrial				
Monthly Base Rate	On Peak Energy Charge		Off Peak Energy Charge	
	All kwh	Per kWh in excess of 15,000	If off-peak demand exceeds on- peak demand	If off-peak demand is less than on-peak demand
26.00	0.0964	0.0447	0.0378	0.0447
27.04	0.1003	0.0465	0.0393	0.0465
27.04	0.1003	0.0465	0.0393	0.0465
28.62	0.1062	0.0492	0.0416	0.0492
30.29	0.1124	0.0521	0.0440	0.0521
32.65	0.1212	0.0562	0.0475	0.0562
35.20	0.1307	0.0606	0.0606	0.0562
42.00	0.1409	0.0654	0.0552	0.0654
50.00	0.1519	0.0705	0.0595	0.0705
66.00	0.1766	0.0820	0.0692	0.0820

City of Redding
Principal Electric Utility Payers
Fiscal Years 2012-13 and 2005-06*

Utility Payer	June 30, 2013 Fiscal Year			June 30, 2006 Fiscal Year		
	2013 Utilities Paid	Rank	Percentage of City Total Utilities Paid	2006 Utilities Paid	Rank	Percentage of City Total Utilities Paid
Customer #1	\$5,226,415	1	4.56%	\$3,465,972	1	4.38%
Customer #2	1,693,910	2	1.48%	999,336	3	1.26%
Customer #3	1,582,816	3	1.38%	1,300,615	2	1.64%
Customer #4	1,211,561	4	1.06%	862,444	4	1.09%
Customer #5	877,981	5	0.77%			
Customer #6	818,707	6	0.71%			
Customer #7	802,825	7	0.70%			
Customer #8	675,716	8	0.59%	478,871	5	0.60%
Customer #9	632,866	9	0.55%	426,104	8	0.54%
Customer #10	617,043	10	0.54%	406,238	9	0.51%
Customer #11				445,379	6	0.56%
Customer #12				429,352	7	0.54%
Customer #13				391,892	10	0.49%
Total	\$14,139,840		12.34%	\$9,206,203		11.61%

*Data nine years previous is not readily available.

Source: City of Redding Electric Utility

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

Fiscal Year Ending	Governmental Activities				
	Revenue Bonds	Tax Allocation Bonds (2)	Loans	Special Assessment Bonds	Capital Leases
2004	27,649	42,794	194	8,940	773
2005	34,024	41,305	138	7,367	839
2006	32,490	39,773	78	6,160	688
2007	52,103	53,196	52	5,321	715
2008	49,680	51,324	34	4,393	868
2009	47,262	49,387	16	3,452	559
2010	44,755	47,380	401	1,661	377
2011	42,151	45,288	316	1,379	567
2012	39,764	-	1,360	1,097	388
2013	36,938	-	1,042	825	221

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

(2) Tax Allocation Bonds were associated with the Redevelopment Agency (RDA). The RDA's debt was removed from the City of Redding's totals as the RDA was dissolved by the State of California in 2012.

Business-Type Activities

General Obligation Bonds	Revenue Bonds	Certificates of Participation	Loans	Special Assessment Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
350	41,068	93,361	15,108	200	561	230,999	9.46%	2,647
-	38,387	90,080	14,433	171	436	227,181	8.95%	2,568
-	36,086	119,474	13,740	140	429	249,059	9.24%	2,793
-	33,719	115,832	16,258	108	375	277,678	9.21%	3,096
-	31,281	182,140	22,562	74	317	342,673	10.83%	3,799
-	28,773	177,997	35,940	-	256	343,641	10.81%	3,779
-	26,163	173,514	39,709	-	199	334,161	10.82%	3,718
-	23,461	168,896	44,289	-	3,238	329,586	10.44%	3,660
-	20,833	164,028	65,362	-	2,930	295,762	8.97%	3,274
-	18,092	159,001	74,571	-	2,559	293,249	8.60%	3,234

City of Redding
Computation of Direct and Overlapping Debt
As of June 30, 2013

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Redding (4)	Amount Applicable to City of Redding
Direct:			
City of Redding: (1)			
City of Redding 1915 Act Bonds	\$ 825,450	100.000%	\$ 825,450
Revenue bonds	36,938,219	100.000%	36,938,219
Loans	1,041,981	100.000%	1,041,981
Capital leases	220,720	100.000%	220,720
Total direct debt	39,026,370		39,026,370
Overlapping:			
County of Shasta: (2)			
Bonds	39,984,880	49.963%	19,977,646
Notes	500,450	49.963%	250,040
Capital leases	400,649	49.963%	200,176
Shasta County Schools: (2)			
Enterprise School District	27,469,516	98.992%	27,192,623
Shasta Union High	21,118,645	67.922%	14,344,206
Gateway School	25,427,406	38.943%	9,902,195
Redding School District	11,075,000	99.134%	10,979,091
Columbia School District	3,120,000	74.730%	2,331,576
Shasta College	27,100,000	50.138%	13,587,398
Cascade School	5,356,025	2.434%	130,366
Pacheco School	3,164,956	56.238%	1,779,908
Grant School	1,161,498	4.086%	47,459
Centerville (3)	76,344	27.502%	20,996
Total overlapping debt	165,955,369		100,743,680
Total direct and overlapping debt	\$204,981,739		\$139,770,050

Source: (1) City of Redding
(2) Shasta County Auditor-Controller's Office
(3) Centerville District Office
(4) Percentages for Computation of Direct and Overlapping Debt are calculated by using the Shasta County valuations by taxing district for fiscal year 2011-12.

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Debt Limit	\$ 193,720	\$ 211,455	\$ 233,010	\$ 262,662	\$ 286,996
Total net debt applicable to limit	350	0	0	0	0
Legal debt margin	<u>\$ 193,370</u>	<u>\$ 211,455</u>	<u>\$ 233,010</u>	<u>\$ 262,662</u>	<u>\$ 286,996</u>
Total net debt applicable to the limit as a percentage of debt limit	0.18%	0.00%	0.00%	0.00%	0.00%

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

(1) Assessed valuation includes supplemental tax rolls.

Fiscal Year				
2009	2010	2011	2012	2013
\$ 300,235	\$ 292,840	\$ 279,873	\$ 260,142	\$ 254,417
0	0	0	1,097	825
<u>\$ 300,235</u>	<u>\$ 292,840</u>	<u>\$ 279,873</u>	<u>\$ 259,045</u>	<u>\$ 253,592</u>
0.00%	0.00%	0.00%	0.42%	0.32%

Legal Debt Margin Calculation for Fiscal Year 2012-13

Assessed Value (1)	<u>\$ 6,784,457</u>
Debt Limit - 3.75% of Total Assessed Value	\$ 254,417
Amount of Debt Applicable to the Limit	<u>825</u>
Legal Debt Margin	<u>\$ 253,592</u>

City of Redding
Wastewater Revenue Bond Coverage
Last Ten Fiscal Years

	Fiscal Year Ending			
	2004	2005	2006	2007
Operating Revenue	10,459,146	11,806,688	12,700,189	15,696,939
Other Revenue**	470	-	12,459	88,188
Interest Revenue	229,254	585,167	613,530	1,473,122
Adjusted Revenue	<u>10,688,870</u>	<u>12,391,855</u>	<u>13,326,178</u>	<u>17,258,249</u>
25% of Adjusted Revenue	2,672,218	3,097,964	3,331,545	4,314,562
Actual Connection Fees	2,547,755	2,812,014	3,458,536	2,941,713
Allowable Connection Fees	<u>2,547,755</u>	<u>2,812,014</u>	<u>3,331,545</u>	<u>2,941,713</u>
Total Revenue	<u>13,236,625</u>	<u>15,203,869</u>	<u>16,657,723</u>	<u>20,199,962</u>
Operating Expense	(10,057,528)	(9,392,352)	(10,551,395)	(11,277,304)
Add back In-Lieu	1,337,400	1,237,100	751,380	-
Add back Depreciation/ Amortization	3,389,830	3,488,037	3,564,164	3,488,891
Net Operating Expense	<u>(5,330,298)</u>	<u>(4,667,215)</u>	<u>(6,235,851)</u>	<u>(7,788,413)</u>
Net Wastewater Revenues*	<u>7,906,327</u>	<u>10,536,654</u>	<u>10,421,872</u>	<u>12,411,549</u>
Total Debt Service	<u>2,916,912</u>	<u>2,915,058</u>	<u>2,925,508</u>	<u>3,042,063</u>
Debt Coverage Ratio	<u>2.71</u>	<u>3.61</u>	<u>3.56</u>	<u>4.08</u>

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

** Excludes capital grants.

Fiscal Year Ending					
2008	2009	2010	2011	2012	2013
17,108,790	17,165,662	18,280,681	19,492,643	21,099,386	21,342,485
19,663	25,186	2,152	10,824	13,935	13,295
1,605,727	1,266,665	649,481	215,469	350,722	(241,696)
<u>18,734,180</u>	<u>18,457,513</u>	<u>18,932,314</u>	<u>19,718,936</u>	<u>21,464,043</u>	<u>21,114,084</u>
4,683,545	4,614,378	4,733,079	4,929,734	5,366,011	5,278,521
2,933,424	1,680,074	1,717,427	1,335,741	664,223	1,214,938
<u>2,933,424</u>	<u>1,680,074</u>	<u>1,717,427</u>	<u>1,335,741</u>	<u>664,223</u>	<u>1,214,938</u>
<u>21,667,604</u>	<u>20,137,587</u>	<u>20,649,741</u>	<u>21,054,677</u>	<u>22,128,266</u>	<u>22,329,022</u>
(12,424,166)	(12,894,743)	(14,214,867)	(15,275,899)	(16,093,343)	(17,188,977)
-	-	-	-	-	-
3,817,656	4,021,167	4,361,325	4,896,408	5,141,880	5,572,955
<u>(8,606,510)</u>	<u>(8,873,576)</u>	<u>(9,853,542)</u>	<u>(10,379,491)</u>	<u>(10,951,463)</u>	<u>(11,616,022)</u>
<u>13,061,094</u>	<u>11,264,011</u>	<u>10,796,199</u>	<u>10,675,186</u>	<u>11,176,803</u>	<u>10,713,000</u>
<u>3,040,868</u>	<u>3,309,313</u>	<u>3,621,312</u>	<u>4,838,627</u>	<u>5,591,172</u>	<u>6,122,885</u>
<u>4.30</u>	<u>3.40</u>	<u>2.98</u>	<u>2.21</u>	<u>2.00</u>	<u>1.75</u>

City of Redding
Water Revenue Bond Coverage
Last Ten Fiscal Years

	Fiscal Year Ending			
	2004	2005	2006	2007
Operating Revenue	12,174,497	11,862,077	12,403,356	13,824,991
Other Revenue**	139,532	291,151	821,377	661,080
Interest Revenue	207,585	506,373	517,974	1,139,710
Adjusted Revenue	<u>12,521,614</u>	<u>12,659,601</u>	<u>13,742,707</u>	<u>15,625,781</u>
25% of Adjusted Revenue	3,130,404	3,164,900	3,435,677	3,906,445
Actual Connection Fees	1,506,985	1,541,114	3,047,465	2,779,003
Allowable Connection Fees	<u>1,506,985</u>	<u>1,541,114</u>	<u>3,047,465</u>	<u>2,779,003</u>
Total Revenue	<u>14,028,599</u>	<u>14,200,715</u>	<u>16,790,172</u>	<u>18,404,784</u>
Operating Expense	(9,472,975)	(9,288,618)	(10,321,364)	(11,397,057)
Add back In-Lieu	739,850	754,450	455,230	-
Add back Depreciation/ Amortization	2,073,982	2,166,769	2,277,378	2,431,867
Net Operating Expense	<u>(6,659,143)</u>	<u>(6,367,399)</u>	<u>(7,588,756)</u>	<u>(8,965,190)</u>
Net Water Revenues*	<u>7,369,456</u>	<u>7,833,316</u>	<u>9,201,416</u>	<u>9,439,594</u>
Total Debt Service	<u>1,600,112</u>	<u>1,602,593</u>	<u>1,206,493</u>	<u>1,217,893</u>
Debt Coverage Ratio	<u>4.61</u>	<u>4.89</u>	<u>7.63</u>	<u>7.75</u>

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

** Excludes capital grants.

Fiscal Year Ending					
2008	2009	2010	2011	2012	2013
14,341,120	13,914,397	13,748,499	14,427,814	15,655,601	16,497,288
209,022	194,358	219,897	225,474	231,336	237,340
907,870	734,418	479,524	199,863	205,711	(172,089)
<u>15,458,012</u>	<u>14,843,173</u>	<u>14,447,920</u>	<u>14,853,151</u>	<u>16,092,648</u>	<u>16,562,539</u>
3,864,503	3,710,793	3,611,980	3,713,288	4,023,162	4,140,635
2,049,142	1,437,290	1,294,343	1,018,718	602,128	1,389,868
<u>2,049,142</u>	<u>1,437,290</u>	<u>1,294,343</u>	<u>1,018,718</u>	<u>602,128</u>	<u>1,389,868</u>
<u>17,507,154</u>	<u>16,280,463</u>	<u>15,742,263</u>	<u>15,871,869</u>	<u>16,694,776</u>	<u>17,952,407</u>
(12,280,801)	(12,456,147)	(14,044,979)	(14,179,843)	(15,300,320)	(15,532,856)
-	-	-	-	-	-
2,705,995	3,020,054	3,300,595	3,322,769	3,482,093	3,623,164
<u>(9,574,806)</u>	<u>(9,436,093)</u>	<u>(10,744,384)</u>	<u>(10,857,074)</u>	<u>(11,818,227)</u>	<u>(11,909,692)</u>
<u>7,932,348</u>	<u>6,844,370</u>	<u>4,997,879</u>	<u>5,014,795</u>	<u>4,876,549</u>	<u>6,042,715</u>
<u>1,228,088</u>	<u>1,224,838</u>	<u>1,222,488</u>	<u>1,217,626</u>	<u>1,025,150</u>	<u>1,027,210</u>
<u>6.46</u>	<u>5.59</u>	<u>4.09</u>	<u>4.12</u>	<u>4.76</u>	<u>5.88</u>

City of Redding
Electric Revenue Bond Coverage
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Revenue</u>	<u>Expense</u>	<u>Available Reserves</u>	<u>Funds Available for Debt Service</u>
2003-2004	125,727,720	95,701,838	37,774,186	67,800,068
2004-2005	128,446,969	114,995,623	28,789,991	42,241,337
2005-2006	142,606,354	112,583,106	46,005,959	76,029,207
2006-2007	138,035,984	120,052,752	41,649,569	59,632,801
2007-2008	156,839,571	142,101,108	38,929,919	53,668,382
2008-2009	157,477,449	152,534,009	37,000,967	41,944,407
2009-2010	153,119,347	141,852,601	33,562,914	44,829,660
2010-2011	168,305,285	146,270,267	31,793,172	53,828,190
2011-2012	164,353,261	135,263,876	34,352,264	63,441,649
2012-2013	160,924,425	130,644,921	41,918,740	72,198,244

Source: Electric Utility Bond Disclosure Reports



<u>Debt Service</u>	<u>Debt Service Coverage</u>
8,519,088	7.96
8,629,285	4.90
8,989,562	8.46
9,573,078	6.23
9,083,139	5.91
5,067,968	8.28
10,110,131	4.43
13,754,317	3.91
13,829,150	4.59
13,834,475	5.22

City of Redding
Demographic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Square Miles (1)</u>	<u>Population (2)</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rates (4)</u>
2003-2004	59.82	87,280	2,442,618	27,986	7.50
2004-2005	59.82	88,459	2,537,712	28,688	7.00
2005-2006	59.82	89,162	2,695,456	30,231	6.20
2006-2007	59.82	89,682	3,016,095	33,631	7.00
2007-2008	59.82	90,192	3,162,763	35,067	9.20
2008-2009	59.82	90,931	3,177,675	34,946	14.50
2009-2010	59.82	89,878	3,089,287	34,372	15.10
2010-2011	59.82	90,050	3,157,423	35,063	14.90
2011-2012	59.82	90,342	3,298,115	36,507	13.30
2012-2013	60.68	90,670	3,408,557	37,593	10.60

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

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

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

<u>Employer</u>	2013			2003		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Area Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Area Employment</u>
Shasta County *	1,838	1	2.55%	1,977	1	2.35%
Mercy Medical Center	1,730	2	2.40%	1,562	2	1.86%
City of Redding **	762	3	1.06%	816	5	0.97%
Shasta Community College	675	4	0.94%			
Shasta Regional Medical Center	600	5	0.83%	850	4	1.01%
Wal Mart	442	6	0.61%			
United States Post Office	377	7	0.52%			
Oakdale Heights Management	350	8	0.49%			
Blue Shield of California	330	9	0.46%	600	8	0.71%
Redding Rancheria	310	10	0.43%	612	7	0.73%
Sierra Pacific Industries				690	6	0.82%
Shasta Nursery				600	9	0.71%
J & A Food Service				600	10	0.71%
Holiday Markets				1,050	3	1.25%
Total	<u>7,414</u>			<u>9,357</u>		

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

** Full-time budgeted positions.

In 2012-13 there were 717 full-time and 344 part-time/temporary positions filled.

In 2003-04 there were 816 full-time and 333 part-time/temporary positions filled.

Source: Derived roughly from the Employment Development Department's (EDD) listing of the top 25 employers in Shasta County.

City of Redding
Full-Time Budgeted City Government Employees by Function/Program
Last Ten Fiscal Years

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

Source: City of Redding Personnel Division

2010	2011	2012	2013
90	89	86	85
150	141	141	130
80	70	70	75
67	66	65	65
39	32	29	29
25	23	20	21
22	20	15	20
183	183	185	185
28	28	28	28
32	32	33	33
5	5	5	5
81	81	79	79
7	7	7	7
13	13	10	-
822	790	773	762

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

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

Source: City of Redding

2010	2011	2012	2013
1	1	1	1
38	39	38	39
8	7	7	8
464.0	464.0	464.0	465.0
7,568	7,575	7,581	8,013
62	62	63	66
593	593	620	635
487	487	487	487
705	710	710	793
558	558.7	556	556
430	430.1	431.1	430.3
32	32	32	32
440.5	441	442	442
10,253	10,553	10,593	10,711
17	16	16	16

City of Redding
Operating Indicators by Function/Program
Last Ten Years

<u>Function/Program</u>	Fiscal Year-Ended June 30,		
	2004	2005	2006
Police			
Calls for service	80,376	83,601	84,343
Felony arrests	2,222	2,328	2,533
Misdemeanor arrests	4,412	4,187	4,620
Total arrests	6,634	6,515	7,153
Fire			
Fire, explosion	338	428	468
Rescue, emergency medical call	4,254	7,551	6,966
Fire safety inspections	3,130	3,210	3,038
Public Works			
Miles of roadway resurfaced	3.0	5.5	5.6
Miles of roadway slurry sealed	18.7	16.7	15.5
Planning			
Number of building permits issued	4,250	4,234	4,679
Recreation and Culture			
Recreation Division programs	1,520	1,730	2,065
Program participants	11,360	11,946	13,077
Community Development			
Number of households assisted (Rental Assistance)	1,425	1,393	1,394
Owner occupied loans made for rehabilitation/purchase	18	12	18
Rental loans/grants for rehabilitation/purchase	20	19	111
Electric			
Electric customers billed monthly	40,929	41,342	42,123
Average sustained outages per customer per year	0.50	0.28	0.28
System average retail rates	8.8	9.2	9.5
Water			
Water produced (acre ft.)	29,186	26,159	27,036
Wastewater			
Totals household equivalents served	38,085	38,413	38,725
Clear Creek dry flow	7.7	7.3	7.7
Stillwater dry flow	2.7	2.4	2.6
Storm Drains			
Percentage of inlets cleaned/maintained (annually)	2.7%	3.0%	1.4%
Solid Waste			
Total waste collected (tons)	96,858	102,703	109,143
Recyclables sales (tons)	11,031	10,424	10,936
Transportation			
Airport passenger movements/enplanements	56,244	63,503	64,197
RABA bus passengers	783,642	772,241	757,204

Source: City of Redding

2007	2008	2009	2010	2011	2012	2013
85,213	86,099	85,885	84,236	85,336	87,069	91,501
2,661	2,368	2,321	2,522	2,280	2,603	2,905
5,457	6,397	6,779	5,551	4,838	4,462	7,596
8,118	8,765	9,100	8,073	7,118	7,065	10,501
520	477	454	402	381	387	436
9,037	9,166	9,308	9,032	9,212	8,467	7,913
2,989	2,965	3,745	4,590	3,762	2,195	2,972
2.9	0.5	8.0	2.4	7.8	1.5	2.7
11.5	0	26	0	0	0	11.5
3,887	3,380	2,819	2,634	2,744	2,552	3,043
2,789	2,803	2,807	2,800	2,800	2,800	2,800
13,191	13,547	13,682	13,597	13,613	13,439	13,605
1,364	1,394	1,546	1,470	1,471	1,599	1,450
20	32	55	22	17	10	21
41	6	-	29	9	5	3
42,639	42,810	42,910	43,035	43,144	43,281	43,551
0.35	0.18	0.28	0.43	0.31	0.29	0.62
9.6	10.3	10.9	11.8	12.7	13.8	14.6
29,390	29,486	27,446	25,818	23,201	23,186	27,994
40,506	41,207	42,079	41,523	41,431	41,710	40,598
7.6	7.3	7.5	7.2	7.8	7.1	7.3
2.6	2.5	2.6	2.6	3.1	2.7	2.4
0.9%	1.3%	1.4%	1.4%	4.5%	4.3%	4.0%
107,228	85,305	77,944	78,868	77,793	75,875	75,126
13,760	8,581	8,486	8,447	8,180	8,026	7,705
66,307	63,394	63,205	57,105	51,088	33,638	26,785
728,614	735,568	743,455	723,452	727,094	812,347	814,123

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SUPPLEMENTAL HISTORICAL INFORMATION

CITY OF REDDING AIRPORTS

Redding Municipal Airport

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

There are 38 permanently assigned tie-downs, 95 more aircraft and eight helicopter tie-downs for transients, and 111 T-hangars maintained and leased out by the City of Redding. The T-hangars are close to being full, with very few vacancies. Last fiscal year, a total of approximately 98,054 operations were recorded during the FAA Control Tower operating hours from 6:30 a.m. to 9:30 p.m.

The Airport features a 22,000 square foot terminal to serve the traveling public and is in the middle of an 8,000 square foot addition that will be complete in 2014. It also features a full-service restaurant and lounge, as well as full services for all business tenants. There is a 333 space public automobile parking lot as well as 64 spaces for rental cars adjacent to the terminal. The passenger terminal aircraft parking ramp is capable of receiving six medium-size jet aircraft at one time. During the 2012 calendar year, over 60,797 passengers traveled through the terminal building. The airport property includes a total of 1,810 acres.

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

Benton Airpark

Benton Airpark is located within the city limits of Redding only a few blocks from the downtown area. It features a runway that is 2,420 feet in length and lit for night operations. There is a fixed-base operation which provides a full range of aircraft services as well as a delicatessen. The California Highway Patrol bases their helicopters and fixed-wing aircraft at Benton. Also, there are 88 covered aircraft parking spaces and 81 open tie-downs. Benton experiences an estimated 25,000 annual aircraft operations.

CITY OF REDDING ELECTRIC UTILITY SYSTEM

History

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

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

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

Distribution Service

The City's Electric Utility currently provides service to its customers in an area approximately 61 square miles in size, with 67 miles of 115-kV lines and 726 miles of overhead and underground 12-kV distribution lines. The City is proud of its record over the past five years of 99.98 percent electric service availability to its customers.

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

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

Design and right-of-way acquisition for distribution service to the Stillwater Business Park was completed in FY08. The Stillwater 115-kV line termination work was completed on August 15, 2008. The Stillwater 115-kV transmission project began construction in April 2012, and is expected to be completed by the end of 2013. The City's current distribution system consists of eleven 115/12-kV distribution substations where power is transformed from 115-kV to 12-kV distribution voltage and connected to the service distribution transformers via the 12-kV distribution lines. The 12-kV distribution system is a very reliable radial-type system designed such that all customers can be served from another feeder if the normal source is experiencing a problem.

Power Supply

The City's retail power supply comes from a diverse portfolio. Redding typically receives about 30% of its power supply from Western in an average hydro year. FY 2012-13 was a below normal hydro year and as a result Western provided 30% of the City's retail supply portfolio. Western's power is generated at Shasta Dam and other facilities, which are a part of the Central Valley Project (CVP). Redding also relies on the City's existing generation resources and other power-purchase and exchange contracts, as well as short-term firm purchases to provide low-cost service to all of the City's customers.

In order to accommodate anticipated growth, the City has developed several projects to generate power. The City's Whiskeytown Hydroelectric Project became operational on September 3, 1986. In August 1991, the City purchased a 28-MW steam turbine generation project located within the City's limits at Redding Power Plant. Three combustion turbine generators totaling 70-MW were added in 1996. In June 2002, the City commissioned Unit 5, a 43-MW highly efficient combined-cycle gas turbine with a heat recovery steam generator, bringing total on site generation to 141-MW. Construction began in September 2008 on Unit 6, which is a 47-MW combined cycle gas turbine nearly identical to the existing Unit 5. Unit 6 went into service in August 2011. In addition to its own generation, the City has acquired several other sources of electric power through long-term, purchase-power contracts and through its membership in a joint powers agency consisting of Modesto Irrigation District, City of Santa Clara, and City of Redding (M-S-R). Through the M-S-R joint powers agency, the City entered into a long-term power purchase agreement for 70-MW of wind generated energy, with deliveries that began October 1, 2006. Further, on April 19, 2011, Redding entered into a thirty (30) year renewable energy purchase agreement with Trinity Public Utilities District (TPUD). Under the agreement, Redding will purchase the "Excess" energy and subsequent "Renewable Energy Credits" (REC's) from the upgrade of the Lewiston Dam Hydroelectric generator. This resource is anticipated to begin service in late 2016. The renewable energy from this small hydro project will qualify under California's renewable energy laws. On June 1, 1994, the City began scheduling and dispatching the power produced by these various resources. The scheduling and dispatching operations allow Redding to take advantage of relatively inexpensive energy, which becomes available from time to time in the short-term wholesale power market.

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

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

Customer Base

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

Fiscal Year Ending June 30	Number of Customer Accounts		
	Residential	Non-Residential	Total
2009	36,616	6,294	42,910
2010	36,762	6,273	43,035
2011	36,832	6,312	43,144
2012	37,032	6,249	43,281
2013	37,268	6,283	43,551

Source: Utility Billing System Marketing Report of Quarterly NAICS Usage

The total number of electric system customer accounts increased 2 percent during the last five years. The number of residential accounts increased 2 percent, while non-residential accounts remain flat.

CITY OF REDDING WASTEWATER UTILITY SYSTEM

History

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

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

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

Existing Facilities

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

Clear Creek Wastewater Treatment Plant

The Clear Creek Wastewater Treatment Plant, is located at the confluence of Clear Creek and the Sacramento River. The plant has a dry weather daily flow capacity of 9.6 million gallons per day (MGD) and a peak day flow capacity of 40 MGD. The unit processes utilized at the plant include, among other things, the Clear Creek Lift Station, with an estimated effective pump capacity of 40 MGD,

primary and secondary clarification, gravity filtration, chlorination for disinfection and sulfonation for dechlorination prior to discharge into the Sacramento River outfall via a new diffuser system. In addition, a series of eight flow equalization ponds provide raw sewage and/or primary effluent temporary flow storage should the influent flow exceed the capacity of the secondary treatment and filtration processes. Solids handling process include primary and secondary waste sludge streams being mixed, thickened and anaerobically digested. Additional solids treatment can take place in facultative sludge lagoons. The City Council has authorized modifications to the Clear Creek Plant at an estimated cost exceeding \$70 million. The upgrades have been constructed in seven Bid Packages. Bid Package I began construction in the fall of 2006. Bid Package II began construction in the fall of 2007. Bid Package III began construction in the spring of 2008. Bid Package IV began construction in the fall of 2008. Bid Package V began construction in summer 2011. Bid Package VI began construction in the winter 2010. Bid Package VII began construction in spring 2012, and will be complete in the Fall of 2013. The Plant expansion and upgrades are being funded by a loan from the State of California revolving Loan Fund, ARRA Stimulus funds, with repayment through a combination of new connection fee revenue and monthly service charges.

Stillwater Regional Wastewater Treatment Plant.

The plant, designated the Stillwater Regional Wastewater Treatment Plant, is located on an approximately 300-acre site along Airport Road at the Sacramento River. The plant has an average dry weather flow of 4 MGD and a peak wet weather flow of 14.4 MGD.

A facility plan has been prepared for expansion in stages to treat an average dry weather flow capacity to 8 MGD and a peak wet weather flow capacity to 24 MGD. The first plant expansion project (Phase 1 A/B) began construction in the spring of 2012, and will be complete in Fall 2013. This Plant expansion is being funded by Wastewater Utility funds, and a loan from the State of California Revolving Loan Fund, with repayment through a combination of new connection fee revenue and monthly service charges.

Environmental Compliance

The present discharge requirements for the Wastewater System are established by the State of California Regional Water Quality Control Board, Central Valley Region (the "Regional Board") which administers and enforces all federal and State of California discharge requirements. The Regional Board administers regulations promulgated under the National Pollutant Discharge Elimination System by the United States Environmental Protection Agency (the "EPA"). The Clear Creek Wastewater System's present discharge permit was adopted in 2010 and is expected to be renewed in late 2015. The Stillwater Wastewater system permit was adopted in 2013 and will expire in 2018.

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

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

Service Area

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

Historical Operations

The following table shows the historical number of residential customer household equivalents and the combined commercial and industrial customer household equivalents for the five fiscal years ending June 30, 2013. One household equivalent (HE) is the quantity of wastewater produced in the City of Redding by an average single-family residential household, which is 240 gallons per day (GPD). Since customer fees and charges are based on the HE for each customer, the revenue amounts are proportional to these HE counts.

Historical Residential and Commercial/Industrial Household Equivalents

	2008/09	2009/10	2010/11	2011/12	2012/13
Residential HEs	29,669	30,714	30,959	31,217	31,172
Commercial/Industrial HEs	11,538	11,365	10,047	10,493	9,426
Total System HEs	41,207	42,079	41,006	41,710	40,598
Annual System Growth	2.1%	2%	(3%)	2%	(3%)

The Wastewater System currently has an average dry weather daily design flow capacity of 13.4 MGD. The actual average dry weather daily flow of the Wastewater System for the five fiscal years ending June 30, 2013 is shown below.

Average Dry Weather Daily Flows Fiscal Years Ended June 30, 2013

	2008/09	2009/10	2010/11	2011/12	2012/13
Clear Creek Plant	7.5	7.2	7.8	7.1	7.3
Stillwater Plant	2.6	2.6	3.1	2.7	2.4
Total Wastewater System	10.1	9.8	10.9	9.8	9.7

CITY OF REDDING WATER UTILITY SYSTEM

History

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

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

Since 1939 when the City of Redding assumed control and operation of the water system, the City's population has grown from approximately 7,500 to 92,690. This growth included two large increases in 1976 and 1977, when Redding annexed the Cascade Community Services District (serving approximately 4,450 residents) and the Enterprise Public Utility District (serving approximately 13,500 residents). In addition, the City assumed operation of a system serving about 1,500 residents outside the City in 1967, primarily in the Buckeye community.

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

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

In 1967 the City of Redding took over Buckeye County Water District facilities and the rights to a 1964 USBR contract. In February 1971, the City executed a new USBR contract to serve the Buckeye service area. The City, in November of 1994, amended this contract with the Bureau of Reclamation to add the Spring Creek Conduit as a point of diversion for the new Buckeye Water Treatment Plant. This contract with the Bureau of Reclamation, which runs through February 28, 2045, allows Redding to obtain 6,140 acre-feet of water per year. The March 2012-February 2013 delivery from that contract was 6,140 acre-feet. Water charges under this contract total approximately \$48.87 per acre-foot (\$15.04 average water cost, \$18.83 average restoration and Trinity PUD fee and a variable \$15.00-\$30.00 foregone power charge).

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

Performance Measures and Workload Indicators

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

ACTIVITY	2008/09	2009/10	2010/11	2011/12	2012/13
Number of customers/services	28,051	28,165	28,817	28,839	29,085
Number of new meter sets	154	114	102	99	185
Quantity of water produced (acre feet)	27,446	25,818	23,201	23,186	27,994
Percentage of days water quality met standards	100%	100%	100%	100%	100%
Number of service calls (Includes water quality)	1,333	1,639	1,552	1,901	2,446**
Miles of water mains	556	558	559	556*	556
Number of main and water service failures/disruptions per year	542	526	502	406	424
Miles of substandard mains	43	42	42	42	42
Customers/service connections per employee	1,122	1,173	1,173	1,143	1,163

* Reconciled to reflect pipes abandoned as part of pipe replacement projects.

** May include duplicate service call reports not filtered during conversion from CORTRAX work order database to Cartegraph work order database.

Current System

Buckeye Zone

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

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

Foothill and Hill 900 Zones

Construction of Redding's Foothill Water Treatment Plant (FWTP) was completed in September 1981. The treatment plant consists of chemical treatment followed by flocculation, sedimentation, chlorination, and filtration. River water from Pump Plant No. 1 located on the south side of the Sacramento River, west of the Diestlehorst Bridge, enters the treatment plant through a 36-inch main. In 2006 Pump Station No. 1 Fish Screen Retrofit Project was completed to meet the requirements of the CAL-FED Anadromous Fish Screen Program. In 2010, an additional 30-inch main from Pump Plant No. 1 was installed to the FWTP.

At the FWTP, chlorine is added for disinfection and odor control. Polymer and aluminum sulfate are injected, and the water passes into a flocculation basin which is integrally constructed within a large 2 MG sedimentation basin, where it is allowed to settle and clarify. After clarification, water flows through dual media filtration and is post-chlorinated prior to entering a 6 MG covered storage reservoir.

Storage is provided at three locations: 1.) one 6 MG covered storage reservoir at the treatment plant-- Since 2006, one 4 MG steel reservoir at Foothill Blvd with a high water surface of 743 feet; 2.) one 2.0 MG pre-stressed concrete reservoir; and 3.) one 2 MG steel reservoir having a high water surface of 925 feet to the south of the treatment plant at the top of Hill 900.

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

Enterprise Zone

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

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

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

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

Hilltop-Dana Zone

The Hilltop-Dana pressure zone is located north of Highway 44 and east of Interstate 5 and is supplied from the Enterprise Zone by Pump Station No. 5, and the Buckeye Zone by gravity.

Cascade Zone

The supply source for this zone comprises five wells with a maximum capacity of 0.75 MGD. This supply is augmented by connection to the south end of Redding's central system, and in 1978 the Cross Town water main was completed. This supply can furnish up to 3.2 MGD to the Cascade area. Additional supply is obtained by a large transmission main connecting the Cascade Zone to the

Enterprise well system via South Bonnyview Road. This supply can furnish an additional 2 MGD. In the summer of 1995 a booster pump station was installed on the South Bonnyview transmission main to increase the supply to the Cascade Zone to 4.3 MGD.

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

Condition of System

The City of Redding maintains a well-trained and well-equipped work force. Its primary function is to operate the system, make systematic inspections as part of the preventive maintenance program, and plan and construct replacements. Undersized and old lines are being replaced when maintenance costs indicate that they should be replaced or additional capacities are needed. The City of Redding maintains a Master Water Plan; revisions to the system are programmed, designed, and installed in accordance with this plan. The system is well maintained in all regards, including raw water supply, pumping structures, equipment, transmission lines, and water treatment facilities. However, continual renewed investment in capital facilities such as distribution pipelines, reservoirs, and wells will be necessary to maintain the current level of service, due to the demands of population growth and aging infrastructure.

CITY OF REDDING
STORM DRAINAGE UTILITY

History

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

Service Area and Customers

The service area encompasses storm drainage facilities within the City limits. The overall conveyance system is comprised of both public and private segments. The Storm Drain Utility responds to the needs of the public component of the overall conveyance system. The following table provides an overview of the storm drainage system as of June 30, 2012:

Workload and Performance Measures	2009/10	2010/11	2011/12	2012/13
Miles of Storm Drain Pipe	240.4	243	243	245
Miles of Channels/Ditches	191.1	197	197	197
Miles of Maintained Channels/Ditches	22.31	22	22	26
Number of Inlets	10,253	10,553	10,593	10,711
Number of Outfalls	1,719	1,719	1,719	1,793

The Storm Drainage Utility charges are based on impervious area. An impervious area is one that prohibits the natural drainage of rainwater into the ground (i.e., building, parking lot, etc.). The monthly Storm Drain service fees have been frozen since 1993 and are as follows:

Commercial	\$19.07 per impervious acre
Multi-family/Mobile Home	\$0.83 per unit
Residential	\$1.32 per household

Condition of System

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

The Storm Drain Utility staff consists of five employees, which has not changed since 1993, even with increased permit requirements for inspection and maintenance of storm drain facilities.

In 2003, the City applied for a National Pollution Discharge Elimination System (NPDES Phase II) permit that was to be implemented over the five years of the permit life. The State of California Water Quality Control Board, however, did not approve the permit and its proposed work plan until 2005. The previous permit has been superseded by the State of California NPDES Phase II Small MS4 permit effective July 1, 2013.

OTHER SUPPLEMENTAL INFORMATION



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CERTIFIED PUBLIC ACCOUNTANTS
— A LIMITED LIABILITY PARTNERSHIP —

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

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

We have audited, in accordance with the 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, and the guidelines of the Transportation Development Act, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City Redding, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be a material weakness or, significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

In connection with our audit referred to above, we also performed an audit for compliance with the Transportation Development Act, the California Code of Regulations, and the rules and regulations and allocation instructions of the Shasta Regional Transportation Agency, for the year ended June 30, 2013. In connection with our audit, we performed, to the extent applicable, the compliance audit tasks set forth in Sections 6666 and 6667 of the California Code of Regulations.

In our opinion, the funds allocated pursuant to the Transportation Development Act were accounted for and expended in conformance with the Transportation Development Act, the California Code of Regulations, and the rules and regulations and allocation instructions of the Shasta Regional Transportation Agency.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the Transportation Development Act.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of those tests, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Transportation Development Act in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

D.A. Scott & Company LLP

Redding, California
December 20, 2013

City of Redding

Redding Municipal Airport

Schedule of Passenger Facility Charges Collected and Expended and Interest Collected

For the quarters ended September 30, 2012, December 31, 2012, March 31, 2013, and June 30, 2013

Application 11-04-C-11-RDD

	September 30, 2012	December 31, 2012	March 31, 2013	June 30, 2013
Unexpended (over expended) passenger facility charges and interest, beginning of period	\$ 37,778	\$ (1,426)	\$ (26,780)	\$ (35,156)
Passenger facility charges collected	28,787	23,493	24,287	14,459
Interest earned (Note 1)	(6)	-	-	-
Subtotal	66,559	22,067	(2,493)	(20,697)
Expenses for approved passenger facility charges projects	(67,985)	(48,847)	(32,663)	(38,964)
Unexpended (over expended) passenger facility charges and interest, end of period	<u>\$ (1,426)</u>	<u>\$ (26,780)</u>	<u>\$ (35,156)</u>	<u>\$ (59,661)</u>

Note 1: The interest previously recorded was reduced by \$6 due to the calculation of PFC rates changing from 5% to 9.34%.