

Approved by Redding City Council on January 20, 2015

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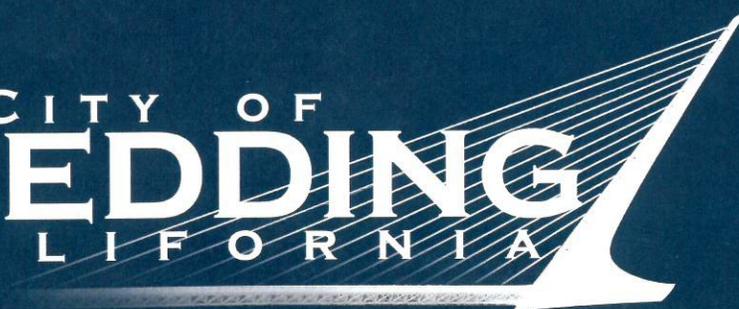
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Comprehensive Annual Financial Report

for Fiscal Year Ended
June 30, 2014

CITY OF
REDDING
CALIFORNIA

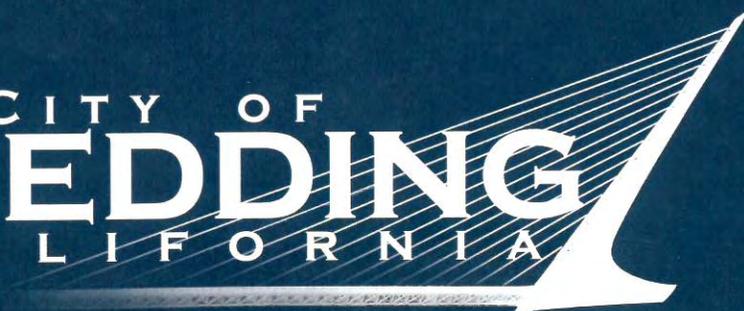




Comprehensive Annual Financial Report

for Fiscal Year Ended
June 30, 2014

CITY OF
REDDING
CALIFORNIA



On the Cover

Pictured on the cover is a rendering of the new Redding Police Department Patrol Building as pictured west of the current City Hall. The building is currently under construction and is anticipated to be completed by April 2015. The 16,744-square-foot building will house the patrol operations and evidence functions for the Redding Police Department. It will include offices, briefing rooms, electronic firearms training rooms, locker rooms, exercise room, armory and administrative and storage space for evidence processing.

City of Redding

Redding, California

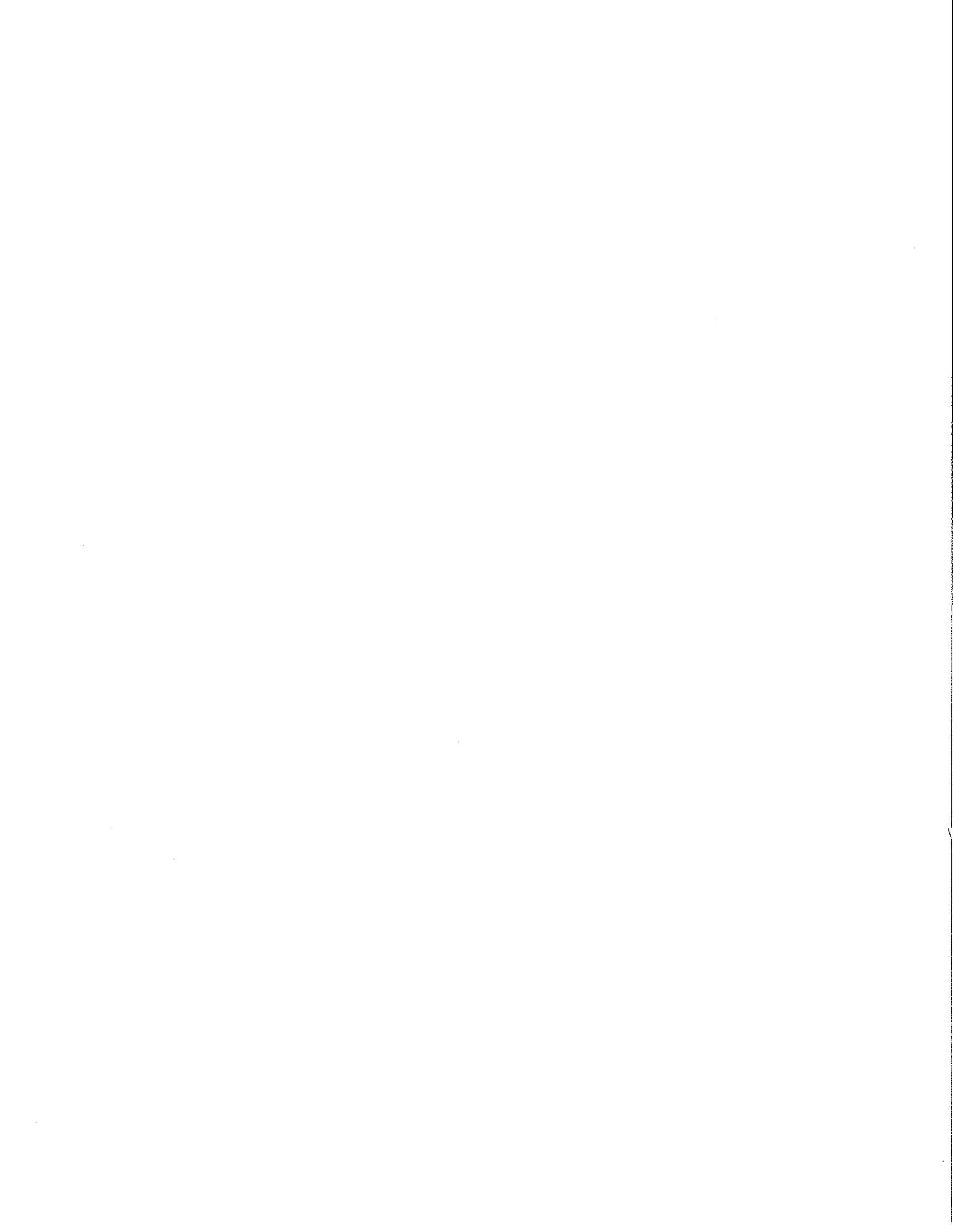


Comprehensive Annual Financial Report

For the Year ended June 30, 2014

ISSUED BY FINANCE DIVISION

DENNICE L. MAXWELL
DIRECTOR OF FINANCE



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For the year ended June 30, 2014
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INTRODUCTORY SECTION



CITY OF REDDING

FINANCE DEPARTMENT

777 Cypress Avenue, Redding, CA 96001-2718

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

530.225.4079 FAX 530.225.4324

December 23, 2014

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, 2014. 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, 2014.

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 91,207 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 Corporation. 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 .40 percent. The City's population of 91,207 has increased 12.8% 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 2014:

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 *	90,848	▾ 0.56%	178,953	▾ 0.47%
2014	91,207	▾ 0.40%	179,412	▾ 0.26%

Source: 1970-2010 data from U.S. Census; 2011-2013 estimates from the California State Department of Finance as of January 1 (*2013 revised estimate, May 1, 2014 report)

The City's population, over the next 10 years, is projected to grow by approximately 6,666 an increase of approximately 7.3%. 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 2014:

Region	Median Home Price
Shasta County	\$226,780
Sacramento	\$271,630
Los Angeles	\$435,950
Orange County	\$696,680
San Francisco	\$987,500

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 2014 are listed in the following table:

<u>Employer</u>	<u>Product/Services</u>	<u>Employees</u>
Shasta County (*)	County Services	1,905
Mercy Medical Center	Medical Facilities/Services	1,727
City of Redding (**)	City Services	1,117
Shasta Regional Medical Center	Medical Facilities/Services	829
Redding Rancheria	Casino/Redding Rancheria	462
Ca Transportation Department	Highways, Freeways, etc.	459
Walmart	Retail	450
Shasta Union High School District	Education	397
Blue Shield of California	Health Care Insurance	330
Shasta Community College	Education	308

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

(**) Full-time budgeted positions. In 2013-14 there were 718 full-time and 399 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 8.6 percent on June 30, 2014. 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 2005 through June 2014:

Fiscal Year			Unemployment	
Ending			Number	Rate
June 30	Labor Force			
2005	82,400		5,800	7.0%
2006	83,300		5,200	6.2%
2007	* 83,200	*	5,800	7.0%
2008	* 83,200		7,700	9.2%
2009	* 85,400		12,400	14.5%
2010	* 84,700		12,900	* 15.2%
2011	* 83,000	*	12,400	14.9%
2012	* 83,000		11,000	* 13.2%
2013	* 82,000	*	8,900	* 10.9%
2014	79,700		6,800	8.6%

Source: State Department of Employment
(*Years 2007-2014 Revised)

Construction Activity - For the past ten calendar years ending December 2013, the City issued building permits valued at a total of \$1,064,680,474. New construction over the ten-year period represents 65.95% of the total construction activity. For the 2013 calendar year 1,582 building permits were issued, with a total permit valuation of \$44,992,440. After a number of 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:

	2010***	2011***	2012***	2013
Value Single Family*	\$14,935,845	\$6,552,540	\$20,059,325	\$21,298,634
Number of Units	74	32	115	108
Value Multi-dwellings	\$9,610,629	\$4,559,174	\$2,480,077	\$0
Number of Permits(1)		7	6	0
Number of Units	82	41	19	0
Value Business	\$12,355,277	\$2,158,446	\$3,063,200	\$20,280,363
Number of Permits	17	4	13	10
Value Total all Permits	\$62,467,385	\$37,168,582	\$55,822,438	\$78,272,850
Total Permits**	2,748	2,711	2,960	3,339

* Value of new construction only.

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

*** Numbers Revised to reflect full year

(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 126,000 in the primary trade area and approximately 256,000 in the secondary trade area. The primary trade area consists of the metropolitan urban area, including the cities of Redding, Shasta Lake, Anderson, and Red Bluff. The secondary trade area consists of Shasta, Trinity, and Tehama counties.

Taxable transactions in the City were approximately \$1.9 billion in calendar year 2013, a 4.5% increase over the same period for 2012.

<u>Year</u>	<u>Taxable Transactions (in Thousands)</u>	<u>Taxable Transactions Percentage Increase (Decrease)</u>
2004	\$1,898,286	-
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%
2013	\$1,924,122	4.5%

Source: California State Board of Equalization

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

The City is served by the Union Pacific Railroad and Amtrak for rail transportation. Greyhound serves the City with bus service. United Express Airlines 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 73,490 for fiscal year 2013-14.

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 39 elementary schools, 9 middle/junior high schools, 11 charter schools, 2 regional occupation programs and 14 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 12,465 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 335,000 people in Shasta, Tehama, Trinity, Siskiyou, and Lassen counties. The two largest hospitals have a total of 513 beds and employ approximately 2,556 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, 2014, provided no instances of material weaknesses in the internal control structure or significant violation of applicable laws and regulations.

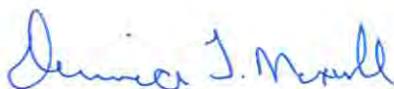
CERTIFICATE OF ACHIEVEMENT

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, 2013. This was the 30th 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**

Presented to

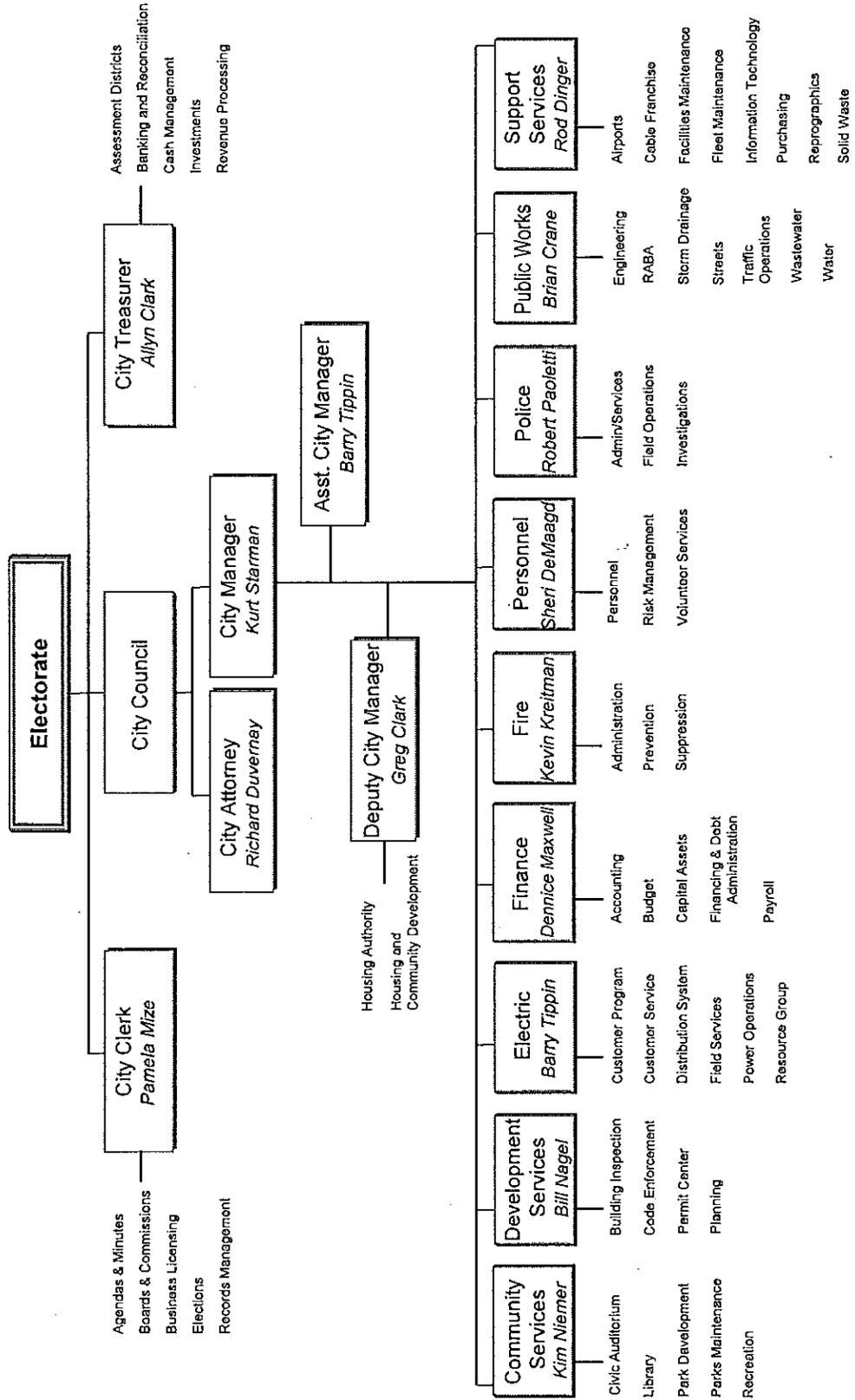
**City of Redding
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

City of Redding Organization Chart



Effective: 6/18/13

MUNICIPAL OFFICIALS

City Council

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

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 Personnel Sheri 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, 2014, 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, 2014, 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.

Emphasis of Matter

As further discussed in Note 26 of Notes to Financial Statements, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans*. This statement requires state and local government agencies to display the actuarially determined Net Pension Liability in its financial statements effective with fiscal year 2014-2015. This Net Pension Liability is expected to be substantial. Our opinion is not modified with respect to this matter.

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 139 - 143 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, statistical section, and the combining and individual nonmajor fund financial statements and budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Passenger Facility Charges Collected and Expended and Interest Collected is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Guide for Public Agencies*, issued by the Federal Aviation Administration, and is also 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 17, 2014, 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.N. Scott & Company LLP

Redding, California
December 17, 2014

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, 2014. 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 \$8.6 million. The governmental net position decreased by \$6.2 million and the business-type net position increased by \$14.8 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$79.0 million, an increase of \$2.7 million in comparison with the prior year. Only 19.4% of this total amount, \$15.3 million, is unassigned.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$15.6 million, or 23.4% of the total General Fund expenditures. The total General Fund balance at the end of the current fiscal year was \$21.3 million, or 32.1% of total General Fund expenditures. This is a \$2.4 million increase from the prior year.
- The City's total debt decreased by \$26,168 (net of bond premiums and discount and excluding deferred charges) during the year ending June 30, 2014. In addition the City made \$15.4 million in regular scheduled debt payments. The City borrowed \$12.9 million in State loans for wastewater treatment plant upgrades. The City defeased \$18.0 million and issued \$14.7 million in refunding lease revenue bonds for the Water and Wastewater funds. The City also defeased \$6.7 million in lease revenue bonds and issued \$11.9 million in lease revenue bonds including \$5.6 million in additional bonds for the construction of a new police administration building.

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 77-136 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 2014, net position changed as follows (all amounts are in thousands):

	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>
Beginning Net Position	\$362,063	\$384,277	\$746,340
Increase (decrease) in net position	<u>(6,196)</u>	<u>14,804</u>	<u>\$8,608</u>
Ending Net Position	<u>\$355,867</u>	<u>\$399,081</u>	<u>\$754,948</u>

The City’s total net position increased by 1.2% from a year ago, increasing from \$746 million to \$755 million. Net position from governmental activities decreased by 1.7% and net position from business activities increased by 3.9%. The \$6.2 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, an increase in expenditures for both the police and fire departments.

The \$14.8 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, Water Utility Fund and Waste Water Utility Fund.

The following schedule displays a summary breakdown of the City's net position as of June 30, 2014 and 2013:

	Net Position (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2014	2013 *	2014	2013 *	2014	2013 *
Current and Other Assets	\$124,751	\$116,893	\$181,224	\$169,797	\$305,975	\$286,690
Capital Assets, net	331,606	335,412	530,117	521,126	861,723	856,538
Total Assets	<u>456,357</u>	<u>452,305</u>	<u>711,341</u>	<u>690,923</u>	<u>1,167,698</u>	<u>1,143,228</u>
Deferred Outflows of Resources	746	1,237	14,448	16,100	15,194	17,337
Current Liabilities	15,882	14,487	41,584	40,225	57,466	54,712
Long Term Liabilities	85,354	76,992	285,124	282,521	370,478	359,513
Total Liabilities	<u>101,236</u>	<u>91,479</u>	<u>326,708</u>	<u>322,746</u>	<u>427,944</u>	<u>414,225</u>
Net Position:						
Net investment in						
Capital Assets	299,221	301,401	276,768	270,149	575,989	571,550
Restricted	44,242	42,201	18,564	16,555	62,806	58,756
Unrestricted	12,404	18,461	103,749	97,573	116,153	116,034
Total Net Position	<u>\$355,867</u>	<u>\$362,063</u>	<u>\$399,081</u>	<u>\$384,277</u>	<u>\$754,948</u>	<u>\$746,340</u>

* as restated per GASB 65

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets plus deferred outflows of resources exceeded liabilities by \$755 million at the June 30, 2014. Most of the City's net position (76%) 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 \$12.4 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	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues						
Charges for services	\$ 12,282	\$ 11,468	\$ 229,287	\$ 222,990	\$ 241,569	\$ 234,458
Operating grants	22,330	17,484	4,159	4,170	26,489	21,654
Capital grants and contributio	6,942	8,718	7,477	10,197	14,419	18,915
General Revenues						
Sales Tax	21,662	20,696	-	-	21,662	20,696
Property Tax	15,847	19,284	-	-	15,847	19,284
Investment earnings	879	1	2,314	(668)	3,193	(667)
Other	6,284	6,468	3	2	6,287	6,470
Total Revenues	86,226	84,119	243,240	236,691	329,466	320,810
Expenses:						
General Government	6,918	7,297	-	-	6,918	7,297
Police	28,893	26,116	-	-	28,893	26,116
Fire	20,255	17,752	-	-	20,255	17,752
Public Works	12,421	13,287	-	-	12,421	13,287
Planning	3,872	3,636	-	-	3,872	3,636
Recreation and Culture	11,559	11,604	-	-	11,559	11,604
Community Development	10,712	10,341	-	-	10,712	10,341
Interest on Long-Term Debt	2,459	2,037	-	-	2,459	2,037
Electric	-	-	150,171	156,080	150,171	156,080
Water	-	-	17,185	16,208	17,185	16,208
Wastewater	-	-	20,290	19,406	20,290	19,406
Storm Drainage	-	-	2,102	2,325	2,102	2,325
Solid Waste	-	-	22,871	20,484	22,871	20,484
Transportation	-	-	9,874	9,680	9,874	9,680
Convention Center	-	-	1,276	1,177	1,276	1,177
Total Expenses	97,089	92,070	223,769	225,360	320,858	317,430
Increase in net position before transfers and extraordinary gain	(10,863)	(7,951)	19,471	11,331	8,608	3,380
Transfers	4,667	5,416	(4,667)	(5,416)	-	-
Increase in net position	(6,196)	(2,535)	14,804	5,915	8,608	3,380
Net position July 1	362,063	364,598	384,277	378,362	746,340	742,960
Net position June 30	\$ 355,867	\$362,063	\$ 399,081	\$ 384,277	\$ 754,948	\$ 746,340

Governmental Activities

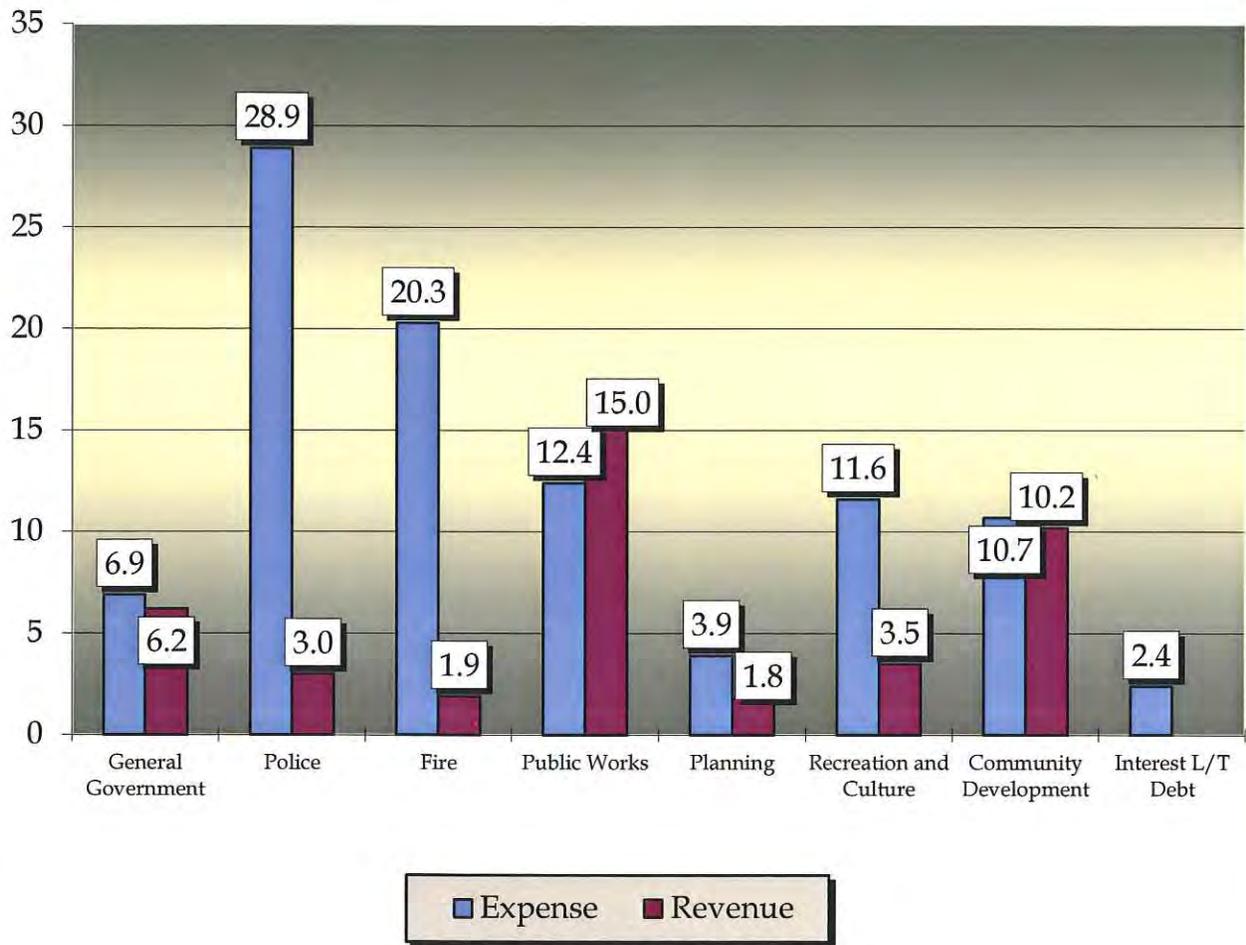
The governmental activities program expenses exceed program revenues by \$55.5 million; however, general revenues and transfers were \$49.3 million resulting in a decrease in governmental activities net position of \$6.2 million.

Property taxes decreased by 18% from the prior year. The \$3 million decrease is due to the elimination of redevelopment agencies in California as of January 31, 2012.

Capital grants and contributions decreased by \$1.8 million primarily due to grants received for the Sacramento River Parkway trail project in FYE 2013.

The largest decrease in expenses was in the public works category, which decreased by \$0.9 million. The decrease in public works was due to winding down of the replacement of the Twin View Bridge and the rehabilitation of the Diestelhorst Bridge.

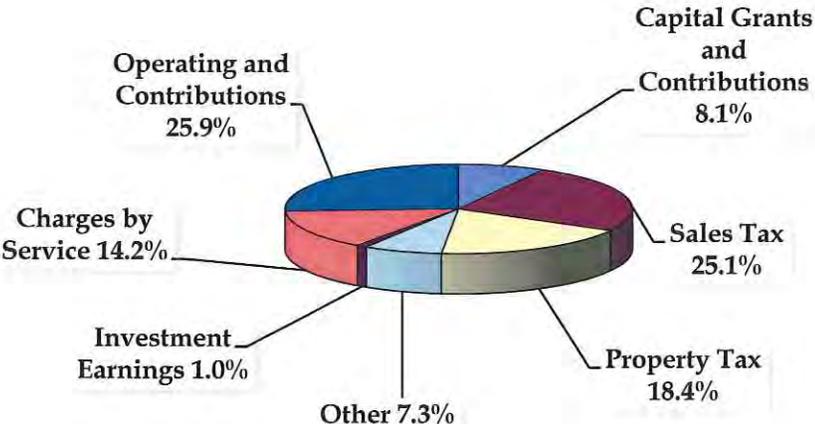
Expenses and Program Revenues - Governmental Activities (in millions)



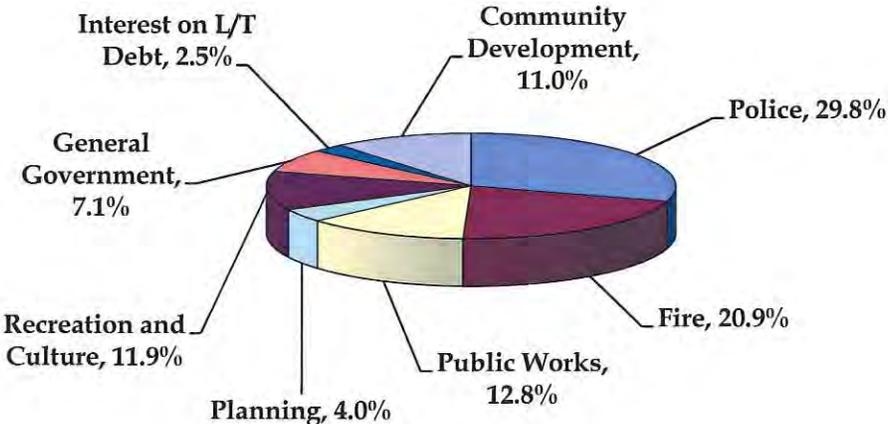
As shown in the expenses and program revenue graph above, Public Works program revenues exceeded expenses by \$2.6 million. The reason revenues are more than expenses is that program revenues from Public Works include \$8.5 million in operating grants and contributions and \$6.0 million in capital grants 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 \$14.8 million. Key elements of this increase are as follows:

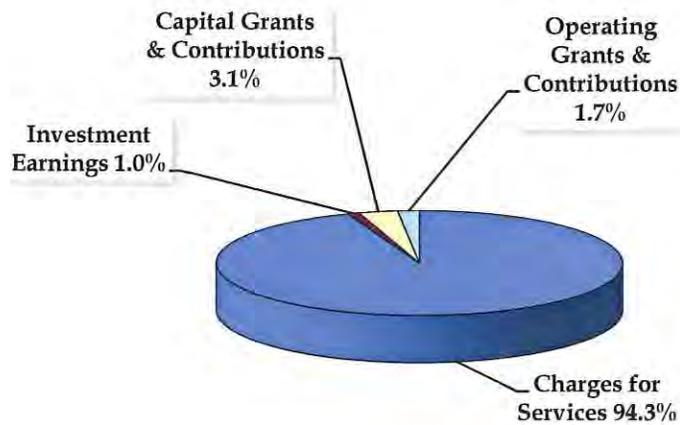
- Revenues exceed expenses for water, wastewater and transportation as funds are being accumulated for current and future capital projects. Electric revenues exceeded expenses due to an increase in retail power sales of \$5.6 million and a significant reduction in cost of power and operating and maintenance 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	
	2014	2013	2014	2013	2014	2013
Electric	\$ 163,081	\$ 161,075	\$ 150,171	\$ 156,080	\$ 12,910	\$ 4,995
Water	19,860	18,242	17,185	16,208	2,675	2,034
Wastewater	24,036	22,683	20,290	19,406	3,746	3,277
Storm Drainage	1,663	1,516	2,103	2,325	(440)	(809)
Solid Waste	19,725	19,249	22,871	20,484	(3,146)	(1,235)
Transportation	12,300	14,469	9,874	9,680	2,426	4,789
Convention Center	258	122	1,276	1,177	(1,018)	(1,055)
Investment Earnings	2,315	(668)	-	-	2,315	(668)
Transfers	(4,667)	(5,416)	-	-	(4,667)	(5,416)
Other	3	3	-	-	3	3
Total	\$ 238,574	\$ 231,275	\$ 223,770	\$ 225,360	\$ 14,804	\$ 5,915

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 (94.3%) 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, 2014, the City's governmental funds reported combined ending fund balances of \$79.0 million, an increase of \$2.7 million. The June 30, 2014 fund balance of \$79.0 million only has 19.4% of this total (\$15.3 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 (\$2.9 million), restricted by outside sources (\$58.8 million) or already intended to be used by the City for a specific purpose (assigned fund balance, \$2.0 million).

The General Fund is the chief operating fund of the City. At June 30, 2014, unassigned fund balance was \$15.6 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 23.4% of the total General Fund expenditures, while total fund balance represents 32.1% of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$2.4 million during the year ended June 30, 2014.

General Fund revenues decreased \$1.0 million, but expenditures increased by \$3.4 million from FYE 2013 to 2014. The decrease in revenue was due primarily to a decrease in property taxes of \$3.5 million (17.8%) due to the dissolution of the redevelopment agency and an increase in sales taxes of \$0.9 million (4.3%). In fiscal year 2012-13 the City received a portion of the property taxes returned to Shasta County due to the dissolution of the redevelopment agency. Tax rates were not changed during the year.

The \$3.4 million increase in expenditures is due to a complete year of funding for nine fire personnel positions (\$0.6 million) that are covered entirely by a Staffing for Adequate Fire and Emergency Response (SAFER) grant, an increase in accrued retirement benefits of \$1.0 million and an increase in capital outlay of \$0.7 million.

Other financing sources decreased by \$2.0 million. The decrease is due primarily to a decrease in net transfers.

The Capital Project Fund accounts for the financing and construction activities of the City. On June 30, 2014, the restricted fund balance was \$11.8 million. Both restricted fund balance and total fund balance represent 108% of the total Capital Project Funds expenditures.

The fund balance of the City's Capital Project Fund decreased \$1.8 million during the year ended June 30, 2014.

Capital Project Fund revenues decreased \$3.9 million and expenditures increased \$0.4 million. The decrease in revenue was due to a decrease in intergovernmental grant revenue for capital projects.

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, 2013	Changes in Net Position	Net Position June 30, 2014
Electric Utility	\$106,503	8,574	\$115,077
Water Utility	\$82,135	3,053	\$85,188
Wastewater Utility	\$118,601	4,050	\$122,651
Solid Waste Collection/Disposal	\$30,226	(2,754)	\$27,472

Net Position - Restricted and Unrestricted
Major Proprietary Funds as of June 30, 2014
(in thousands)

	Net Investment in Capital Assets	Restricted Net Position	Unrestricted Net Position	Total Net Position
Electric Utility	\$54,857	-	60,220	\$115,077
Water Utility	\$61,334	452	23,402	\$85,188
Wastewater Utility	\$88,350	14,149	20,152	\$122,651
Solid Waste Collection/Disposal	\$16,054	842	10,576	\$27,472

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, 2014, was the first year of the two-year budget process. Differences between the original General Fund budget and the amended General Fund budget expenditures are shown below:

General Fund Original and Amended Budget (in thousands)

	Original	Amended	Increase (Decrease)
General Government	\$ 6,080	\$ 6,221	\$ 141
Public Safety:			
Police	25,334	28,336	3,002
Fire Safety	17,772	19,946	2,174
Public Works	6,250	11,193	4,943
Planning	3,568	3,881	313
Recreation and culture	4,579	4,595	16
Principal payments	1,489	1,436	(53)
Interest payments and bond costs	1,332	1,517	185
Total Expenditures	<u>\$ 66,404</u>	<u>\$ 77,125</u>	<u>\$ 10,721</u>

As shown in the previous table, the General Fund's original budget was amended up by \$10.7 million or approximately 16.1%. The reasons for this increase are as follows:

- The Police budget increased by \$3.0 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 traffic enforcement, police officers and school resource officers along with other Police related activities.
- The Fire budget increased by \$2.2 million due to grants for personnel and equipment.
- The Public Works budget increased by \$4.9 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 \$1.1 million due to these rolling stock transfers.
- The budget was amended for other revenue reductions, 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, 2014, totaled \$862 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 \$5.2 million (a 1.2% decrease for governmental activities and a 1.7% increase for business-type activities).

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

- Developers added an estimated \$2.1 million of water, wastewater, electric, storm drainage improvements, streets, sidewalks and traffic signals.
- Electric Utility spent \$5.5 million in the current year on the purchase of an existing building for relocation of the Electric Utility staff and \$1.1 on new vehicles.
- The City spent \$1.6 million on the Twin View Bridge project and \$1.4 million on street overlay projects.
- Airports spent \$2.7 million on the Municipal Terminal expansion project.
- \$4.0 million was spent on the Clear Creek Wastewater expansion project.
- \$2.9 million was spent on the Stillwater Wastewater expansion project.
- Wastewater spent \$1.6 million on the replacement of the West Street sewer line.
- RABA expended \$1.3 million on new buses.

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, 2013	Additions	Deletions	Reclassifications	Balance June 30, 2014
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 29,630	\$ 60	\$ (265)	\$ -	\$ 29,425
Construction in process	13,078	9,093	(369)	(10,335)	11,467
Total capital assets, not being depreciated	42,708	9,153	(634)	(10,335)	40,892
Capital assets, being depreciated:					
Buildings	55,420	-	-	10	55,430
Improvements other than buildings	101,350	54	(152)	-	101,252
Infrastructure	266,493	775	-	10,349	277,617
Automotive equipment	11,809	443	(224)	76	12,104
Furnishings and equipment	7,579	851	(411)	75	8,094
Assets under capital lease:					
Furnishings and equipment	325	-	-	(75)	250
Automotive equipment	509	-	-	-	509
Total capital assets, being depreciated	443,485	2,123	(787)	10,435	455,256
Less accumulated depreciation for:					
Buildings	(22,875)	(1,733)	-	-	(24,608)
Improvements other than buildings	(45,788)	(4,035)	107	-	(49,716)
Infrastructure	(66,328)	(7,460)	-	-	(73,788)
Automotive equipment	(9,570)	(587)	203	(73)	(10,027)
Furnishings and equipment	(5,840)	(525)	385	(35)	(6,015)
Assets under capital lease:					
Furnishings and equipment	(285)	-	-	35	(250)
Automotive equipment	(95)	(43)	-	-	(138)
Total accumulated depreciation	(150,781)	(14,383)	695	(73)	(164,542)
Total capital assets, being depreciated, net	292,704	(12,260)	(92)	10,362	290,714
Governmental activities capital assets, net	\$ 335,412	\$ (3,107)	\$ (726)	\$ 27	\$ 331,606

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, 2013	Additions	Deletions	Reclassifications	Balance June 30, 2014
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 18,460	\$ 1,041	\$ -	\$ -	\$ 19,501
Construction in progress	63,006	25,976	(114)	(58,116)	30,752
Total capital assets, not being depreciated	<u>81,466</u>	<u>27,017</u>	<u>(114)</u>	<u>(58,116)</u>	<u>50,253</u>
Capital assets, being depreciated:					
Utility plants	702,741	3,845	(636)	54,559	760,509
Buildings	49,063	-	-	277	49,340
Improvements other than buildings	43,218	7	-	2,966	46,191
Automotive equipment	33,998	3,095	(2,146)	(77)	34,870
Furnishings and equipment	15,467	2,428	(129)	850	18,616
Assets under capital lease:					
Furnishings and equipment	4,735	-	-	(559)	4,176
Total capital assets, being depreciated	<u>849,222</u>	<u>9,375</u>	<u>(2,911)</u>	<u>58,016</u>	<u>913,702</u>
Less accumulated depreciation for:					
Utility plants	(315,923)	(20,868)	498	(1,372)	(337,665)
Buildings	(29,297)	(1,268)	-	-	(30,565)
Improvements other than buildings	(31,847)	(1,342)	-	813	(32,376)
Automotive equipment	(19,073)	(2,395)	2,070	73	(19,325)
Furnishings and equipment	(12,561)	(1,004)	99	-	(13,466)
Assets under capital lease:					
Furnishings and equipment	(861)	(139)	-	559	(441)
Total accumulated depreciation	<u>(409,562)</u>	<u>(27,016)</u>	<u>2,667</u>	<u>73</u>	<u>(433,838)</u>
Total capital assets, being depreciated, net	<u>439,660</u>	<u>(17,641)</u>	<u>(244)</u>	<u>58,089</u>	<u>479,864</u>
Business-type activities capital assets, net	<u>\$ 521,126</u>	<u>\$ 9,376</u>	<u>\$ (358)</u>	<u>\$ (27)</u>	<u>\$ 530,117</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 bond discounts and bond premiums (amounts are in thousands).

	Balance June 30, 2013	Additions/ Transfers	Reductions	Balance June 30, 2014
Governmental Activities:				
Capital leases payable	\$ 221	\$ 565	\$ 94	\$ 692
Lease revenue bonds	37,217	11,181	8,697	39,701
Special assessment debt	828	-	316	512
Loan	1,042	-	426	616
Total Government Activities	39,308	11,746	9,533	41,521
Business-Type Activities				
State loan payable	74,571	13,294	3,607	84,258
Revenue bonds	19,693	15,424	21,728	13,389
Certificates of participation	167,240	-	5,730	161,510
Capital leases	2,559	-	403	2,156
Total Business-Type Activities	264,063	28,718	31,468	261,313
Total outstanding long-term debt	\$ 303,371	\$ 40,464	\$ 41,001	\$ 302,834

The City's total debt decreased by \$26,168 (net of bond premiums and discounts excluding deferred charges) during the year ending June 30, 2014. The City made \$15.4 million in regular scheduled debt payments. The City defeased \$18.0 million and issued \$14.7 million in refunding lease revenue bonds for the water and wastewater funds. The City also defeased \$6.7 million in lease revenue bonds and issued \$11.9 million in lease revenue bonds including an additional \$5.6 million in bonds for the construction of a new police administration building. The City borrowed \$12.9 million in State loans for wastewater treatment plant upgrades. The City secured a State loan for \$0.35 million for the repair of an airplane hangar. The City entered into a capital lease for \$0.6 million for the purchase of a fire pumper.

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 13 on pages 109-116 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 8.6% in 2014.
- Inflationary trends in the region compare favorably to national indices.
- Overall tax revenue for the City's General Fund decreased by 5.5% during the year. This was primarily due to a decrease in property taxes. 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 of \$3.9 million in 2012-13. Taxable sales within the City increased by 4.3%. Tax rates were not changed. The City expects sales tax revenue will increase by 3.7% in fiscal year 2014-15. It is expected property tax revenue will decrease slightly in fiscal year 2014-15.
- Building activity in the City continued to below historic averages in fiscal year 2014 and the City expects it to remain below the historical average during the fiscal year 2014-15.
- The economy will remain slow in fiscal year 2014-15.

All of these factors were considered in preparing the City's budget for the 2014-15 fiscal year.

During the current fiscal year, fund balance in the General Fund increased by \$2.4 million to \$21.3 million. The City anticipates decreasing the General Fund balance slightly in fiscal year ending 2015. 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 Water, Wastewater and Solid Waste utilities all planned for rate increases 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, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 41,958,127	\$ 128,981,395	\$ 170,939,522
Receivables:			
Interest	3,316,192	307,378	3,623,570
Accounts, net	1,255,213	25,133,902	26,389,115
Taxes	5,120,651	-	5,120,651
Current intergovernmental	12,440,139	3,360,370	15,800,509
Notes	35,862,734	-	35,862,734
Special assessments	721,095	-	721,095
PacifiCorp Energy	-	2,520,341	2,520,341
Other	1,077,541	-	1,077,541
Internal balances	11,290,150	(11,290,150)	-
Inventories	346,441	8,926,347	9,272,788
Prepaid items	2,227,619	1,133,164	3,360,783
Restricted assets:			
Cash and investments	8,896,977	6,153,810	15,050,787
Interest receivable	3,064	56	3,120
Taxes receivable	-	-	-
Power acquisition costs, net	-	851,828	851,828
Prepaid costs	366,052	302,742	668,794
Long-term receivable	235,881	-	235,881
Capital assets:			
Land and construction in progress	40,892,447	50,252,795	91,145,242
Other capital assets, net of depreciation	290,713,082	479,864,178	770,577,260
Investment in JPA	-	1,273,180	1,273,180
Storage base gas	-	13,570,000	13,570,000
Total assets	456,723,405	711,341,336	1,168,064,741
DEFERRED OUTFLOWS OF RESOURCES	380,289	14,448,002	14,828,291

(Continued)

See accompanying Notes to Basic Financial Statements.

City of Redding
Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 1,171,841	\$ 10,650,098	\$ 11,821,939
Accrued liabilities	1,502,770	1,074,983	2,577,753
Intergovernmental payable	651,773	1,835,567	2,487,340
Accrued interest payable	582,507	1,349,018	1,931,525
Unearned revenue	841,707	3,901,506	4,743,213
Deposits	104,586	7,602,907	7,707,493
Accounts payable from restricted	613,663	22,862	636,525
Landfill closing costs, due within one year	-	165,000	165,000
Claims and judgements payable, due within one year	3,555,673	-	3,555,673
Compensated absences, due within one year	3,176,634	1,662,626	4,839,260
Long-term debt, due within one year	3,681,306	13,319,498	17,000,804
Landfill closing costs, due in more than one year	-	2,268,549	2,268,549
Claims and judgements payable, due in more than one year	10,460,847	-	10,460,847
Accrued compensated absences, due in more than one year	7,828,248	4,892,699	12,720,947
Accrued liabilities, due in more than one year	29,157,267	23,646,038	52,803,305
Long-term debt, due in more than one year	37,908,038	254,316,975	292,225,013
Total liabilities	101,236,860	326,708,326	427,945,186
NET POSITION			
Net investment in capital assets	299,220,582	276,768,127	575,988,709
Restricted for:			
Capital outlay	-	17,722,391	17,722,391
Debt service	627,835	841,735	1,469,570
Housing	15,900,460	-	15,900,460
Community development	22,492,414	-	22,492,414
Public works	5,221,489	-	5,221,489
Unrestricted	12,404,054	103,748,759	116,152,813
Total net position	\$ 355,866,834	\$ 399,081,012	\$ 754,947,846

(Concluded)

City of Redding
Statement of Activities
For the year ended June 30, 2014

Functions / Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 6,917,771	\$ 5,967,284	\$ 189,942	\$ -	\$ 6,157,226
Police	28,893,564	941,831	2,098,920	-	3,040,751
Fire	20,255,472	618,310	1,039,401	261,235	1,918,946
Public works	12,421,262	577,312	8,451,389	5,974,605	15,003,306
Planning	3,871,712	1,748,627	2,188	(3)	1,750,812
Recreation and culture	11,558,733	2,354,601	408,991	706,482	3,470,074
Community development	10,712,285	73,838	10,139,231	-	10,213,069
Interest on long-term debt	2,458,815	-	-	-	-
Total governmental activities	97,089,614	12,281,803	22,330,062	6,942,319	41,554,184
Business-type activities:					
Electric	150,171,628	162,920,950	5,947	154,493	163,081,390
Water	17,185,065	18,667,027	-	1,192,914	19,859,941
Wastewater	20,289,784	22,731,807	-	1,303,726	24,035,533
Storm drainage	2,102,618	1,288,033	-	374,668	1,662,701
Solid waste	22,870,947	19,681,867	13,319	30,133	19,725,319
Transportation	9,874,891	3,772,347	4,107,335	4,421,034	12,300,716
Convention center	1,275,954	225,000	32,813	-	257,813
Total business-type activities	223,770,887	229,287,031	4,159,414	7,476,968	240,923,413
Total primary government	\$ 320,860,501	\$ 241,568,834	\$ 26,489,476	\$ 14,419,287	\$ 282,477,597

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
\$ (760,545)	\$ -	\$ (760,545)
(25,852,813)	-	(25,852,813)
(18,336,526)	-	(18,336,526)
2,582,044	-	2,582,044
(2,120,900)	-	(2,120,900)
(8,088,659)	-	(8,088,659)
(499,216)	-	(499,216)
(2,458,815)	-	(2,458,815)
<u>(55,535,430)</u>	<u>-</u>	<u>(55,535,430)</u>
-	12,909,762	12,909,762
-	2,674,876	2,674,876
-	3,745,749	3,745,749
-	(439,917)	(439,917)
-	(3,145,628)	(3,145,628)
-	2,425,825	2,425,825
-	(1,018,141)	(1,018,141)
<u>-</u>	<u>17,152,526</u>	<u>17,152,526</u>
<u>(55,535,430)</u>	<u>17,152,526</u>	<u>(38,382,904)</u>
15,847,198	-	15,847,198
4,074,333	-	4,074,333
21,662,406	-	21,662,406
37,663	-	37,663
915,623	-	915,623
1,068,561	-	1,068,561
<u>43,605,784</u>	<u>-</u>	<u>43,605,784</u>
878,447	2,314,998	3,193,445
144,036	3,377	147,413
43,617	-	43,617
4,666,988	(4,666,988)	-
<u>49,338,872</u>	<u>(2,348,613)</u>	<u>46,990,259</u>
(6,196,558)	14,803,913	8,607,355
<u>362,063,392</u>	<u>384,277,099</u>	<u>746,340,491</u>
<u>\$ 355,866,834</u>	<u>\$ 399,081,012</u>	<u>\$ 754,947,846</u>

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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, 2014

	General Fund	General Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 11,995,146	\$ 5,458,564	\$ 8,958,062	\$ 26,411,772
Interest receivable	29,792	11,166	3,242,435	3,283,393
Accounts receivable, net	889,926	273,560	52,378	1,215,864
Intergovernmental receivable	4,139,624	4,488,009	3,045,471	11,673,104
Taxes receivable	5,120,651	-	235,881	5,356,532
Other receivable	1,050,192	-	27,349	1,077,541
Due from other funds	622,096	-	-	622,096
Prepaid items	1,775,871	-	24,306	1,800,177
Inventories	201,408	-	-	201,408
Restricted assets:				
Cash and investments	1,761,206	7,009,775	125,996	8,896,977
Interest receivable	4	3,060	-	3,064
Interfund receivable	-	-	41,940	41,940
Advances to other funds	771	-	-	771
Special assessments receivable	-	-	721,095	721,095
Notes receivable	38,000	-	35,824,734	35,862,734
Total assets	\$ 27,624,687	\$ 17,244,134	\$ 52,299,647	\$ 97,168,468

(Continued)

See accompanying Notes to Basic Financial Statements.

City of Redding
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	General Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
LIABILITIES				
Accounts payable	\$ 401,897	\$ 315,841	\$ 67,315	\$ 785,053
Accrued liabilities	1,206,271	42,072	30,727	1,279,070
Intergovernmental payable	53,153	6,841	8,607	68,601
Due to other funds	-	-	85,870	85,870
Accounts payable from restricted assets	-	609,457	4,206	613,663
Interfund payable	41,940	-	-	41,940
Unearned revenue	761,003	7,511	70,907	839,421
Deposits	15,174	-	85,996	101,170
Advances from other funds	50,000	-	730,759	780,759
Total liabilities	2,529,438	981,722	1,084,387	4,595,547
DEFERRED INFLOWS OF RESOURCES	3,759,264	4,488,009	5,281,281	13,528,554
FUND BALANCES				
Nonspendable	2,884,768	-	24,306	2,909,074
Restricted	853,717	11,774,403	46,163,633	58,791,753
Assigned	2,010,851	-	-	2,010,851
Unassigned	15,586,649	-	(253,960)	15,332,689
Total fund balances	21,335,985	11,774,403	45,933,979	79,044,367
Total liabilities, deferred inflows of resources and fund balances	\$ 27,624,687	\$ 17,244,134	\$ 52,299,647	\$ 97,168,468

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City of Redding
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2014

Total Fund Balances - Total Governmental Funds	\$ 79,044,367
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.	479,179,654
Accumulated depreciation has not been included in the governmental fund financial statements.	(152,378,343)
Bond insurance issuance costs.	366,052
Deferred charges have not been included as financial resources in governmental fund activity.	380,289
Long-term debt that has not been included in the governmental fund activity.	(41,589,344)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.	(582,507)
The net other post employment benefit obligation has not been reported in the governmental funds.	(24,568,876)
Revenue reported as unavailable revenue in the governmental funds was recorded as revenue in the statement of activities.	13,528,554
Internal service fund net position included in the governmental activities on the statement of activities.	12,200,477
Business portion of operating transfers from Internal Service Funds	1,025
Accrued vacation and other leave not reported in governmental funds, but recorded as expense in the Statement of Activities.	(9,714,514)
Net Position of Governmental Activities	\$ 355,866,834

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, 2014

	General Fund	General Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 15,941,802	\$ -	\$ -	\$ 15,941,802
Sales and use taxes	21,405,663	-	272,517	21,678,180
Other taxes	6,058,517	-	-	6,058,517
Special assessments	9,355	-	553,204	562,559
Licenses and permits	975,792	-	44,604	1,020,396
Intergovernmental revenues	3,568,366	1,972,576	17,826,368	23,367,310
Charges for services	2,111,806	-	1,311,960	3,423,766
Fines, forfeitures, and penalties	913,940	-	136,593	1,050,533
Use of money and property	6,812,578	3,960	6,177	6,822,715
Interest revenue	196,490	143,394	302,446	642,330
Other	749,684	1,753,352	283,957	2,786,993
Total revenues	58,743,993	3,873,282	20,737,826	83,355,101
EXPENDITURES:				
Current:				
General government	5,337,414	1,825	282	5,339,521
Community development	-	-	10,594,203	10,594,203
Public safety:				
Police	25,692,866	-	12,374	25,705,240
Fire	18,345,336	-	-	18,345,336
Public works	3,793,389	867,051	483,226	5,143,666
Planning	3,593,044	-	-	3,593,044
Recreation and culture	4,516,087	396,548	2,123,731	7,036,366
Capital outlay	2,359,753	7,167,670	264,962	9,792,385
Debt service:				
Principal	1,280,549	1,916,307	316,000	3,512,856
Interest and fiscal charges	1,495,161	386,928	42,648	1,924,737
Bond issuance costs	71,967	194,495	-	266,462
Total expenditures	66,485,566	10,930,824	13,837,426	91,253,816
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,741,573)	(7,057,542)	6,900,400	(7,898,715)
OTHER FINANCING SOURCES (USES):				
Sale of assets	41,909	-	-	41,909
Capital leases	565,048	-	-	565,048
Long-term debt issued	5,536,060	5,645,000	-	11,181,060
Bond discounts	(30,328)	(50,338)	-	(80,666)
Payment to refunding bond escrow agent	(5,925,272)	-	-	(5,925,272)
Transfers in	11,898,933	315,740	787,220	13,001,893
Transfers out	(1,983,220)	(632,327)	(5,576,706)	(8,192,253)
Total other financing sources (uses)	10,103,130	5,278,075	(4,789,486)	10,591,719
Net change in fund balances	2,361,557	(1,779,467)	2,110,914	2,693,004
FUND BALANCES:				
Beginning of year	18,974,428	13,553,870	43,823,065	76,351,363
End of year	\$ 21,335,985	\$ 11,774,403	\$ 45,933,979	\$ 79,044,367

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, 2014

Net Change in Fund Balances - Total Governmental Funds	\$ 2,693,004
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 Position, 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.	9,820,215
Transfer of capital asset from Governmental Fund to Enterprise Fund	(145,300)
In the Statement of Activities, donated assets are reported as a capital contribution.	835,559
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in governmental funds.	(13,562,371)
Disposal of capital assets is reported in the Governmental-Wide Statement of Activities and Changes in Net Position, 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	(675,589)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	2,794,915
In the Statement of Activities, the net other post employment benefit obligation has been accrued.	(5,379,468)
Repayment of bond principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	9,438,128
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Position, 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.	(539,447)
In the Statement of Activities, financing costs, premiums, discounts and deferred gain/loss on refundings are capitalized, whereas in the governmental funds, an expenditure is reported.	183,871
Compensated absences in the Statement of Activities is reported as an expense but is not reported in the governmental funds.	437,632
Bond proceeds provided current financial resources to governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	(11,746,108)
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.	(352,624)
Business portion of operating transfer from Internal Service funds	1,025
Change in Net Position of Governmental Activities	<u>\$ (6,196,558)</u>

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, 2014

	Enterprise Funds		
	Electric Utility	Water Utility	Waste Water Utility
ASSETS			
Current assets:			
Cash and investments	\$ 45,596,562	\$ 23,072,924	\$ 31,089,870
Interest receivable	108,631	56,154	78,910
Accounts receivable, net	18,242,891	2,323,158	2,338,663
Prepaid items	898,232	43,845	59,615
Intergovernmental receivable	583,605	-	-
Inventories	8,008,729	772,633	34,997
Interfund receivable	-	-	45,000
Pacificorp Energy receivable	2,520,341	-	-
Total current assets	75,958,991	26,268,714	33,647,055
Noncurrent assets:			
Restricted assets:			
Cash and investments	1,199,066	-	4,052,000
Interest receivable	52	-	-
Total restricted assets	1,199,118	-	4,052,000
Capital assets:			
Land	5,033,039	508,799	3,090,884
Construction in progress	16,426,767	2,472,531	1,964,243
Utility plants	366,926,679	113,468,788	253,121,015
Buildings	4,645,865	3,913,496	2,613,886
Improvements other than buildings	991,638	-	185,670
Automotive equipment	6,188,240	2,088,830	1,947,770
Furnishings and equipment	10,316,652	1,066,202	2,123,129
Assets under capital lease	-	-	-
Total capital assets	410,528,880	123,518,646	265,046,597
Less: accumulated depreciation	(203,089,848)	(56,744,176)	(86,381,555)
Net capital assets	207,439,032	66,774,470	178,665,042
Other assets:			
Power acquisition costs, net	851,828	-	-
Prepaid costs	290,000	-	-
Advances to other funds	1,025,577	-	622,730
Investment in JPA	1,273,180	-	-
Storage base gas	13,570,000	-	-
Total other assets	17,010,585	-	622,730
Total noncurrent assets	225,648,735	66,774,470	183,339,772
Total assets	301,607,726	93,043,184	216,986,827
DEFERRED OUTFLOWS OF RESOURCES			
	12,994,477	485,190	804,508

See accompanying Notes to Basic Financial Statements.

Solid Waste Collection/ Disposal	Enterprise Funds		Governmental Activities	
	Non-Major Enterprise Funds	Total	Internal Service Funds	
\$ 21,796,717	\$ 7,425,322	\$ 128,981,395	\$ 15,546,355	
51,516	12,167	307,378	32,799	
1,843,171	386,019	25,133,902	39,349	
106,043	25,429	1,133,164	427,442	
-	2,776,765	3,360,370	767,035	
-	109,988	8,926,347	145,033	
-	-	45,000	103,500	
-	-	2,520,341	-	
23,797,447	10,735,690	170,407,897	17,061,513	
902,744	-	6,153,810	-	
4	-	56	-	
902,748	-	6,153,866	-	
1,571,090	9,297,105	19,500,917	110,810	
108,906	9,779,431	30,751,878	-	
-	26,992,150	760,508,632	-	
14,141,504	24,024,824	49,339,575	-	
2,016,937	42,997,123	46,191,368	2,397,238	
15,433,515	9,212,129	34,870,484	12,104,526	
2,074,963	3,034,711	18,615,657	1,847,242	
-	4,175,880	4,175,880	508,763	
35,346,915	129,513,353	963,954,391	16,968,579	
(19,293,159)	(68,328,680)	(433,837,418)	(12,164,361)	
16,053,756	61,184,673	530,116,973	4,804,218	
-	-	851,828	-	
12,742	-	302,742	-	
-	-	1,648,307	4,401,503	
-	-	1,273,180	-	
-	-	13,570,000	-	
12,742	-	17,646,057	4,401,503	
16,969,246	61,184,673	553,916,896	9,205,721	
40,766,693	71,920,363	724,324,793	26,267,234	
68,991	94,836	14,448,002	-	

City of Redding
Statement of Fund Net Position
Proprietary Funds, Continued
June 30, 2014

	Enterprise Funds		
	Electric Utility	Water Utility	Waste Water Utility
LIABILITIES			
Current liabilities (payable from current assets):			
Accounts payable	\$ 8,110,871	\$ 201,148	\$ 540,244
Accrued liabilities	644,414	96,209	132,494
Accrued interest payable	652,763	17,599	664,527
Claims and judgements payable	-	-	-
Intergovernmental payable	1,136,256	8,463	1,353
Due to other funds	-	-	-
Interfund payables	-	-	-
Unearned revenue	411,848	-	-
Deposits	3,276,666	547	-
Accrued compensated absences, due with in one year	1,075,372	103,153	134,153
Landfill closure costs, due with in one year	-	-	-
Capital leases, due with in one year	-	-	-
Long-term debt, due with in one year	6,221,391	597,816	1,449,043
State loan, due with in one year	-	-	4,412,370
Current liabilities (payable from restricted assets):			
Accounts payable	22,862	-	-
Total current liabilities	21,552,443	1,024,935	7,334,184
Long-term liabilities:			
Accrued compensated absences, due in more than one year	3,164,458	251,583	315,704
Landfill closure costs, due in more than one year	-	-	-
Advances from other funds	-	-	-
Accrued liabilities, due in more than one year	14,252,303	1,735,277	2,232,307
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	160,555,817	5,328,140	6,252,361
State loan, due in more than one year	-	-	79,005,268
Total long-term liabilities	177,972,578	7,315,000	87,805,640
Total liabilities	199,525,021	8,339,935	95,139,824
NET POSITION			
Net investment in capital assets	54,856,798	61,333,704	88,350,508
Restricted for:			
Capital projects	-	452,630	14,149,010
Debt service	-	-	-
Unrestricted	60,220,384	23,402,105	20,151,993
Total net position	\$ 115,077,182	\$ 85,188,439	\$ 122,651,511

See accompanying Notes to Basic Financial Statements.

Enterprise Funds			Governmental Activities	
Solid Waste Collection/ Disposal	Non-Major Enterprise Funds	Total	Internal Service Funds	
\$ 432,657	\$ 1,365,178	\$ 10,650,098	\$ 386,788	
162,573	39,293	1,074,983	172,549	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.
1,739	12,390	1,349,018	-	
-	-	-	3,555,673	
59,038	630,457	1,835,567	634,323	
-	536,226	536,226	-	
-	148,500	148,500	-	
96,701	3,392,957	3,901,506	2,286	Proprietary Funds total net position \$ 406,721,907
4,284,469	41,225	7,602,907	3,416	
326,546	23,402	1,662,626	335,904	Less business-type portion of the Internal Service Fund (7,640,895)
165,000	-	165,000	-	
-	382,200	382,200	-	
130,000	61,141	8,459,391	-	Statement of Activities: Net Position
-	65,537	4,477,907	-	\$ 399,081,012
-	-	22,862	-	
5,658,723	6,698,506	42,268,791	5,090,939	
1,081,005	79,949	4,892,699	954,464	
2,268,549	-	2,268,549	-	
-	4,657,836	4,657,836	611,986	
4,355,648	1,070,503	23,646,038	4,588,391	
-	-	-	10,460,847	
-	1,773,605	1,773,605	-	
-	627,071	172,763,389	-	
-	774,713	79,779,981	-	
7,705,202	8,983,677	289,782,097	16,615,688	
13,363,925	15,682,183	332,050,888	21,706,627	
16,053,756	56,173,361	276,768,127	4,804,218	
-	3,120,751	17,722,391	-	
841,735	-	841,735	-	
10,576,268	(2,961,096)	111,389,654	(243,611)	
\$ 27,471,759	\$ 56,333,016	\$ 406,721,907	\$ 4,560,607	

(Concluded)

City of Redding

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the year ended June 30, 2014

	Enterprise Funds		
	Electric Utility	Water Utility	Waste Water Utility
OPERATING REVENUES:			
User fees and charges	\$ 120,282,244	\$ 17,594,378	\$ 22,710,930
Wholesale sales	36,661,274	800,856	-
Rental charges	-	-	-
Other operating revenue	5,954,615	28,105	9,162
Total operating revenues	162,898,133	18,423,339	22,720,092
OPERATING EXPENSES:			
Cost of power, water, and transportation	60,795,576	1,077,880	-
Maintenance, operations, and administration	66,995,727	12,168,083	12,527,074
Depreciation and amortization	13,814,298	3,457,758	5,924,400
Total operating expenses	141,605,601	16,703,721	18,451,474
OPERATING INCOME (LOSS)	21,292,532	1,719,618	4,268,618
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	864,243	411,799	582,376
Interest expense	(8,136,135)	(290,445)	(1,551,288)
Intergovernmental revenues	-	45,326	-
Gain (loss) on disposal of assets	(94,624)	(19,260)	(76,076)
Other non-operating revenues (expenses)	28,744	926,629	869,638
Total nonoperating revenues (expenses)	(7,337,772)	1,074,049	(175,350)
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	13,954,760	2,793,667	4,093,268
Capital contributions	154,493	393,955	347,589
Transfers in	-	-	-
Transfers out	(5,534,900)	(133,930)	(390,561)
Change in net position	8,574,353	3,053,692	4,050,296
NET POSITION:			
Beginning of year	106,502,829	82,134,747	118,601,215
End of year	\$ 115,077,182	\$ 85,188,439	\$ 122,651,511

See accompanying Notes to Basic Financial Statements.

Solid Waste Collection/ Disposal	Enterprise Funds		Governmental Activities	Internal Service Funds	
	Non-Major Enterprise Funds	Total			
\$ 18,182,831	\$ 2,585,737	\$ 181,356,120	\$ 59,822,135		
-	-	37,462,130	-		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.
-	1,530,467	1,530,467	-		
1,471,453	564,569	8,027,904	56,172		
19,654,284	4,680,773	228,376,621	59,878,307		
-	3,251,489	65,124,945	-		Proprietary Funds change in net position \$ 15,397,418
19,296,458	6,177,366	117,164,708	60,256,819		Add Internal Service Funds income - business-type activity (593,505)
1,779,590	3,519,979	28,496,025	820,951		
21,076,048	12,948,834	210,785,678	61,077,770		Statement of Activities: Change in Net Position
(1,421,764)	(8,268,061)	17,590,943	(1,199,463)		<u>\$ 14,803,913</u>
379,845	76,730	2,314,993	248,786		
(50,101)	(259,177)	(10,287,146)	(3,615)		
13,320	4,142,669	4,201,315	-		
(39,874)	21,706	(208,128)	5,084		
(1,675,732)	642,974	792,253	1,458		
(1,372,542)	4,624,902	(3,186,713)	251,713		
(2,794,306)	(3,643,159)	14,404,230	(947,750)		
30,133	4,879,305	5,805,475	426,157		
25,000	1,394,751	1,419,751	9,647		
(15,000)	(157,647)	(6,232,038)	(7,000)		
(2,754,173)	2,473,250	15,397,418	(518,946)		
30,225,932	53,859,766	391,324,489	5,079,553		
\$ 27,471,759	\$ 56,333,016	\$ 406,721,907	\$ 4,560,607		

City of Redding
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2014

	Enterprise Funds		
	Electric Utility	Water Utility	Waste Water Utility
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 156,732,206	\$ 18,176,425	\$ 22,607,328
Cash paid to suppliers	(102,015,874)	(9,857,745)	(7,677,172)
Cash paid to employees	(23,902,881)	(3,247,580)	(4,174,394)
Other income received	5,954,615	271,633	19,719
Net cash provided (used) by operating activities	36,768,066	5,342,733	10,775,481
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Intergovernmental revenue received	(747)	-	-
Advances from other funds	-	-	-
Repayment of advances from other funds	12,503	-	45,000
Advances to other funds	(611,985)	-	-
Repayment of advances to other funds	-	-	-
Transfers in	-	-	-
Transfers out	(5,534,900)	(108,930)	(390,561)
Other Revenue	-	-	-
Net cash provided (used) by noncapital financing activities	(6,135,129)	(108,930)	(345,561)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grant received	-	-	-
Proceeds from sale of assets	72,781	(34,904)	38,100
Purchase of capital assets	(14,384,603)	(2,825,812)	(11,393,743)
Interest paid	(8,143,995)	108,974	(1,307,857)
Proceeds from long-term debt	-	6,165,000	21,480,163
Principal paid on long-term debt	(5,730,000)	(8,390,000)	(15,344,375)
Principal paid on capital leases	-	-	-
Bond issuance costs	-	-	-
Cash collected for future capital outlay	22,817	753,633	957,295
Net cash provided (used) by capital and related financing activities	(28,163,000)	(4,223,109)	(5,570,417)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment revenue received	852,598	401,455	565,275
Rents received	-	-	-
Net cash provided (used) by investing activities	852,598	401,455	565,275
Net increase (decrease) in cash and cash equivalents	3,322,535	1,412,149	5,424,778
CASH AND CASH EQUIVALENTS:			
Beginning of year	43,473,093	21,660,775	29,717,092
End of year	\$ 46,795,628	\$ 23,072,924	\$ 35,141,870
Reconciliation to statement of net position			
Cash and cash equivalents	\$ 45,596,562	\$ 23,072,924	\$ 31,089,870
Restricted cash and cash equivalents	1,199,066	-	4,052,000
	\$ 46,795,628	\$ 23,072,924	\$ 35,141,870

See accompanying Notes to Basic Financial Statements.

Solid Waste Collection/ Disposal	Enterprise Funds		Governmental Activities
	Non-Major Enterprise Funds	Total	Internal Service Funds
\$ 20,877,951	\$ 4,686,970	\$ 223,080,880	\$ 59,880,496
(12,789,262)	(8,377,541)	(140,717,594)	(50,236,196)
(7,481,069)	(1,385,673)	(40,191,597)	(7,853,726)
1,499,036	468,094	8,213,097	812
<u>2,106,656</u>	<u>(4,608,150)</u>	<u>50,384,786</u>	<u>1,791,386</u>
50,183	3,953,460	4,002,896	224,597
-	543,309	543,309	708,786
-	(856,459)	(798,956)	37,908
-	-	(611,985)	(50,000)
-	-	-	(36,000)
-	1,394,751	1,394,751	3,000
(15,000)	(181,907)	(6,231,298)	(7,000)
-	-	-	1,458
<u>35,183</u>	<u>4,853,154</u>	<u>(1,701,283)</u>	<u>882,749</u>
-	4,727,665	4,727,665	-
77,515	24,357	177,849	12,712
(452,368)	(4,923,616)	(33,980,142)	(771,476)
(47,950)	(328,891)	(9,719,719)	1
-	1,043,940	28,689,103	-
(855,000)	(745,509)	(31,064,884)	-
-	(403,608)	(403,608)	-
-	(3,297)	(3,297)	-
-	192,570	1,926,315	-
<u>(1,277,803)</u>	<u>(416,389)</u>	<u>(39,650,718)</u>	<u>(758,763)</u>
373,416	75,134	2,267,878	243,279
-	31,207	31,207	-
<u>373,416</u>	<u>106,341</u>	<u>2,299,085</u>	<u>243,279</u>
1,237,452	(65,044)	11,331,870	2,158,651
<u>21,462,009</u>	<u>7,490,366</u>	<u>123,803,335</u>	<u>13,387,704</u>
<u>\$ 22,699,461</u>	<u>\$ 7,425,322</u>	<u>\$ 135,135,205</u>	<u>\$ 15,546,355</u>
\$ 21,796,717	\$ 7,425,322	\$ 128,981,395	\$ 15,546,355
902,744	-	6,153,810	-
<u>\$ 22,699,461</u>	<u>\$ 7,425,322</u>	<u>\$ 135,135,205</u>	<u>\$ 15,546,355</u>

(Continued)

City of Redding
Statement of Cash Flows
Proprietary Funds, Continued
For the year ended June 30, 2014

	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)	\$ 21,292,532	\$ 1,719,618	\$ 4,268,618
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Other non-operating revenue and expense	-	243,528	10,557
Depreciation and amortization	13,814,298	3,457,758	5,924,400
(Increase) decrease in accounts receivable	(211,312)	(218,809)	(103,602)
(Increase) decrease in inventories	(14,656)	(166,809)	(6,068)
(Increase) decrease in prepaid items	(38,784)	(571)	(4,546)
(Increase) decrease in investment in JPA	282,169	-	-
(Increase) decrease in deposits	-	-	-
Increase (decrease) in accounts payable	(1,194,329)	8,456	167,018
Increase (decrease) in accrued liabilities	151,417	21,070	29,179
Increase (decrease) in claims and judgements payable	-	-	-
Increase (decrease) in deposits	283,262	547	-
Increase (decrease) in intergovernmental payable	(10,698)	(8,872)	(1,213)
Increase (decrease) in unearned revenue	(370,959)	-	-
Increase (decrease) in accrued compensated absences	337,117	(49,454)	42,077
Increase (decrease) in accrued landfill closure costs	-	-	-
Increase (decrease) in claims and judgements payable long-term	-	-	-
Increase (decrease) in accrued liabilities long-term	2,448,009	336,271	449,061
Total adjustments	15,475,534	3,623,115	6,506,863
Net cash provided (used) by operating activities	\$ 36,768,066	\$ 5,342,733	\$ 10,775,481
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Plant contributed from developers	\$ 154,493	\$ 393,955	\$ 347,589
Capitalized interest	504,711	-	618,826
Accrued interest rolled into principal on loans	-	-	-
Non-cash change in deposits	-	-	-
Equipment transfers	-	-	-
Total non-cash capital and related financing activities	\$ 659,204	\$ 393,955	\$ 966,415

See accompanying Notes to Basic Financial Statements.

Solid Waste Collection/ Disposal	Enterprise Funds		Governmental Activities
	Non-Major Enterprise Funds	Total	Internal Service Funds
\$ (1,421,764)	\$ (8,268,061)	\$ 17,590,943	\$ (1,199,463)
27,583	464,716	746,384	-
1,779,590	3,519,979	28,496,025	820,951
3,180	10,175	(520,368)	(400)
-	4,073	(183,460)	18,171
(1,916)	(992)	(46,809)	68,258
-	-	282,169	-
-	-	-	-
108,707	(88,208)	(998,356)	152,239
15,639	2,256	219,561	43,231
-	-	-	486,508
315,336	(1,890)	597,255	3,401
(10,049)	(285,643)	(316,475)	41,702
-	35,221	(335,738)	-
(95,900)	(124,433)	109,407	125,606
558,549	-	558,549	-
-	-	-	354,302
827,701	124,657	4,185,699	876,880
3,528,420	3,659,911	32,793,843	2,990,849
<u>\$ 2,106,656</u>	<u>\$ (4,608,150)</u>	<u>\$ 50,384,786</u>	<u>\$ 1,791,386</u>
\$ 30,133	\$ 374,668	\$ 1,300,838	\$ -
-	-	1,123,537	-
-	-	-	-
1,673,182	-	1,673,182	426,157
-	-	-	2,647
<u>\$ 1,703,315</u>	<u>\$ 374,668</u>	<u>\$ 4,097,557</u>	<u>\$ 428,804</u>

(Concluded)

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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, 2014

ASSETS	
Cash and cash equivalents	\$ 2,349,096
Accounts receivable	383,620
Interest receivable	<u>8,369</u>
Total assets	\$ <u>2,741,085</u>
LIABILITIES	
Deposits	\$ <u>2,741,085</u>
Total liabilities	\$ <u>2,741,085</u>

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, 2014

ASSETS	
Cash and investments:	
Cash with trustee	\$ 3,851,798
Bond proceeds	3,713,863
Bond reserves	6,725,935
Interest receivable	5,962
Intergovernmental receivable	5,704
Notes receivable, net	325,000
Prepaid costs	40,333
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><u>15,576,061</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	<u>241,279</u>
Total deferred outflows of resources	<u><u>241,279</u></u>
LIABILITIES	
Accounts payable	8,355
Accrued interest payable	624,178
Intergovernmental payable	795,580
Long-term debt	<u>42,652,647</u>
Total liabilities	<u><u>44,080,760</u></u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - note deferral	<u>325,000</u>
Total deferred inflows of resources	<u><u>325,000</u></u>
NET POSITION	
Held in trust for: individuals, organizations and other governments	<u>(28,548,087)</u>
Total net position	<u><u>\$ (28,588,420)</u></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, 2014

ADDITIONS:

Property taxes	\$ 4,921,947
Investment revenue	27,463
Total additions	<u>4,949,410</u>

DEDUCTIONS:

Administrative costs	125,000
Payment on Recognized Obligation Payment Schedule	3,439,553
Total deductions	<u>3,564,553</u>
Net change in net position	<u>1,384,857</u>

NET POSITION:

Beginning of period	<u>(29,932,944)</u>
End of period	<u>\$ (28,548,087)</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, 2014

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, 2014

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 JPA 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, 2014

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, 2014

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, 2014

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, 2014

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, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources 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, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources 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, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources 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 Revenue

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

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 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures unless they are related to insurance costs. Bond issuance insurance costs are reported as a prepaid asset and amortized over the life of the bonds.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity, Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position and the fund financial statements include a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category: deferred charges on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. The deferred charge on refunding is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements of net position and the fund financial statements include a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category: resources received before time requirements are met, but after all other eligibility requirements have been met and, in the fund financial statements, unavailable revenue (when an asset is recorded in governmental fund financial statements, but the revenue is not available).

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.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES, Continued

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity, Continued

Fund Equity, continued

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. By Council Policy the City Council and City Manager have the authority to allocate amounts to be used for specific purposes. City Council approves the appropriation; however, the budget ordinance authorizes the City Manager to modify the appropriations by resource or appropriation within a functional area or fund.

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.

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.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity, Continued

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 2014, the City adopted a new accounting standard in order to conform to the following Governmental Accounting Standards Board Statement (GASB):

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* – this statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement required changes in account captions in the statements of net position and balance sheets. In addition, the balance of unamortized bond issuance costs not related to insurance costs (\$654,452) at June 30, 2013, was fully expensed in the fiscal year ended June 30, 2014, rather than adjusted through a prior period adjustment because the amounts were not considered to be material.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2014, are as follows:

	Government-Wide Statement of Net Position			Fiduciary Funds Statement of Net Position	
	Governmental Activities	Business Activities	Total	Net Position	Total
Cash and investments	\$ 41,958,127	\$ 128,981,395	\$ 170,939,522	\$ 6,200,894	\$ 177,140,416
Restricted cash and investments	\$ 8,896,977	\$ 6,153,810	\$ 15,050,787	\$ 10,439,798	\$ 25,490,585

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, 2014, the carrying amount of the City's deposits was \$20,293,423, of which \$1,033,485 was restricted and \$19,259,938 was unrestricted. The bank balance was \$21,360,395. Of the bank balance, \$2,000,000 was covered by Federal depository insurance, and \$19,360,395 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, 2014

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, 2014, 1.86% of LAIF's investment portfolio was invested in structured notes and other asset-backed securities.

At June 30, 2014, the City's investments and deposits were as follows:

	Cash and Investments		
	Fair Value		Total
	Unrestricted	Restricted	
Deposits	\$ 19,255,214	\$ 1,033,485	\$ 20,288,699
Medium Term Corporate Notes	12,282,300	-	12,282,300
Federal Agency Bonds	121,720,874	-	121,720,874
Local Agency Investment Fund	23,597,980	19,105,770	42,703,750
Mutual Funds	284,048	5,351,330	5,635,378
Total Investments	157,885,202	24,457,100	182,342,302
Total Cash and Investments	\$ 177,140,416	\$ 25,490,585	\$ 202,631,001

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, 2014

2. CASH AND INVESTMENTS, Continued

As of June 30, 2014, 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	\$ 12,282,300	\$ -	\$ 4,031,400	\$ 8,250,900	\$ -
Federal Agency Bonds	121,720,874	-	10,017,100	77,137,334	34,566,440
Investment in State Treasurer's Investment Pool	23,597,980	23,597,980	-	-	-
Mutual Funds	284,048	284,048	-	-	-
Total	\$ 157,885,202	\$ 23,882,028	\$ 14,048,500	\$ 85,388,234	\$ 34,566,440

Restricted:	Investments Maturities (in Years)			
	Fair Value	Less Than 1	1-5	More Than 5
Investment in State Treasurer's Investment Pool	\$ 19,105,770	\$ 19,105,770	\$ -	\$ -
Mutual Funds	5,351,330	5,351,330	-	-
Total	\$ 24,457,100	\$ 24,457,100	\$ -	\$ -

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

2. CASH AND INVESTMENTS, Continued

Credit Risk - As of June 30, 2014, 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 and Aa 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, 2014.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

3. INTERFUND ACTIVITIES

	Due To Other Funds	Due From Other Funds	
		General Fund	Total
Governmental Funds:			
Nonmajor Governmental Funds		\$ 85,870	\$ 85,870
Enterprise funds:			
Nonmajor Enterprise Funds		536,226	536,226
Total		<u>\$ 622,096</u>	<u>\$ 622,096</u>

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	Wastewater Utility Fund	Internal Service Funds	
Governmental Funds:				
General Fund	\$ 41,940	\$ -	\$ -	\$ 41,940
Nonmajor Governmental Funds	-	-	-	-
Enterprise Funds:				
Electric Utility	-	-	-	-
Water Utility	-	-	-	-
Wastewater Utility	-	-	-	-
Solid Waste Utilitiy	-	-	-	-
Nonmajor Enterprise funds	-	45,000	103,500	148,500
Total	<u>\$ 41,940</u>	<u>\$ 45,000</u>	<u>\$ 103,500</u>	<u>\$ 190,440</u>

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, 2014

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	Electric Utility	Waste Water Utility	Internal Service Funds	
Governmental funds:					
General Fund	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000
Nonmajor Governmental Funds	-	413,591	-	317,168	730,759
Enterprise funds:					
Electric Utility	-	-	-	-	-
Water Utility	-	-	-	-	-
Wastewater Utility	-	-	-	-	-
Solid Waste Utility	-	-	-	-	-
Nonmajor Enterprise Funds	771	-	622,730	4,034,335	4,657,836
Internal Service Funds	-	611,986	-	-	611,986
Total	\$ 771	\$ 1,025,577	\$ 622,730	\$ 4,401,503	\$ 6,050,581

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

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 \$413,591.
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 \$317,168 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 \$7,142,677 to date. The remaining balance is \$1,774,377 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 \$667,730, is to be repaid including interest at the City's average earnings on its pooled cash accounts. Of this amount, \$622,730 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 \$799,151, of this amount, \$695,651 is long-term at year-end.
8. 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 paid in full.
9. The General Fund advanced \$771 to the Airport Fund for the PFC portion of expenses for the purchase of an Airport Rescue and Fire Fighting ARFF vehicle for fiscal year 2013-14. At year end the remaining balance is \$771.
10. The Risk Management Fund advanced funds to the General Fund for the operation of the local public access television channels for the City of Redding. The advance is to be paid off over the next three years by deductions of the Public Education Government (PEG) payouts made to Shasta County Art Council. At year end the remaining balance is \$50,000.
11. The Electric Utility Fund advanced \$708,786 to the Information Technology division for the City's portion of the new telephone system. At year end the remaining balance is \$611,986.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

5. CAPITAL ASSETS

Changes in capital assets consisted of the following:

	Balance June 30, 2013	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2014
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 29,630,066	\$ 60,444	\$ (265,288)	\$ -	\$ 29,425,222
Construction in process	13,078,320	9,092,405	(368,247)	(10,335,253)	11,467,225
Total capital assets, not being depreciated	42,708,386	9,152,849	(633,535)	(10,335,253)	40,892,447
Capital assets, being depreciated:					
Buildings	55,419,282	-	-	10,000	55,429,282
Improvements other than buildings	101,349,883	54,528	(152,170)	-	101,252,241
Infrastructure	266,493,036	775,115	-	10,349,513	277,617,664
Automotive equipment	11,810,274	442,562	(224,321)	76,011	12,104,526
Furnishings and equipment	7,578,712	851,077	(411,479)	75,000	8,093,310
Assets under capital lease:					
Furnishings and equipment	325,000	-	-	(75,000)	250,000
Automotive equipment	508,763	-	-	-	508,763
Total capital assets, being depreciated	443,484,950	2,123,282	(787,970)	10,435,524	455,255,786
Accumulated depreciation:					
Buildings	(22,874,931)	(1,733,068)	-	-	(24,607,999)
Improvements other than buildings	(45,788,103)	(4,035,544)	107,202	-	(49,716,445)
Infrastructure	(66,327,963)	(7,460,010)	-	-	(73,787,973)
Automotive equipment	(9,570,100)	(586,850)	203,458	(73,364)	(10,026,856)
Furnishings and equipment	(5,840,000)	(525,453)	384,812	(35,000)	(6,015,641)
Assets under capital lease:					
Furnishings and equipment	(285,000)	-	-	35,000	(250,000)
Automotive equipment	(95,393)	(42,397)	-	-	(137,790)
Total accumulated depreciation	(150,781,490)	(14,383,322)	695,472	(73,364)	(164,542,704)
Total capital assets, being depreciated, net	292,703,460	(12,260,040)	(92,498)	10,362,160	290,713,082
Total governmental activities	\$ 335,411,846	\$ (3,107,191)	\$ (726,033)	\$ 26,907	\$ 331,605,529

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

5. CAPITAL ASSETS, Continued

Depreciation expense was charged to governmental activities as follows:

Program	Depreciation
General government	\$ 1,815,176
Police	340,602
Fire	324,763
Public works	7,572,169
Recreation and culture	4,326,748
Community development	3,864
Total depreciation - governmental functions	<u>\$ 14,383,322</u>

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

	Balance June 30, 2013	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2014
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 18,459,636	\$ 1,041,281	\$ -	\$ -	\$ 19,500,917
Construction in progress	63,006,504	25,975,906	(114,176)	(58,116,356)	30,751,878
Total capital assets, not being depreciated	<u>81,466,140</u>	<u>27,017,187</u>	<u>(114,176)</u>	<u>(58,116,356)</u>	<u>50,252,795</u>
Capital assets, being depreciated:					
Utility plants	702,741,011	3,844,583	(636,203)	54,559,240	760,508,631
Buildings	49,063,328	-	-	276,247	49,339,575
Improvements other than buildings	43,218,170	6,867	-	2,966,331	46,191,368
Automotive equipment	33,997,791	3,095,087	(2,146,383)	(76,011)	34,870,484
Furnishings and equipment	15,466,515	2,428,405	(128,751)	849,488	18,615,657
Assets under capital lease:					
Furnishings and equipment	4,735,090	-	-	(559,210)	4,175,880
Total capital assets, being depreciated	<u>849,221,905</u>	<u>9,374,942</u>	<u>(2,911,337)</u>	<u>58,016,085</u>	<u>913,701,595</u>
Less accumulated depreciation for:					
Utility plants	(315,922,663)	(20,867,526)	498,020	(1,371,900)	(337,664,069)
Buildings	(29,296,985)	(1,268,102)	-	-	(30,565,087)
Improvements other than buildings	(31,847,024)	(1,342,452)	-	812,691	(32,376,785)
Automotive equipment	(19,073,082)	(2,394,755)	2,069,634	73,364	(19,324,839)
Furnishings and equipment	(12,560,992)	(1,004,387)	99,529	-	(13,465,850)
Assets under capital lease:					
Furnishings and equipment	(860,800)	(139,196)	-	559,209	(440,787)
Total accumulated depreciation	<u>(409,561,546)</u>	<u>(27,016,418)</u>	<u>2,667,183</u>	<u>73,364</u>	<u>(433,837,417)</u>
Total capital assets, being depreciated, net	<u>439,660,359</u>	<u>(17,641,476)</u>	<u>(244,154)</u>	<u>58,089,449</u>	<u>479,864,178</u>
Total business-type activities	<u>\$ 521,126,499</u>	<u>\$ 9,375,711</u>	<u>\$ (358,330)</u>	<u>\$ (26,907)</u>	<u>\$ 530,116,973</u>

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

5. CAPITAL ASSETS, Continued

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

	Depreciation Expense
Electric	\$ 12,597,190
Water	3,329,170
Wastewater	5,816,969
Storm drainage	897,046
Solid waste	1,753,110
Transportation	2,521,731
Convention center	101,202
	<hr/>
Total depreciation expense business-type activities	\$ 27,016,418

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, 2014
Power Acquisition Cost	\$ 3,470,314
Less: Amortization	(2,618,486)
	<hr/>
Power Acquisition Cost, Net	\$ 851,828

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

7. DEFERRED OUTFLOWS OF RESOURCES

On the entity-wide statement of net position, deferred outflows of resources consisted of the following as of June 30, 2014:

<u>Fund</u>	<u>Deferred charge on refunding</u>
Governmental Activities	\$ 380,289
Business Type Activities:	
Electric Fund	12,994,477
Water Fund	485,190
Wastewater Fund	804,508
Solid Waste Fund	68,991
Non-Major Enterprise Funds	94,836
Total Business Type Activities	<u>14,448,002</u>
Total	<u>\$ 14,828,291</u>

8. DEFERRED INFLOWS OF RESOURCES

On the fund financial statements, deferred inflows of resources consisted of the following as of June 30, 2014:

	<u>General Fund</u>	<u>General Capital Projects Fund</u>	<u>Non Major Governmental Funds</u>	<u>Total</u>
Unavailable revenues:				
Sales tax	\$ 1,607,467	\$ -	\$ -	\$ 1,607,467
Property taxes	581,241	-	719,985	1,301,226
Motor vehicle taxes	37,663	-	-	37,663
Grant revenue	905,058	4,488,009	-	5,393,067
SHASCOM rents	627,835	-	-	627,835
Interest income	-	-	277	277
Housing loans - principal and interest amounts	-	-	4,509,958	4,509,958
HUD funds	-	-	51,061	51,061
Total	<u>\$ 3,759,264</u>	<u>\$ 4,488,009</u>	<u>\$ 5,281,281</u>	<u>\$ 13,528,554</u>

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

9. SELF-INSURANCE

The City administers self-insurance programs for general liability and workers' compensation. These programs are accounted for in the Risk Management Fund. Liability for each claim 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. 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. The City is also self-insured for health benefits and is a member of CSAC Excess Insurance Authority which administers the health benefits program.

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, 2013 and prior at June 30, 2014, 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, 2014, has been included in the Risk Management Fund's claims payable amount as of June 30, 2014.

Liability Insurance is self-administered and is self-insured up to \$500,000. Any claims from \$500,001 to \$40,000,000 are administered through a governmental pooling joint powers authority, California Joint Powers Risk Management Authority. 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, 2014.

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 coverage for the Redding Power Plant up to \$100,000,000 with various sub-limits and deductibles for different types of losses. 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, 2014.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

9. SELF-INSURANCE, Continued

The following is a reconciliation of changes in claims liability amounts for fiscal years ended June 30, 2014:

For the Years Ended June 30,	<u>Worker's Compensation</u>				
	Claims Payable July 1	Claims Incurred	Claims Payments	Claims Payable June 30	Claims Due Within One Year
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
2014	10,343,810	2,831,455	(1,469,265)	11,706,000	2,143,826

For the Years Ended June 30,	<u>General Liability</u>				
	Claims Payable July 1	Claims Incurred	Claims Payments	Claims Payable June 30	Claims Due Within One Year
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
2014	2,752,410	134,142	(670,052)	2,216,500	1,317,827

For the Years Ended June 30,	<u>Health and Dental</u>				
	Claims Payable July 1	Claims Incurred	Claims Payments	Claims Payable June 30	Claims Due Within One Year
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)
2014	79,490	18,825,837	(18,811,307)	94,020	94,020 (1)

(1) These claims are dental claims only.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

10. COMPENSATED ABSENCES

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

The City's changes in compensated absences for the year ended June 30, 2014 were as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due within One Year
Governmental activities	\$ 11,316,908	\$ 4,164,948	\$ 4,476,974	\$ 11,004,882	\$ 3,176,634
Business-type activities	6,445,918	3,263,470	3,154,063	6,555,325	1,662,626
Total compensated absences	\$ 17,762,826	\$ 7,428,418	\$ 7,631,037	\$ 17,560,207	\$ 4,839,260

11. INDIVIDUAL FUND DISCLOSURES

Parking Special Revenue Fund - The deficit of \$253,691 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 \$1,572,622 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 \$437,329 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 \$322,902 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 \$1,023,095 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, 2014

12. 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. See footnote 22 (B) for additional discussion of the San Juan generation plant.

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, 2014

12. 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, 2013 is as follows (in thousands):

Total Assets & Deferred Outflows	<u>\$ 254,973</u>	Total revenues	\$ 156,714
Total liabilities & Deferred Inflows	\$ 343,152	Total expenses	<u>(128,975)</u>
Total members' deficit	<u>(88,179)</u>	Net income	27,739
Total liabilities & members' deficit	<u>\$ 254,973</u>	Members' deficit, January 1, 2013	(115,918)
		Member distributions	<u>-</u>
		Members' deficit, December 31, 2013	<u>\$ (88,179)</u>

The debt of the Power Agency is comprised entirely of revenue bonds totaling \$290 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 \$13.23 million at December 31, 2013. 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, 2014, 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, 2014

12. 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, 2013, the City’s unrecognized share of member’s deficit of the M-S-R Energy Authority was \$54,938,867.

The long term debt of the M-S-R Energy Authority totaled \$901,620,000 at December 31, 2013. The M-S-R Energy Authority did not make any principal or interest payments in 2013.

Summarized financial information of M-S-R Energy Authority as of and for the year ended December 31, 2013, is as follows (in thousands):

Total assets	\$ 905,671
Total liabilities	\$ 905,671
Total net position	\$ -
Total liabilities and net position	\$ 905,671
Net increase (decrease) in net position	\$ -

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, 2014.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

12. JOINT VENTURES, Continued

Summarized financial information of TANC as of and for the year ended June 30, 2014, is as follows (in thousands):

Total assets & deferred outflows	<u>\$ 391,810</u>
Total liabilities & deferred inflows	<u>\$ 378,752</u>
Total net position	<u>13,058</u>
Total liabilities and net position	<u>\$ 391,810</u>
Net increase (decrease) in net position	<u>\$ (3,055)</u>

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 69.6%, 16.7%, 8.0%, 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 December 31, 2013, is as follows (in thousands)

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

12. JOINT VENTURES, Continued

Total current assets	<u>\$ 391,473</u>
Total current liabilities	<u>\$ 391,473</u>
Total net position	<u>-</u>
Total liabilities and net position	<u>\$ 391,473</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.

Contingent Liability

Under the terms of the various joint 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	\$ 290,330,000	15.000%	\$ 43,549,500
TANC (2)			
Bonds (2002A, 2003A & B)	\$ 226,330,000	8.2810%	\$ 18,742,387
Bonds (2009A)	\$ 67,005,000	9.0076%	\$ 6,035,542
Bonds (2009B)	<u>\$ 20,860,000</u>	8.0823%	<u>\$ 1,685,968</u>
TANC subtotal	<u>\$ 314,195,000</u>		<u>\$ 26,463,897</u>
BANC (3)	\$ -	5.1000%	\$ -
Total	<u>\$ 604,525,000</u>		<u>\$ 70,013,397</u>

(1) As of December 31, 2013

(2) As of June 30, 2014

(3) As of December 31, 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, 2014

13. LONG-TERM DEBT

The following is a summary of long-term obligations of the City at June 30, 2014.

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due within One Year
Governmental Activities:					
Long-term debt:					
Special assessment debt					
with governmental commitment	828,000	-	316,000	512,000	392,000
Revenue bonds	37,217,320	11,181,060	8,697,320	39,701,060	3,103,241
Loan	1,041,981	-	426,306	615,675	30,866
Capital lease payable	220,720	565,048	93,924	691,844	117,497
Long-term debt before unamortized	39,308,021	11,746,108	9,533,550	41,520,579	3,643,604
Bond premiums	370,389	-	74,490	295,899	48,533
Bond discount	(183,541)	(80,666)	(37,073)	(227,134)	(10,831)
Total governmental activities long-term debt	39,494,869	11,665,442	9,570,967	41,589,344	3,681,306
Business-type activities:					
Long-term debt:					
Revenue bonds	19,692,680	15,423,940	21,727,680	13,388,940	2,071,761
State loans payable	74,570,701	13,294,392	3,607,205	84,257,888	4,477,906
Capital leases payable	2,559,413	-	403,608	2,155,805	382,200
Certificates of participation	167,240,000	-	5,730,000	161,510,000	5,915,000
Long-term debt before unamortized	264,062,794	28,718,332	31,468,493	261,312,633	12,846,867
Bond premium	5,694,322	1,192,417	557,171	6,329,568	(619)
Bond discount	-	(6,188)	(460)	(5,728)	473,250
Total business-type activities long-term debt	269,757,116	29,904,561	32,025,204	267,636,473	13,319,498
Total long-term debt	\$ 309,251,985	\$ 41,570,003	\$ 41,596,171	\$ 309,225,817	\$ 17,000,804

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

13. 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.	\$ 512,000	\$ -
Total 1915 Act Assessment District Bonds	<u>\$ 512,000</u>	<u>\$ -</u>
<u>Revenue Bonds:</u>		
2013 Water and Wastewater Revenue Bonds Series A:		
The 2013 Water Revenue Bonds were issued to refinance the 2003 Water Revenue Bonds which were used to refinance the 1993 Water Revenue Bonds, which were originally issued to finance capital improvements to the City's water system. The 2013 Wastewater Revenue Bonds were issued to refinance the 2002 Wastewater Revenue Bonds which were used to refinance wastewater debt and wastewater's portion of the corporation yard debt. Serial Bonds of \$14,730,000 bear interest from 2.0% to 5.0%, payable on December 1 and June 1; maturities are payable June 1 in annual redemptions from \$625,000 to \$2,095,000; final payment due June 1, 2023. The Water portion is payable from the operating revenues of the Water Utility Fund and the Wastewater portion is payable from the Wastewater operating revenues of the Wastewater Utility Fund.	\$ -	\$ 12,565,000
2013 Lease Revenue Bond, Series B and Series C:		
Issued to finance the construction of the Redding Police Building and refinance the 2003 Aquatic Center, the Sports Complex, SHASCOM, Convention Center and the Municipal Airport, which was to 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.		
<u>Series B, Serial/Term Bonds:</u>		
Serial Bonds interest from 2% to 5.5% payable on April 1 and October 1; maturities payable annually on October 1 in annual redemptions from \$220,000 to \$460,000; final payment due October 1, 2043. Original issue \$9,740,000. Term Bonds, (1) bear interest at 5.0% maturity payable on October 1, 2028, in the amount of \$800,000; (2) bear interest at 5.25%, maturity payable on October 1, 2033, in the amount of \$1,650,000; (3) bear interest at 5.50% maturity payable on April 1, 2043, in the amount of \$2,840,000.	\$ 9,046,060	\$ 693,940

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

13. LONG-TERM DEBT, Continued

	Government Activities	Business-Type Activities
2013 Lease Revenue Bond, Series B and Series C (Continued):		
<u>Series C, Serial/Term Bonds:</u>		
Serial Bonds interest from 3.75% to 6.5% payable on April 1 and October 1; maturities payable on October 1 in annual redemptions from \$75,000 to \$180,000; final payment due October 1, 2043. Term Bonds, (1) bear interest at 3.75%, maturity payable October 1, 2018 in the amount of \$390,000; (2) bear interest at 5.35%, maturity payable on October 1, 2024 in the amount of \$585,000; and (3) bear interest at 6.5%, maturity payable on October 1, 2032, in the amount of \$1,160,000.	2,135,000	-
2004 Lease Revenue Bonds:		
Issued to finance the purchase and renovation of certain public safety and recreation facilities of the City and payable from General Fund revenues.		
<u>Series A, Serial/Term Bonds:</u>		
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.	5,430,000	130,000
<u>Series B, Serial/Term Bonds:</u>		
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.	7,270,000	-
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.	\$ 15,820,000	\$ -
Total Revenue Bonds	\$ 39,701,060	\$ 13,388,940

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

13. LONG-TERM DEBT, Continued

	Government Activities	Business-Type Activities
<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.	\$ 30,866	\$ -
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.	584,809	
Total Loans	<u>\$ 615,675</u>	<u>\$ -</u>
<u>State Loans:</u>		
2007 California Airport Loan (Municipal)		
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.	\$ -	\$ 490,250
2013 California Airport Loan (Benton)		
Original loan amount was \$350,000. Annual installments are \$28,005, including interest at 3.655% payable May 28, maturity payable on May 28, 2031.	-	350,000
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.	-	8,847,058
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.	-	3,254,243
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.	-	3,987,312

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

13. LONG-TERM DEBT, Continued

	Government Activities	Business-Type Activities
State Loans (Continued):		
Clear Creek Interceptor (Phase III)		
The total loan agreement is \$18,194,825. Annual installments of \$1,208,152, including interest at 2.6% payable March 31, maturing March 31, 2030.	-	15,650,375
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.	-	7,349,914
Clear Creek Interception (Phase V)		
The total loan agreement is \$20,457,000. In 2014, additional withdrawals were taken in the amount of \$3,582,488 to construct Phase V of the Clear Creek Wastewater Interceptor. Annual installments of \$1,158,208.41, including interest at 2.6% payable April 15, maturity payable on April 15, 2033.	-	17,194,704
Clear Creek Interceptor (Phase VI)		
The total loan agreement is \$12,122,280. Annual installments of \$565,390, including interest at 1.0% payable December 15, maturity payable on December 15, 2031.	-	9,271,421
Clear Creek Interceptor (Phase VII)		
The total loan agreement is \$5,150,000. In 2014, withdrawals were taken in the amount of \$3,453,940 to construct Phase VII of the Clear Creek Wastewater Interceptor. Annual installments of \$376,241.37, including interest at 2.6% payable April 1, maturity payable April 1, 2034.	-	5,752,025
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.	-	1,059,239
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.	-	1,442,268

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

13. LONG-TERM DEBT, Continued

	Government Activities	Business-Type Activities
State Loans (Continued):		
Stillwater Interceptor		
The total loan agreement is \$12,563,200. In 2014, withdrawals were taken in the amount of \$5,907,964 to construct Phase I of the Stillwater Wastewater Interceptor. Annual installments of \$599,062.82, including interest at 2.2% payable December 30, maturity payable December 30, 2033.		
	-	9,609,079
Total State Loans	<u>\$ -</u>	<u>\$ 84,257,888</u>
 <u>Capital Leases Payable</u>		
The capital leases payable from governmental activities were \$691,844 for fiscal year ended June 30, 2014.		
	\$ 691,844	\$ -
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, 2014, the capital leases in the enterprise funds were \$2,155,805.		
	-	2,155,805
Total Capital Leases Payable	<u>\$ 691,844</u>	<u>\$ 2,155,805</u>
 <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.		
		130,810,000
Total Certificates of Participation	<u>\$ -</u>	<u>\$ 161,510,000</u>

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

13. LONG-TERM DEBT, Continued

	Government Activities	Business-Type Activities
Summary of Outstanding Debt:		
Total Outstanding Debt	\$ 41,520,579	\$ 261,312,633
Add: Bond Premiums	295,899	6,329,568
Less: Bond Discounts	<u>(227,134)</u>	<u>(5,728)</u>
Total Outstanding Debt, net of premiums and discounts	<u>\$ 41,589,344</u>	<u>\$ 267,636,473</u>

Current year amortization expense for bond premiums and discounts was \$37,416 for the governmental activities and \$556,713 for the business-type activities.

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

	Original Amount	2013-14 Additions	2013-14 Deletions	Total Amortization	Net
Governmental Activities	\$ 1,329,512	\$ 103,205	\$ 838,451	\$ 228,214	\$ 366,052
Business-Type Activities	<u>1,194,887</u>	<u>-</u>	<u>1,115,110</u>	<u>67,035</u>	<u>12,742</u>
	<u>\$ 2,524,399</u>	<u>\$ 103,205</u>	<u>\$ 1,953,561</u>	<u>\$ 295,249</u>	<u>\$ 378,794</u>

Current year amortization expense recorded in the governmental activities was \$28,158 and in the business-type activities was \$6,648. The deletions include the removal of bond issuance costs of \$924,792 related to bonds defeased in the current year and the removal of bond issuance costs of \$1,028,769 related to the adoption of GASB Statement 65. Per GASB Statement 65, prior bond issuance costs not related to insurance costs were expensed in the current period. The bond issuance costs not related to insurance costs net of amortization at June 30, 2013, were \$654,452 which were fully expensed in fiscal year 2013-14 rather than adjusted through a prior period adjustment because the amounts were not considered to be material.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

13. LONG-TERM DEBT, Continued

The annual requirements to amortize all debt outstanding as of June 30, 2014, 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
2015	3,643,604	1,803,861	12,846,866	10,599,272	16,490,470	12,403,133
2016	2,771,842	1,662,102	13,132,507	10,192,556	15,904,349	11,854,658
2017	2,829,469	1,556,108	13,318,947	9,673,909	16,148,416	11,230,017
2018	2,624,496	1,450,871	13,856,606	9,215,584	16,481,102	10,666,455
2019	2,729,341	1,352,459	14,428,550	8,666,862	17,157,891	10,019,321
2020-2024	12,031,825	5,033,753	72,819,542	34,535,766	84,851,367	39,569,519
2025-2029	5,330,000	2,999,321	80,880,635	18,875,701	86,210,635	21,875,022
2030-2034	4,890,002	1,823,369	36,923,980	106,295	41,813,982	1,929,664
2035-2039	1,230,000	619,577	3,105,000	155,250	4,335,000	774,827
2040-2044	1,610,000	230,453	-	-	1,610,000	230,453
2045-2049	1,830,000	157,674	-	-	1,830,000	157,674
Total	\$ 41,520,579	\$ 18,689,548	\$ 261,312,633	\$ 102,021,195	\$ 302,833,212	\$ 120,710,743

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

13. LONG-TERM DEBT, Continued

The annual requirements to amortize all debt outstanding as of June 30, 2014, 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
2015	3,643,604	1,803,861	12,846,866	10,599,272	16,490,470	12,403,133
2016	2,771,842	1,662,102	13,132,507	10,192,556	15,904,349	11,854,658
2017	2,829,469	1,556,108	13,318,947	9,673,909	16,148,416	11,230,017
2018	2,624,496	1,450,871	13,856,606	9,215,584	16,481,102	10,666,455
2019	2,729,341	1,352,459	14,428,550	8,666,862	17,157,891	10,019,321
2020-2024	12,031,825	5,033,753	72,819,542	34,535,766	84,851,367	39,569,519
2025-2029	5,330,000	2,999,321	80,880,635	18,875,701	86,210,635	21,875,022
2030-2034	4,890,002	1,823,369	36,923,980	106,295	41,813,982	1,929,664
2035-2039	1,230,000	619,577	3,105,000	155,250	4,335,000	774,827
2040-2044	1,610,000	230,453	-	-	1,610,000	230,453
2045-2049	1,830,000	157,674	-	-	1,830,000	157,674
Total	\$ 41,520,579	\$ 18,689,548	\$ 261,312,633	\$ 102,021,195	\$ 302,833,212	\$ 120,710,743

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

14. 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
2015	\$ 670,782
2016	722,118
2017	299,941
2018	273,242
2019	280,346
2020-2024	978,637
2025-2029	678,367
Total minimum lease payments	<u>3,903,433</u>
Less amount representing interest	<u>(1,055,784)</u>
Present value of minimum lease payments	<u>\$ 2,847,649</u>

Debt service for the present value (discounted at rates ranging between 1.95% - 9.13%) of minimum lease payments will be provided from the following funds:

General	\$ 734,378
Airports	<u>3,169,055</u>
Total debt service	<u>\$ 3,903,433</u>

Assets acquired with the above leases were as follows:

	Government Activities	Business Activities	Total
Asset:			
Furnishings and equipment	\$ 250,000	\$ 4,175,880	\$ 4,425,880
Automotive equipment	508,763	-	508,763
Less: Accumulated depreciation	<u>(387,790)</u>	<u>(440,787)</u>	<u>(828,577)</u>
Net capital assets	<u>\$ 370,973</u>	<u>\$ 3,735,093</u>	<u>\$ 4,106,066</u>

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

15. 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.	2013	6,165,000	2023
Net Revenues	Wastewater Utility	Bond	Refund prior debt issues.	2013	8,565,000	2019
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	2014	17,457,000	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**	5,744,251	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**	12,126,492	2034
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, 2014

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
13%		6,645,100	839,390	6,515,804	-
15%		7,999,250	1,696,085	11,645,032	
10%		10,036,501	1,115,167	11,645,032	
2%		3,816,471	272,605	11,645,032	
3%		4,795,151	319,677	11,645,032	
10%		19,330,429	1,208,152	11,645,032	
5%	5%	9,078,184	567,387	11,645,032	567,387
8%	7%	22,005,960	916,992	11,645,032	1,158,208
5%	5%	10,177,024	565,390	11,645,032	565,390
3%	3%	7,524,827	-	11,645,032	376,241
1%	1%	1,817,554	106,915	11,645,032	106,915
1%	1%	1,334,858	78,521	11,645,032	78,521
7%	6%	15,229,017	-	11,645,032	761,451
4%	2%	54,475,200	1,507,475	37,768,198	45,760,302
33%	15%	191,187,725	12,350,800	37,768,198	45,760,302

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

16. FUND BALANCE

Fund balance as of June 30, 2014, consists of the following:

	General Fund	Major Capital Project Fund	Other Funds	Total
Fund balances:				
Nonspendable fund balance:				
Nonspendable in form	\$ 1,977,279	\$ -	\$ 24,306	\$ 2,001,585
Contractually nonspendable	907,489	-	-	907,489
Total nonspendable	<u>2,884,768</u>	<u>-</u>	<u>24,306</u>	<u>2,909,074</u>
Restricted fund balance:				
Fiscal agent reserves	853,717	-	-	853,717
Capital projects	-	11,774,403	-	11,774,403
Debt service	-	-	524,195	524,195
Special Revenue:				
Community development			22,492,414	22,492,414
Housing			15,900,460	15,900,460
Landscape maintenance			431,841	431,841
Library			1,217,612	1,217,612
Local transportation			5,221,489	5,221,489
Public safety			375,622	375,622
Total restricted	<u>853,717</u>	<u>11,774,403</u>	<u>46,163,633</u>	<u>58,791,753</u>
Assigned fund balance:				
Encumbrances	687,606	-	-	687,606
Rolling stock	767,994	-	-	767,994
Future expenditures	276,000	-	-	276,000
Capital projects	279,251	-	-	279,251
Total assigned	<u>2,010,851</u>	<u>-</u>	<u>-</u>	<u>2,010,851</u>
Unassigned:				
General Fund	15,586,649	-	-	15,586,649
Special Revenue	-	-	(253,960)	(253,960)
Total Unassigned	<u>15,586,649</u>	<u>-</u>	<u>(253,960)</u>	<u>15,332,689</u>
Total fund balances	<u>\$ 21,335,985</u>	<u>\$ 11,774,403</u>	<u>\$ 45,933,979</u>	<u>\$ 79,044,367</u>

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

17. INTEREST COST CAPITALIZED

Details of interest cost in proprietary funds at June 30, 2014, are as follows:

Interest cost charged to operations	\$ 10,290,761
Interest cost capitalized	<u>1,123,537</u>
Total interest cost incurred	<u>\$ 11,414,298</u>

**18. 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 2013-14, RABA received an additional \$940,000 in PTMISEA Funding. During the fiscal year RABA incurred \$487,815 in qualifying expenditures and earned \$6,341 in interest income. The June 30, 2014, unspent balance in PTMISEA funding was \$3,009,964.

Other Proposition 1B Funds

During fiscal year 2013-14 RABA received \$0 in additional non PTMISEA Proposition 1B funds. During the fiscal year RABA incurred \$9,178 in qualifying expenditures and earned \$895 in interest. The June 30, 2014 balance of non PTMISEA Proposition 1B funds was \$347,769.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

19. RETIREMENT PLANS

Information for the year ended June 30, 2014, 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, 2014, was not available. Therefore, PERS information has been prepared using information for the year ended June 30, 2013. 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 2013/14 was 18.482%. 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, 2014

19. 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 2013/14 was 40.704%. 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 2013/14 ranged from 13.78% to 22.86%.

Annual Pension Cost

For fiscal year 2013/14 the annual pension cost was \$9,672,718 for the Miscellaneous Plan and \$8,177,906 for the Safety Plan. The required contributions for fiscal year 2013/14 were determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. For fiscal year 2013/14 the City's annual pension cost to PARS was \$6,065,734. 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.

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. All gains or losses are tracked and amortized over a rolling 30-year period with the exception of special gains and losses in fiscal years 2008-2009, 2009-2010 and 2010-2011. Each of these years gains will be isolated and amortized over fixed and declining 30 year periods (as opposed to the current rolling 30 year amortization). 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. 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.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

19. RETIREMENT PLANS, Continued

THREE-YEAR TREND INFORMATION FOR PERS
Miscellaneous Plan

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/12	8,492,349	100%	-
6/30/13	8,759,125	100%	-
6/30/14	9,672,718	100%	-

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

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability	Actuarial Value of Assets **	Total Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a Percentage of Covered Payroll
6/30/13	\$ 342,613,617	\$ 240,188,736	\$ 102,424,881	70.10%	\$ 39,113,509	261.87%

* 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.

** Beginning with the 6/30/13 valuation Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

19. 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>
6/30/12	7,018,797	100%	\$ -
6/30/13	7,228,640	100%	-
6/30/14	8,177,906	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>
6/30/13	\$ 232,955,838	\$ 147,597,305	\$ 85,358,533	63.36%	\$ 16,311,395	523.31%

* 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.

** Beginning with the 6/30/13 valuation Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

19. RETIREMENT PLANS, Continued

THREE-YEAR TREND INFORMATION FOR PARS
Miscellaneous Plan

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	5,009,002	100%	\$ -
6/30/13	4,834,113	100%	-
6/30/14	6,065,734	100%	-

PUBLIC AGENCY 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>Liability as a Percentage of Covered Payroll</u>
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.

20. 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 2014, 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, 2014, was \$6,273,960 of which the retirees contributed \$3,072,595.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

20. 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	\$ 13,838,000
Interest on net OPEB obligation	1,783,000
Adjustment to annual required contribution	<u>(1,893,000)</u>
Annual OPEB cost (expense)	13,728,000
Contributions made	<u>(3,072,595)</u>
Increase in net OPEB obligation	10,655,405
Net OPEB obligation - beginning of year	<u>42,147,901</u>
Net OPEB obligation - end of year	<u><u>\$ 52,803,306</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 is as follows:

For the Years Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	12,294,000	25.7%	32,023,248
2013	13,080,000	22.6%	42,147,901
2014	13,728,000	22.4%	52,803,306

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 January 1, 2013 was \$107.3 million, and the actuarial value of assets was \$.1 million, resulting in a projected unfunded actuarial accrued liability (UAAL) of \$107.2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$50.4 million, and the ratio of the UAAL to the covered payroll was 213%.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

20. 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 an annual healthcare cost trend rate of 8.9 percent initially, reduced by decrements to a rate of 5 percent after seven years. Both rates include a 3 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll. The remaining amortization period at June 30, 2014, was twenty-five years.

21. 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 15 years. The remaining estimated liability for landfill postclosure care cost was \$2,433,549 as of June 30, 2014, 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, 2014. 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, 2014

21. POSTCLOSURE CARE COSTS, Continued

Changes in postclosure care costs for the year ended June 30, 2014, were as follows:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>	<u>Due within One Year</u>
Postclosure care liability	\$ 1,875,000	\$ 721,668	\$ 163,119	\$ 2,433,549	\$ 165,000

22. COMMITMENTS AND CONTINGENCIES

- A. A number of construction contracts existed at June 30, 2014. The unexpended authorized amount of \$20,432,417.76 represents a commitment by the City.

Redding Electric Utility (REU)

- B. 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. The exchange agreement with PacificCorp expires November 30, 2015.

To keep pace with New Mexico State and Federal EPA standards and regulations, the San Juan generation station will be required to reduce emissions in order to reduce haze in the area surrounding the plant. A state environmental plan has been approved as an alternative to the original EPA proposed plan. The alternative is to shut down Units 2 and 3 and install selective non-catalytic reduction (SNCR) emission controls on Units 1 and 4. Negotiations are underway to determine allocation of costs for those participants who will exit the project and those who will remain. As the divestiture of San Juan progresses, M-S-R PPA is looking at options to divest its interest in the Southwest Transmission Project.

- C. REU as a member of M-S-R Energy Authority has been selected by the Internal Revenue Service for a review of its 30-year-pre-pay gas project initiated at the end of 2009.
- D. REU is contractually obligated to purchase 7,500 Dth/dy of natural gas pipeline capacity, connecting the AECO supply hub to the California border, from TransCanada affiliates through 2023. REU is also contractually obligated to purchase 1,000 Dth/dy of natural gas pipeline capacity, connecting the OPAL supply hub to the California Intrastate system at Topock, California, from the Kern River Company through 2017. The annual obligation is less than \$3 million per year. As individual gas pipeline contracts expire, REU is not renewing them. Unused pipeline capacity is being sold off and REU expects that the annual obligation will be reduced to below \$1 million beginning in 2015.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

22. COMMITMENTS AND CONTINGENCIES, Continued

Redding Electric Utility (REU), Continued

E. REU is contractually committed to purchase natural gas in the 2014 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.

	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**	92%	85%	53%	57%	64%	63%	43%

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

F. 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.

G. REU has contractually committed to purchase power from M-S-R Public Power Agency on an as-delivered basis from a Pacific Northwest wind project. Deliveries began October 1, 2006. REU's share of the output from the wind project is approximately 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 Wind Integration Charge (WIC). M-S-R assumes responsibility for the first \$1.20 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.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

22. COMMITMENTS AND CONTINGENCIES, Continued

- H. Although REU was an early adopter of renewable energy, as covered in the previous item, the California Energy Commission's (CEC) report for the first "Renewables Portfolio Standard" (RPS) compliance period (2011 - 2013) shows Redding with 8% rather than the 20% target. This is a result of Redding's City Council allowing large hydro to count towards REU's renewable energy obligation in accordance with their understanding of the CEC regulations at the time. Later, REU sold off most of its "Renewable Energy Credits" (REC) for 2011 and 2012, which was in keeping with that decision and was for the benefit of its customers. Following the REC sales, the CEC modified the regulations for RPS and applied them retroactively. REU was forced to employ "Optional Compliance Measures" in meeting its RPS obligation for the first compliance period. For the remaining compliance periods REU is on-track to meet the CEC's current RPS targets.
- I. Redding entered into a Letter of Intent to negotiate a power purchase agreement with Colusa Bio Energy for up to 22MW of additional renewable energy. This resource would likely not begin production before 2018.
- J. The City of Redding, in conjunction with the Northern California Power Agency and Cities of Roseville and Santa Clara, filed a complaint in the U.S. Court of Claims seeking recovery of more than \$45 million in overcharges imposed by the Bureau of Reclamation for the Central Valley Project Improvement Act (CVPIA). The CVPIA, established in 1992, obligates Reclamation to collect roughly \$30 million per year (in 1992 dollars) from water and power customers who benefit from the Central Valley Project (CVP), in proportion to the users' project repayment obligation over a 10-year rolling average. Reclamation has allocated 22-24% of CVP capital costs to the power users over the last 10 years; however the CVPIA collections have averaged 37% over the same time period. Redding and the other plaintiffs in this claim, believe that Reclamation has overcharged the CVP power customers and are seeking repayment.

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, 2014, was \$4,300,597.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

23. TRANSFERS

The following operating transfers were made during the fiscal year ended June 30, 2014:
(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>General Capital Projects Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Solid Waste</i>	<i>Nonmajor Enterprise funds</i>	<i>Internal Service funds</i>	
Governmental Funds:							
Major Funds:							
General Fund	\$ -	\$ 85,000	\$ 787,220	\$ -	\$ 1,111,000	\$ -	\$ 1,983,220
General Capital Projects Fund	632,327	-	-	-	-	-	632,327
Nonmajor Governmental Funds	5,576,706	-	-	-	-	-	5,576,706
Enterprise Funds:							
Major Enterprise Funds:							
Electric	5,534,900	-	-	-	-	-	5,534,900
Solid Waste	-	15,000	-	-	-	-	15,000
Water	-	108,930	-	25,000	-	-	133,930
Wastewater	-	106,810	-	-	283,751	-	390,561
Nonmajor Enterprise Funds	155,000	-	-	-	-	2,647	157,647
Internal Service Funds	-	-	-	-	-	7,000	7,000
Subtotal	11,898,933	315,740	787,220	25,000	1,394,751	9,647	14,431,291
Capital assets transferred to Governmental Funds from Enterprise Funds.	24,260	-	-	-	-	-	24,260
Capital assets transferred to Enterprise Funds from Governmental Funds.	-	-	-	-	169,560	-	169,560
Total	\$ 11,923,193	\$ 315,740	\$ 787,220	\$ 25,000	\$ 1,564,311	\$ 9,647	\$ 14,625,111

- 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 and Electric 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.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

24. CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2014, the City implemented GASB 65, *Items Previously Reported as Assets and Liabilities* which reclassifies and recognizes certain items that were formerly reported as assets and liabilities as one of four financial statement elements:

- Deferred outflows of resources
- Outflows of resources
- Deferred inflows of resources
- Inflows of resources

The implementation did not require a restatement of prior year balances as the cumulative effect as of the date of implementation was not deemed material.

25. 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.

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. The State Controller completed the review of all assets transferred and issued a report dated October 13, 2014.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

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

The review found that the Agency transferred \$69,027,149 in assets after January 2, 2011, including unallowable transfers to the City totaling \$876,800. However, the City turned over \$650,000 to the Agency that was subsequently remitted to the Shasta County Auditor-Controller for distribution to the taxing entities. The State Controller is requiring that the remaining \$226,800 be turned over to the Agency.

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.

Long-term debt consisted of the following as of June 30, 2014:

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. \$ 3,190,000

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. 1,540,000

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. 17,185,000

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

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

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 SHASTEC Redevelopment Area. 13,065,000

Total bonds outstanding 38,480,000

Long-term debt (continued):

Discount on Market Street Tax Allocation Bonds, Series 2003 (23,510)
Discount on Canby-Hilltop-Cypress Tax Allocation Bonds, Series A (7,998)
Discount on Canby-Hilltop-Cypress Tax Allocation Bonds, Series B (16,081)
Premium on Canby-Hilltop-Cypress Tax Allocation Bonds, Series A 2003 34,607
Discount on SHASTEC Tax Allocation Bonds, Series 2006 (48,929)

Total discount/premium (61,911)

Total long-term bond debt 38,418,089

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, 2014, is \$308,105 along with \$275,500 of simple interest calculated at the LAIF quarterly interest rate. 583,605

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. 398,118

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. 767,035

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

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

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 \$ 42,652,647

Annual requirements to amortize long-term bonds outstanding as of June 30, 2014, are set forth below:

Fiscal Year	Principal	Interest	Total
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	3,030,000	1,290,824	4,320,824
2019-2023	15,625,000	4,088,004	19,713,004
2024-2028	2,810,000	1,911,213	4,721,213
2029-2033	3,605,000	1,126,125	4,731,125
2034-2037	2,630,000	201,500	2,831,500
	<u>\$ 38,480,000</u>	<u>\$ 15,153,505</u>	<u>\$ 53,633,505</u>

26. SUBSEQUENT EVENTS

GASB Statement No. 68, Accounting and Financial Reporting for Pension Plans

In June 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27). This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures Pensions Plans. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Management is evaluating the impact of the adoption of this standard on the financial statements and believes that its impact, when adopted, may be substantial to the City. GASB No. 68 will be implemented effective with the fiscal year 2014-2015 statements.

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, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 15,151,220	\$ 16,020,220	\$ 15,941,802	\$ (78,418)
Sales and use taxes	21,252,000	21,412,000	21,412,443	443
Other taxes	6,070,000	5,996,000	6,110,596	114,596
Licenses and permits	926,500	926,500	975,792	49,292
Intergovernmental revenues	1,749,810	4,646,930	3,811,343	(835,587)
Charges for services	1,506,930	1,857,360	1,977,900	120,540
Fines, forfeitures, and penalties	473,300	783,000	913,940	130,940
Use of money and property	6,802,270	6,802,640	6,768,668	(33,972)
Interest revenue	56,000	56,000	94,975	38,975
Other revenue	420,340	515,500	632,998	117,498
Total revenues	54,408,370	59,016,150	58,640,457	(375,693)
EXPENDITURES:				
Current:				
General government:				
City Attorney	659,320	655,270	610,881	44,389
City Clerk	724,810	723,180	715,678	7,502
City Manager	1,880,960	2,020,010	1,565,436	454,574
City Treasurer	554,520	569,060	567,331	1,729
Finance	1,340,800	1,332,490	1,112,913	219,577
Personnel	399,270	394,480	388,856	5,624
Purchasing	520,350	526,490	525,779	711
Public safety:				
Police	25,334,048	28,335,638	26,535,517	1,800,121
Fire safety	17,772,020	19,945,710	19,565,998	379,712
Public works	6,250,240	11,193,420	5,774,141	5,419,279
Planning	3,567,650	3,880,830	3,612,084	268,746
Recreation and culture	4,578,680	4,594,980	4,529,347	65,633
Principal payments	1,488,850	1,435,610	1,280,549	155,061
Interest and fiscal charges	1,332,180	1,445,300	1,437,797	7,503
Bond issuance costs	-	72,050	71,967	83
Total expenditures	66,403,698	77,124,518	68,294,274	8,830,244
REVENUES OVER (UNDER) EXPENDITURES	(11,995,328)	(18,108,368)	(9,653,817)	8,454,551
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	10,000	10,000	-	(10,000)
Capital leases	-	565,050	565,048	(2)
Long-term debt issued	-	5,536,060	5,536,060	-
Bond discount	-	(30,330)	(30,328)	2
Transfers in	11,020,730	17,288,880	13,080,565	(4,208,315)
Transfers out	(2,636,600)	(2,860,330)	(2,714,841)	145,489
Total other financing sources (uses)	8,394,130	20,509,330	16,436,504	(4,072,826)
Net change in fund balances	(3,601,198)	2,400,962	6,782,687	4,381,725

(Continued)

City of Redding

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual General Fund, Continued For the year ended June 30, 2014

BUDGETARY FUND BALANCES:

Beginning of year	<u>18,974,428</u>	<u>18,974,428</u>	<u>18,974,428</u>	<u>-</u>
End of year	<u>\$ 15,373,230</u>	<u>\$ 21,375,390</u>	<u>\$ 25,757,115</u>	<u>\$ 4,381,725</u>

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

Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances	\$	21,335,985
1. The City budgets for taxes on a cash basis.		97,704
2. The City budgets for grants on a cash basis.		160,759
3. Timing difference due to GASB #33.		36,761
4. The City does not budget for accounts payable adjustments.		137,758
5. The City does not budget for benefit accruals.		(45,325)
6. Financial statement only adjustment for GASB #31.		(86,914)
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.		258,086
8. The City does not budget for special assessments.		(9,355)
9. The City does not budget for interest on the long-term advances.		50,000
10. Encumbrances are not included in the Statement of Revenues, Expenditures and Changes in Fund Balance.		(825,936)
12. The City did not budget for prepaid rent for the Housing Authority and the Agency		(41,171)
13. The City does not budget for developer's fees that are prepaid.		(135,254)
14. The City budgeted for prepaid expenditures.		(1,130,096)
15. The City does not budget for interest on deposits held in trust.		(4,160)
16. The City does not budget for a loss on capital leases.		(21,625)
17. The City does not budget for the payment to the refunding bond escrow agent.		5,979,898
Budgetary Fund Balance	<u>\$</u>	<u>25,757,115</u>

(Concluded)

City of Redding
Schedule of Funding Progress-PERS/PARS
Required Supplementary Information
For the year ended June 30, 2014

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
6/30/11	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%
6/30/13	342,613,617	240,188,736	102,424,881	70.10%	39,113,509	261.87%

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
6/30/11	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%
6/30/13	232,955,838	147,597,305	85,358,533	63.36%	16,311,395	523.31%

* Beginning with the 6/30/13 valuation Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy.

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, 2014

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, 2014

	Special Revenue				
	Parking	Street Maintenance	Community Development	Housing	General Special Revenue
ASSETS					
Cash and investments	\$ 80,732	\$ 3,526,587	\$ 1,584,919	\$ 1,182,811	\$ -
Interest receivable, unrestricted	973	6,196	1,869,497	1,360,378	-
Accounts receivable, net	30	-	-	52,348	-
Intergovernmental receivable	398,118	1,688,706	106,246	852,401	-
Taxes receivable	-	-	-	235,881	-
Other receivable	-	-	24,829	2,520	-
Restricted cash and investments	-	-	-	85,996	-
Interfund receivable	-	-	-	41,940	-
Prepaid items	269	-	24,037	-	-
Advances to other funds	-	-	-	-	-
Special assessments receivable	-	-	-	-	-
Notes receivable	-	-	21,006,751	14,817,983	-
Total assets	\$ 480,122	\$ 5,221,489	\$ 24,616,279	\$ 18,632,258	\$ -
LIABILITIES					
Accounts payable	\$ 424	\$ -	\$ 32,798	\$ 5,613	\$ -
Accrued liabilities	801	-	7,743	19,383	-
Intergovernmental payable	1,552	-	7,008	-	-
Due to other funds	-	-	-	85,870	-
Accounts payable from restricted assets	-	-	-	4,206	-
Unearned revenue	-	-	21,990	-	-
Deposits	-	-	-	85,996	-
Advances from other funds	730,759	-	-	-	-
Total liabilities	733,536	-	69,539	201,068	-
DEFERRED INFLOWS OF RESOURCES	277	-	2,030,289	2,530,730	-
FUND BALANCES					
Nonspendable	269	-	24,037	-	-
Restricted	-	5,221,489	22,492,414	15,900,460	-
Unassigned	(253,960)	-	-	-	-
Total fund balances	(253,691)	5,221,489	22,516,451	15,900,460	-
Total liabilities, deferred inflows of resources and fund balances	\$ 480,122	\$ 5,221,489	\$ 24,616,279	\$ 18,632,258	\$ -

Special Revenue			Debt Service	Total
Landscape Maintenance District	Library	Asset Seizure Fund	1915 ACT Assessment District Bonds	Non-Major Governmental Funds
\$ 431,241	\$ 1,293,168	\$ 374,735	\$ 483,869	\$ 8,958,062
1,064	3,114	887	326	3,242,435
-	-	-	-	52,378
-	-	-	-	3,045,471
-	-	-	-	235,881
-	-	-	-	27,349
-	-	-	40,000	125,996
-	-	-	-	41,940
-	-	-	-	24,306
-	-	-	-	-
7,290	-	-	713,805	721,095
-	-	-	-	35,824,734
<u>\$ 439,595</u>	<u>\$ 1,296,282</u>	<u>\$ 375,622</u>	<u>\$ 1,238,000</u>	<u>\$ 52,299,647</u>
\$ 295	\$ 28,185	\$ -	\$ -	\$ 67,315
1,279	1,521	-	-	30,727
-	47	-	-	8,607
-	-	-	-	85,870
-	-	-	-	4,206
-	48,917	-	-	70,907
-	-	-	-	85,996
-	-	-	-	730,759
<u>1,574</u>	<u>78,670</u>	<u>-</u>	<u>-</u>	<u>1,084,387</u>
<u>6,180</u>	<u>-</u>	<u>-</u>	<u>713,805</u>	<u>5,281,281</u>
-	-	-	-	24,306
431,841	1,217,612	375,622	524,195	46,163,633
-	-	-	-	(253,960)
<u>431,841</u>	<u>1,217,612</u>	<u>375,622</u>	<u>524,195</u>	<u>45,933,979</u>
<u>\$ 439,595</u>	<u>\$ 1,296,282</u>	<u>\$ 375,622</u>	<u>\$ 1,238,000</u>	<u>\$ 52,299,647</u>

City of Redding
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2014

	Special Revenue				General Special Revenue
	Parking	Street Maintenance	Community Development	Housing	
REVENUES:					
Sales tax revenue	\$ -	\$ -	\$ -	\$ -	\$ 272,517
Special assessments	-	-	-	-	-
Licenses, fees and permits	44,604	-	-	-	-
Intergovernmental revenues	-	7,953,624	1,265,000	8,605,414	-
Charges for services	-	-	-	41,020	-
Fines, forfeitures and penalties	28,566	-	-	-	-
Use of money and property	-	-	-	6,177	-
Interest revenue	2,706	44,141	159,443	55,277	-
Other revenues	-	-	2,989	70,849	-
Total revenues	75,876	7,997,765	1,427,432	8,778,737	272,517
EXPENDITURES:					
Current:					
Community development	-	-	934,165	9,660,038	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	97,124	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	264,962	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	51	-	-
Total expenditures	97,124	-	1,199,178	9,660,038	-
REVENUE OVER (UNDER) EXPENDITURE	(21,248)	7,997,765	228,254	(881,301)	272,517
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	(5,304,189)	-	-	(272,517)
Total other financing sources (uses)	-	(5,304,189)	-	-	(272,517)
Net change in fund balances	(21,248)	2,693,576	228,254	(881,301)	-
FUND BALANCES:					
Beginning of year	(232,443)	2,527,913	22,288,197	16,781,761	-
End of year	\$ (253,691)	\$ 5,221,489	\$ 22,516,451	\$ 15,900,460	\$ -

Special Revenue			Debt Service	
Landscape Maintenance District	Library	Asset Seizure Fund	Assessment District Bonds	Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 272,517
278,328	-	-	274,876	553,204
-	-	-	-	44,604
-	2,330	-	-	17,826,368
-	1,270,940	-	-	1,311,960
1,016	107,011	-	-	136,593
-	-	-	-	6,177
10,255	21,159	4,698	4,767	302,446
-	1,200	208,919	-	283,957
289,599	1,402,640	213,617	279,643	20,737,826
-	-	-	-	10,594,203
-	-	-	282	282
-	-	12,374	-	12,374
386,102	-	-	-	483,226
-	2,123,731	-	-	2,123,731
-	-	-	-	264,962
-	-	-	316,000	316,000
-	-	-	42,597	42,648
386,102	2,123,731	12,374	358,879	13,837,426
(96,503)	(721,091)	201,243	(79,236)	6,900,400
-	787,220	-	-	787,220
-	-	-	-	(5,576,706)
-	787,220	-	-	(4,789,486)
(96,503)	66,129	201,243	(79,236)	2,110,914
528,344	1,151,483	174,379	603,431	43,823,065
\$ 431,841	\$ 1,217,612	\$ 375,622	\$ 524,195	\$ 45,933,979

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, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	\$ 62,000	\$ 62,000	\$ 44,604	\$ (17,396)
Fines, forfeitures and penalties	19,000	19,000	28,596	9,596
Interest revenue	2,100	2,100	1,881	(219)
Total revenues	83,100	83,100	75,081	(8,019)
EXPENDITURES:				
Current:				
Public works	112,030	112,030	96,047	15,983
Total expenditures	112,030	112,030	96,047	15,983
Net change in fund balance	(28,930)	(28,930)	(20,966)	(7,964)
FUND BALANCE:				
Beginning of year	(232,443)	(232,443)	(232,443)	-
End of year	\$ (261,373)	\$ (261,373)	\$ (253,409)	\$ (7,964)
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			\$ (253,691)	
1. Financial statement only adjustment per GASB #31.			(825)	
2. The City does not budget for accounts payable adjustments.			1,107	
Budgetary Fund Balance			\$ (253,409)	

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, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 4,406,360	\$ 6,388,930	\$ 6,668,486	\$ 279,556
Interest revenues	20,000	20,000	27,318	7,318
Total revenues	4,426,360	6,408,930	6,695,804	286,874
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,426,360	6,408,930	6,695,804	286,874
OTHER FINANCING SOURCES (USES):				
Transfers out	(4,641,500)	(6,624,070)	(5,304,189)	1,319,881
Total other financing sources (uses)	(4,641,500)	(6,624,070)	(5,304,189)	1,319,881
Net change in fund balance	(215,140)	(215,140)	1,391,615	1,606,755
FUND BALANCE:				
Beginning of year	2,527,913	2,527,913	2,527,913	-
End of year	\$ 2,312,773	\$ 2,312,773	\$ 3,919,528	\$ 1,606,755

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	\$ 5,221,489
1. Financial statement only adjustment per GASB #31.	(16,824)
2. The City budgets for grants and taxes on a cash basis.	(1,285,137)
Budgetary Fund Balance	\$ 3,919,528

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, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,248,480	\$ 2,910,350	\$ 1,110,947	\$ (1,799,403)
Interest revenue	79,000	125,710	115,269	(10,441)
Use of money and property	270,000	519,300	489,288	(30,012)
Other revenues	300	300	2,881	2,581
Total revenues	1,597,780	3,555,660	1,718,385	(1,837,275)
EXPENDITURES:				
Current:				
Community development	2,463,320	5,413,110	1,776,528	3,636,582
Total expenditures	2,463,320	5,413,110	1,776,528	3,636,582
Net change in fund balance	(865,540)	(1,857,450)	(58,143)	1,799,307
Other Financing sources (uses):				
Transfers In	-	-	-	-
Total other financing sources (uses)	-	-	-	-
FUND BALANCE:				
Beginning of year	22,288,197	22,288,197	22,288,197	-
End of year	\$ 21,422,657	\$ 20,430,747	\$ 22,230,054	\$ 1,799,307

(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, 2014

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	\$	22,516,451
1. Financial statement only adjustment per GASB #31.		(15,811)
2. The City does not budget for accounts payable and accrued liability adjustments.		63
3. The City budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.		(487,039)
4. The City budgets for and records loan payments received in the revenue accounts, but adjusts the actual payment to loans receivable.		490,728
5. The City budgets for grants on a cash basis.		(154,053)
6. The City does not budget for benefit accruals.		131
7. The City budgets for interest income on notes receivable, trust fund assets and rolling stock cash on a cash basis.		(29,911)
8. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Fund Balance.		(90,505)
		<hr/>
Budgetary Fund Balance	\$	<u>22,230,054</u>
		(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, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 7,840,240	\$ 7,840,240	\$ 8,533,189	\$ 692,949
Use of money and property	29,490	85,220	207,550	122,330
Interest	18,320	52,590	51,790	(800)
Taxes and special assessments	13,400	13,400	111,811	98,411
Total revenues	7,901,450	7,991,450	8,904,340	912,890
EXPENDITURES:				
Current:				
Community development	248,590	9,930,320	9,578,738	351,582
Total expenditures	248,590	9,930,320	9,578,738	351,582
Net change in fund balance	7,652,860	(1,938,870)	(674,398)	(1,264,472)
FUND BALANCE:				
Beginning of year	16,781,761	16,781,761	16,781,761	-
End of year	\$ 24,434,621	\$ 14,842,891	\$ 16,107,363	\$ (1,264,472)

(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, 2014

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	\$	15,900,460
1. Financial statement only adjustment per GASB #31.		(2,447)
2. The City does not budget for accounts payable or intergovernmental payable adjustments.		(9,268)
3. The City budgets for housing loan payment revenue, but adjusts the actual payments to loans receivable.		207,560
4. The City budgets for grants on a cash basis.		(78,402)
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.		(35,920)
6. The City budgeted and paid for rent in a prior year, but adjusts the prepayment for the current year portion.		43,910
7. The City budgets for interest income on notes receivable on a cash basis.		(2,231)
8. The City budgets for interest income on notes receivable, trust fund assets.		
9. The City does not budget for interest accruals.		1,192
10. The City budgets for housing loans as expenditures, but adjusts the disbursements to loans receivable.		41,489
11. Vested retirement benefits are not included in actual expenditures budgetary basis, but are included in the Statement of Revenues, Expenditures, and Fund Balance.		41,020
Budgetary Fund Balance	\$	<u>16,107,363</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, 2014

	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, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ 47,630	\$ 47,624	\$ (6)
Charges for services	1,270,960	1,270,960	1,270,940	(20)
Fines, forfeitures and penalties	98,290	98,290	107,011	8,721
Interest revenue	2,500	2,500	2,256	(244)
Other revenue	-	-	1,200	1,200
Total revenues	1,371,750	1,419,380	1,429,031	9,651
EXPENDITURES:				
Current:				
Recreation and culture	2,320,740	2,381,750	2,182,405	199,345
Total expenditures	2,320,740	2,381,750	2,182,405	199,345
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(948,990)	(962,370)	(753,374)	(208,996)
OTHER FINANCING SOURCES (USES):				
Transfers in	787,220	796,970	796,970	-
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	737,220	746,970	746,970	-
Net change in fund balance	(211,770)	(215,400)	(6,404)	208,996
FUND BALANCE:				
Beginning of year	1,151,483	1,151,483	1,151,483	-
End of year	\$ 939,713	\$ 936,083	\$ 1,145,079	\$ 208,996

(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, 2014

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	\$	1,217,612
1. Financial statement only adjustment per GASB #31.		(12,266)
2. The City does not budget for accounts payable adjustments.		(26,066)
3. The City budgets for grants on a cash basis.		45,294
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.		(46,886)
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.		(32,609)
Budgetary Fund Balance	\$	<u>1,145,079</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, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ -	\$ 1,943,020	\$ 6,572,297	\$ 4,629,277
Use of money and property	-	-	3,960	3,960
Investment revenue	70,000	70,000	67,741	(2,259)
Other	2,094,020	2,525,650	1,944,052	(581,598)
Total revenues	2,164,020	4,538,670	8,588,050	4,049,380
EXPENDITURES:				
Current:				
General government	310,730	310,730	201,531	109,199
Police	987,070	7,352,070	6,851,542	500,528
Public works	22,486,040	23,131,150	9,048,665	14,082,485
Recreation and culture	553,680	1,534,680	1,114,675	420,005
Debt Service:				
Principal retirement	1,939,030	1,947,181	1,947,173	8
Interest and fiscal charges	395,080	386,929	386,928	1
Bond issuance costs	-	194,660	194,495	165
Total expenditures	26,671,630	34,857,400	19,745,009	15,112,391
REVENUES OVER (UNDER) EXPENDITURES	(24,507,610)	(30,318,730)	(11,156,959)	19,161,771
OTHER FINANCING SOURCES (USES):				
Long-term debt issued	-	5,645,000	5,645,000	-
Bond discount	-	(50,340)	(50,338)	2
Transfers in	896,410	1,104,510	1,065,376	(39,134)
Transfers out	(1,078,000)	(1,416,100)	(1,381,963)	34,137
Total other financing sources (uses)	(181,590)	5,283,070	5,278,075	(4,995)
Net change in fund balance	(24,689,200)	(25,035,660)	(5,878,884)	19,156,776
FUND BALANCE:				
Beginning of year	13,553,870	13,553,870	13,553,870	-
End of year	\$ (11,135,330)	\$ (11,481,790)	\$ 7,674,986	\$ 19,156,776

(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, 2014

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	\$	11,774,403
1. Financial statement only adjustment per GASB #31.		(76,109)
2. The City does not budget for accounts payable adjustments.		87,346
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.		(8,901,531)
4. The City does not budget for the transfer of developer fees and interest on those fees to the related enterprise funds.		129,873
5. The City budgets for grants on a cash basis.		4,664,772
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.		
7. The City did not budget for revenue from the Agency Fund.		(3,768)
8. The City did not budget for the costs associated with the ILMS project.		
Budgetary Fund Balance	\$	<u>7,674,986</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, 2014

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
ASSETS					
Current assets:					
Cash and investments	\$ -	\$ 3,744,862	\$ 3,574,191	\$ 106,269	\$ 7,425,322
Interest receivable	62	9,726	2,111	268	12,167
Accounts receivable	49,545	259,609	76,865	-	386,019
Prepaid items	8,150	7,061	-	10,218	25,429
Intergovernmental receivable	1,448,740	-	1,328,025	-	2,776,765
Inventories	-	25,039	84,949	-	109,988
Total current assets	1,506,497	4,046,297	5,066,141	116,755	10,735,690
Non-current assets:					
Restricted assets:					
Cash and investments	-	-	-	-	-
Interest receivable	-	-	-	-	-
Total restricted assets	-	-	-	-	-
Capital assets:					
Land	6,406,355	909,184	1,731,566	250,000	9,297,105
Utility plants	-	26,992,150	-	-	26,992,150
Buildings	12,732,224	-	7,639,062	3,653,538	24,024,824
Improvements other than buildings	36,912,761	2,348,779	1,684,482	2,051,101	42,997,123
Automotive equipment	729,238	487,843	7,939,535	55,513	9,212,129
Furnishings and equipment	278,592	37,195	2,405,987	312,937	3,034,711
Assets under capital lease	4,175,880	-	-	-	4,175,880
Construction in progress	9,281,714	190,607	307,110	-	9,779,431
Total capital assets	70,516,764	30,965,758	21,707,742	6,323,089	129,513,353
Less: accumulated depreciation	(35,546,045)	(16,823,781)	(10,823,913)	(5,134,941)	(68,328,680)
Net capital assets	34,970,719	14,141,977	10,883,829	1,188,148	61,184,673
Total other assets	-	-	-	-	-
Total non-current assets	34,970,719	14,141,977	10,883,829	1,188,148	61,184,673
Total assets	36,477,216	18,188,274	15,949,970	1,304,903	71,920,363
DEFERRED OUTFLOWS OF RESOURCES	64,731	-	-	30,105	94,836

(Continued)

City of Redding
Combining Statement of Fund Net Position, Continued
Nonmajor Enterprise Funds
June 30, 2014

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
LIABILITIES					
Current liabilities (payable from current assets):					
Accounts payable	\$ 909,560	\$ 31,222	\$ 344,411	\$ 79,985	\$ 1,365,178
Accrued liabilities	16,703	13,428	9,162	-	39,293
Accrued interest payable	10,230	-	-	2,160	12,390
Intergovernmental payables	-	-	630,457	-	630,457
Due to other funds	448,972	-	87,254	-	536,226
Interfund payables	45,000	-	-	103,500	148,500
Unearned revenue	35,221	-	3,357,736	-	3,392,957
Deposits payable	37,330	-	3,895	-	41,225
Accrued compensated absences, due within one year	9,914	13,488	-	-	23,402
Capital leases, due within one year	382,200	-	-	-	382,200
Long-term debt, due within one year	37,414	-	-	23,727	61,141
State loan, due within one year	65,537	-	-	-	65,537
Total current liabilities	1,998,081	58,138	4,432,915	209,372	6,698,506
Long-term liabilities:					
Compensated absences, due in more than one year	38,019	41,930	-	-	79,949
Advances from other funds	2,527,178	-	-	2,130,658	4,657,836
Accrued liabilities, due in more than one year	427,346	318,906	-	324,251	1,070,503
Capital leases, due in more than one year	1,773,605	-	-	-	1,773,605
Long-term debt, due in more than one year	383,722	-	-	243,349	627,071
State loan, due in more than one year	774,713	-	-	-	774,713
Total long-term liabilities	5,924,583	360,836	-	2,698,258	8,983,677
Total liabilities	7,922,664	418,974	4,432,915	2,907,630	15,682,183
NET POSITION					
Net investment in capital assets	30,995,529	14,141,977	10,883,829	152,026	56,173,361
Restricted for capital projects	-	3,120,751	-	-	3,120,751
Unrestricted	(2,376,246)	506,572	633,226	(1,724,648)	(2,961,096)
Total net position	\$ 28,619,283	\$ 17,769,300	\$ 11,517,055	\$ (1,572,622)	\$ 56,333,016

(Concluded)

City of Redding
Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the year ended June 30, 2014

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
OPERATING REVENUES:					
User Fees and Charges	\$ 89,704	\$ 1,178,650	\$ 1,317,383	\$ -	\$ 2,585,737
Rental fees	1,305,467	-	-	225,000	1,530,467
Other operating revenue	561,191	3,378	-	-	564,569
Total operating revenues	1,956,362	1,182,028	1,317,383	225,000	4,680,773
OPERATING EXPENSES:					
Cost of power, water, and transportation	-	-	3,251,489	-	3,251,489
Maintenance, operations, and administration	1,822,084	1,170,712	2,027,405	1,157,165	6,177,366
Depreciation and amortization	1,468,267	897,046	1,053,464	101,202	3,519,979
Total operating expenses	3,290,351	2,067,758	6,332,358	1,258,367	12,948,834
Operating income (loss)	(1,333,989)	(885,730)	(5,014,975)	(1,033,367)	(8,268,061)
NONOPERATING REVENUE (EXPENSES):					
Interest revenue	230	73,970	1,640	890	76,730
Interest expense	(241,924)	-	(1,259)	(15,994)	(259,177)
Intergovernmental revenues	179,161	-	3,930,695	32,813	4,142,669
Gain (loss) on disposal of assets	-	-	21,706	-	21,706
Other non-operating revenues (expenses)	536,031	85,124	31,207	(9,388)	642,974
Total nonoperating revenues (expenses)	473,498	159,094	3,983,989	8,321	4,624,902
Income (loss) before operating transfers and capital contributions	(860,491)	(726,636)	(1,030,986)	(1,025,046)	(3,643,159)
Capital contributions	2,986,368	374,668	1,518,269	-	4,879,305
Transfers in	-	283,751	-	1,111,000	1,394,751
Transfers out	(155,000)	-	-	(2,647)	(157,647)
Change in net position	1,970,877	(68,217)	487,283	83,307	2,473,250
NET POSITION:					
Beginning of year	26,648,406	17,837,517	11,029,772	(1,655,929)	53,859,766
End of year	\$ 28,619,283	\$ 17,769,300	\$ 11,517,055	\$ (1,572,622)	\$ 56,333,016

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City of Redding
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the year ended June 30, 2014

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 2,006,151	\$ 1,170,360	\$ 1,285,459	225,000	\$ 4,686,970
Cash paid to suppliers	(1,062,802)	(559,585)	(5,654,923)	(1,100,231)	(8,377,541)
Cash paid to employees	(744,821)	(588,981)	-	(51,871)	(1,385,673)
Other operating revenue	464,716	3,378	-	-	468,094
Net cash provided (used) by operating activities	663,244	25,172	(4,369,464)	(927,102)	(4,608,150)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Intergovernmental revenue received	137,957	-	3,782,690	32,813	3,953,460
Advances from other funds	456,055	-	87,254	-	543,309
Repayment of advances to other funds	-	-	-	-	-
Repayment of advances from other funds	(617,147)	-	(171,812)	(67,500)	(856,459)
Transfers in	-	283,751	-	1,111,000	1,394,751
Transfers out	(155,000)	(24,260)	-	(2,647)	(181,907)
Net cash provided (used) by noncapital financing activities	(178,135)	259,491	3,698,132	1,073,666	4,853,154
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital grants received	2,763,508	-	1,964,157	-	4,727,665
Proceeds from sale of assets	-	-	21,710	2,647	24,357
Purchases of capital assets	(3,051,952)	(339,199)	(1,518,269)	(14,196)	(4,923,616)
Interest paid	(286,154)	-	(1,259)	(41,478)	(328,891)
Proceeds from long-term debt	774,641	-	-	269,299	1,043,940
Principal paid on long-term debt	(474,759)	-	-	(270,750)	(745,509)
Principal paid on capital leases	(349,691)	-	-	(53,917)	(403,608)
Bond issuance costs	-	-	-	(3,297)	(3,297)
Cash collected for future capital outlay	83,186	109,384	-	-	192,570
Net cash provided (used) by capital and related financing activities	(541,221)	(229,815)	466,339	(111,692)	(416,389)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment revenue received	225	72,445	1,747	717	75,134
Rents received	-	-	31,207	-	31,207
Net cash provided (used) by investing activities	225	72,445	32,954	717	106,341
Net increase (decrease) in cash and cash equivalents	(55,887)	127,293	(172,039)	35,589	(65,044)
CASH AND CASH EQUIVALENTS:					
Beginning of year	55,887	3,617,569	3,746,230	70,680	7,490,366
End of year	\$ -	\$ 3,744,862	\$ 3,574,191	\$ 106,269	\$ 7,425,322
Reconciliation to statement of net position					
Cash and cash equivalents	\$ -	\$ 3,744,862	\$ 3,574,191	\$ 106,269	\$ 7,425,322
	\$ -	\$ 3,744,862	\$ 3,574,191	\$ 106,269	\$ 7,425,322

(Continued)

City of Redding
Combining Statement of Cash Flows
Nonmajor Enterprise Funds, Continued
For the year ended June 30, 2014

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income (loss)	\$ (1,333,989)	\$ (885,730)	\$ (5,014,975)	\$ (1,033,367)	\$ (8,268,061)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Other non-operating revenue and expense	464,716	-	-	-	464,716
Depreciation and amortization	1,468,267	897,046	1,053,464	101,202	3,519,979
Accounts receivable	50,389	(8,290)	(31,924)	-	10,175
Inventories	-	(7,907)	11,980	-	4,073
Prepaid items	(1,036)	20	-	24	(992)
Accounts payable	13,632	(1,232)	(106,255)	5,647	(88,208)
Accrued liabilities	(3,688)	1,373	4,571	-	2,256
Deposits payable	(600)	-	(1,290)	-	(1,890)
Intergovernmental payable	-	-	(285,035)	(608)	(285,643)
Unearned revenue	35,221	-	-	-	35,221
Accrued compensated absences	(93,601)	(30,832)	-	-	(124,433)
Accrued liabilities long-term	63,933	60,724	-	-	124,657
Net cash provided (used) by operating activities	<u>\$ 663,244</u>	<u>\$ 25,172</u>	<u>\$ (4,369,464)</u>	<u>\$ (927,102)</u>	<u>\$ (4,608,150)</u>
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Plant contributed from developers	\$ -	\$ 374,668	\$ -	\$ -	\$ 374,668
Transfer of capital assets	169,560	-	-	-	169,560
Total non-cash capital and related financing activities	<u>\$ 169,560</u>	<u>\$ 374,668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 544,228</u>

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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, 2014

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
ASSETS						
Current assets:						
Cash and investments	\$ 302,586	\$ 777,370	\$ 780,603	\$ 13,041,940	\$ 643,856	\$ 15,546,355
Interest receivable	1,780	1,691	1,779	26,226	1,323	32,799
Accounts receivable, net	1,127	-	-	36,764	1,458	39,349
Prepaid items	27,792	21,463	27,977	322,836	27,374	427,442
Intergovernmental receivable	-	-	-	767,035	-	767,035
Inventories	145,033	-	-	-	-	145,033
Interfund receivable	-	-	-	103,500	-	103,500
Total current assets	478,318	800,524	810,359	14,298,301	674,011	17,061,513
Non-current assets:						
Capital assets:						
Land	-	-	110,810	-	-	110,810
Improvements other than buildings	2,346,746	-	50,492	-	-	2,397,238
Automotive equipment	11,783,557	-	144,449	-	176,520	12,104,526
Furnishings and equipment	657,068	981,968	177,713	-	30,493	1,847,242
Assets under capital lease	508,763	-	-	-	-	508,763
Total capital assets	15,296,134	981,968	483,464	-	207,013	16,968,579
Less: accumulated depreciation	(11,475,649)	(234,188)	(316,022)	-	(138,502)	(12,164,361)
Net capital assets	3,820,485	747,780	167,442	-	68,511	4,804,218
Other assets:						
Advances to other funds	-	-	-	4,401,503	-	4,401,503
Total other assets	-	-	-	4,401,503	-	4,401,503
Total non-current assets	3,820,485	747,780	167,442	4,401,503	68,511	9,205,721
Total assets	4,298,803	1,548,304	977,801	18,699,804	742,522	26,267,234
LIABILITIES						
Current liabilities:						
Accounts payable	36,451	25,187	111,795	205,387	7,968	386,788
Intergovernmental payable	-	-	21,134	562,038	51,151	634,323
Accrued liabilities	36,471	36,686	44,521	54,871	-	172,549
Claims and judgements payable	-	-	-	3,555,673	-	3,555,673
Unearned revenue	-	2,286	-	-	-	2,286
Deposits	-	-	3,416	-	-	3,416
Compensated absences - current	73,363	70,067	45,848	42,008	104,618	335,904
Total current liabilities	146,285	134,226	226,714	4,419,977	163,737	5,090,939
Long-term liabilities:						
Advances from other funds	-	611,986	-	-	-	611,986
Accrued compensated absences	181,287	198,374	125,386	124,938	324,479	954,464
Accrued liabilities	868,865	1,041,047	948,603	452,475	1,277,401	4,588,391
Claims and judgements	-	-	-	10,460,847	-	10,460,847
Total long-term liabilities	1,050,152	1,851,407	1,073,989	11,038,260	1,601,880	16,615,688
Total liabilities	1,196,437	1,985,633	1,300,703	15,458,237	1,765,617	21,706,627
NET POSITION						
Net investment in capital assets	3,820,485	747,780	167,442	-	68,511	4,804,218
Unrestricted	(718,119)	(1,185,109)	(490,344)	3,241,567	(1,091,606)	(243,611)
Total net position	\$ 3,102,366	\$ (437,329)	\$ (322,902)	\$ 3,241,567	\$ (1,023,095)	\$ 4,560,607

City of Redding
Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the year ended June 30, 2014

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
OPERATING REVENUES:						
User fees and charges	\$ 3,869,595	\$ 2,586,150	\$ 4,478,014	\$ 45,839,116	\$ 3,049,260	\$ 59,822,135
Other operating revenue	39,324	280	1,055	14,701	812	56,172
Total operating revenues	3,908,919	2,586,430	4,479,069	45,853,817	3,050,072	59,878,307
OPERATING EXPENSES:						
Maintenance, operations, and administration	3,711,358	2,621,080	4,343,841	46,476,895	3,103,645	60,256,819
Depreciation and amortization	741,523	53,388	10,379	-	15,661	820,951
Total operating expenses	4,452,881	2,674,468	4,354,220	46,476,895	3,119,306	61,077,770
OPERATING INCOME (LOSS)	(543,962)	(88,038)	124,849	(623,078)	(69,234)	(1,199,463)
NONOPERATING REVENUE (EXPENSES):						
Interest revenue	7,082	12,078	10,345	212,085	7,196	248,786
Interest expense	(3,615)	-	-	-	-	(3,615)
Gain on disposal of capital assets	1,959	-	3,126	-	(1)	5,084
Other non-operating revenues(exp)	-	-	-	-	1,458	1,458
Total nonoperating expenses	5,426	12,078	13,471	212,085	8,653	251,713
Income (loss) before transfers and contributions	(538,536)	(75,960)	138,320	(410,993)	(60,581)	(947,750)
Capital contributions	426,157	-	-	-	-	426,157
Transfers in	6,647	-	3,000	-	-	9,647
Transfers out	-	-	(7,000)	-	-	(7,000)
Change in net position	(105,732)	(75,960)	134,320	(410,993)	(60,581)	(518,946)
NET POSITION:						
Beginning of year	3,208,098	(361,369)	(457,222)	3,652,560	(962,514)	5,079,553
End of year	\$ 3,102,366	\$ (437,329)	\$ (322,902)	\$ 3,241,567	\$ (1,023,095)	\$ 4,560,607

City of Redding
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2014

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from other funds	\$ 3,908,436	\$ 2,586,430	\$ 4,482,470	\$ 45,855,358	\$ 3,047,802	\$ 59,880,496
Cash paid to suppliers	(1,907,004)	(620,709)	(2,645,816)	(44,549,382)	(513,285)	(50,236,196)
Cash paid to employees	(1,563,740)	(1,707,311)	(1,565,100)	(747,605)	(2,269,970)	(7,853,726)
Other income received	-	-	-	-	812	812
Net cash provided (used) by operating activities	437,692	258,410	271,554	558,371	265,359	1,791,386
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Repayment of advances from other funds	(426,011)	(96,800)	-	560,719	-	37,908
Advances from other funds	-	708,786	-	-	-	708,786
Repayment of advances to other funds	-	-	-	(36,000)	-	(36,000)
Advances to other funds	-	-	-	(50,000)	-	(50,000)
Intergovernmental revenue received	-	-	-	224,597	-	224,597
Transfers in	-	-	3,000	-	-	3,000
Transfers out	-	-	(7,000)	-	-	(7,000)
Property damage claim	-	-	-	-	1,458	1,458
Net cash provided (used) by noncapital financing activities	(426,011)	611,986	(4,000)	699,316	1,458	882,749
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from sale of assets	8,380	-	4,332	-	-	12,712
Purchase of capital assets	16,178	(732,306)	(25,028)	-	(30,320)	(771,476)
Interest Paid	1	-	-	-	-	1
Net cash provided (used) by capital and related financing activities	24,559	(732,306)	(20,696)	-	(30,320)	(758,763)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment revenue received	6,382	12,414	10,569	207,248	6,666	243,279
Net cash provided (used) by investing activities	6,382	12,414	10,569	207,248	6,666	243,279
Net increase (decrease) in cash and cash equivalents	42,622	150,504	257,427	1,464,935	243,163	2,158,651
CASH AND CASH EQUIVALENTS:						
Beginning of year	259,964	626,866	523,176	11,577,005	400,693	13,387,704
End of year	\$ 302,586	\$ 777,370	\$ 780,603	\$ 13,041,940	\$ 643,856	\$ 15,546,355

(Continued)

City of Redding
Combining Statement of Cash Flows
Internal Service Funds, Continued
For the year ended June 30, 2014

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Operating income (loss)	\$ (543,962)	\$ (88,038)	\$ 124,849	\$ (623,078)	\$ (69,234)	\$ (1,199,463)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	741,523	53,388	10,379	-	15,661	820,951
(Increase) decrease in accounts receivable	(483)	-	-	1,541	(1,458)	(400)
(Increase) decrease in inventories	18,171	-	-	-	-	18,171
(Increase) decrease in prepaid items	(1,059)	(161)	240	71,775	(2,537)	68,258
Increase (decrease) in accounts payable	4,146	16,964	15,902	110,186	5,041	152,239
Increase (decrease) in accrued liabilities	10,269	10,065	9,545	4,603	8,749	43,231
Increase (decrease) in claims and judgements payable	-	-	-	486,508	-	486,508
Increase (decrease) in deposits	-	-	3,401	-	-	3,401
Increase (decrease) in intergovernmental payable	-	-	3,814	38,434	(546)	41,702
Increase (decrease) in accrued compensated absences	27,822	61,917	(60,469)	25,604	70,732	125,606
Increase (decrease) in claims and judgements long-term	-	-	-	354,302	-	354,302
Increase (decrease) in accrued liabilities long-term	181,265	204,275	163,893	88,496	238,951	876,880
Total adjustments	981,654	346,448	146,705	1,181,449	334,593	2,990,849
Net cash provided (used) by operating activities	\$ 437,692	\$ 258,410	\$ 271,554	\$ 558,371	\$ 265,359	\$ 1,791,386
Schedule of noncash capital activities:						
Equipment contributed from customer	\$ 426,157	\$ -	\$ -	\$ -	\$ -	\$ 426,157
Transfer of capital assets	2,647	-	-	-	-	2,647
Total non-cash capital and related financing activities	\$ 428,804	\$ -	\$ -	\$ -	\$ -	\$ 428,804

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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, 2014

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
<u>Special Deposits</u>				
Assets:				
Cash and investments	\$ 1,292,411	\$ 7,338,910	\$ 7,245,934	\$ 1,385,387
Accounts receivable	13,266	4,511,230	4,518,711	5,785
Interest receivable	6,012	24	-	6,036
Total assets	\$ 1,311,689	\$ 11,850,164	\$ 11,764,645	\$ 1,397,208
Liabilities:				
Deposits	\$ 1,311,689	\$ 11,850,164	\$ 11,764,645	\$ 1,397,208
Total liabilities	\$ 1,311,689	\$ 11,850,164	\$ 11,764,645	\$ 1,397,208
<u>IPSS</u>				
Assets:				
Cash and investments	\$ 943,625	\$ 679,281	\$ 659,197	\$ 963,709
Accounts receivable	37,182	735,877	395,224	377,835
Interest receivable	1,820	513	-	2,333
Total assets	\$ 982,627	\$ 1,415,671	\$ 1,054,421	\$ 1,343,877
Liabilities:				
Deposits	\$ 982,627	\$ 1,415,671	\$ 1,054,421	\$ 1,343,877
Total liabilities	\$ 982,627	\$ 1,415,671	\$ 1,054,421	\$ 1,343,877
<u>Total</u>				
Assets:				
Cash and investments	\$ 2,236,036	\$ 8,018,191	\$ 7,905,131	\$ 2,349,096
Accounts receivable	50,448	5,247,107	4,913,935	383,620
Interest receivable	7,832	537	-	8,369
Total assets	\$ 2,294,316	\$ 13,265,835	\$ 12,819,066	\$ 2,741,085
Liabilities:				
Deposits	\$ 2,294,316	\$ 13,265,835	\$ 12,819,066	\$ 2,741,085
Total liabilities	\$ 2,294,316	\$ 13,265,835	\$ 12,819,066	\$ 2,741,085

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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Page

Financial Trends

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

Revenue Capacity

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 204

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. 216

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. 222

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

	Fiscal Year			
	2004-05	2005-06	2006-07	2007-08
Governmental activities				
Net investment in capital assets	\$ 160,825,551	\$ 172,814,117	\$ 188,370,460	\$ 213,545,402
Restricted	40,434,959	41,537,596	46,293,480	47,999,512
Unrestricted	26,390,155	28,543,456	37,777,707	35,204,839
Total governmental activities net position	\$ 227,650,665	\$ 242,895,169	\$ 272,441,647	\$ 296,749,753
Business-type activities				
Net investment in capital assets	\$ 220,179,734	\$ 190,161,873	\$ 238,330,630	\$ 257,415,432
Restricted	34,051,195	33,452,385	15,786,725	14,417,207
Unrestricted	63,110,632	116,877,608	102,615,412	92,480,560
Total business-type activities net position	\$ 317,341,561	\$ 340,491,866	\$ 356,732,767	\$ 364,313,199
Primary government				
Net investment in capital assets	\$ 381,005,285	\$ 362,975,990	\$ 426,701,090	\$ 470,960,834
Restricted	74,486,154	74,989,981	62,080,205	62,416,719
Unrestricted	89,500,787	145,421,064	140,393,119	127,685,399
Total primary government net position	\$ 544,992,226	\$ 583,387,035	\$ 629,174,414	\$ 661,062,952

Source: City of Redding Comprehensive Annual Financial Report

Fiscal Year					
2008-09	2009-10	2010-11	2011-12	2012-2013	2013-14
\$ 215,773,740	\$ 288,328,860	\$ 303,837,954	\$ 303,499,470	\$ 301,401,234	\$ 299,220,582
46,969,131	49,612,778	53,687,464	43,830,207	42,200,822	44,242,198
73,406,378	5,025,229	1,588,034	17,269,063	18,461,336	12,404,054
<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>	<u>\$ 355,866,834</u>
\$ 271,838,921	\$ 267,709,679	\$ 266,569,610	\$ 263,727,224	\$ 270,149,380	\$ 276,768,127
13,641,495	11,981,816	17,362,637	18,929,291	16,554,856	18,564,126
75,311,930	78,797,442	81,074,227	95,705,374	97,572,863	103,748,759
<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>	<u>\$ 399,081,012</u>
\$ 487,612,661	\$ 556,038,539	\$ 570,407,564	\$ 567,226,694	\$ 571,550,614	\$ 575,988,709
60,610,626	61,594,594	71,050,101	62,759,498	58,755,678	62,806,324
148,718,308	83,822,671	82,662,261	112,974,437	116,034,199	116,152,813
<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>	<u>\$ 754,947,846</u>

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

	Fiscal Year			
	2004-05	2005-06	2006-07	2007-08
Expenses				
Governmental Activities				
General government	\$ 7,823,328	\$ 6,043,808	\$ 5,840,837	\$ 5,168,803
Police	22,639,639	22,938,459	24,388,239	27,716,907
Fire	13,614,525	13,896,656	14,587,056	17,618,698
Public Works	8,439,622	11,350,449	11,427,486	10,339,597
Planning	4,871,248	3,894,286	4,869,938	5,750,052
Recreation and culture	9,075,527	8,390,240	8,650,759	10,964,863
Community development	15,516,690	16,349,078	13,036,414	15,160,077
Interest on long-term debt	3,731,476	4,110,575	4,743,424	5,367,360
Total governmental activities expenses	85,712,055	86,973,551	87,544,153	98,086,357
Business-Type Activities				
Electric	133,187,082	131,048,566	139,338,821	163,293,058
Water	9,779,384	10,878,391	12,022,834	12,570,242
Wastewater	10,609,067	11,718,895	12,517,219	13,378,188
Storm drainage	1,510,206	1,846,993	2,122,729	2,563,858
Solid waste	14,617,316	16,433,051	17,130,494	18,702,626
Transportation	8,301,803	9,172,005	9,159,483	9,838,187
Convention center	2,503,314	2,578,833	2,495,721	2,952,600
Total business-type activities expenses	180,508,172	183,676,734	194,787,301	223,298,759
Total primary government expenses	\$ 266,220,227	\$ 270,650,285	\$ 282,331,454	\$ 321,385,116
Program Revenues				
Governmental Activities				
Charges for services:				
General government	\$ 2,293,668	\$ 4,669,323	\$ 5,933,921	\$ 5,215,942
Public works	1,013,954	269,504	219,567	1,279,365
Planning	3,059,516	3,204,622	2,609,623	2,900,666
Other activities	2,433,455	2,064,225	2,976,895	4,153,936
Operating grants and contributions	16,331,121	17,524,126	18,594,929	16,262,587
Capital grants and contributions	11,837,627	10,834,923	18,918,861	22,032,319
Total governmental activities program revenues	36,969,341	38,566,723	49,253,796	51,844,815
Program Revenues				
Business-type activities				
Charges for services:				
Electric	127,893,208	140,336,132	133,308,642	152,834,481
Water	11,966,513	12,540,136	14,264,218	14,550,142
Wastewater	11,806,688	12,709,979	15,768,736	17,128,355
Solid waste	15,984,667	16,608,413	17,317,785	17,985,385
Transportation	2,363,703	2,558,384	2,863,235	3,037,429
Other activities	1,661,984	1,660,073	1,788,340	2,202,160
Operating grants and contributions	4,000,415	4,152,460	5,141,381	4,311,285
Capital grants and contributions	17,315,640	15,773,165	17,199,684	13,702,005
Total business-type activities program revenues	192,992,818	206,338,742	207,652,021	225,751,242
Total primary government program revenues	\$ 229,962,159	\$ 244,905,465	\$ 256,905,817	\$ 277,596,057
Net (Expense) Revenue				
Governmental activities	\$ (48,742,714)	\$ (48,406,828)	\$ (38,290,357)	\$ (46,241,542)
Business-type activities	12,484,646	22,662,008	12,864,720	2,452,483
Total primary government	\$ (36,258,068)	\$ (25,744,820)	\$ (25,425,637)	\$ (43,789,059)

Fiscal Year					
2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
\$ 7,726,275	\$ 6,383,391	\$ 5,278,782	\$ 7,217,464	\$ 7,296,724	\$ 6,917,771
28,282,449	27,497,342	26,269,521	25,838,317	26,116,291	28,893,564
17,189,677	17,076,785	16,236,292	16,780,046	17,751,879	20,255,472
12,753,802	10,447,617	9,639,403	12,731,599	13,286,742	12,421,262
5,634,317	4,434,756	3,689,281	3,532,884	3,636,094	3,871,712
11,598,055	11,470,482	10,744,101	10,986,615	11,604,233	11,558,733
20,803,513	24,737,850	18,533,923	14,132,539	10,341,051	10,712,285
5,168,490	4,760,944	4,899,556	3,459,498	2,036,578	2,458,815
109,156,578	106,809,167	95,290,859	94,678,962	92,069,592	97,089,614
173,451,814	161,100,955	165,227,316	159,456,608	156,080,538	150,171,628
12,646,773	14,574,967	14,575,101	15,975,372	16,207,794	17,185,065
13,686,453	15,075,253	16,889,147	17,907,974	19,405,723	20,289,784
2,498,787	2,354,882	2,492,302	2,255,283	2,324,951	2,102,618
18,228,705	18,497,103	18,876,936	19,953,480	20,484,434	22,870,947
10,340,798	10,037,079	10,450,822	9,915,606	9,679,832	9,874,891
2,966,577	3,131,705	2,457,085	1,642,316	1,176,913	1,275,954
233,819,907	224,771,944	230,968,709	227,106,639	225,360,185	223,770,887
\$ 342,976,485	\$ 331,581,111	\$ 326,259,568	\$ 321,785,601	\$ 317,429,777	\$ 320,860,501
\$ 5,465,585	\$ 5,211,415	\$ 5,605,847	\$ 6,128,583	\$ 5,904,251	\$ 5,967,284
492,040	939,201	811,949	717,929	557,062	577,312
1,595,092	1,415,218	1,060,499	1,282,262	1,337,696	1,748,627
4,044,057	3,772,070	3,499,360	3,539,227	3,668,956	3,988,580
17,411,451	17,731,034	19,756,822	17,033,353	17,484,151	22,330,062
52,890,580	20,954,834	19,708,994	6,854,366	8,717,779	6,942,319
81,898,805	50,023,772	50,443,471	35,555,720	37,669,895	41,554,184
157,529,886	152,499,576	168,333,684	164,375,161	160,944,663	162,920,950
14,128,755	13,968,396	14,653,288	15,886,937	16,734,627	18,667,027
17,190,847	18,287,784	19,503,467	21,113,321	21,355,779	22,731,807
17,201,828	17,614,327	18,395,742	19,161,513	18,800,831	19,681,867
3,151,051	3,114,393	3,207,076	3,530,250	3,603,988	3,772,347
2,168,958	2,115,383	1,844,432	1,519,081	1,549,792	1,513,033
4,799,554	5,319,012	5,181,927	4,450,939	4,170,108	4,159,414
10,276,508	10,685,872	9,368,813	13,337,075	10,196,914	7,476,968
226,447,387	223,604,743	240,488,429	243,374,277	237,356,702	240,923,413
\$ 308,346,192	\$ 273,628,515	\$ 290,931,900	\$ 278,929,997	\$ 275,026,597	\$ 282,477,597
\$ (27,257,773)	\$ (56,785,395)	\$ (44,847,388)	\$ (59,123,242)	\$ (54,399,697)	\$ (55,535,430)
(7,372,520)	(1,167,201)	9,519,720	16,267,638	11,996,517	17,152,526
\$ (34,630,293)	\$ (57,952,596)	\$ (35,327,668)	\$ (42,855,604)	\$ (42,403,180)	\$ (38,382,904)

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

	Fiscal Year			
	2004-05	2005-06	2006-07	2007-08
General Revenue and Other Changes in Net Position				
Governmental Activities				
Taxes				
Sales taxes	\$ 21,696,313	\$ 23,857,074	\$ 23,184,177	\$ 21,647,441
Property taxes	17,900,941	25,735,494	30,017,785	33,238,207
In lieu	-	-	-	-
Transient and occupancy taxes	3,512,022	3,747,553	3,966,328	3,957,034
Motor vehicle in-lieu taxes	6,971,460	611,129	479,622	384,059
Franchise taxes	827,175	916,818	997,756	967,150
Other taxes	1,329,072	1,364,821	1,221,396	1,150,466
Investment earnings	3,106,598	3,355,569	5,916,734	6,492,706
Gain on sale of property	-	-	-	-
Miscellaneous	120,092	103,125	101,000	100,000
Transfers	7,666,014	3,794,368	1,941,445	2,612,585
Extraordinary gain	-	-	-	-
Total governmental activities	63,129,687	63,485,951	67,826,243	70,549,648
Business-type activities				
Investment earnings (loss)	3,657,749	3,785,359	8,459,278	7,738,038
Gain on sale of property	-	-	-	-
Miscellaneous	-	-	-	-
Transfers	(7,666,014)	(3,794,368)	(1,941,445)	(2,612,585)
Other items	-	-	4,685	2,496
Total business activities	(4,008,265)	(9,009)	6,522,518	5,127,949
Total primary government	\$ 59,121,422	\$ 63,476,942	\$ 74,348,761	\$ 75,677,597
Change in Net Position				
Governmental activities	\$ 14,386,973	\$ 15,079,123	\$ 29,535,886	\$ 24,308,106
Adjustments	(738,651)	165,381	10,592	-
Total governmental activities	13,648,322	15,244,504	29,546,478	24,308,106
Business-type activities	8,476,381	22,652,999	19,387,238	7,580,432
Adjustments - business activities	-	497,306	(3,146,337)	-
Total business activities	8,476,381	23,150,305	16,240,901	7,580,432
Total changes in net position - primary government	\$ 22,124,703	\$ 38,394,809	\$ 45,787,379	\$ 31,888,538

Source: City of Redding Comprehensive Annual Financial Report

Fiscal Year					
2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
\$ 19,375,971	\$ 18,480,866	\$ 19,157,880	\$ 19,754,922	\$ 20,696,311	\$ 21,662,406
34,820,263	33,540,288	30,583,596	22,434,321	19,284,310	15,847,198
-	-	-	-	-	-
3,625,101	3,497,627	3,635,090	3,869,713	4,099,953	4,074,333
260,061	268,465	293,986	283,588	38,845	37,663
992,321	888,406	911,180	930,731	896,297	915,623
996,583	931,504	935,173	895,591	988,154	1,068,561
4,065,026	1,284,562	1,101,518	820,983	1,011	878,447
-	76,085	122,183	133,561	299,492	43,617
100,000	100,000	100,000	911,518	143,637	144,036
2,421,943	4,535,210	4,153,367	4,163,910	5,416,339	4,666,988
-	-	-	10,409,692	-	-
66,657,269	63,603,013	60,993,973	64,608,530	51,864,349	49,338,872
6,272,631	3,398,687	1,150,239	1,251,057	(667,664)	2,314,998
-	-	-	-	-	-
-	-	-	-	-	-
(2,421,943)	(4,535,210)	(4,153,367)	(4,163,910)	(5,416,339)	(4,666,988)
979	315	945	630	2,696	3,377
3,851,667	(1,136,208)	(3,002,183)	(2,912,223)	(6,081,307)	(2,348,613)
\$ 70,508,936	\$ 62,466,805	\$ 57,991,790	\$ 61,696,307	\$ 45,783,042	\$ 46,990,259
\$ 39,399,496	\$ 6,817,618	\$ 16,146,585	\$ 5,485,288	\$ (2,535,348)	\$ (6,196,558)
-	-	-	-	-	-
39,399,496	6,817,618	16,146,585	5,485,288	(2,535,348)	(6,196,558)
(3,520,853)	(2,303,409)	6,517,537	13,355,415	5,915,210	14,803,913
-	-	-	-	-	-
(3,520,853)	(2,303,409)	6,517,537	13,355,415	5,915,210	14,803,913
\$ 35,878,643	\$ 4,514,209	\$ 22,664,122	\$ 18,840,703	\$ 3,379,862	\$ 8,607,355

Fiscal Year	
2008-09	2009-10
\$ 4,905,691	\$ 3,795,073
5,139,052	7,470,433
<u>10,044,743</u>	<u>11,265,506</u>
\$ 61,453,924	\$ 62,317,199
8,933,742	7,258,582
21,667,051	17,628,400
5,324,788	6,802,994
14,820,724	2,361,163
(1,213,848)	(1,196,710)
<u>\$ 110,986,381</u>	<u>\$ 95,171,628</u>

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

	Fiscal Year			
	2004-05	2005-06	2006-07	2007-08
Revenues				
Taxes	\$ 43,856,582	\$ 55,488,972	\$ 59,524,861	\$ 60,575,049
Licenses and permits	2,159,509	2,244,909	1,589,747	1,409,549
Intergovernmental revenues	29,538,610	20,651,015	25,835,843	32,130,286
Charges for services	2,698,496	3,087,242	3,730,253	4,828,400
Fines	1,063,502	800,275	926,522	1,089,317
Use of money and property	3,679,150	5,452,555	5,639,155	6,318,669
Interest revenue	2,854,682	3,167,557	5,526,660	6,120,195
Special assessments	2,887,274	1,524,188	1,464,323	1,671,937
Miscellaneous	6,145,044	8,676,756	6,853,688	4,936,950
Total revenues	94,882,849	101,093,469	111,091,052	119,080,352
Expenditures				
General government	6,648,418	6,994,486	7,296,375	6,926,626
Community development	14,226,661	17,004,289	14,262,851	15,625,733
Public safety	35,625,481	37,684,535	38,417,064	42,538,068
Public works	5,915,842	7,690,555	5,920,843	5,878,230
Planning	4,859,683	4,392,294	4,714,858	5,419,587
Recreation and culture	5,755,954	5,051,006	5,719,996	7,418,515
Capital outlay	13,206,504	15,007,032	26,539,273	35,872,742
Debt service:				
Principal retirement	4,012,357	4,562,460	4,324,708	5,533,870
Interest and fiscal charges	3,901,201	4,133,488	4,493,534	5,473,145
Bond issuance costs	349,311	-	677,851	5,650
Total expenditures	94,501,412	102,520,145	112,367,353	130,692,166
Excess of revenues over (under) expenditures	381,437	(1,426,676)	(1,276,301)	(11,611,814)

Fiscal Year					
2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
\$ 59,231,951	\$ 56,847,912	\$ 55,531,852	\$ 47,806,603	\$ 46,183,002	\$ 43,678,499
919,484	904,249	853,202	915,422	963,435	1,020,396
44,205,365	30,291,860	41,308,531	22,835,959	21,275,544	23,367,310
3,693,777	3,218,326	2,697,345	2,765,973	3,055,935	3,423,766
1,333,019	1,395,523	1,046,207	1,500,026	923,777	1,050,533
6,434,661	6,015,841	6,311,596	6,638,286	6,301,849	6,822,715
3,624,089	1,007,459	1,001,286	740,063	141,842	642,330
1,684,815	796,878	751,326	761,787	614,387	562,559
6,115,887	3,045,835	3,048,462	2,587,503	4,167,895	2,786,993
<u>127,243,048</u>	<u>103,523,883</u>	<u>112,549,807</u>	<u>86,551,622</u>	<u>83,627,666</u>	<u>83,355,101</u>
6,997,295	5,795,422	5,202,372	5,627,595	5,283,779	5,339,521
21,607,335	25,226,846	18,035,641	16,360,799	10,094,221	10,594,203
44,305,381	42,179,779	41,483,662	40,629,153	41,319,683	44,050,576
7,861,504	5,031,215	4,456,262	4,089,781	5,075,245	5,143,666
5,437,393	4,172,970	3,485,319	3,106,140	3,214,827	3,593,044
7,439,993	6,889,257	6,372,869	6,273,179	6,843,716	7,036,366
50,136,882	24,231,055	24,467,682	12,195,037	9,657,100	9,792,385
5,710,487	6,775,043	5,229,044	5,706,539	3,558,947	3,512,856
5,231,749	4,781,807	4,698,793	3,348,200	2,007,629	1,924,737
-	-	-	-	-	266,462
<u>154,728,019</u>	<u>125,083,394</u>	<u>113,431,644</u>	<u>97,336,423</u>	<u>87,055,147</u>	<u>91,253,816</u>
<u>(27,484,971)</u>	<u>(21,559,511)</u>	<u>(881,837)</u>	<u>(10,784,801)</u>	<u>(3,427,481)</u>	<u>(7,898,715)</u>

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

	Fiscal Year			
	2004-05	2005-06	2006-07	2007-08
Other Financing Sources (Uses)				
Sale of capital asset	33,058	838,344	696,456	1,851,372
Financing proceeds	290,891	39,878	250,000	400,000
Long-term debt issued	16,970,000	-	36,415,000	-
Bond discount	-	-	(266,824)	-
Premium on bonds issued	611,624	-	76,427	-
Proceeds of refunding bonds escrow agent	(10,548,316)	-	-	-
Transfers in	33,800,013	15,230,516	11,213,114	11,351,753
Transfers out	(29,764,223)	(11,646,084)	(8,738,168)	(8,667,508)
Total other financing sources (uses)	11,393,047	4,462,654	39,646,005	4,935,617
Extraordinary Item	-	-	-	-
Net change in fund balances	\$ 11,774,484	\$ 3,035,978	\$ 38,369,704	\$ (6,676,197)
Fund Balances (deficit), beginning of year, as originally stated	\$ -	\$ 11,508,152	\$ 11,508,152	\$ 150,276,504
Prior period adjustment	(266,332)	-	(85,225)	-
Change in accounting principal	-	-	-	-
Fund Balances (deficit), beginning of year, as restated	(266,332)	11,508,152	11,422,927	150,276,504
Residual equity transfer in	-	-	-	-
Fund balances (deficit), end of year	\$ 11,508,152	\$ 14,544,130	\$ 49,792,631	\$ 143,600,307
Debt service as a percentage of noncapital expenditures	10%	10%	11%	12%

(Source: City of Redding Comprehensive Annual Financial Report)

Fiscal Year					
2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
233,399	1,804,652	169,672	187,120	299,492	41,909
-	-	-	-	-	565,048
-	662,993	343,770	1,401,803	-	11,181,060
-	-	-	-	-	(80,666)
-	-	-	-	-	-
-	-	-	-	-	(5,925,272)
19,768,205	17,190,872	10,531,521	11,087,998	14,430,062	13,001,893
(15,085,816)	(12,692,996)	(6,178,154)	(6,804,428)	(8,865,598)	(8,192,253)
4,915,788	6,965,521	4,866,809	5,872,493	5,863,956	10,591,719
-	-	-	(31,594,910)	-	-
<u>\$ (22,569,183)</u>	<u>\$ (14,593,990)</u>	<u>\$ 3,984,972</u>	<u>\$ (36,507,218)</u>	<u>\$ 2,436,475</u>	<u>\$ 2,693,004</u>
\$ 143,600,307	\$ 121,031,125	\$ 106,437,134	\$ 110,422,106	\$ 73,914,888	\$ 76,351,363
-	-	-	-	-	-
-	-	-	-	-	-
<u>143,600,307</u>	<u>121,031,125</u>	<u>106,437,134</u>	<u>110,422,106</u>	<u>73,914,888</u>	<u>76,351,363</u>
-	-	-	-	-	-
<u>\$ 121,031,124</u>	<u>\$ 106,437,135</u>	<u>\$ 110,422,106</u>	<u>\$ 73,914,888</u>	<u>\$ 76,351,363</u>	<u>\$ 79,044,367</u>
10%	11%	11%	11%	7%	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
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
2013-2014	15,942	3,322	21,678	2,737	43,679

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

<u>Type of Customer</u>	Fiscal Year ended June 30,			
	2005		2006	
	<u>Base rate customers</u>	<u>Electricity Sold (MWHs)</u>	<u>Base rate customers</u>	<u>Electricity Sold (MWHs)</u>
Residential	36,259	363,204	35,729	383,508
Commercial	4,948	336,012	4,957	344,753
Industrial	319	17,231	318	16,865
Other	808	45,594	765	46,027
Total	42,334	762,041	41,769	791,153

<u>Type of Customer</u>	Fiscal Year ended June 30,			
	2010		2011	
	<u>Base rate customers</u>	<u>Electricity Sold (MWHs)</u>	<u>Base rate customers</u>	<u>Electricity Sold (MWHs)</u>
Residential	36,676	381,904	36,824	377,161
Commercial	5,044	330,097	5,032	332,375
Industrial	359	14,127	355	13,586
Other	880	43,872	902	44,610
Total	42,959	770,000	43,113	767,732

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

Fiscal Year ended June 30,					
2012		2013		2014	
Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)
36,974	375,136	37,127	375,606	37,327	361,106
5,020	333,200	5,012	338,257	5,019	336,507
345	13,227	330	13,506	332	12,303
915	44,379	930	46,756	932	45,923
<u>43,254</u>	<u>765,942</u>	<u>43,399</u>	<u>774,125</u>	<u>43,610</u>	<u>755,839</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
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
2014	13.00	0.1528	20.00	33.00	0.1679	0.0809

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
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
66.00	0.1766	0	0.0820 #	0.0820

City of Redding
Principal Electric Utility Payers
Fiscal Years 2013-14 and 2005-06*

Utility Payer	June 30, 2014 Fiscal Year			June 30, 2006 Fiscal Year		
	2014 Utilities Paid	Rank	Percentage of City Total Utilities Paid	2006 Utilities Paid	Rank	Percentage of City Total Utilities Paid
Customer #1	\$5,437,688	1	4.51%	\$3,465,972	1	4.38%
Customer #2	1,897,814	2	1.57%	999,336	3	1.26%
Customer #3	1,658,178	3	1.38%	1,300,615	2	1.64%
Customer #4	1,339,300	4	1.11%	862,444	4	1.09%
Customer #5	961,548	5	0.80%			
Customer #6	918,266	6	0.76%			
Customer #7	866,862	7	0.72%			
Customer #8	710,226	8	0.59%	478,871	5	0.60%
Customer #9	682,237	9	0.57%	426,104	8	0.54%
Customer #10	627,056	10	0.52%	406,238	9	0.51%
Customer #11						
Customer #12				445,379	6	0.56%
Customer #13				429,352	7	0.54%
Customer #14				391,892	10	0.49%
Total	\$15,099,175		12.53%	\$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
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
2014	39,772	-	616	510	692

(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)
-	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	
-	14,446	166,777	84,258	-	2,156	309,226	8.74%		3,390	

City of Redding
Computation of Direct and Overlapping Debt
As of June 30, 2014

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	\$ 509,875	100.000%	\$ 509,875
Revenue bonds	39,771,950	100.000%	39,771,950
Loans	615,675	100.000%	615,675
Capital leases	691,844	100.000%	691,844
Total direct debt	41,589,344		41,589,344
Overlapping:			
County of Shasta: (2)			
Bonds	37,610,025	50.657%	19,052,110
Notes	463,405	50.657%	234,747
Capital leases	137,031	50.657%	69,416
Shasta County Schools: (2)			
Enterprise School District	25,714,516	98.961%	25,447,342
Shasta Union High	19,789,324	68.547%	13,564,988
Gateway School	30,996,357	39.247%	12,165,140
Redding School District	9,620,000	99.195%	9,542,559
Columbia School District	2,850,000	75.489%	2,151,437
Shasta College	26,575,000	50.831%	13,508,338
Cascade School	5,321,025	2.408%	128,130
Pacheco School	4,033,931	56.688%	2,286,755
Grant School	2,941,960	4.359%	128,240
Centerville (3)	62,050	27.947%	17,341
Total overlapping debt	166,114,624		98,296,543
Total direct and overlapping debt	\$207,703,968		\$139,885,887

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 2012-13.

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Debt Limit	\$ 211,455	\$ 233,010	\$ 262,662	\$ 286,996	\$ 300,235
Total net debt applicable to limit	0	0	0	0	0
Legal debt margin	\$ 211,455	\$ 233,010	\$ 262,662	\$ 286,996	\$ 300,235
Total net debt applicable to the limit as a percentage of debt limit	0.00%	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				
2010	2011	2012	2013	2014
\$ 292,840	\$ 279,873	\$ 260,142	\$ 254,417	\$267,472
<u>0</u>	<u>0</u>	<u>1,097</u>	<u>825</u>	<u>510</u>
<u>\$ 292,840</u>	<u>\$ 279,873</u>	<u>\$ 259,045</u>	<u>\$ 253,592</u>	<u>\$ 266,962</u>
0.00%	0.00%	0.42%	0.32%	0.19%

Legal Debt Margin Calculation for Fiscal Year 2013-14

Assessed Value (1)	<u>\$ 7,132,590</u>
Debt Limit - 3.75% of Total Assessed Value	\$ 267,472
Amount of Debt Applicable to the Limit	<u>510</u>
Legal Debt Margin	<u>\$ 266,962</u>

City of Redding
Wastewater Revenue Bond Coverage
Last Ten Fiscal Years

	Fiscal Year Ending			
	2005	2006	2007	2008
Operating Revenue	11,806,688	12,700,189	15,696,939	17,108,790
Other Revenue**	-	12,459	88,188	19,663
Interest Revenue	585,167	613,530	1,473,122	1,605,727
Adjusted Revenue	12,391,855	13,326,178	17,258,249	18,734,180
25% of Adjusted Revenue	3,097,964	3,331,545	4,314,562	4,683,545
Actual Connection Fees	2,812,014	3,458,536	2,941,713	2,933,424
Allowable Connection Fees	2,812,014	3,331,545	2,941,713	2,933,424
Total Revenue	15,203,869	16,657,723	20,199,962	21,667,604
Operating Expense	(9,392,352)	(10,551,395)	(11,277,304)	(12,424,166)
Add back In-Lieu	1,237,100	751,380	-	-
Add back Depreciation/Amortization	3,488,037	3,564,164	3,488,891	3,817,656
Net Operating Expense	(4,667,215)	(6,235,851)	(7,788,413)	(8,606,510)
Net Wastewater Revenues*	10,536,654	10,421,872	12,411,549	13,061,094
Total Debt Service	2,915,058	2,925,508	3,042,063	3,040,868
Debt Coverage Ratio	3.61	3.56	4.08	4.30

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

** Excludes capital grants.

*** Excludes 2014 defeased debt of \$9,126,250

Fiscal Year Ending					
2009	2010	2011	2012	2013	2014
17,165,662	18,280,681	19,492,643	21,099,386	21,342,485	22,720,092
25,186	2,152	10,824	13,935	13,295	(86,499)
1,266,665	649,481	215,469	350,722	(241,696)	582,376
<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>	<u>23,215,969</u>
4,614,378	4,733,079	4,929,734	5,366,011	5,278,521	5,803,992
1,680,074	1,717,427	1,335,741	664,223	1,214,938	956,137
<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>956,137</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>	<u>24,172,106</u>
(12,894,743)	(14,214,867)	(15,275,899)	(16,093,343)	(17,188,977)	(18,451,474)
-	-	-	-	-	-
4,021,167	4,361,325	4,896,408	5,141,880	5,572,955	5,924,400
<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>(12,527,074)</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>11,645,032</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>8,117,463</u>
<u>3.40</u>	<u>2.98</u>	<u>2.21</u>	<u>2.00</u>	<u>1.75</u>	<u>1.43</u>

City of Redding
Water Revenue Bond Coverage
Last Ten Fiscal Years

	Fiscal Year Ending			
	2005	2006	2007	2008
Operating Revenue	11,862,077	12,403,356	13,824,991	14,341,120
Other Revenue**	291,151	821,377	661,080	209,022
Interest Revenue	506,373	517,974	1,139,710	907,870
Adjusted Revenue	12,659,601	13,742,707	15,625,781	15,458,012
25% of Adjusted Revenue	3,164,900	3,435,677	3,906,445	3,864,503
Actual Connection Fees	1,541,114	3,047,465	2,779,003	2,049,142
Allowable Connection Fees	1,541,114	3,047,465	2,779,003	2,049,142
Total Revenue	14,200,715	16,790,172	18,404,784	17,507,154
Operating Expense	(9,288,618)	(10,321,364)	(11,397,057)	(12,280,801)
Add back In-Lieu	754,450	455,230	-	-
Add back Depreciation/Amortization	2,166,769	2,277,378	2,431,867	2,705,995
Net Operating Expense	(6,367,399)	(7,588,756)	(8,965,190)	(9,574,806)
Net Water Revenues*	7,833,316	9,201,416	9,439,594	7,932,348
Total Debt Service	1,602,593	1,206,493	1,217,893	1,228,088
Debt Coverage Ratio	4.89	7.63	7.75	6.46

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

** Excludes capital grants.

*** Excludes 2014 defeased debt of \$7,547,500

Fiscal Year Ending					
2009	2010	2011	2012	2013	2014
13,914,397	13,748,499	14,427,814	15,655,601	16,497,288	18,423,339
194,358	219,897	225,474	231,336	237,340	172,996
734,418	479,524	199,863	205,711	(172,089)	411,799
<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>	<u>19,008,134</u>
3,710,793	3,611,980	3,713,288	4,023,162	4,140,635	4,752,034
1,437,290	1,294,343	1,018,718	602,128	1,389,868	753,633
<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>753,633</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>	<u>19,761,767</u>
(12,456,147)	(14,044,979)	(14,179,843)	(15,300,320)	(15,532,856)	(16,703,721)
-	-	-	-	-	-
3,020,054	3,300,595	3,322,769	3,482,093	3,623,164	3,457,758
<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>(13,245,963)</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>6,515,804</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>1,091,335</u>
<u>5.59</u>	<u>4.09</u>	<u>4.12</u>	<u>4.76</u>	<u>5.88</u>	<u>5.97</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>
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
2013-2014	162,898,133	125,129,935	45,760,302	83,528,500

Source: Electric Utility Bond Disclosure Reports

<u>Debt Service</u>	<u>Debt Service Coverage</u>
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
13,858,275	6.03

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>
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	34,547	15.20
2010-2011	59.82	90,050	3,157,423	35,249	14.90
2011-2012	59.82	90,342	3,298,115	36,805	13.20
2012-2013	60.68	90,848	3,408,557	37,938	10.90
2013-2014	60.68	91,207	3,537,007	38,780	8.86

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>	2014			2005		
	Employees	Rank	Percentage of Total Area Employment	Employees	Rank	Percentage of Total Area Employment
Shasta County *	1,905	1	2.61%			0.00%
Mercy Medical Center	1,727	2	2.37%	1,562	1	1.80%
City of Redding **	1,117	3	1.53%			0.00%
Shasta Regional Medical Center	829	4	1.14%	850	3	0.98%
Redding Rancheria	462	5	0.63%	612	5	0.71%
CA Transportation Department	459	6	0.63%			0.00%
Wal Mart	450	7	0.62%	456	9	0.53%
Shasta Union High School District	397	8	0.54%			0.00%
Blue Shield of California	330	9	0.45%	600	6	0.69%
Shasta Community College	308	10	0.42%			
Sierra Pacific Industries				690	4	0.80%
Shasta Nursery				600	8	0.69%
J & A Food Service				600	7	0.69%
Holiday Markets				1,050	2	1.21%
Pacific Gas and Electric				275	10	0.32%
Total	<u>7,984</u>			<u>7,295</u>		

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

** Full-time budgeted positions.

In 2013-14 there were 718 full-time and 371 part-time/temporary positions filled.

In 2004-05 there were 818 full-time and 291 part-time/temporary positions filled.

Information for 2004-05 represents principal non-governmental employers.

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

Function/Program	Budgeted Full-time Employees					
	at June 30,					
	2005	2006	2007	2008	2009	2010
General Government	106	106	107	106	104	90
Police	167	171	172	173	167	150
Fire	81	81	81	84	81	80
Public Works	64	66	61	69	69	67
Planning	47	47	52	52	45	39
Recreation and Culture	29	29	28	29	27	25
Community Development	24	24	24	22	23	22
Electric	166	168	169	174	180	183
Water	30	30	31	27	27	28
Wastewater	29	31	32	31	31	32
Storm Drainage	4	4	5	6	6	5
Solid Waste	76	77	78	80	81	81
Transportation	7	7	7	7	7	7
Convention Center	13	13	13	13	12	13
	843	854	860	873	860	822

Source: City of Redding Personnel Division

2011	2012	2013	2014
89	86	85	88
141	141	130	131
70	70	75	85
66	65	65	66
32	29	29	29
23	20	21	21
20	15	20	16
183	185	185	179
28	28	28	27
32	33	33	34
5	5	5	5
81	79	79	79
7	7	7	6
13	10	-	-
790	773	762	766

CITY OF REDDING

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30,					
	2005	2006	2007	2008	2009	2010
Police						
Stations	1	1	1	1	1	1
Patrol units	38	38	39	40	40	38
Fire stations	7	8	8	8	8	8
Public works						
Streets (miles)	449.0	450.5	454.0	462.5	464.0	464.0
Streetlights	6,959	7,134	7,270	7,450	7,517	7,568
Recreation and culture						
Maintained trails (miles)	56	60	61	62	62	62
Parks acreage (improved)	582	585	588	590	593	593
Parks acreage (unimproved)	403	400	406	428	425	487
Electric						
Transmission & Distribution system (miles)	680	685	697	704	704	705
Water						
Length of water mains	558.8	562.5	485	550	556	558
Wastewater						
Sewer lines (miles)	399	405	409	423	426	430
Solid Waste						
Collection trucks	32	32	32	32	32	32
Storm Drainage						
Length of system (miles) *	356	402	413	429	433	440.5
Catch basins*	7,273	8,076	8,777	9,328	10,041	10,253
Transportation						
Buses	21	20	19	16	17	17

* Prior to 2014 the storm drain data included both public and private segments and facilities (the data for only the public portion for years prior to 2014 is not available). Starting in 2014 the storm drain data only includes public segments and facilities.

Source: City of Redding

2011	2012	2013	2014
1	1	1	1
39	38	39	38
7	7	8	8
464.0	464.0	465.0	465.0
7,575	7,581	8,013	8,025
62	63	66	66
593	620	635	635
487	487	487	487
710	710	793	806
558.7	556	556	556
430.1	431.1	430.3	431.4
32	32	32	32
441	442	442	399 *
10,553	10,593	10,711	7,068 *
16	16	16	18

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

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

Source: City of Redding

2008	2009	2010	2011	2012	2013	2014
86,099	85,885	84,236	85,336	87,069	91,501	91,917
2,368	2,321	2,522	2,280	2,603	2,905	2,658
6,397	6,779	5,551	4,838	4,462	7,596	4,010
8,765	9,100	8,073	7,118	7,065	10,501	6,668
477	454	402	381	387	436	527
9,166	9,308	9,032	9,212	8,467	7,913	8,277
2,965	3,745	4,590	3,762	2,195	2,972	3,452
0.5	8.0	2.4	7.8	1.5	2.7	1.8
0	26	0	0	0	11.5	0.07
3,380	2,819	2,634	2,744	2,552	3,043	3,167
2,803	2,807	2,800	2,800	2,800	2,800	2,800
13,547	13,682	13,597	13,613	13,439	13,605	13,717
1,394	1,546	1,470	1,471	1,599	1,450	1,485
32	55	22	17	10	21	16
6	-	29	9	5	3	3
42,810	42,910	43,035	43,144	43,281	43,551	43,662
0.18	0.28	0.43	0.31	0.29	0.62	0.26
10.3	10.9	11.8	12.7	13.8	14.6	15.7
29,486	27,446	25,818	23,201	23,186	27,994	29,307
41,207	42,079	41,523	41,431	41,710	40,598	41,988
7.3	7.5	7.2	7.8	7.1	7.3	7.6
2.5	2.6	2.6	3.1	2.7	2.4	2.0
1.3%	1.4%	1.4%	4.5%	4.3%	4.0%	4.0%
85,305	77,944	78,868	77,793	75,875	75,126	75,527
8,581	8,486	8,447	8,180	8,026	7,705	7,385
63,394	63,205	57,105	51,088	33,638	26,785	24,951
735,568	743,455	723,452	727,094	812,347	814,123	827,924

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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 102,504 operations were recorded during the FAA Control Tower operating hours from 6:30 a.m. to 9:30 p.m.

The Airport features a 32,000 square foot terminal to serve the traveling public that was recently expanded and remodeled. 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 2013 calendar year, over 52,486 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 28,000 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 69 miles of 115-kV lines and 737 miles of overhead and underground 12-kV distribution lines. The City is proud of its record over the past five years of 99.995 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 fiscal year 2008. 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 summer of 2015. 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 34% of its power supply from Western in an average hydro year. FY 2013-14 was a below normal hydro year and as a result Western provided 25% 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. 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
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
2014	37,387	6,275	43,662

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 Avenue Bridge, 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 9.4 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. A new Biosolids Handling Facility will begin construction this fall for future centralization of biosolids for both Wastewater Treatment Plants. The City Council had authorized modifications to the Clear Creek Plant at an estimated cost exceeding \$80 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 fall 2012. Bid Package VII was completed in spring 2014. The Plant expansion and upgrades were funded by a loan from the State of California Revolving Loan Fund, and ARRA Stimulus funds, with repayment through a combination of new connection fee revenue and monthly service charges.

Stillwater Regional Wastewater Treatment Plant.

The Stillwater Regional Wastewater Treatment Plant is located on an approximately 300-acre site along Airport Road at the Sacramento River. The plant is designed for an average dry weather flow of 3.4 MGD and a peak wet weather flow of 14.4 MGD.

A facilities plan was prepared in 2008 for expansion of the plant 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 was completed in spring 2014. This Plant expansion was 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 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 that includes local limits for priority pollutants and inspection and permitting of industrial discharges.

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 service area of the Wastewater System is primarily the City, but includes small unincorporated areas in the county. The 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, 2014. 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

	2009/10	2010/11	2011/12	2012/13	2013/14
Residential HEs	30,714	30,959	31,217	31,172	31,365
Commercial/Industrial HEs	11,365	10,047	10,493	9,426	10,239
Total System HEs	42,079	41,006	41,710	40,598	41,604
Annual System Growth	2%	(3%)	2%	(3%)	2%

The Wastewater System currently has an average dry weather daily design flow capacity of 12.8 MGD. The actual average dry weather daily flow of the Wastewater System for the five fiscal years ending June 30, 2014, is shown below.

Average Dry Weather Daily Flows Fiscal Years Ended June 30, 2014

	2009/10	2010/11	2011/12	2012/13	2013/14
Clear Creek Plant	7.2	7.8	7.1	7.3	7.7
Stillwater Plant	2.6	3.1	2.7	2.4	2.8
Total Wastewater System	9.8	10.9	9.8	9.7	10.5

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 1941 acquisition of the local facilities of the California Water Service Company, together with its 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 91,207. This growth includes 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" and "project water" supplies. The Base Supply is 85 percent of the total, with Project Water being the remaining 15 percent of the total river water supply. The total entitlement is 21,000 acre-feet. Water charges for Project Water under this contract total \$35.93 (\$15.72 average water cost, \$20.21 restoration charge and Trinity PUD fee).

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, 2007 and 2014 the Bureau decreased Redding's Project Supply entitlement by 25 percent.

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. The Buckeye Contract's annual entitlement is also subject to change in "Critical Water Years." In 1992, 2008, 2009, and 2012 the Bureau decreased Buckeye Contract Supply entitlement by 25 percent and in 2014 the contract entitlement was decreased by 50 percent. 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 2013 through February 2014 delivery from that contract was 6,140 acre-feet. Water charges under this contract total approximately \$61.97 per acre-foot (\$18.76 average water cost, \$20.21 average restoration and Trinity PUD fee and a variable \$23.00 to \$30.00 foregone power charge per acre-foot). Despite the cutbacks, the City's water supply was sufficient to meet its needs.

Foothill Water Treatment Plant was constructed in 1981. The plant has a rated capacity of 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	2009/10	2010/11	2011/12	2012/13	2013/2014
Number of customers/services	28,165	28,230	28,276	28,388	28,527
Number of new meter sets	114	102	99	185	89
Quantity of water produced (acre feet)	25,818	23,201	23,186	27,994	27,722
Percentage of days water quality met standards	100%	100%	100%	100%	100%
Number of service calls (Includes water quality)	1,639	1,552	1,901	2,446**	3,579***
Miles of water mains	558	559	556*	556	556
Number of main and water service failures/disruptions per year	526	502	406	424	486
Miles of substandard mains	42	42	42	42	42
Customers/service connections per employee	1,127	1,129	1,131	1,135	1,141

* 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.

***Service call volume reflects total number of work orders processed via the Cartegraph 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 an overflow elevation of 955 feet above mean sea level (msl). In 2002, an additional 4MG reservoir was constructed ¼ mile east of the Buckeye Water Treatment Plant with an overflow elevation of 1,034 feet msl.

The Buckeye Water Treatment Plant completed in January 1995 is now serving the Buckeye Zone. The 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 & 1996 Safe Water Drinking Act amendments. The treatment plant also meets all the requirements of the State of California, Department of Public Health, Division of Drinking Water and Environmental Management. State regulatory authority was transferred from the California Department of Public Health to the California State Water Resources Control Board during the summer of 2014.

Foothill and Hill 900 Zones

Construction of Redding's Foothill Water Treatment Plant (FWTP) was completed in September 1981. The treatment plant consists of pre-chlorination and chemical treatment followed by filtration and post-chlorination. River water from Pump House 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. Water then flows through dual media filtration and is post-chlorinated prior to entering a 6 MG covered storage reservoir.

Finished water storage for water produced at FWTP is provided as follows:

1. One 6 MG covered storage reservoir at the treatment plant and one 4 MG steel reservoir at Foothill Blvd, each with an overflow elevation of 743 feet msl.
2. One 2.0 MG pre-stressed concrete reservoir and one 2 MG steel reservoir having an overflow elevation of 925 feet msl near the FWTP 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 orthopolyphosphate 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 an overflow elevation of 706 feet msl. 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 have an overflow elevation of 693 feet msl.

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, 2014:

Workload and Performance Measures	2010/11	2011/12	2012/13	2013/14
Miles of Storm Drain Pipe	243	243	245	199*
Miles of Channels/Ditches	197	197	197	200**
Miles of Maintained Channels/Ditches	22	22	26	23*
Number of Inlets	10,553	10,593	10,711	7,068*
Number of Outfalls	1,719	1,719	1,793	1,258*

*Reconciled to reflect public facilities only. Private facilities not included in 2013/14.

**Clover Creek Preserve and Stillwater Business Park channels added to 2013/14 accounting.

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.). Effective February 4, 2014, the City directed the Shasta County Auditor-Controller to collect the Storm Drain service charges. However, the Storm Drain service fees have been frozen since 1993. The annual fees are as follows:

Commercial	\$19.07 per impervious acre x 12
Multi-family/Mobile Home	\$9.96 per unit
Residential	\$15.84 per household

Condition of System

The City of Redding maintains a well-trained and well-equipped work force. The Storm Drain Utility staff consists of five employees. 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.

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 (municipal separate storm sewer system) permit effective July 1, 2013, with a five year implementation schedule of increased activities.

OTHER SUPPLEMENTAL INFORMATION



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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 of Redding, California (City), as of and for the year ended June 30, 2014, 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 17, 2014.

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 material weaknesses 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 from 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, 2014. 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 that testing, 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. M. Scott & Company LLP

Redding, California
December 17, 2014

City of Redding

Redding Municipal Airport

Schedule of Passenger Facility Charges Collected and Expended and Interest Collected

For the quarters ended September 30, 2013, December 31, 2013, March 31, 2014, and June 30, 2014

Application 11-04-C-11-RDD

	September 30, 2013	December 31, 2013	March 31, 2014	June 30, 2014
Unexpended (over expended) passenger facility charges and interest, beginning of period	\$ (59,661)	\$ (85,689)	\$ (56,133)	\$ (56,191)
Passenger facility charges collected	21,895	26,812	12,547	21,933
Interest earned	-	-	-	-
Subtotal	<u>(37,766)</u>	<u>(58,877)</u>	<u>(43,586)</u>	<u>(34,258)</u>
Expenses for approved passenger facility charges projects	<u>(47,923)</u>	<u>2,744</u>	<u>(12,605)</u>	<u>(24,068)</u>
Unexpended (over expended) passenger facility charges and interest, end of period	<u>\$ (85,689)</u>	<u>\$ (56,133)</u>	<u>\$ (56,191)</u>	<u>\$ (58,326)</u>