



Comprehensive Annual
Financial Report
for Fiscal Year Ended
June 30, 2015

CITY OF
REDDING
CALIFORNIA



City of Redding

Redding, California



Comprehensive Annual Financial Report

For the Year ended June 30, 2015

ISSUED BY FINANCE DIVISION

DENNICE L. MAXWELL
DIRECTOR OF FINANCE

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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 21, 2015

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, 2015. 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, 2015.

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 91,110 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 2015:

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	90,950	▲ 0.11%	178,742	▲ -0.12%
2015	91,110	▲ 0.18%	178,673	▲ -0.04%

Source: 1970-2010 data from U.S. Census; 2011-2015 estimates from the California State Department of Finance as of January 1 (*2014 revised estimate, May 1, 2015 report)

The City's population, over the next 10 years, is projected to grow by approximately 3,065 an increase of approximately 3.4%. 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 2015:

Region	Median Home Price
Shasta County	\$ 235,170
Sacramento	\$ 295,310
Los Angeles	\$ 469,030
Orange County	\$ 716,730
San Francisco	\$1,339,290

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 2015 are listed in the following table:

<u>Employer</u>	<u>Product/Services</u>	<u>Employees</u>
Shasta County (*)	County Services	1,950
Mercy Medical Center	Medical Facilities/Services	1,371
City of Redding (**)	City Services	1,120
Shasta Regional Medical Center	Medical Facilities/Services	893
CA Transportation Department	Highways, Freeways, etc.	605
Redding Rancheria	Casino/Redding Rancheria	488
Walmart	Retail	450
Shasta Union High School District	Education	406
Blue Shield of California	Health Care Insurance	330
Shasta Community College	Education	316

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

(**) Full-time budgeted positions. In 2014-15 there were 722 full-time and 398 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, 2015. 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 2015:

Fiscal Year	Ending		Unemployment	
	June 30	Labor Force	Number	Rate
2006	*	83,100	* 5,100	6.2%
2007	*	83,000	5,800	7.0%
2008	*	83,000	* 7,700	* 9.3%
2009	*	85,200	* 12,000	* 14.1%
2010	*	78,600	* 12,700	* 16.2%
2011	*	77,100	* 12,300	* 15.9%
2012	*	76,900	* 10,900	* 14.2%
2013	*	76,300	8,900	* 11.7%
2014	*	75,500	* 7,000	* 9.2%
2015		75,200	5,500	7.3%

Source: State Department of Employment
(*Years 2006-2014 Revised)

Construction Activity - For the past ten calendar years ending December 2014, the City issued building permits valued at a total of \$983,838,204. New construction over the ten-year period represents 64.04% of the total construction activity. For the 2014 calendar year 3,160 building permits were issued, with a total permit valuation of \$69,797,424. 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:

	2011	2012***	2013***	2014
Value Single Family*	\$6,552,540	\$20,059,325	\$21,298,634	\$24,064,841
Number of Units	32	115	108	111
Value Multi-dwellings	\$4,559,174	\$2,480,077	\$0	\$0
Number of Permits(1)	7	6	0	0
Number of Units	41	19	0	0
Value Business	\$2,158,446	\$3,063,200	\$20,280,363	\$17,070,606
Number of Permits	4	13	11	11
Value Total all Permits	\$37,168,582	\$55,766,847	\$78,324,650	\$69,797,424
Total Permits**	2,711	2,947	3,322	3,160

* Value of new construction only.

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

*** Numbers Revised

(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 2014, a 1.0% increase over the same period for 2013.

<u>Year</u>	<u>Taxable Transactions (in Thousands)</u>	<u>Taxable Transactions Percentage Increase (Decrease)</u>
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%
2014	\$ 1,943,607	1.0%

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 66,082 for fiscal year 2014-15.

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, 12 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 12,438 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 Civic Auditorium, 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; three 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 334,000 people in Shasta, Tehama, Trinity, Siskiyou, and Lassen counties. The two largest hospitals have a total of 513 beds and employ approximately 2,264 full-time 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, 2015, 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, 2014. This was the 31th 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. 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

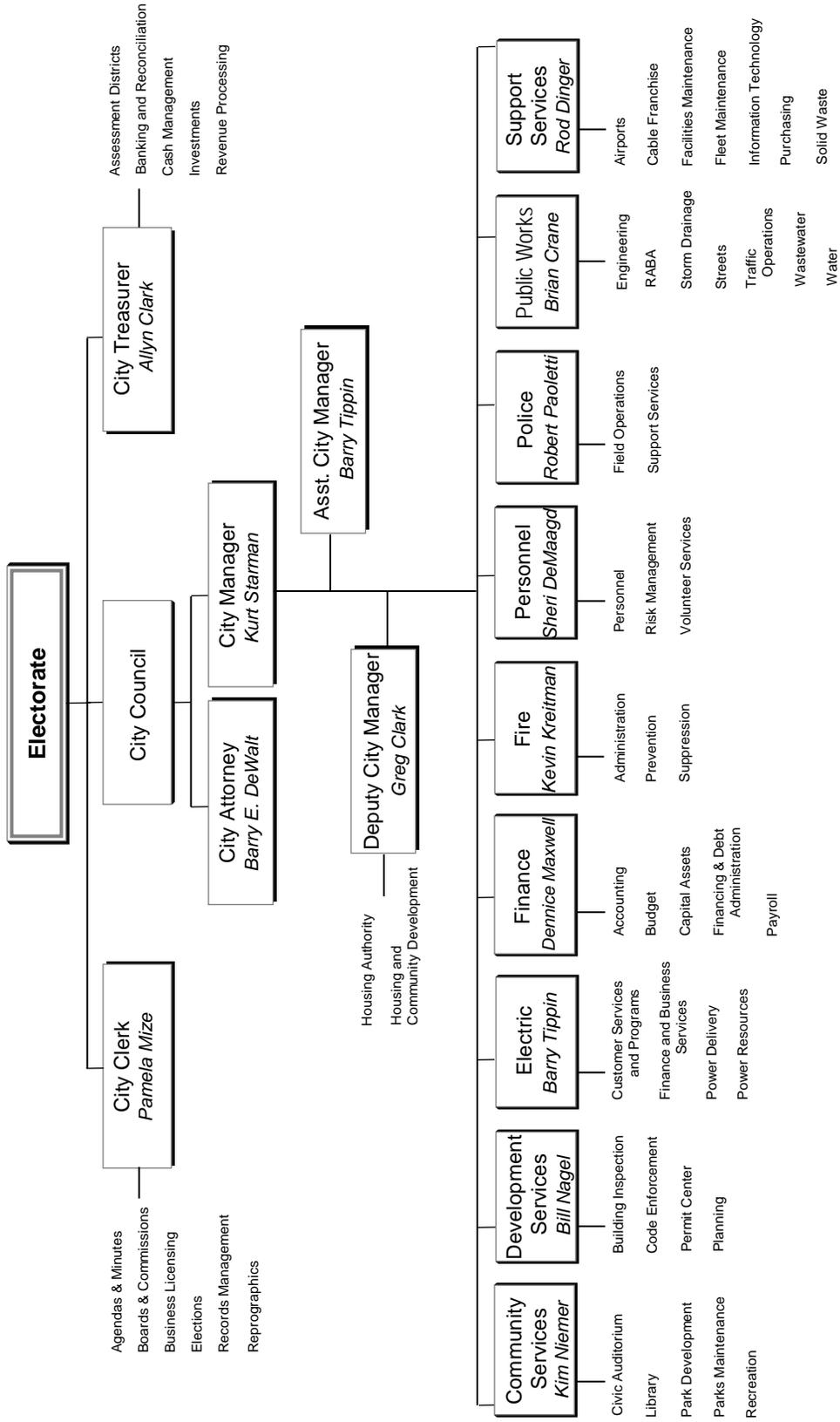
City of Redding
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

City of Redding Organization Chart



MUNICIPAL OFFICIALS

City Council

Mayor.....Francie Sullivan
Vice Mayor Missy McArthur
Council Member.....Gary Cadd
Council Member.....Kristen Schreder
Council Member.....Brent Weaver

Administrative Personnel

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

FINANCIAL SECTION



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

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

Gerald R. Tadina, CPA
Cheryl Hull, CPA
Casey M. Cancilla, CPA
Christina Freilich, CPA
Christine Rojas, CPA
Ron Massey, CPA
Dennis Weibling, 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, 2015, 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, 2015, 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.

Change in Accounting Principle

As further discussed in Note 1 of the financial statements in 2015, the City adopted 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. 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 147 - 157 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 11, 2015, 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.



Redding, California
December 11, 2015

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Management's Discussion and Analysis

As management of the City of Redding (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ending June 30, 2015. 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).

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: The Statement of Net position presents information on all of the City's Assets and Deferred Outflows of Resources and Liabilities and Deferred Inflows of Resources with the difference reported as Net Position.

$$\text{Net Position} = (\text{Assets} + \text{Deferred Outflows of Resources}) - (\text{Liabilities} + \text{Deferred Inflows of Resources})$$

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 electric, water, wastewater, 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 Electric Utility, Water Utility, Wastewater Utility, Solid Waste Utility, Airport Fund, Storm Drainage Utility, Redding Area Bus Authority, 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 (Successor Agency to the Redding Redevelopment Agency). 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.

The basic fiduciary fund financial statements 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 77-146 of this report.

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

FINANCIAL HIGHLIGHTS

New Significant Accounting Standards Implemented

In fiscal year 2014-15, The City adopted two new statements of financial accounting standards issued by the Governmental Account Standards Board (GASB) that relate to pension activity:

Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27", and

Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68"

Statement No. 68 (Statement) established standards of accounting and financial reporting, but not funding or budgetary standards, for the City's defined benefit pension plans. This Statement replaces the requirements of prior GASB statements impacting accounting and disclosure of pensions.

The significant impact to the City of implementing Statement No. 68 is the reporting of the City's unfunded pension liability on the City's full accrual basis of accounting government-wide financial statements. There are also new note disclosure requirements and supplementary schedules required by the Statement.

The measurement date for the pension liabilities is as of June 30, 2014. This date reflects a one year lag and was used so that these financial statements could be issued in an expedient manner. Activity (i.e., contributions made by the City) occurring during the fiscal year 2014-15 are reported as deferred outflows of resources in accordance with Statement No. 71.

In order to implement the Statement, a prior period adjustment was made to the City's July 1, 2014 net position. This prior period adjustment decreased the City's net position by \$226.6 million from \$754.9 million to \$528.3 million and reflects reporting of: 1) net pension liabilities of \$246.6 million, and 2) deferred outflows of resources of \$19.9 million. Please refer to Note 20 for more information regarding the City's pensions.

The adoption of Statement No. 68 has no impact on the City's governmental fund financial statements, which continue to report expenditures equal to the amount of the City's actuarially determined contributions (formerly referred to as the "annual required contributions"). The calculation of required pension contributions is also unaffected by this Statement.

Government-wide Financial Analysis

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$535.1 million (See Summary of Net Position and analysis on page 26).

- \$587.4 million represents the City's investment in capital assets, less (1) accumulated depreciation, (2) related outstanding debt used to acquire those assets, and (3) related deferred inflows of resources.
- \$61.2 million is available for the City's ongoing obligations related to program with external restrictions.
- -\$113.5 million unassigned fund balance is primarily the result of the City's unfunded pension and Other Postemployment Benefits (OPEB) obligations.
- The City's total debt decreased by \$12.7 million (net of bond premiums and discount and excluding deferred charges) during the year ending June 30, 2015. In addition the City made \$16 million in regular scheduled debt payments. The City borrowed \$4.8 million in State loans for wastewater treatment plant upgrades.

The City's total net position decreased by \$219.8 million over the prior year:

- The \$11.4 million increase in net position invested in capital assets, net of related debt, represents the change in capital expenditures less depreciation, the retirement of related long-term debt, and amortization of related deferred inflows of resources.
- The \$1.6 million decrease in restricted net position represents the change in resources that are subject to external restrictions on their use.
- The \$229.6 million decrease in unrestricted net position is the change in resources available to fund City programs to citizens and debt obligations to creditors.

Financial Analysis of the City's Funds

The City's governmental funds' combined ending fund balance of \$69.8 million was a decrease of \$9.2 million from the prior year ending fund balance of \$79 million. Amounts available for spending include Restricted, Assigned and Unassigned Fund Balances; these totaled \$68.1 million, or 97.5 percent of fund balance. Of this amount:

- \$48.5 million is restricted by law or externally imposed requirements,
- \$6.1 million is assigned or constrained by the City Council's 'intent' to be used for specific purposes, but are neither restricted nor committed.
- \$13.5 is unassigned fund balance.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net Position (in thousands)

	Governmental		Business-Type		Total		Total	
	Activities		Activities		Total		Dollar	Percent
	2015	2014	2015	2014	2015	2014	Change	Change
Current and Other Assets	\$116,512	\$124,751	\$192,092	\$181,224	\$308,604	\$305,975	\$2,629	0.9%
Capital Assets, net	336,175	331,606	532,127	530,117	868,302	861,723	6,579	0.8%
Total Assets	<u>452,687</u>	<u>456,357</u>	<u>724,219</u>	<u>711,341</u>	<u>1,176,906</u>	<u>1,167,698</u>	<u>9,208</u>	<u>0.8%</u>
Deferred Outflows								
of Resources	14,271	746	21,411	14,448	35,682	15,194	20,488	134.8%
Current Liabilities	15,343	15,882	44,917	41,584	60,260	57,466	2,794	4.9%
Long Term Liabilities	231,718	85,354	353,276	285,124	584,994	370,478	214,516	57.9%
Total Liabilities	<u>247,061</u>	<u>101,236</u>	<u>398,193</u>	<u>326,708</u>	<u>645,254</u>	<u>427,944</u>	<u>217,310</u>	<u>50.8%</u>
Deferred Inflows								
of Resources	22,209	-	10,016	-	32,225	-	32,225	100.0%
Net investment in								
Capital Assets	300,971	299,221	286,402	276,768	587,373	575,989	11,384	2.0%
Restricted	42,893	44,242	18,326	18,564	61,219	62,806	(1,587)	-2.5%
Unrestricted	(146,176)	12,404	32,693	103,749	(113,483)	116,153	(229,636)	-197.7%
Total Net Position	<u>\$197,688</u>	<u>\$355,867</u>	<u>\$337,421</u>	<u>\$399,081</u>	<u>\$535,109</u>	<u>\$754,948</u>	<u>\$ (219,839)</u>	<u>-29.1%</u>

As noted earlier, over time, increases or decreases in Net Position may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$535.1 million at the close of the current fiscal year.

Analysis of Net Position

The City's total net position decreased by 29.1% from a year ago, decreasing from \$754.9 million to \$535.1 million. Net position from governmental activities decreased by \$158.2 million or 44.4% and net position from business activities decreased by \$61.7 million or 15.5%. The \$219.8 million decrease in net position from governmental activities is primarily due to changes in unrestricted net position. The negative unrestricted net position at June 30, 2015 is primarily the result of the City's unfunded pension and OPEB obligations.

The \$61.7 million decrease in net position from business-type activities is also primarily due to the City's unfunded pension and OPEB obligations in the Electric Utility Fund, Water Utility Fund, Waste Water Utility Fund and the Solid Waste Collection/Disposal Fund.

Most of the City's net position 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, (11.4%), represents resources that are subject to external restrictions as to how they may be used. The remaining balance of -\$113.5 million, a decrease of 197.7% is the change in resources available to fund the City's ongoing obligations to its citizens and creditors. The negative unrestricted net position is primarily the result of the City's unfunded pension and OPEB obligations.

Analysis of Governmental Activities

Changes in Net Position (in thousands)

	Governmental Activities		Business-Type Activities		Total		Total	
	2015	2014	2015	2014	2015	2014	Dollar Change	Percent Change
Revenues								
Program Revenues								
Charges for services	\$ 13,040	\$ 12,282	\$ 231,668	\$ 229,287	\$ 244,708	\$ 241,569	\$ 3,139	1.3%
Operating grants	18,015	22,330	4,405	4,159	22,420	26,489	(4,069)	-15.4%
Capital grants and contributions	5,505	6,942	6,079	7,477	11,584	14,419	(2,835)	-19.7%
Total Program revenues	36,560	41,554	242,152	240,923	278,712	282,477	(3,765)	-1.3%
General Revenues								
Sales Tax	22,054	21,662	-	-	22,054	21,662	392	1.8%
Property Tax	16,293	15,847	-	-	16,293	15,847	446	2.8%
Investment earnings	583	879	1,834	2,314	2,417	3,193	(776)	-24.3%
Other	6,734	6,284	2	3	6,736	6,287	449	7.1%
Total general revenues	45,664	44,672	1,836	2,317	47,500	46,989	511	1.1%
Total Revenue	82,224	86,226	243,988	243,240	326,212	329,466	(3,254)	-1.0%
Expenses :								
General Government	7,113	6,918	-	-	7,113	6,918	195	2.8%
Police	34,477	28,893	-	-	34,477	28,893	5,584	19.3%
Fire	20,559	20,255	-	-	20,559	20,255	304	1.5%
Public Works	7,262	12,421	-	-	7,262	12,421	(5,159)	-41.5%
Planning	3,933	3,872	-	-	3,933	3,872	61	1.6%
Recreation and Culture	9,367	11,559	-	-	9,367	11,559	(2,192)	-19.0%
Community Development	9,503	10,712	-	-	9,503	10,712	(1,209)	-11.3%
Interest on Long-Term Debt	1,841	2,459	-	-	1,841	2,459	(618)	-25.1%
Electric	-	-	152,786	150,171	152,786	150,171	2,615	1.7%
Water	-	-	16,921	17,185	16,921	17,185	(264)	-1.5%
Wastewater	-	-	22,542	20,290	22,542	20,290	2,252	11.1%
Storm Drainage	-	-	1,920	2,102	1,920	2,102	(182)	-8.7%
Solid Waste	-	-	20,411	22,871	20,411	22,871	(2,460)	-10.8%
Transportation	-	-	9,570	9,874	9,570	9,874	(304)	-3.1%
Convention Center	-	-	1,229	1,276	1,229	1,276	(47)	-3.7%
Total Expenses	94,055	97,089	225,379	223,769	319,434	320,858	(1,424)	-0.4%
Increase in net position before transfers	(11,831)	(10,863)	18,609	19,471	6,778	8,608	(1,830)	-21.3%
Transfers	5,020	4,667	(5,013)	(4,667)	7	-	7	100.0%
Change in net position	(6,811)	(6,196)	13,596	14,804	6,785	8,608	(1,823)	-21.2%
Net position - beginning	355,867	362,063	399,081	384,277	754,948	746,340	8,608	1.2%
Restatement	(151,368)	-	(75,256)	-	(226,624)	-	(226,624)	100.0%
Net position - beginning, as restated	204,499	362,063	323,825	384,277	528,324	746,340	(218,016)	-29.2%
Net position - ending	\$ 197,688	\$ 355,867	\$ 337,421	\$ 399,081	\$ 535,109	\$ 754,948	\$ (219,839)	-29.1%

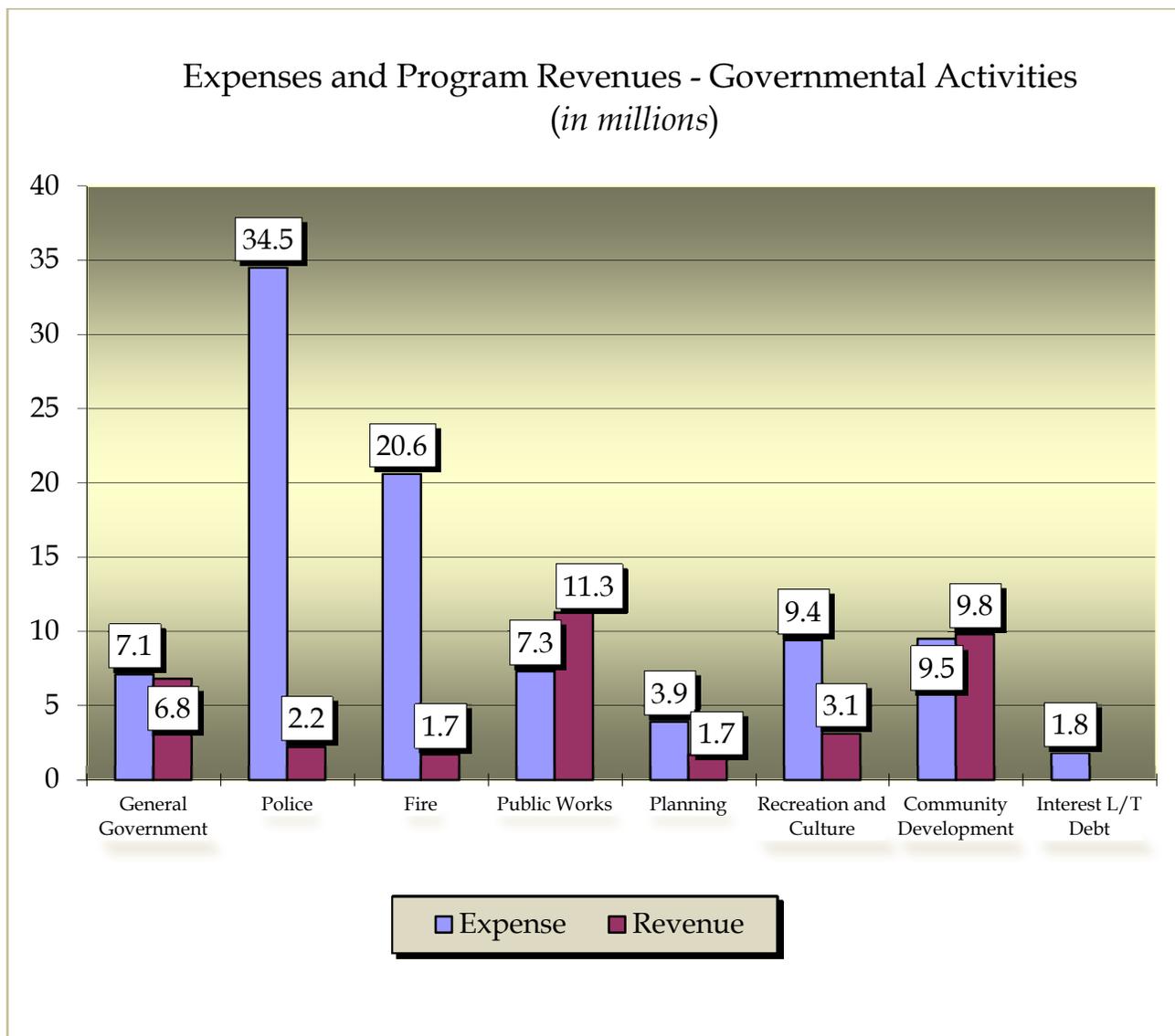
Governmental Activities

The governmental activities program expenses exceed program revenues by \$57.5 million; however, general revenues and transfers were \$50.7 million resulting in a decrease in governmental activities net position of \$6.8 million.

Property taxes increased by 2.8% from the prior year. The \$.4 million increase is due to the increase in property values.

Operating grants and contributions and Capital grants and contributions decreased by \$5.8 million primarily due to a reduction in operating grants received for police and fire and capital grants received for the bridge replacement program.

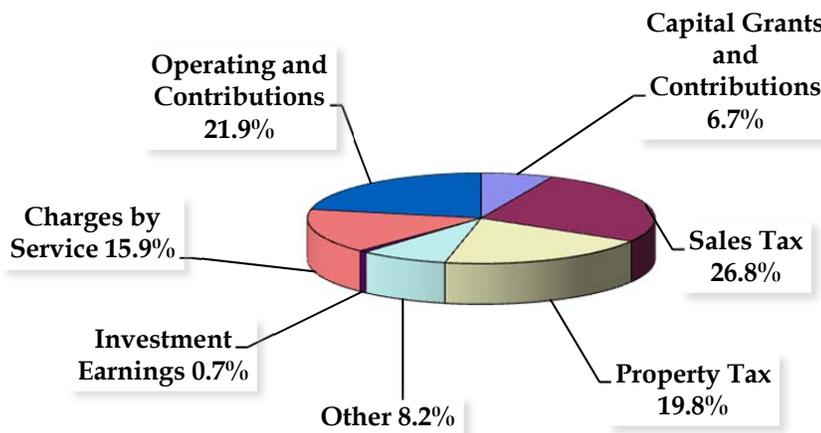
The largest decrease in expenses was in the public works category, which decreased by \$5.2 million. The decrease in public works was due to the winding down various bridge replacements.



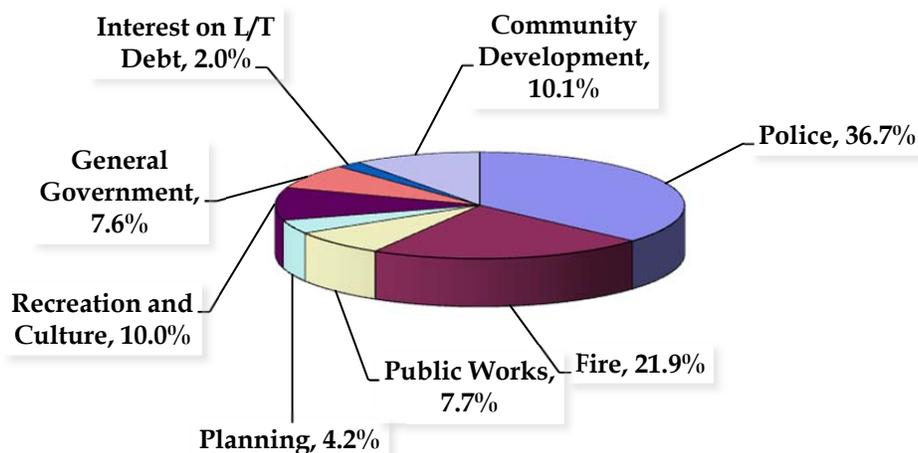
As shown in the expenses and program revenue graph above, Public Works program revenues exceeded expenses by \$4.1 million. The reason revenues are more than expenses pertains the grant revenues received. Public Works received \$5.9 million in operating grants and contributions and \$4.7 million in capital 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 \$13.6 million. Key elements of this increase are as follows:

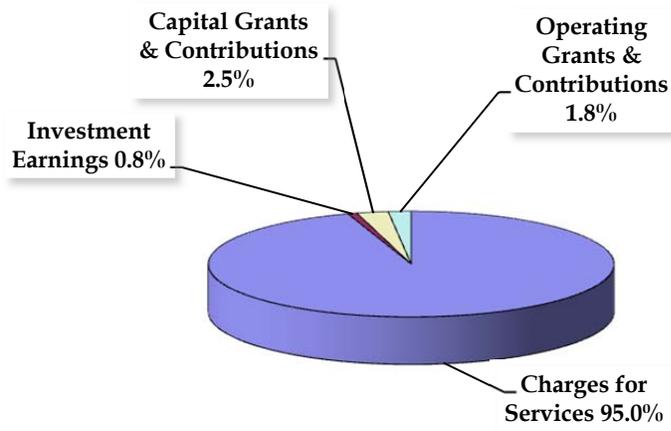
- Revenues exceed expenses for electric, water, wastewater and solid waste and transportation as funds are being accumulated for current and future capital projects. Electric revenues exceeded expenses due to an increase in user fees and charges of \$5.6 million, which was offset by a reduction in wholesale power sales of \$5 million. Electric overall operating expenses increased \$2.9 million for FY 2014-15.

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	
	2015	2014	2015	2014	2015	2014
Electric	\$ 163,829	\$ 163,081	\$ 152,787	\$ 150,171	\$ 11,042	\$ 12,910
Water	18,815	19,860	16,921	17,185	1,894	2,675
Wastewater	25,723	24,036	22,542	20,290	3,181	3,746
Storm Drainage	1,671	1,663	1,920	2,103	(249)	(440)
Solid Waste	20,512	19,725	20,411	22,871	101	(3,146)
Transportation	11,318	12,300	9,570	9,874	1,748	2,426
Convention Center	285	258	1,229	1,276	(944)	(1,018)
Investment Earnings	1,834	2,315	-	-	1,834	2,315
Transfers	(5,013)	(4,667)	-	-	(5,013)	(4,667)
Other	2	3	-	-	2	3
Total	\$ 238,976	\$ 238,574	\$ 225,380	\$ 223,770	\$ 13,596	\$ 14,804

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 (95%) 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, 2015, the City's governmental funds reported combined ending fund balances of \$69.8 million, a decrease of \$9.2 million. The June 30, 2015 fund balance of \$69.8 million only has 19.3% of this total (\$13.5 million) as unassigned fund balance. Unassigned fund balance is available for spending at the government's discretion, without changing any current planned expenditures. The remainder of fund balance is nonspendable (\$1.7 million), restricted by outside sources (\$48.5 million) or already intended to be used by the City for a specific purpose (assigned fund balance, \$6.1 million).

The General Fund is the chief operating fund of the City. At June 30, 2015, unassigned fund balance was \$13.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19.6% of the total General Fund expenditures, while total fund balance represents 31.7% of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$.9 million during the year ended June 30, 2015.

General Fund revenues increased \$1.0 million, and expenditures increased by \$3.6 million from FYE 2014 to 2015. The increase in revenue was primarily due to increases in property taxes of \$.3 million (2%) due to the increase in property values and an increase in sales taxes of \$0.7 million (3%). Tax rates were not changed during the year.

The \$3.6 million increase in expenditures is due to an increase in overall expenditures for police of \$.3 million and fire \$.3 million, an increase in debt service payments associated primarily with the new police facility (\$.5 million) and an increase in capital outlay of \$1.9 million.

Other financing sources increased by \$1.1 million. The increase is due primarily to an increase in net transfers.

The Capital Project Fund accounts for the financing and construction activities of the City. On June 30, 2015, the restricted fund balance was \$3.5 million. Both restricted fund balance and total fund balance represent 24% of the total Capital Project Funds expenditures.

The fund balance of the City's Capital Project Fund decreased \$8.3 million during the year ended June 30, 2015.

Capital Project Fund revenues increased \$2.3 million and expenditures increased \$3.5 million. The increase in revenue was due to an increase 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)

	<u>*Net Position</u> <u>July 1, 2015</u>	<u>Changes in</u> <u>Net Position</u>	<u>Net Position</u> <u>June 30, 2015</u>
Electric Utility	\$69,045	6,297	\$75,342
Water Utility	\$78,822	2,363	\$81,185
Wastewater Utility	\$114,109	3,775	\$117,884
Solid Waste Collection/Disposal	\$15,062	713	\$15,775

*restated

Net Position - Restricted and Unrestricted
Major Proprietary Funds as of June 30, 2015
(in thousands)

	Net Investment in Capital Assets	Restricted Net Position	Unrestricted Net Position	Total Net Position
Electric Utility	\$61,137	-	14,205	\$75,342
Water Utility	\$61,407	537	19,241	\$81,185
Wastewater Utility	\$90,420	14,649	12,815	\$117,884
Solid Waste Collection/Disposal	\$16,176	241	(642)	\$15,775

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, 2015, was the second year of the two-year budget process. Differences between the original General Fund budget and the amended General Fund budget expenditures are shown below:

General Fund Original and Amended Budget
(in thousands)

	Original	Amended	Increase (Decrease)
General Government	\$ 6,613	\$ 6,720	\$ 107
Public Safety:			
Police	26,794	29,294	2,500
Fire Safety	18,199	19,072	873
Public Works	6,752	11,653	4,901
Planning	4,241	4,752	511
Recreation and culture	4,696	4,889	193
Principal payments	1,797	1,662	(135)
Interest payments and bond costs	1,261	1,507	246
Total Expenditures	<u>\$ 70,353</u>	<u>\$ 79,549</u>	<u>\$ 9,196</u>

As shown in the previous table, the General Fund's original budget was amended up by \$9.2 million or approximately 13.1%. The reasons for this increase are as follows:

- The Police budget increased by \$2.5 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 \$.9 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 \$.8 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, 2015, totaled \$868 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 \$6.6 million (a 1.4% increase for governmental activities and a .3% increase for business-type activities).

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

- Developers added an estimated \$1.9 million of water, wastewater, electric, storm drainage improvements, streets, sidewalks and traffic signals.
- Developers added an estimated \$2 million of park development in-lieu of developer fees.
- Electric Utility spent \$3.3 million in the current year on the purchase and renovation of an existing building for relocation of the Electric Utility staff; \$1.8 million on catalyst replacement and \$2.2 million on a customer service billing system.
- The City spent \$6.4 million on the Public Safety Building; \$3.6 million on the Cypress Bridge project and \$1.7 million on street overlay projects.
- Airports spent \$1.4 million on the Municipal Terminal expansion project.
- Wastewater spent \$1.1 million on the Park Marina sewer project; \$2.3 million on the Trinity street and Railroad street sewer line replacement project and \$2.3 million on the Clear Creek Wastewater Treatment Plant Biosolids Dewatering and Handling Facility project.
- Solid Waste spent \$1.6 million on vehicles.

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, 2014	Additions	Deletions	Reclassifications	Balance June 30, 2015
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 29,425	\$ 766	\$ (6)	\$ -	\$ 30,185
Construction in process	11,467	14,663	-	(8,607)	17,523
Total capital assets, not being depreciated	40,892	15,429	(6)	(8,607)	47,708
Capital assets, being depreciated:					
Buildings	55,430	-	-	-	55,430
Improvements other than buildings	101,252	1,263	-	167	102,682
Infrastructure	277,617	477	-	8,446	286,540
Automotive equipment	12,105	1,248	(133)	46	13,266
Furnishings and equipment	8,093	392	(68)	334	8,751
Assets under capital lease:					
Furnishings and equipment	250	-	-	(250)	-
Automotive equipment	509	565	-	-	1,074
Total capital assets, being depreciated	455,256	3,945	(201)	8,743	467,743
Less accumulated depreciation for:					
Buildings	(24,608)	(1,733)	-	-	(26,341)
Improvements other than buildings	(49,716)	(3,897)	-	(6)	(53,619)
Infrastructure	(73,788)	(7,872)	-	-	(81,660)
Automotive equipment	(10,027)	(554)	87	(46)	(10,540)
Furnishings and equipment	(6,015)	(655)	68	(327)	(6,929)
Assets under capital lease:					
Furnishings and equipment	(250)	-	-	250	-
Automotive equipment	(138)	(49)	-	-	(187)
Total accumulated depreciation	(164,542)	(14,760)	155	(129)	(179,276)
Total capital assets, being depreciated, net	290,714	(10,815)	(46)	8,614	288,467
Governmental activities capital assets, net	\$ 331,606	\$ 4,614	\$ (52)	\$ 7	\$ 336,175

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, 2014	Additions	Deletions	Reclassifications	Balance June 30, 2015
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 19,501	\$ 212	\$ (131)	\$ -	\$ 19,582
Construction in progress	30,752	20,309	-	(8,954)	42,107
Total capital assets, not being depreciated	<u>50,253</u>	<u>20,521</u>	<u>(131)</u>	<u>(8,954)</u>	<u>61,689</u>
Capital assets, being depreciated:					
Utility plants	760,509	3,289	(512)	6,831	770,117
Buildings	49,340	-	(61)	-	49,279
Improvements other than buildings	46,191	221	-	855	47,267
Automotive equipment	34,870	2,975	(7)	(46)	37,792
Furnishings and equipment	18,616	2,515	(148)	1,178	22,161
Assets under capital lease:					
Furnishings and equipment	4,176	-	-	-	4,176
Total capital assets, being depreciated	<u>913,702</u>	<u>9,000</u>	<u>(728)</u>	<u>8,818</u>	<u>930,792</u>
Less accumulated depreciation for:					
Utility plants	(337,665)	(21,003)	425	-	(358,243)
Buildings	(30,565)	(1,265)	5	-	(31,825)
Improvements other than buildings	(32,376)	(1,075)	-	6	(33,445)
Automotive equipment	(19,325)	(2,432)	7	46	(21,704)
Furnishings and equipment	(13,466)	(1,316)	148	77	(14,557)
Assets under capital lease:					
Furnishings and equipment	(441)	(139)	-	-	(580)
Total accumulated depreciation	<u>(433,838)</u>	<u>(27,230)</u>	<u>585</u>	<u>129</u>	<u>(460,354)</u>
Total capital assets, being depreciated, net	<u>479,864</u>	<u>(18,230)</u>	<u>(143)</u>	<u>8,947</u>	<u>470,438</u>
Business-type activities capital assets, net	<u>\$ 530,117</u>	<u>\$ 2,291</u>	<u>\$ (274)</u>	<u>\$ (7)</u>	<u>\$ 532,127</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, 2014	Additions/ Transfers	Reductions	Balance June 30, 2015
Governmental Activities:				
Capital leases payable	\$ 692	\$ -	\$ 117	\$ 575
Lease revenue bonds	39,701	-	3,103	36,598
Special assessment debt	512	-	387	125
Loan	616	-	296	320
Total Government Activities	<u>41,521</u>	<u>-</u>	<u>3,903</u>	<u>37,618</u>
Business-Type Activities				
State loan payable	84,258	4,786	4,615	84,429
Revenue bonds	13,389	-	2,072	11,317
Certificates of participation	161,510	-	5,915	155,595
Capital leases	2,156	-	382	1,774
Total Business-Type Activities	<u>261,313</u>	<u>4,786</u>	<u>12,984</u>	<u>253,115</u>
Total outstanding long-term debt	<u>\$ 302,834</u>	<u>\$ 4,786</u>	<u>\$ 16,887</u>	<u>\$ 290,733</u>

The City's total debt decreased by \$12,737 (net of bond premiums and discounts excluding deferred charges) during the fiscal year ending June 30, 2015. The City made \$16 million in regular scheduled debt payments. The City borrowed \$4.8 million in State loans for wastewater treatment plant upgrades.

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

Additional information on the City's long-term debt can be found in note 13 on pages 110-117 of this report.

Deferred Outflows of Resources & Deferred Inflows of Resources

Deferred Outflows of Resources

This classification balance, although similar to “assets,” is set apart because these items do not meet the technical definition of being a City asset on the date of these financial statements. In other words, these amounts are not available to pay liabilities in the way assets are available. When all the recognition criteria are met, the deferred outflow of resources will become an expense/expenditure.

The most significant deferred outflow of resources reported is related to the implementation of GASB Statement No. 68 and GASB Statement No. 71 for pension liability reporting. GASB 71 requires that contributions made during the fiscal year to the retirement system be reported as deferred outflows of resources. Consequently, the majority of the deferred outflows of resources reported are comprised of current year contributions to the retirement system. There can be some deferred outflows of resources attributable to the various components that impact pension changes, and can include investment changes amortization, changes due to actuarial assumptions, and differences between expected or actual experience.

Deferred Inflows of Resources

Deferred inflows of resources are the counterpart to deferred outflows of resources on the Statement of Net Position. Deferred inflows of resources are not technically liabilities of the City as of the date of the financial statements. When all the recognition criteria are met, the deferred inflow of resources will become revenue or an increase to net position.

The deferred inflows of resources being reported on the City’s Statement of Net Position pertain to pensions.

Deferred inflows of resources related to pensions represent the net amount attributable to the various components that impact pension changes, and can include investment changes, amortization changes due to actuarial assumptions, and differences between expected or actual experience.

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 7.3% in 2015.
- Inflationary trends in the region compare favorably to national indices.
- Overall tax revenue for the City’s General Fund increased by 1.7% during the year. This was primarily due to a increases in property taxes and sales tax. Taxable sales within the City increased by 3%. Tax rates were not changed. The City expects sales tax revenue will increase by 4% in fiscal year 2015-16. It is expected property tax revenue will also increase by 4% in fiscal year 2015-16.
- Building activity in the City has begun to recover from the economic downturn and the City is anticipating that it will continue to improve during the fiscal year 2015-16.
- The economy will begin to recover in fiscal year 2015-16.

All of these factors were considered in preparing the City's budget for the 2015-16 fiscal year.

During the current fiscal year, fund balance in the General Fund increased by \$.8 million to \$22.2 million. The City anticipates decreasing the General Fund balance \$3.4 million in fiscal year ending 2016. 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.cityofredding.org under Departments, under Finance Department. 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, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 40,026,267	\$ 137,925,876	\$ 177,952,143
Receivables:			
Interest	3,552,541	257,938	3,810,479
Accounts, net	958,020	24,749,982	25,708,002
Taxes	5,039,256	-	5,039,256
Current intergovernmental	11,827,759	6,533,696	18,361,455
Notes	35,971,958	-	35,971,958
Special assessments	718,545	-	718,545
Deposit	-	2,750,000	2,750,000
PacifiCorp Energy	-	2,059,343	2,059,343
Other	1,005,601	-	1,005,601
Internal balances	13,009,228	(13,009,228)	-
Inventories	323,737	8,567,449	8,891,186
Prepaid items	1,109,696	822,134	1,931,830
Restricted assets:			
Cash and investments	2,248,676	5,527,684	7,776,360
Interest receivable	2,318	52	2,370
Taxes receivable	-	-	-
Power acquisition costs, net	-	749,760	749,760
Prepaid costs	340,997	6,094	347,091
Long-term receivable	235,881	-	235,881
Capital assets:			
Land and construction in progress	47,708,470	61,688,976	109,397,446
Other capital assets, net of depreciation	288,466,322	470,438,101	758,904,423
Asset held for sale	142,370	-	142,370
Investment in JPA	-	1,580,751	1,580,751
Storage base gas	-	13,570,000	13,570,000
Total assets	452,687,642	724,218,608	1,176,906,250
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	340,923	13,276,401	13,617,324
Deferred outflows related to pensions	13,929,699	8,134,658	22,064,357
Total deferred outflows	14,270,622	21,411,059	35,681,681

(Continued)

See accompanying Notes to Basic Financial Statements.

City of Redding
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 1,484,336	\$ 10,142,109	\$ 11,626,445
Accrued liabilities	1,675,031	1,203,563	2,878,594
Intergovernmental payable	92,393	1,991,791	2,084,184
Accrued interest payable	535,824	1,317,293	1,853,117
Unearned revenue	1,449,461	5,107,441	6,556,902
Deposits	123,746	8,564,002	8,687,748
Accounts payable from restricted	20,169	652,110	672,279
Landfill closing costs, due within one year	-	150,000	150,000
Claims and judgements payable, due within one year	3,996,685	-	3,996,685
Compensated absences, due within one year	3,551,543	2,001,538	5,553,081
Long-term debt, due within one year	2,568,531	13,786,607	16,355,138
Landfill closing costs, due in more than one year	-	2,062,324	2,062,324
Claims and judgements payable, due in more than one year	11,762,805	-	11,762,805
Accrued compensated absences, due in more than one year	7,561,977	4,974,646	12,536,623
Accrued liabilities, due in more than one year	35,733,110	29,294,698	65,027,808
Long-term debt, due in more than one year	35,080,825	245,052,679	280,133,504
Net pension liability	141,424,392	71,891,810	213,316,202
Total liabilities	247,060,828	398,192,611	645,253,439
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	22,209,458	10,016,286	32,225,744
Total deferred inflows	22,209,458	10,016,286	32,225,744
NET POSITION			
Net investment in capital assets	300,970,606	286,401,920	587,372,526
Restricted for:			
Capital outlay	-	18,084,887	18,084,887
Debt service	571,958	241,289	813,247
Housing	15,638,268	-	15,638,268
Community development	22,999,772	-	22,999,772
Public works	3,683,306	-	3,683,306
Unrestricted	(146,175,932)	32,692,674	(113,483,258)
Total net position	\$ 197,687,978	\$ 337,420,770	\$ 535,108,748

(Concluded)

City of Redding
Statement of Activities
For the year ended June 30, 2015

Functions / Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 7,112,939	\$ 6,516,578	\$ 281,709	\$ -	\$ 6,798,287
Police	34,476,947	1,029,012	1,133,982	-	2,162,994
Fire	20,558,967	725,787	755,173	207,299	1,688,259
Public works	7,261,903	682,515	5,897,320	4,742,340	11,322,175
Planning	3,933,284	1,673,717	56,595	3	1,730,315
Recreation and culture	9,366,789	2,359,228	137,092	555,721	3,052,041
Community development	9,503,654	53,587	9,752,777	-	9,806,364
Interest on long-term debt	1,840,755	-	-	-	-
Total governmental activities	94,055,238	13,040,424	18,014,648	5,505,363	36,560,435
Business-type activities:					
Electric	152,786,522	163,301,368	7,102	520,279	163,828,749
Water	16,921,142	17,871,349	-	943,229	18,814,578
Wastewater	22,541,672	24,577,645	-	1,144,884	25,722,529
Storm drainage	1,919,740	1,336,989	38,313	295,822	1,671,124
Solid waste	20,410,950	20,505,176	7,366	-	20,512,542
Transportation	9,569,808	3,790,418	4,352,377	3,174,844	11,317,639
Convention center	1,229,354	285,125	-	-	285,125
Total business-type activities	225,379,188	231,668,070	4,405,158	6,079,058	242,152,286
Total primary government	\$ 319,434,426	\$ 244,708,494	\$ 22,419,806	\$ 11,584,421	\$ 278,712,721

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 as reported
Restatement

Net position - beginning of year as restated

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
\$ (314,652)	\$ -	\$ (314,652)
(32,313,953)	-	(32,313,953)
(18,870,708)	-	(18,870,708)
4,060,272	-	4,060,272
(2,202,969)	-	(2,202,969)
(6,314,748)	-	(6,314,748)
302,710	-	302,710
(1,840,755)	-	(1,840,755)
(57,494,803)	-	(57,494,803)
-	11,042,227	11,042,227
-	1,893,436	1,893,436
-	3,180,857	3,180,857
-	(248,616)	(248,616)
-	101,592	101,592
-	1,747,831	1,747,831
-	(944,229)	(944,229)
-	16,773,098	16,773,098
(57,494,803)	16,773,098	(40,721,705)
16,292,632	-	16,292,632
4,458,110	-	4,458,110
22,053,840	-	22,053,840
(141)	-	(141)
972,438	-	972,438
1,112,392	-	1,112,392
44,889,271	-	44,889,271
582,552	1,833,914	2,416,466
142,599	2,361	144,960
48,699	-	48,699
5,020,485	(5,013,200)	7,285
50,683,606	(3,176,925)	47,506,681
(6,811,197)	13,596,173	6,784,976
355,866,833	399,081,010	754,947,843
(151,367,658)	(75,256,413)	(226,624,071)
204,499,175	323,824,597	528,323,772
\$ 197,687,978	\$ 337,420,770	\$ 535,108,748

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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, 2015

	General Fund	General Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 13,946,244	\$ 2,934,665	\$ 7,950,185	\$ 24,831,094
Interest receivable	24,092	2,537	3,500,181	3,526,810
Accounts receivable, net	841,752	-	77,412	919,164
Intergovernmental receivable	3,867,490	4,504,558	2,686,696	11,058,744
Taxes receivable	5,039,256	-	235,881	5,275,137
Other receivable	982,251	-	23,350	1,005,601
Due from other funds	1,011,479	-	-	1,011,479
Prepaid items	653,072	-	18,045	671,117
Inventories	166,062	-	-	166,062
Restricted assets:				
Cash and investments	1,556,144	573,803	118,729	2,248,676
Interest receivable	3	2,288	27	2,318
Assets held for Resale			142,370	142,370
Special assessments receivable	-	-	718,545	718,545
Notes receivable	21,250	-	35,950,708	35,971,958
Total assets	\$ 28,109,095	\$ 8,017,851	\$ 51,422,129	\$ 87,549,075

(Continued)

See accompanying Notes to Basic Financial Statements.

City of Redding
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	General Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
LIABILITIES				
Accounts payable	\$ 408,858	\$ 338,315	\$ 399,647	\$ 1,146,820
Accrued liabilities	1,349,250	32,581	33,047	1,414,878
Intergovernmental payable	42,317	9,822	18,941	71,080
Due to other funds	-	-	96,865	96,865
Accounts payable from restricted assets	-	20,005	164	20,169
Unearned revenue	1,056,106	8,603	382,466	1,447,175
Deposits	9,674	330	113,729	123,733
Advances from other funds	50,000	-	705,361	755,361
Total liabilities	2,916,205	409,656	1,750,220	5,076,081
DEFERRED INFLOWS OF RESOURCES	2,972,529	4,125,234	5,561,863	12,659,626
FUND BALANCES				
Nonspendable	1,726,623	-	18,045	1,744,668
Restricted	648,655	3,482,961	44,367,437	48,499,053
Assigned	6,099,505	-	-	6,099,505
Unassigned	13,745,578	-	(275,436)	13,470,142
Total fund balances	22,220,361	3,482,961	44,110,046	69,813,368
Total liabilities, deferred inflows of resources and fund balances	\$ 28,109,095	\$ 8,017,851	\$ 51,422,129	\$ 87,549,075

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City of Redding
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2015

Total Fund Balances - Total Governmental Funds	\$ 69,813,368
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.	496,630,337
Accumulated depreciation has not been included in the governmental fund financial statements.	(166,288,963)
Bond insurance issuance costs.	340,997
Deferred charges have not been included as financial resources in governmental fund activity.	12,581,021
Long-term debt that has not been included in the governmental fund activity.	(37,649,356)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.	(535,824)
The net other post employment benefit obligation has not been reported in the governmental funds.	(30,226,667)
Net pension liability are not due and payable in the current period and therefore are not reported in the fund financial statements.	(126,315,332)
Revenue reported as unavailable revenue in the governmental funds was recorded as revenue in the statement of activities.	(7,420,580)
Internal service fund net position included in the governmental activities on the statement of activities.	(3,383,874)
Accrued vacation and other leave not reported in governmental funds, but recorded as expense in the Statement of Activities.	(9,857,149)
Net Position of Governmental Activities	<u>\$ 197,687,978</u>

See accompanying Notes to Basic Financial Statements.

City of Redding
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2015

	General Fund	General Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 16,252,531	\$ -	\$ -	\$ 16,252,531
Sales and use taxes	22,057,225	-	272,517	22,329,742
Other taxes	6,542,939	-	-	6,542,939
Special assessments	9,981	-	470,880	480,861
Licenses and permits	1,101,733	-	40,921	1,142,654
Intergovernmental revenues	2,649,006	4,336,835	14,569,790	21,555,631
Charges for services	2,217,555	-	1,325,470	3,543,025
Fines, forfeitures, and penalties	843,290	-	125,301	968,591
Use of money and property	6,975,352	3,960	-	6,979,312
Interest revenue	84,785	46,657	276,940	408,382
Other	1,024,236	1,768,072	125,494	2,917,802
Total revenues	59,758,633	6,155,524	17,207,313	83,121,470
EXPENDITURES:				
Current:				
General government	5,335,125	-	50	5,335,175
Community development	-	-	9,391,315	9,391,315
Public safety:				
Police	25,964,696	-	46,260	26,010,956
Fire	18,647,204	-	-	18,647,204
Public works	4,654,257	218,977	459,842	5,333,076
Planning	3,643,893	-	-	3,643,893
Recreation and culture	4,501,494	37,871	2,384,079	6,923,444
Capital outlay	4,209,590	12,258,787	133,167	16,601,544
Debt service:				
Principal	1,660,737	1,673,434	387,000	3,721,171
Interest and fiscal charges	1,503,599	289,841	19,056	1,812,496
Bond issuance costs	235	215	-	450
Total expenditures	70,120,830	14,479,125	12,820,769	97,420,724
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,362,197)	(8,323,601)	4,386,544	(14,299,254)
OTHER FINANCING SOURCES (USES):				
Sale of assets	130	54,925	-	55,055
Transfers in	13,189,693	95,000	798,250	14,082,943
Transfers out	(1,943,250)	(117,766)	(7,008,727)	(9,069,743)
Total other financing sources (uses)	11,246,573	32,159	(6,210,477)	5,068,255
Net change in fund balances	884,376	(8,291,442)	(1,823,933)	(9,230,999)
FUND BALANCES:				
Beginning of year	21,335,985	11,774,403	45,933,979	79,044,367
End of year	\$ 22,220,361	\$ 3,482,961	\$ 44,110,046	\$ 69,813,368

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, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ (9,230,999)
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.	18,652,132
Transfer of capital asset from Governmental Fund to Enterprise Fund	7,285
In the Statement of Activities, donated assets are reported as a capital contribution.	506,844
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.	(13,849,333)
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	(6,355)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(868,929)
In the Statement of Activities, the net other post employment benefit obligation has been accrued.	(5,657,791)
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.	3,721,171
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.	18,714
In the Statement of Activities, a loan was reduced in lieu of Traffic Impact Fee credits.	182,367
Compensated absences in the Statement of Activities is reported as an expense but is not reported in the governmental funds.	(142,635)
In the Statement of Activities, pension expense that does not require the use of current financial resources is not reported as revenue or expenditure.	1,363,943
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.	(1,507,611)
Change in Net Position of Governmental Activities	\$ (6,811,197)

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, 2015

	Enterprise Funds		
	Electric Utility	Water Utility	Waste Water Utility
ASSETS			
Current assets:			
Cash and investments	\$ 47,691,560	\$ 27,115,430	\$ 33,363,542
Interest receivable	89,970	49,371	65,589
Accounts receivable, net	18,467,251	1,845,521	2,381,448
Prepaid items	568,795	48,248	60,908
Intergovernmental receivable	584,398	-	-
Inventories	7,607,892	748,015	34,916
Interfund receivable	-	-	45,000
Deposit	2,750,000	-	-
Pacificorp Energy receivable	2,059,343	-	-
Total current assets	79,819,209	29,806,585	35,951,403
Noncurrent assets:			
Restricted assets:			
Cash and investments	1,192,610	-	4,093,785
Interest receivable	50	-	-
Total restricted assets	1,192,660	-	4,093,785
Capital assets:			
Land	5,170,379	508,799	3,089,797
Construction in progress	24,419,528	2,337,195	4,290,332
Other capital assets, net	178,726,833	63,445,630	172,245,416
Capital assets	208,316,740	66,291,624	179,625,545
Other assets:			
Power acquisition costs, net	749,760	-	-
Prepaid costs	-	-	-
Advances to other funds	929,507	-	585,134
Investment in JPA	1,580,751	-	-
Storage base gas	13,570,000	-	-
Total other assets	16,830,018	-	585,134
Total noncurrent assets	226,339,418	66,291,624	184,304,464
Total assets	306,158,627	96,098,209	220,255,867
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	12,175,927	422,183	595,657
Deferred outflows related to pensions	5,070,265	670,786	896,730
Total deferred outflows	17,246,192	1,092,969	1,492,387

See accompanying Notes to Basic Financial Statements.

Enterprise Funds			Governmental
Solid Waste	Non-Major		Activities
Collection/ Disposal	Enterprise Funds	Total	Internal Service Funds
\$ 23,560,622	\$ 6,194,722	\$ 137,925,876	\$ 15,195,173
43,020	9,988	257,938	25,731
1,891,786	163,976	24,749,982	38,856
120,528	23,655	822,134	438,579
-	5,949,298	6,533,696	769,015
-	176,626	8,567,449	157,675
-	-	45,000	182,100
-	-	2,750,000	-
-	-	2,059,343	-
25,615,956	12,518,265	183,711,418	16,807,129
241,289	-	5,527,684	-
2	-	52	-
241,291	-	5,527,736	-
1,571,090	9,241,911	19,581,976	110,810
266,804	10,793,141	42,107,000	-
14,338,077	41,682,145	470,438,101	5,722,608
16,175,971	61,717,197	532,127,077	5,833,418
-	-	749,760	-
6,094	-	6,094	-
-	-	1,514,641	4,366,850
-	-	1,580,751	-
-	-	13,570,000	-
6,094	-	17,421,246	4,366,850
16,423,356	61,717,197	555,076,059	10,200,268
42,039,312	74,235,462	738,787,477	27,007,397
-	82,634	13,276,401	-
1,304,517	192,360	8,134,658	1,689,601
1,304,517	274,994	21,411,059	1,689,601

City of Redding
Statement of Fund Net Position
Proprietary Funds, Continued
June 30, 2015

	Enterprise Funds		
	Electric	Water	Waste
	Utility	Utility	Water Utility
LIABILITIES			
Current liabilities (payable from current assets):			
Accounts payable	\$ 7,141,500	\$ 1,145,132	\$ 772,269
Accrued liabilities	716,210	97,024	143,168
Accrued interest payable	633,316	16,693	655,533
Claims and judgements payable	-	-	-
Intergovernmental payable	1,470,852	4,090	5,785
Due to other funds	-	-	-
Interfund payables	-	-	-
Unearned revenue	105,753	-	-
Deposits	3,761,790	432	-
Accrued compensated absences, due with in one year	1,369,409	129,642	158,785
Landfill closure costs, due with in one year	-	-	-
Capital leases, due with in one year	-	-	-
Long-term debt, due with in one year	6,466,391	624,770	1,533,564
State loan, due with in one year	-	-	4,613,875
Current liabilities (payable from restricted assets):			
Accounts payable	652,110	-	-
Total current liabilities	22,317,331	2,017,783	7,882,979
Long-term liabilities:			
Accrued compensated absences, due in more than one year	3,438,905	274,806	326,363
Landfill closure costs, due in more than one year	-	-	-
Advances from other funds	-	-	-
Accrued liabilities, due in more than one year	18,072,664	2,110,518	2,715,641
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	154,089,426	4,682,114	4,613,191
State loan, due in more than one year	-	-	79,040,298
Net pension liability	44,097,912	6,058,890	8,125,499
Total long-term liabilities	219,698,907	13,126,328	94,820,992
Total liabilities	242,016,238	15,144,111	102,703,971
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	6,046,571	862,025	1,159,500
Total deferred inflows	6,046,571	862,025	1,159,500
NET POSITION			
Net investment in capital assets	61,136,526	61,406,923	90,420,274
Restricted for:			
Capital projects	-	537,399	14,649,394
Debt service	-	-	-
Unrestricted	14,205,484	19,240,720	12,815,115
Total net position	\$ 75,342,010	\$ 81,185,042	\$ 117,884,783

See accompanying Notes to Basic Financial Statements.

Enterprise Funds			Governmental Activities	
Solid Waste Collection/ Disposal	Non-Major Enterprise Funds	Total	Internal Service Funds	
\$ 404,507	\$ 678,701	\$ 10,142,109	\$ 337,517	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.
194,711	52,450	1,203,563	260,153	
-	11,751	1,317,293	-	
-	-	-	3,996,685	
59,305	451,759	1,991,791	21,313	
-	914,614	914,614	-	
-	227,100	227,100	-	
138,603	4,863,085	5,107,441	2,286	
4,729,316	72,464	8,564,002	13	
312,451	31,251	2,001,538	357,576	
150,000	-	150,000	-	
-	417,637	417,637	-	
-	61,651	8,686,376	-	
-	68,719	4,682,594	-	
-	-	652,110	-	
5,988,893	7,851,182	46,058,168	4,975,543	Proprietary Funds total net position \$ 346,259,156
832,939	101,633	4,974,646	898,795	Less business-type portion of the
2,062,324	-	2,062,324	-	Internal Service Fund (8,838,386)
-	4,588,769	4,588,769	537,361	Statement of Activities:
5,194,885	1,200,990	29,294,698	5,506,443	Net Position \$ 337,420,770
-	-	-	11,762,805	
-	1,355,968	1,355,968	-	
-	565,689	163,950,420	-	
-	705,993	79,746,291	-	
11,807,170	1,802,339	71,891,810	15,109,060	
19,897,318	10,321,381	357,864,926	33,814,464	
25,886,211	18,172,563	403,923,094	38,790,007	
1,683,083	265,107	10,016,286	2,129,252	
1,683,083	265,107	10,016,286	2,129,252	
16,175,971	57,262,226	286,401,920	5,833,418	
-	2,898,094	18,084,887	-	
241,289	-	241,289	-	
(642,725)	(4,087,534)	41,531,060	(18,055,679)	
\$ 15,774,535	\$ 56,072,786	\$ 346,259,156	\$ (12,222,261)	

(Concluded)

City of Redding
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2015

	Enterprise Funds		
	Electric Utility	Water Utility	Waste Water Utility
OPERATING REVENUES:			
User fees and charges	\$ 125,915,473	\$ 16,614,361	\$ 24,561,746
Wholesale sales	31,612,818	1,014,882	-
Rental charges	-	-	-
Other operating revenue	5,738,978	17,233	2,142
Total operating revenues	163,267,269	17,646,476	24,563,888
OPERATING EXPENSES:			
Cost of power, water, and transportation	59,194,230	1,165,891	-
Maintenance, operations, and administration	72,480,051	12,079,987	13,159,834
Depreciation and amortization	12,815,115	3,342,717	6,886,048
Total operating expenses	144,489,396	16,588,595	20,045,882
OPERATING INCOME (LOSS)	18,777,873	1,057,881	4,518,006
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	698,137	330,137	468,529
Interest expense	(7,655,004)	(207,132)	(2,383,475)
Intergovernmental revenues	-	-	-
Gain (loss) on disposal of assets	(91,882)	-	27,513
Other non-operating revenues (expenses)	41,202	887,337	856,477
Total nonoperating revenues (expenses)	(7,007,547)	1,010,342	(1,030,956)
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	11,770,326	2,068,223	3,487,050
Capital contributions	520,279	280,766	302,163
Transfers in	-	13,780	-
Transfers out	(5,993,200)	-	(13,780)
Change in net position	6,297,405	2,362,769	3,775,433
NET POSITION:			
Beginning of year	115,077,180	85,188,439	122,651,511
Restatement	(46,032,575)	(6,366,166)	(8,542,161)
Beginning of year, restated	69,044,605	78,822,273	114,109,350
End of year	\$ 75,342,010	\$ 81,185,042	\$ 117,884,783

See accompanying Notes to Basic Financial Statements.

Enterprise Funds			Governmental
Solid Waste Collection/ Disposal	Non-Major Enterprise Funds	Total	Internal Service Funds
\$ 19,120,171	\$ 2,647,569	\$ 188,859,320	\$ 60,907,263
-	-	32,627,700	-
-	1,627,245	1,627,245	-
1,383,125	503,143	7,644,621	14,836
20,503,296	4,777,957	230,758,886	60,922,099
195	3,374,768	63,735,084	-
18,254,774	6,269,797	122,244,443	62,906,327
1,687,094	3,188,203	27,919,177	910,681
19,942,063	12,832,768	213,898,704	63,817,008
561,233	(8,054,811)	16,860,182	(2,894,909)
284,999	52,110	1,833,912	182,961
(72,452)	(238,334)	(10,556,397)	-
7,366	4,412,143	4,419,509	-
10,500	407,773	353,904	1,845
(78,620)	727,612	2,434,008	5,000
151,793	5,361,304	(1,515,064)	189,806
713,026	(2,693,507)	15,345,118	(2,705,103)
-	3,358,539	4,461,747	1,770,510
-	1,145,000	1,158,780	-
-	(165,000)	(6,171,980)	-
713,026	1,645,032	14,793,665	(934,593)
27,471,759	56,333,015	406,721,904	4,560,608
(12,410,250)	(1,905,261)	(75,256,413)	(15,848,276)
15,061,509	54,427,754	331,465,491	(11,287,668)
\$ 15,774,535	\$ 56,072,786	\$ 346,259,156	\$ (12,222,261)

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

Proprietary Funds change in net position \$ 14,793,665

Add Internal Service Funds income - business-type activity (1,197,492)

Statement of Activities:
Change in Net Position \$ 13,596,173

City of Redding
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2015

	Enterprise Funds		
	Electric Utility	Water Utility	Waste Water Utility
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 157,764,929	\$ 18,106,880	\$ 24,518,961
Cash paid to suppliers	(102,892,705)	(8,707,982)	(9,040,085)
Cash paid to employees	(26,376,153)	(3,374,203)	(3,724,221)
Other income received	5,738,978	241,914	14,516
Net cash provided (used) by operating activities	34,235,049	6,266,609	11,769,171
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Intergovernmental revenue received	(794)	-	-
Advances from other funds	-	-	-
Repayment of advances from other funds	96,070	-	45,000
Advances to other funds	-	-	-
Repayment of advances to other funds	-	-	-
Transfers in	-	13,780	-
Transfers out	(5,993,200)	-	(13,780)
Other Revenue	-	-	-
Net cash provided (used) by noncapital financing activities	(5,897,924)	13,780	31,220
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grant received	-	-	-
Proceeds from sale of assets	50,630	-	28,600
Purchase of capital assets	(13,193,063)	(2,473,356)	(7,330,351)
Interest paid	(7,942,050)	(214,103)	(2,251,696)
Proceeds from long-term debt	-	-	4,629,832
Principal paid on long-term debt	(5,915,000)	(550,000)	(5,879,868)
Principal paid on capital leases	-	-	-
Bond issuance costs	-	-	-
Cash collected for future capital outlay	34,100	662,463	842,721
Net cash provided (used) by capital and related financing activities	(26,965,383)	(2,574,996)	(9,960,762)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment revenue received	716,800	337,113	475,828
Rents received	-	-	-
Net cash provided (used) by investing activities	716,800	337,113	475,828
Net increase (decrease) in cash and cash equivalents	2,088,542	4,042,506	2,315,457
CASH AND CASH EQUIVALENTS:			
Beginning of year	46,795,628	23,072,924	35,141,870
End of year	\$ 48,884,170	\$ 27,115,430	\$ 37,457,327
Reconciliation to statement of net position			
Cash and cash equivalents	\$ 47,691,560	\$ 27,115,430	\$ 33,363,542
Restricted cash and cash equivalents	1,192,610	-	4,093,785
	\$ 48,884,170	\$ 27,115,430	\$ 37,457,327

See accompanying Notes to Basic Financial Statements.

Solid Waste Collection/ Disposal	Enterprise Funds		Governmental Activities
	Non-Major Enterprise Funds	Total	Internal Service Funds
\$ 21,785,694	\$ 5,028,876	\$ 227,205,340	\$ 60,919,189
(12,932,873)	(8,384,725)	(141,958,370)	(53,098,967)
(7,556,477)	(1,253,634)	(42,284,688)	(8,169,239)
1,385,005	488,446	7,868,859	-
<u>2,681,349</u>	<u>(4,121,037)</u>	<u>50,831,141</u>	<u>(349,017)</u>
49,268	1,275,496	1,323,970	(1,980)
-	1,186,018	1,186,018	-
-	(797,326)	(656,256)	231,250
-	-	-	(271,222)
-	-	-	(78,600)
-	1,152,780	1,166,560	-
-	(173,551)	(6,180,531)	-
-	-	-	5,000
<u>49,268</u>	<u>2,643,417</u>	<u>(3,160,239)</u>	<u>(115,552)</u>
-	4,485,046	4,485,046	-
10,500	537,982	627,712	(15,507)
(1,796,964)	(4,336,445)	(29,130,179)	(61,135)
(5,200)	(225,882)	(10,638,931)	-
-	-	4,629,832	-
(130,000)	(127,298)	(12,602,166)	-
-	(382,200)	(382,200)	-
-	-	-	-
-	224,115	1,763,399	-
<u>(1,921,664)</u>	<u>175,318</u>	<u>(41,247,487)</u>	<u>(76,642)</u>
293,497	55,367	1,878,605	190,029
-	16,335	16,335	-
<u>293,497</u>	<u>71,702</u>	<u>1,894,940</u>	<u>190,029</u>
1,102,450	(1,230,600)	8,318,355	(351,182)
<u>22,699,461</u>	<u>7,425,322</u>	<u>135,135,205</u>	<u>15,546,355</u>
<u>\$ 23,801,911</u>	<u>\$ 6,194,722</u>	<u>\$ 143,453,560</u>	<u>\$ 15,195,173</u>
\$ 23,560,622	\$ 6,194,722	\$ 137,925,876	\$ 15,195,173
241,289	-	5,527,684	-
<u>\$ 23,801,911</u>	<u>\$ 6,194,722</u>	<u>\$ 143,453,560</u>	<u>\$ 15,195,173</u>

(Continued)

City of Redding
Statement of Cash Flows
Proprietary Funds, Continued
For the year ended June 30, 2015

	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)	\$ 18,777,873	\$ 1,057,881	\$ 4,518,006
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Other non-operating revenue and expense	-	224,681	12,374
Depreciation and amortization	12,815,115	3,342,717	6,886,048
Pension expense	(958,357)	(116,037)	(153,892)
(Increase) decrease in accounts receivable	236,638	477,637	(42,785)
(Increase) decrease in inventories	400,837	24,618	81
(Increase) decrease in prepaid items	39,437	(4,403)	(1,293)
(Increase) decrease in investment in JPA	(307,571)	-	-
(Increase) decrease in deposits	(2,750,000)	-	-
Increase (decrease) in accounts payable	1,006,812	838,235	16,901
Increase (decrease) in accrued liabilities	71,796	815	10,674
Increase (decrease) in claims and judgements payable	-	-	-
Increase (decrease) in deposits	485,124	(115)	-
Increase (decrease) in intergovernmental payable	334,596	(4,373)	4,432
Increase (decrease) in unearned revenue	(306,095)	-	-
Increase (decrease) in accrued compensated absences	568,484	49,712	35,291
Increase (decrease) in accrued landfill closure costs	-	-	-
Increase (decrease) in claims and judgements payable long-term	-	-	-
Increase (decrease) in accrued liabilities long-term	3,820,360	375,241	483,334
Total adjustments	15,457,176	5,208,728	7,251,165
Net cash provided (used) by operating activities	\$ 34,235,049	\$ 6,266,609	\$ 11,769,171
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Plant contributed from developers	\$ 520,279	\$ 280,766	\$ 302,163
Capitalized interest	779,758	-	-
Accrued interest rolled into principal on loans	-	-	156,571
Non-cash change in deposits	-	-	-
Equipment transfers	-	-	-
Total non-cash capital and related financing activities	\$ 1,300,037	\$ 280,766	\$ 458,734

See accompanying Notes to Basic Financial Statements.

Solid Waste Collection/ Disposal	Enterprise Funds		Governmental Activities
	Non-Major Enterprise Funds	Total	Internal Service Funds
\$ 561,233	\$ (8,054,811)	\$ 16,860,182	\$ (2,894,909)
1,880	486,084	725,019	-
1,687,094	3,188,203	27,919,177	910,681
(224,514)	(30,175)	(1,482,975)	(299,564)
(48,615)	222,043	844,918	493
-	(66,638)	358,898	(12,642)
(14,485)	1,774	21,030	(11,137)
-	-	(307,571)	-
-	-	(2,750,000)	-
(33,847)	94,854	1,922,955	(140,155)
32,138	13,157	128,580	36,453
-	-	-	441,012
364,347	31,239	880,595	(3,403)
267	(178,700)	156,222	(561,859)
-	11,913	(294,182)	-
(262,161)	29,533	420,859	(33,997)
(221,225)	-	(221,225)	-
-	-	-	1,301,958
839,237	130,487	5,648,659	918,052
<u>2,120,116</u>	<u>3,933,774</u>	<u>33,970,959</u>	<u>2,545,892</u>
<u>\$ 2,681,349</u>	<u>\$ (4,121,037)</u>	<u>\$ 50,831,141</u>	<u>\$ (349,017)</u>
\$ -	\$ 295,822	\$ 1,399,030	\$ -
-	-	779,758	-
-	-	156,571	-
80,500	-	80,500	1,770,510
-	-	-	-
<u>\$ 80,500</u>	<u>\$ 295,822</u>	<u>\$ 2,415,859</u>	<u>\$ 1,770,510</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, 2015

ASSETS

Cash and cash equivalents	\$	2,765,868
Accounts receivable		390,462
Interest receivable		10,321
Total assets	\$	3,166,651

LIABILITIES

Deposits	\$	3,166,651
Total liabilities	\$	3,166,651

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, 2015

ASSETS	
Cash and investments:	
Cash with trustee	\$ 1,247,427
Bond proceeds	-
Bond reserves	10,439,146
Interest receivable	7,739
Intergovernmental receivable	-
Notes receivable, net	325,000
Prepaid costs	33,436
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>13,000,547</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	<u>214,934</u>
Total deferred outflows of resources	<u>214,934</u>
LIABILITIES	
Accounts payable	-
Accrued interest payable	585,178
Intergovernmental payable	942,637
Long-term debt	<u>40,110,962</u>
Total liabilities	<u>41,638,777</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - note deferral	<u>325,000</u>
Total deferred inflows of resources	<u>325,000</u>
NET POSITION	
Held in trust for: individuals, organizations and other governments	<u>(28,748,296)</u>
Total net position	<u><u>\$ (28,748,296)</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, 2015

ADDITIONS:	
Property taxes	\$ 1,878,830
Investment revenue	<u>28,300</u>
Total additions	<u>1,907,130</u>
 DEDUCTIONS:	
Administrative costs	125,000
Payment on Recognized Obligation Payment Schedule	<u>1,982,340</u>
Total deductions	<u>2,107,340</u>
Net change in net position	<u>(200,210)</u>
 NET POSITION:	
Beginning of period	<u>(28,548,086)</u>
End of period	<u><u>\$ (28,748,296)</u></u>

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

City of Redding
Notes to Basic Financial Statements
For the year ended June 30, 2015

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, 2015

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, 2015

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, 2015

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.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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, 2015

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, 2015

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, 2015

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

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the CalPERS fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Agency Retirement System (PARS) Retirement Enhancement Plan and additions to/deductions from the PARS fiduciary net position have been determined on the same basis as they are reported by PARS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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

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 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 report 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.

Deferred Outflows/Inflows of Resources

Pursuant to GASB Statement No. 63 "*Financial Reporting of Deferred Outflows of Resources, Deferred inflows of Resources, and Net Position,*" and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities,*" the City recognizes deferred outflows and inflows of resources.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

In addition to assets, the Statement of Net Position and the Governmental Fund Financial Statements will sometimes include a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the City that is applicable to a future reporting period. The City has two items that qualify for reporting in this category; refer to Note 7 for a detailed listing of the deferred outflows of resources the City has recognized.

In addition to liabilities, the Statement of Net Position and the Governmental Fund Financial Statements will sometimes include a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the City that is applicable to a future reporting period. The City has one item that it reports on the Statements of Net Position which pertains to pensions. In addition, 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); refer to Note 8 for a detailed listing of the deferred inflows of resources the City has recognized.

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, 2015

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, 2015

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 Accounting Pronouncements

Adopted Accounting Pronouncements

In 2015, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statement (GASB):

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The provisions of these statements are effective for financial statements for fiscal years beginning after June 15, 2014. As part of GASB 68 the City is required to record its share of the California Public Employees Retirement System’s (CalPERS) and the Public Agency Retirement System’s – Retirement Enhancement Plan (PARS-REP) net pension liability.

GASB Statement No. 69, entitled *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 70, entitled *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Both statements were adopted this fiscal year but have no effect on these financial statements.

Future Accounting Pronouncements

GASB Statements Nos. 72-76 listed below will be implemented in future statements:

Statement No. 72, *“Fair Value Measurement and Application”*. The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2015.

Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statements No. 67 and No. 68*. The provisions of this statement are effective for fiscal years beginning after June 15, 2015 - except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”*. The provisions of this statement are effective for fiscal years beginning after June 15, 2016.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. New Accounting Pronouncements, continued

Future Accounting Pronouncements, continued

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The provisions of this statement are effective for reporting periods beginning after June 15, 2015.

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2015, 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	\$ 40,026,267	\$ 137,925,876	\$ 177,952,143	\$ 4,013,295	\$ 181,965,438
Restricted cash and investments	\$ 2,248,676	\$ 5,527,684	\$ 7,776,360	\$ 10,439,146	\$ 18,215,506

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, 2015, the carrying amount of the City's deposits was \$17,632,812, of which \$5,120,003 was restricted and \$12,512,809 was unrestricted. The bank balance was \$20,242,685. Of the bank balance, \$6,650,000 was covered by Federal depository insurance, and \$13,592,685 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 Investment 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

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

2. CASH AND INVESTMENTS, Continued

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

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

In accordance with authorized investment laws, LAIF invests in various structured notes and mortgage-backed securities, such as collateralized mortgage obligations. As of June 30, 2015, 2.08% of LAIF’s investment portfolio was invested in structured notes and other asset-backed securities.

At June 30, 2015, the City’s investments and deposits were as follows:

	Cash and Investments		
	Fair Value		
	Unrestricted	Restricted	Total
Deposits	\$ 12,515,766	\$ 5,120,002	\$ 17,635,768
Medium Term Corporate Notes	12,207,476	-	12,207,476
Federal Agency Bonds	121,524,516	-	121,524,516
Local Agency Investment Fund	35,442,767	10,223,848	45,666,615
Mutual Funds	274,910	2,871,656	3,146,566
Total Investments	169,449,669	13,095,504	182,545,173
Total Cash and Investments	\$ 181,965,435	\$ 18,215,506	\$ 200,180,941

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, 2015

2. CASH AND INVESTMENTS, Continued

As of June 30, 2015, 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	\$ 12,207,476	\$ -	\$ -	\$ 5,994,940	\$ 6,212,536
Federal Agency Bonds	121,524,516	8,005,390	9,005,040	64,699,126	39,814,960
Investment in State Treasurer's Investment Pool	35,442,767	35,442,767	-	-	-
Mutual Funds	274,910	274,910	-	-	-
Total	\$ 169,449,669	\$ 43,723,067	\$ 9,005,040	\$ 70,694,066	\$ 46,027,496

Restricted:	Investments Maturities (in Years)			
	Fair Value	Less Than 1	1-5	More Than 5
Investment Type				
Investment in State Treasurer's Investment Pool	\$ 10,223,848	\$ 10,223,848	\$ -	\$ -
Mutual Funds	2,871,656	2,871,656	-	-
Total	\$ 13,095,504	\$ 13,095,504	\$ -	\$ -

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

2. CASH AND INVESTMENTS, Continued

Credit Risk - As of June 30, 2015, 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 Investment 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, 2015.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

3. INTERFUND ACTIVITIES

Due To Other Funds	Due From Other Funds	
	General Fund	Total
Governmental Funds:		
Nonmajor Governmental Funds	\$ 96,865	\$ 96,865
Enterprise funds:		
Nonmajor Enterprise Funds	914,614	914,614
Total	\$ 1,011,479	\$ 1,011,479

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	
Nonmajor:				
Enterprise funds	\$ -	\$ 45,000	\$ 182,100	\$ 227,100
Total	\$ -	\$ 45,000	\$ 182,100	\$ 227,100

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, 2015

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	-	392,146	-	313,214	705,360
Enterprise Funds	-	-	585,134	4,003,636	4,588,770
Internal Service Funds	-	537,361	-	-	537,361
Total	\$ -	\$ 929,507	\$ 585,134	\$ 4,366,850	\$ 5,881,491

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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 \$392,146.
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 \$313,214 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 \$7,167,677 to date. The remaining balance is \$1,749,377 all of which is classified as long-term.
4. In recent years the General Fund has advanced \$1,374,847 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 \$1,507,907.
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 \$630,134, is to be repaid including interest at the City's average earnings on its pooled cash accounts. Of this amount, \$585,134 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, \$617,051 is long-term at year-end.
8. 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 balance was paid in full.
9. 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.
10. 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 \$537,361.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

5. CAPITAL ASSETS

Changes in capital assets consisted of the following:

	Balance June 30, 2014	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2015
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 29,425,222	\$ 766,500	\$ (6,355)	\$ -	\$ 30,185,367
Construction in process	11,467,225	14,662,503	-	(8,606,625)	17,523,103
Total capital assets, not being depreciated	<u>40,892,447</u>	<u>15,429,003</u>	<u>(6,355)</u>	<u>(8,606,625)</u>	<u>47,708,470</u>
Capital assets, being depreciated:					
Buildings	55,429,282	-	-	-	55,429,282
Improvements other than buildings	101,252,241	1,262,932	-	167,508	102,682,681
Infrastructure	277,617,664	476,844	-	8,445,769	286,540,277
Automotive equipment	12,104,526	1,248,411	(132,663)	45,783	13,266,057
Furnishings and equipment	8,093,310	391,879	(68,101)	334,133	8,751,221
Assets under capital lease:					
Furnishings and equipment	250,000	-	-	(250,000)	-
Automotive equipment	508,763	565,048	-	-	1,073,811
Total capital assets, being depreciated	<u>455,255,786</u>	<u>3,945,114</u>	<u>(200,764)</u>	<u>8,743,193</u>	<u>467,743,329</u>
Accumulated depreciation:					
Buildings	(24,607,999)	(1,733,151)	-	-	(26,341,150)
Improvements other than buildings	(49,716,445)	(3,896,524)	-	(6,652)	(53,619,621)
Infrastructure	(73,787,973)	(7,872,023)	-	-	(81,659,996)
Automotive equipment	(10,026,856)	(554,483)	86,895	(45,783)	(10,540,227)
Furnishings and equipment	(6,015,641)	(655,158)	68,101	(326,850)	(6,929,548)
Assets under capital lease:					
Furnishings and equipment	(250,000)	-	-	250,000	-
Automotive equipment	(137,790)	(48,675)	-	-	(186,465)
Total accumulated depreciation	<u>(164,542,704)</u>	<u>(14,760,014)</u>	<u>154,996</u>	<u>(129,285)</u>	<u>(179,277,007)</u>
Total capital assets, being depreciated, net	<u>290,713,082</u>	<u>(10,814,900)</u>	<u>(45,768)</u>	<u>8,613,908</u>	<u>288,466,322</u>
Total governmental activities	<u>\$ 331,605,529</u>	<u>\$ 4,614,103</u>	<u>\$ (52,123)</u>	<u>\$ 7,283</u>	<u>\$ 336,174,792</u>

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

5. CAPITAL ASSETS, Continued

Depreciation expense was charged to governmental activities as follows:

Program	Depreciation
General government	\$ 1,886,084
Police	355,192
Fire	353,834
Public works	7,912,801
Recreation and culture	4,248,239
Community development	3,864
Total depreciation - governmental functions	<u>\$ 14,760,014</u>

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

	Balance June 30, 2014	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2015
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 19,500,917	\$ 212,355	\$ (131,296)	\$ -	\$ 19,581,976
Construction in progress	30,751,878	20,309,317	-	(8,954,195)	42,107,000
Total capital assets, not being depreciated	<u>50,252,795</u>	<u>20,521,672</u>	<u>(131,296)</u>	<u>(8,954,195)</u>	<u>61,688,976</u>
Capital assets, being depreciated:					
Utility plants	760,508,631	3,288,932	(511,989)	6,830,756	770,116,330
Buildings	49,339,575	-	(60,779)	-	49,278,796
Improvements other than buildings	46,191,368	220,986	-	854,642	47,266,996
Automotive equipment	34,870,484	2,974,800	(7,425)	(45,783)	37,792,076
Furnishings and equipment	18,615,657	2,515,266	(148,190)	1,178,012	22,160,745
Assets under capital lease:					
Furnishings and equipment	4,175,880	-	-	-	4,175,880
Total capital assets, being depreciated	<u>913,701,595</u>	<u>8,999,984</u>	<u>(728,383)</u>	<u>8,817,627</u>	<u>930,790,823</u>
Less accumulated depreciation for:					
Utility plants	(337,664,069)	(21,002,761)	425,022	-	(358,241,808)
Buildings	(30,565,087)	(1,264,946)	5,234	-	(31,824,799)
Improvements other than buildings	(32,376,785)	(1,074,878)	-	6,652	(33,445,011)
Automotive equipment	(19,324,839)	(2,432,372)	7,425	45,783	(21,704,003)
Furnishings and equipment	(13,465,850)	(1,316,308)	148,190	76,850	(14,557,118)
Assets under capital lease:					
Furnishings and equipment	(440,787)	(139,196)	-	-	(579,983)
Total accumulated depreciation	<u>(433,837,417)</u>	<u>(27,230,461)</u>	<u>585,871</u>	<u>129,285</u>	<u>(460,352,722)</u>
Total capital assets, being depreciated, net	<u>479,864,178</u>	<u>(18,230,477)</u>	<u>(142,512)</u>	<u>8,946,912</u>	<u>470,438,101</u>
Total business-type activities	<u>\$ 530,116,973</u>	<u>\$ 2,291,195</u>	<u>\$ (273,808)</u>	<u>\$ (7,283)</u>	<u>\$ 532,127,077</u>

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

5. CAPITAL ASSETS, Continued

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

	Depreciation Expense
Electric	\$ 12,133,047
Water	3,342,717
Wastewater	6,886,048
Storm drainage	823,515
Solid waste	1,680,446
Transportation	2,273,498
Convention center	91,190
	<hr/>
Total depreciation expense business-type activities	\$ 27,230,461

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, 2015
Power Acquisition Cost	\$ 3,470,314
Less: Amortization	(2,720,554)
	<hr/>
Power Acquisition Cost, Net	\$ 749,760

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

7. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES - GOVERNMENT-WIDE

On the government-wide statement of net position, deferred outflows of resources consisted of the following as of June 30, 2015:

Fund	Deferred charge on refunding	Deferred charges related to pensions	Total
Governmental Activities	\$ 340,923	\$ 13,929,699	\$ 14,270,622
Business Type Activities:			
Electric Fund	12,175,927	5,070,265	17,246,192
Water Fund	422,183	670,786	1,092,969
Wastewater Fund	595,657	896,730	1,492,387
Solid Waste Fund	-	1,304,517	1,304,517
Non-Major Enterprise Funds	82,634	192,360	274,994
Total Business Type Activities	13,276,401	8,134,658	21,411,059
Total	\$ 13,617,324	\$ 22,064,357	\$ 35,681,681

On the government-wide statement of net position, deferred inflows of resources consisted of the following as of June 30, 2015:

Fund	Deferred inflows related to pensions
Governmental Activities	\$ 22,209,458
Business Type Activities:	
Electric Fund	6,046,571
Water Fund	862,025
Wastewater Fund	1,159,500
Solid Waste Fund	1,683,083
Non-Major Enterprise Funds	265,107
Total Business Type Activities	10,016,286
Total	\$ 32,225,744

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

8. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES - FUND FINANCIAL STATEMENTS

On the fund financial statements, deferred outflows of resources consisted of the following as of June 30, 2015:

	Electric Utility	Water Utility	Waste Water Utility	Solid Waste Collection/ Disposal	Non Major Enterprise Funds	Total
Deferred charge on refunding	\$ 12,175,927	\$ 422,183	\$ 595,657	\$ -	\$ 82,634	\$ 13,276,401
Deferred charges related to pensions	5,070,265	670,786	896,730	1,304,517	192,360	8,134,658
Total	\$ 17,246,192	\$ 1,092,969	\$ 1,492,387	\$ 1,304,517	\$ 274,994	\$ 21,411,059

On the fund financial statements, deferred inflows of resources consisted of the following as of June 30, 2015:

	General Fund	General Capital Projects Fund	Non Major Governmental Funds	Total
Unavailable revenues:				
Sales tax	\$ 1,331,564	\$ -	\$ -	\$ 1,331,564
Property taxes	621,342	-	715,413	1,336,755
Grant revenue	447,665	4,125,234	-	4,572,899
SHASCOM rents	571,958	-	-	571,958
Interest income	-	-	391	391
Housing loans - principal and interest amounts	-	-	4,771,474	4,771,474
HUD funds	-	-	74,585	74,585
Total	\$ 2,972,529	\$ 4,125,234	\$ 5,561,863	\$ 12,659,626

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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, 2014 and prior at June 30, 2015, 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, 2015, has been included in the Risk Management Fund's claims payable amount as of June 30, 2015.

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, 2015.

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, 2015.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

9. SELF-INSURANCE, Continued

The following is a reconciliation of changes in claims liability amounts for fiscal years ended June 30, 2015:

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
	2013	10,863,140	1,050,767	(1,570,097)	10,343,810
2014	10,343,810	2,831,455	(1,469,265)	11,706,000	2,143,826
2015	11,706,000	2,772,331	(1,546,981)	12,931,350	2,287,658

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
	2013	2,364,730	631,964	(244,284)	2,752,410
2014	2,752,410	134,142	(670,052)	2,216,500	1,317,827
2015	2,216,500	1,660,412	(1,157,712)	2,719,200	1,600,087

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
	2013	21,585	18,606,178	(18,548,273)	79,490
2014	79,490	18,825,837	(18,811,307)	94,020	94,020 (1)
2015	94,020	19,232,571	(19,217,651)	108,940	108,940 (1)

(1) These claims are dental claims only.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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, 2015 were as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due within One Year
Governmental activities	\$ 11,004,882	\$ 4,272,008	\$ 4,163,371	\$ 11,113,519	\$ 3,551,543
Business-type activities	6,555,325	3,650,061	3,229,201	6,976,185	2,001,538
Total compensated absences	<u>\$ 17,560,207</u>	<u>\$ 7,922,069</u>	<u>\$ 7,392,572</u>	<u>\$ 18,089,704</u>	<u>\$ 5,553,081</u>

11. INDIVIDUAL FUND DISCLOSURES

Parking Special Revenue Fund - The deficit of \$275,167 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 \$1,362,916 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 \$4,316,700 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) and the pension liability this fund will continue to have a deficit balance.

General Support Services Fund - The deficit of \$3,323,151 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) and the pension liability this fund will continue to have a deficit balance.

Municipal Utilities Support Fund - The deficit of \$5,553,065 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) and the pension liability this fund will continue to have a deficit balance.

Risk Management Fund - The deficit of \$227,328 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) and the pension liability this fund will continue to have a deficit balance.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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 are 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, 2015

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, 2014 is as follows (in thousands):

Total Assets & Deferred Outflows	\$ 244,751	Total revenues	\$ 149,867
	<u> </u>	Total expenses	<u>(131,957)</u>
Total liabilities & Deferred Inflows	\$ 315,020		
Total members' deficit	<u>(70,269)</u>	Net income	17,910
Total liabilities & members' deficit	<u>\$ 244,751</u>	Members' deficit, January 1, 2013	(88,179)
		Member distributions	<u>-</u>
		Members' deficit, December 31, 2013	<u>\$ (70,269)</u>

The debt of the Power Agency is comprised entirely of revenue bonds totaling \$264 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 \$10.54 million at December 31, 2014. 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, 2015, 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, 2015

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, 2014, the City’s unrecognized share of member’s deficit of the M-S-R Energy Authority was \$65,356,282.

The long term debt of the M-S-R Energy Authority totaled \$901,620,000 at December 31, 2014. The M-S-R Energy Authority did not make any principal or interest payments in 2014.

Summarized financial information of M-S-R Energy Authority as of and for the year ended December 31, 2014, is as follows (in thousands):

Total assets	\$ 904,640
Total liabilities	\$ 904,640
Total net position	\$ -
Total liabilities and net position	\$ 904,640
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, 2015.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

12. JOINT VENTURES, Continued

Summarized financial information of TANC as of and for the year ended June 30, 2015, is as follows (in thousands):

Total assets & deferred outflows	\$ 381,347
Total liabilities & deferred inflows	\$ 366,310
Total net position	15,037
Total liabilities and net position	\$ 381,347
Net increase (decrease) in net position	\$ (1,980)

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, 2014, is as follows (in thousands)

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

12. JOINT VENTURES, Continued

Total current assets	\$ 542,857
Total current liabilities	\$ 542,857
Total net position	-
Total liabilities and net position	\$ 542,857
Net increase (decrease) in net position	\$ -

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:

	Total Debt	City of Redding's Participating Share	City of Redding's Contingent liability
M-S-R (1):			
Bonds	\$ 263,895,000	15.000%	\$ 39,584,250
TANC (2)			
Bonds (2002A, 2003A & B)	\$ 207,515,000	8.2810%	\$ 17,184,317
Bonds (2009A)	\$ 67,005,000	9.0076%	\$ 6,035,542
Bonds (2009B)	\$ 9,430,000	8.0823%	\$ 762,161
TANC subtotal	<u>\$ 283,950,000</u>		<u>\$ 23,982,020</u>
BANC (3)	\$ -	5.1000%	\$ -
Total	<u>\$ 547,845,000</u>		<u>\$ 63,566,270</u>

(1) As of December 31, 2014

(2) As of June 30, 2015

(3) As of December 31, 2014

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, 2015

13. LONG-TERM DEBT

The following is a summary of long-term obligations of the City at June 30, 2015.

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due within One Year
Governmental Activities:					
Long-term debt:					
Special assessment debt					
with governmental commitment	512,000	-	387,000	125,000	32,000
Revenue bonds	39,701,060	-	3,103,240	36,597,820	2,287,576
Loan	615,675	-	295,800	319,875	23,150
Capital lease payable	691,844	-	117,497	574,347	169,183
Long-term debt before unamortized	41,520,579	-	3,903,537	37,617,042	2,511,909
Bond premiums	295,899	-	48,531	247,368	30,852
Bond discount	(227,134)	-	(12,081)	(215,053)	(12,081)
Total governmental activities long-term debt	41,589,344	-	3,939,987	37,649,357	2,530,680
Business-type activities:					
Long-term debt:					
Revenue bonds	13,388,940	-	2,071,760	11,317,180	1,982,424
State loans payable	84,257,888	4,786,403	4,615,407	84,428,884	4,682,595
Capital leases payable	2,155,805	-	382,200	1,773,605	417,637
Certificates of participation	161,510,000	-	5,915,000	155,595,000	6,160,000
Long-term debt before unamortized	261,312,633	4,786,403	12,984,367	253,114,669	13,242,656
Bond premium	6,329,568	-	600,111	5,729,457	(774)
Bond discount	(5,728)	-	(888)	(4,840)	544,726
Total business-type activities long-term debt	267,636,473	4,786,403	13,583,590	258,839,286	13,786,608
Total long-term debt	\$ 309,225,817	\$ 4,786,403	\$ 17,523,577	\$ 296,488,643	\$ 16,317,288

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. LONG-TERM DEBT, Continued

	Government Activities	Business-Type Activities
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Special Assessment Debt with Governmental Commitment

1915 Act Assessment District Bonds:

Interest from 4.70% to 9.25% payable on March 2 and September 2; maturities payable on September 2 in annual redemptions from \$2,000 to \$820,000; final payment September 2, 2019. Original issues totaled \$22,778,150. Payable from annual installments of unpaid special assessments on certain parcels of property within each assessment district.

	\$ 125,000	\$ -
	\$ 125,000	\$ -

Total 1915 Act Assessment District Bonds

Revenue Bonds:

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.

	\$ -	\$ 10,685,000
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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.

Series B, Serial/Term Bonds:

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.

	8,752,820	632,180
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City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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.	2,060,000	-
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.	4,925,000	-
<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.	5,965,000	-
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.	14,895,000	-
Total Revenue Bonds	\$ 36,597,820	\$ 11,317,180

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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.	\$ 23,150	\$ -
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.	296,725	-
Total Loans	\$ 319,875	\$ -

State Loans:

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.

\$ - \$ 439,925

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.

- 334,787

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.

- 7,961,915

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.

- 3,053,231

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.

- 3,763,330

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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.	-	14,849,133
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.	-	6,973,625
Clear Creek Interception (Phase V)		
The total loan agreement is \$20,457,000. Annual installments of \$1,158,208.41, including interest at 2.6% payable April 15, maturity payable on April 15, 2033.	-	16,481,747
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.	-	8,798,745
Clear Creek Interceptor (Phase VII)		
The total loan agreement is \$5,150,000. In 2015, withdrawals were taken in the amount of \$69,257.25 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.	-	5,585,087
Clear Creek Interceptor (Phase VIII) (Bio solids)		
The total loan agreement is \$7,250,000. In 2015, withdrawals were taken in the amount of \$2,082,681 to construct Phase VIII of the Clear Creek Wastewater Interceptor (Bio solids). Annual installments of \$170,748, including interest at 2.1% payable December 31, maturity payable December 31, 2035.	-	2,082,681
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.	-	1,009,317

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. LONG-TERM DEBT, Continued

	Government Activities	Business-Type Activities
State Loans (Continued)		
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.	-	1,374,295
Stillwater Interceptor		
The total loan agreement is \$12,563,200. In 2015, withdrawals were taken in the amount of \$2,634,464 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.	-	11,721,066
Total State Loans	\$ -	\$ 84,428,884
 <u>Capital Leases Payable</u>		
The capital leases payable from governmental activities were \$574,437 for fiscal year ended June 30, 2015.	\$ 574,347	\$ -
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, 2015, the capital leases in the enterprise funds were \$1,773,605.	-	1,773,605
Total Capital Leases Payable	\$ 574,347	\$ 1,773,605
 <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

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. LONG-TERM DEBT, Continued

	Government Activities	Business-Type Activities
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.	-	124,895,000
Total Certificates of Participation	<u>\$ -</u>	<u>\$ 155,595,000</u>
Summary of Outstanding Debt:		
Total Outstanding Debt	\$ 37,617,042	\$ 253,114,669
Add: Bond Premiums	247,368	5,729,457
Less: Bond Discounts	<u>(215,053)</u>	<u>(4,840)</u>
Total Outstanding Debt, net of premiums and discounts	<u>\$ 37,649,357</u>	<u>\$ 258,839,286</u>

Current year amortization expense for bond premiums and discounts was \$36,452 for the governmental activities and \$543,952 for the business-type activities.

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

	Original Amount	2014-15 Additions	2014-15 Deletions	Total Amortization	Net
Governmental Activities	\$ 594,266	\$ -	\$ -	\$ 253,269	\$ 340,997
Business-Type Activities	<u>79,777</u>	<u>-</u>	<u>-</u>	<u>73,683</u>	<u>6,094</u>
	<u>\$ 674,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 326,952</u>	<u>\$ 347,091</u>

Current year amortization expense recorded in the governmental activities was \$25,055 and in the business-type activities was \$6,648.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. LONG-TERM DEBT, Continued

The annual requirements to amortize all debt outstanding as of June 30, 2015, 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
2016	2,511,909	1,644,558	13,242,656	10,279,280	15,754,565	11,923,838
2017	2,829,469	1,556,108	13,544,209	9,786,268	16,373,678	11,342,376
2018	2,624,496	1,450,871	14,086,722	9,323,088	16,711,218	10,773,959
2019	2,729,342	1,352,459	14,663,626	8,769,407	17,392,968	10,121,866
2020	2,739,209	1,242,863	13,749,757	8,150,627	16,488,966	9,393,490
2021-2025	10,667,616	4,505,968	78,007,379	31,776,265	88,674,995	36,282,233
2026-2030	4,870,000	2,744,605	85,059,156	15,111,959	89,929,156	17,856,564
2031-2035	4,780,001	1,590,938	20,761,164	1,967,250	25,541,165	3,558,188
2036-2040	3,865,000	779,782	-	-	3,865,000	779,782
Total	\$ 37,617,042	\$ 16,868,152	\$ 253,114,669	\$ 95,164,144	\$ 290,731,711	\$ 112,032,296

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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
2016	\$ 722,118
2017	299,941
2018	273,242
2019	280,346
2020	227,622
2021-2025	960,915
2026-2030	468,468
Total minimum lease payments	<u>3,232,652</u>
Less amount representing interest	<u>(884,700)</u>
Present value of minimum lease payments	<u><u>\$ 2,347,952</u></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	\$ 601,311
Airports	<u>2,631,341</u>
Total debt service	<u><u>\$ 3,232,652</u></u>

Assets acquired with the above leases were as follows:

	Government Activities	Business Activities	Total
Asset:			
Furnishings and equipment	\$ -	\$ 4,175,880	\$ 4,175,880
Automotive equipment	1,073,811	-	1,073,811
Less: Accumulated depreciation	<u>(186,465)</u>	<u>(579,983)</u>	<u>(766,448)</u>
Net capital assets	<u><u>\$ 887,346</u></u>	<u><u>\$ 3,595,897</u></u>	<u><u>\$ 4,483,243</u></u>

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

15. INTEREST COST CAPITALIZED

Details of interest cost in proprietary funds at June 30, 2015, are as follows:

Interest cost charged to operations	\$ 10,556,397
Interest cost capitalized	<u>779,758</u>
Total interest cost incurred	<u><u>\$ 11,336,155</u></u>

16. 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 \$2,212,324 as of June 30, 2015, 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, 2015. 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.

Changes in postclosure care costs for the year ended June 30, 2015, were as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due within</u> <u>One Year</u>
Postclosure care liability	<u>\$ 2,433,549</u>	<u>\$ -</u>	<u>\$ 221,225</u>	<u>\$ 2,212,324</u>	<u>\$ 150,000</u>

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

17. 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	2015	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	2014	12,126,492	2034
Net Revenues	Wastewater Utility	SRF Loan*	Clear Creek WTP Biosolids	N/A**	7,025,000	2036
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, 2015

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
14%		5,881,000	764,100	5,618,072	-
13%		6,397,400	1,601,850	12,729,060	-
9%		8,921,335	1,115,167	12,729,060	-
2%		3,543,866	272,605	12,729,060	-
3%		4,475,475	319,677	12,729,060	-
9%		18,122,277	1,208,152	12,729,060	-
4%	4%	8,510,798	567,387	12,729,060	567,387
9%	8%	20,847,751	1,158,208	12,729,060	1,158,208
4%	4%	9,611,634	565,390	12,729,060	565,390
3%	3%	7,148,586	376,241	12,729,060	376,241
1%	1%	2,031,383	106,915	12,729,060	106,915
1%	1%	1,256,337	78,521	12,729,060	78,521
6%	6%	14,467,566	761,451	12,729,060	761,451
0%	0%	2,082,681	-	12,729,060	437,883
4%	2%	52,967,725	1,507,475	34,535,834	50,497,852
36%	15%	178,838,150	12,349,575	34,535,834	50,497,852

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

18. FUND BALANCE

Fund balance as of June 30, 2015, consists of the following:

	General Fund	Major Capital Project Fund	Other Funds	Total
Fund balances:				
Nonspendable fund balance:				
Nonspendable in form	\$ 819,134	\$ -	\$ 18,045	\$ 837,179
Contractually nonspendable	907,489	-	-	907,489
Total nonspendable	<u>1,726,623</u>	<u>-</u>	<u>18,045</u>	<u>1,744,668</u>
Restricted fund balance:				
Fiscal agent reserves	648,655	-	-	648,655
Capital projects	-	3,482,961	-	3,482,961
Assessment District debt service	-	-	156,341	156,341
Special Revenue:				
Community development	-	-	22,999,772	22,999,772
Housing	-	-	15,638,268	15,638,268
Landscape maintenance	-	-	509,239	509,239
Library	-	-	1,084,934	1,084,934
Local transportation	-	-	3,683,306	3,683,306
Police asset seizure	-	-	295,577	295,577
Total restricted	<u>648,655</u>	<u>3,482,961</u>	<u>44,367,437</u>	<u>48,499,053</u>
Assigned fund balance:				
Operations & Maintenance				
Police	486,719	-	-	486,719
Fire	300,473	-	-	300,473
Public Works	239,932	-	-	239,932
Planning	20,645	-	-	20,645
Recreation & Culture	111,722	-	-	111,722
General Government	145,300	-	-	145,300
Capital Projects				
Public Works	254,072	-	-	254,072
Planning	104,719	-	-	104,719
Vehicles & Equipment				
Police	72,219	-	-	72,219
Rolling stock	672,492	-	-	672,492
Future expenditures	3,410,000	-	-	3,410,000
Future capital projects	281,212	-	-	281,212
Total assigned	<u>6,099,505</u>	<u>-</u>	<u>-</u>	<u>6,099,505</u>
Unassigned:				
General Fund	13,745,578	-	-	13,745,578
Special Revenue	-	-	(275,436)	(275,436)
Total Unassigned	<u>13,745,578</u>	<u>-</u>	<u>(275,436)</u>	<u>13,470,142</u>
Total fund balances	<u>\$ 22,220,361</u>	<u>\$ 3,482,961</u>	<u>\$ 44,110,046</u>	<u>\$ 69,813,368</u>

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

**19. 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 2014-15, RABA received an additional \$2,851,968 in PTMISEA Funding. During the fiscal year RABA incurred \$1,204,236 in qualifying expenditures and earned \$7,000 in interest income. The June 30, 2015, unspent balance in PTMISEA funding was \$4,664,271.

Other Proposition 1B Funds

During fiscal year 2014-15 RABA received \$0 in additional non PTMISEA Proposition 1B funds. During the fiscal year RABA incurred \$196,847 in qualifying expenditures and earned \$758 in interest. The June 30, 2015 balance of non PTMISEA Proposition 1B funds was \$151,680.

20. RETIREMENT PLANS

Plan Description

A. General Information about the Pension Plans

All qualified permanent and probationary employees are eligible to participate in the City's separate Miscellaneous and Safety (police and fire) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employee's Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

In addition to the defined benefit pension plan through CalPERS, the City offers a defined benefit Retirement Enhancement Plan (REP) to the CalPERS Miscellaneous Plan through Public Agency Retirement Services (PARS). This plan became effective on January 1, 2005. Information about the REP Plan through PARS will be discussed following the discussion of the CalPERS Plan.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

20. RETIREMENT PLANS, Continued

A. General Information about the Pension Plans, Continued

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basis Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.0%	1.0% to 2.5%
Required employee contributions rates	7%	6.75%
Required employer contribution rates	20.06%	20.06%

	Safety		
	Prior to September 8, 2012	September 8, 2012 to December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-55	52-57
Monthly benefits, as a % of eligible compensation	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contributions rates	9.0%	9.0%	12.0%
Required employer contribution rates	44.395%	44.395%	44.395%

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

20. RETIREMENT PLANS, Continued

B. Net Pension Liability

Employees Covered

At June 30, 2013, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	614	239
Inactive employees entitled to but not yet receiving benefits	248	58
Active Employees	569	177
Total	<u>1431</u>	<u>474</u>

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

20. RETIREMENT PLANS, Continued

B. Net Pension Liability, Continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30 2013	June 30 2013
Measurement Date	June 30 2014	June 30 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Projected Salary Increase	Varies by Entry Age and Service	
Investment Rate of Return	7.50%	7.50%
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter	
Post Retirement Benefit Increase		

¹The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2001, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS's website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets.

Therefore, the current 7.50 percent discount rate is adequate and the use of the 7.50 municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

20. RETIREMENT PLANS, Continued

B. Net Pension Liability, continued

Discount Rate, continued

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until the methodology is changed.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' assets classes, expected compound (geometric returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above the rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

20. RETIREMENT PLANS, Continued

B. Net Pension Liability, continued

Discount Rate, continued

Asset Class	New Strategic Allocation	Real Return Years 1-10 ¹	Real Return Years 11+ ²
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.5	5.12
Infrastructure and Forestland	3.0	4.5	5.09
Liquidity	2.0	-0.55	-1.05

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan follow:

Miscellaneous Plan:

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Pension	Net Pension Liability/ (Asset)
Balance at June 30, 2013¹	\$ 356,354,196	\$ 240,690,533	\$ 115,663,663
Changes in the year:			
Service costs	6,465,244	-	6,465,244
Interest on the total pension liability	26,335,482	-	26,335,482
Changes of benefit terms	-	-	-
Differences between actual and expected experience	-	-	-
Change in assumptions	-	-	-
Contributions - employer	-	7,140,089	(7,140,089)
Contribution - employer (paid by employer)	-	2,924,099	(2,924,099)
Net investment income ²	-	41,359,309	(41,359,309)
Benefit Payments, including refunds of employee contributions	(16,894,132)	(16,894,132)	-
Net changes	15,906,594	34,529,365	(18,622,771)
Balance at June 30, 2014	\$ 372,260,790	\$ 275,219,898	\$ 97,040,892

¹The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OP EB expense. This may differ from the plan assets reported in the funding actuarial valuation report.

²Net of administrative expenses.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

20. RETIREMENT PLANS, Continued

C. Changes in the Net Pension Liability, continued

Safety Plan:

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Pension	Net Pension Liability/ (Asset)
Balance at June 30, 2013¹	\$ 243,702,319	\$ 147,853,398	\$ 95,848,921
Changes in the year:			
Service costs	4,982,595	-	4,982,595
Interest on the total pension liability	18,027,294	-	18,027,294
Changes of benefit terms	-	-	-
Differences between actual and expected experience	-	-	-
Change in assumptions	-	-	-
Contributions - employer	-	6,761,771	(6,761,771)
Contribution - employer (paid by employer)	-	1,517,735	(1,517,735)
Net investment income ²	-	25,448,647	(25,448,647)
Benefit Payments, including refunds of employee contributions	(11,659,397)	(11,659,397)	-
Net changes	<u>11,350,492</u>	<u>22,068,756</u>	<u>(10,718,264)</u>
Balance at June 30, 2014	<u>\$ 255,052,811</u>	<u>\$ 169,922,154</u>	<u>\$ 85,130,657</u>

¹The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. This may differ from the plan assets reported in the funding actuarial valuation report.

²Net of administrative expenses.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Miscellaneous	Safety
1% Decrease	6.50%	6.50%
Net Pension Liability	144,677,498	120,040,717
Current Discount Rate	7.50%	7.50%
Net Pension Liability	97,040,892	85,130,657
1% Increase	8.50%	8.50%
Net Pension Liability	57,289,154	56,460,108

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

20. RETIREMENT PLANS, Continued

C. Changes in the Net Pension Liability, continued

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the City's GASB 68 accounting valuation report may differ from the plan assets report in the funding actuarial valuation report due to several reasons. First, for the account valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of \$15,152,237. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 16,302,765	\$ -
Differences between actual and expected experience	0	0
Changes in assumptions	0	0
Net differences between projected and actual earnings on plan investments	0	(30,591,409)
Total	<u>\$ 16,302,765</u>	<u>\$ (30,591,409)</u>

\$16,302,765 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended	
June 30	Amount
2016	7,647,854
2017	7,647,854
2018	7,647,852
2019	-
Thereafter	-

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

20. RETIREMENT PLANS, Continued

E. Payable to the Pension Plan

At June 30, 2015, The City reported a payable of \$ -0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

Plan Description

A. General Information about the Pension Plans

Effective January 1, 2005, the City adopted a defined benefit plan administered through the Public Agency Retirement System (PARS) to provide supplemental retirement benefits to eligible employees in addition to the benefits the employees receive from CalPERS. Employee groups who are eligible to participate in the Retirement Enhancement Plan (REP) are as follows: Tier I – Executive Management Employees, Tier II – Redding Independent Employees’ Organization (RIEO) represented employees, Tier III Redding Police Officers’ Association (RPOA) - Miscellaneous Unit employees, Tier IV International Brotherhood of Electrical Workers (IBEW) – Maintenance unit represented employees and Tier V International Brotherhood of electrical Workers (IBEW) – Electric represented employees. The Plan is now closed to new participants.

Benefits Provided

The REP plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Benefits are based on years of service credited service, equal to one year of full time employment. Members in Tiers I, III, IV and V with five years of service with the City are eligible to retire at age 50. Members in Tier II with ten years of service with the City are eligible to retire at age 50. The death benefit is one of the following: the Basis Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Tier I	Tier II	Tier III	Tier IV	Tier V
Hire date	1/1/2005 thru 8/7/2011	1/1/2005 thru 1/1/2013	1/1/2005 thru 1/5/2011	1/1/2005 thru 1/5/2011	1/1/2005 thru 9/21/2011
Benefit formula	2.7% @ 55	2.7% @ 55	2.5% @55	2.7% @ 55	2.7% @ 55
Benefit vesting schedule	5 years service	10 years service	5 years service	5 years service	5 years service
Benefit Payments	monthly for life				
Retirement age	50-55	50-55	50-55	50-55	50-55
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	2.0% to 2.7%	2.0% to 2.5%	2.0% to 2.7%	2.0% to 2.7%
Required employee contributions rates	0%	0%	0%	0%	0%
Required employer contribution rates	22.86%	16.28%	13.78%	16.94%	13.78%

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

20. RETIREMENT PLANS, Continued

A. General Information about the Pension Plans, continued

Employees Covered

At January 1, 2014, the following employees were covered by the benefit terms for each Plan:

	<u>Tier I</u>	<u>Tier II</u>	<u>Tier III</u>	<u>Tier IV</u>	<u>Tier V</u>
Inactive employees or beneficiaries currently receiving benefits	67	123	6	68	20
Inactive employees entitled to but not yet receiving benefits	3	0	0	0	0
Active Employees	84	224	5	110	48
Total	<u>154</u>	<u>347</u>	<u>11</u>	<u>178</u>	<u>68</u>

B. Net Pension Liability

The City’s total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. That have been no significant changes between the valuation date and the fiscal year end. As summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	January 1, 2014
Measurement Date	June 30 2014
Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	3.00%
Projected Salary Increase	Graded rates based on years of services, 3.85% after 22 years of
Investment Rate of Return	7.50%
Mortality Rate Table	Pre-retirement/Post-retirement: CalPERS 1997-2001 Healthy Retiree Tables (sex distinct) projected using Scale AA and base year of 2008

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

20. RETIREMENT PLANS, Continued

B. Net Pension Liability, continued

Discount Rate

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of January 12, 2015.

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Cash	BofA Merrill Lynch 90-Day T-Bills	4.99%	0.53%	0.53%
Core Fixed Income	Barclays Aggregate	38.12%	2.03%	1.90%
Broad US Equities	Russell 3000	41.12%	5.64%	4.25%
Developed Foreign Equities	MSCI EAFE	41.22%	6.31%	4.58%
Emerging Market Equities	MSCI Emerging Markets	12.06%	8.56%	5.11%
Assumed Inflation - Mean			2.76%	2.74%
Assumed Inflation - Standard Deviation			1.85%	1.85%
Assumed Inflation - Standard Deviation			4.20%	3.76%
Portfolio Nominal Mean Return			6.96%	6.51%
Portfolio Standard Deviation				9.94%
Long-term Expected Rate of Return				7.50%

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

20. RETIREMENT PLANS, Continued

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability for the Plan follow:

PARS-REP Plan

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Pension	Net Pension Liability/ (Asset)
Balance at June 30, 2013	\$ 62,379,830	\$ 27,323,592	\$ 35,056,238
Changes in the year:			
Service costs	1,432,128	-	1,432,128
Interest on the total pension liability	4,689,105	-	4,689,105
Changes of benefit terms	-	-	-
Differences between actual and expected experience	-	-	-
Change in assumptions	-	-	-
Contributions - employer	-	6,042,892	(6,042,892)
Contribution - employer (paid by employer)	-	-	-
Net investment income	-	4,209,807	(4,209,807)
Administrative expenses	-	(219,880)	219,880
Benefit Payments, including refunds of employee contributions	(2,628,633)	(2,628,633)	-
Net changes	3,492,600	7,404,186	(3,911,586)
Balance at June 30, 2014	\$ 65,872,430	\$ 34,727,778	\$ 31,144,652

Sensitivity Analysis

The following presents the net pension liability of the City of Redding Retirement Enhancement Plan, calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate.

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Total Pension Liability	74,084,699	65,872,430	58,989,323
Fiduciary net position	34,727,778	34,727,778	34,727,778
Net pension liability	39,356,921	31,144,652	24,261,545

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

20. RETIREMENT PLANS, Continued

C. Changes in the Net Pension Liability, continued

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the City's GASB 68 accounting valuation report may differ from the plan assets report in the funding actuarial valuation report due to several reasons. First, for the account valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of \$3,765,637. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,761,588	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Net differences between projected and actual earnings on plan investments	-	(1,634,331)
Total	<u>\$ 5,761,588</u>	<u>\$ (1,634,331)</u>

\$5,761,588 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Amount
2016	408,583
2017	408,583
2018	408,582
2019	-
Thereafter	-

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

20. RETIREMENT PLANS, Continued

E. Payable to the Pension Plan

At June 30, 2015, The City reported a payable of \$ -0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

21. 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 2015, 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, 2015, was \$6,567,665 of which the retirees contributed \$3,200,016.

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	\$ 14,769,000
Interest on net OPEB obligation	2,244,000
Adjustment to annual required contribution	<u>(2,466,000)</u>
Annual OPEB cost (expense)	14,547,000
Contributions made	<u>(3,200,016)</u>
Increase in net OPEB obligation	11,346,984
Net OPEB obligation - beginning of year	<u>52,803,306</u>
Net OPEB obligation - end of year	<u><u>\$ 64,150,290</u></u>

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

21. POSTEMPLOYMENT HEALTHCARE PLAN, Continued

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 is as follows:

For the Years Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	13,080,000	22.6%	42,147,901
2014	13,728,000	22.4%	52,803,306
2015	14,547,000	22.0%	64,150,290

Funded Status and Funding Progress. As of January 1, 2015, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits at January 1, 2015 was \$102.6 million, and the actuarial value of assets was \$.1 million, resulting in a projected unfunded actuarial accrued liability (UAAL) of \$102.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$52.7 million, and the ratio of the UAAL to the covered payroll was 194%.

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, 2014, actuarial valuation, the Entry Age Normal cost funding method was used. The actuarial assumptions included a 4.0 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

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

21. POSTEMPLOYMENT HEALTHCARE PLAN, Continued

as a level percentage of projected payroll. The remaining amortization period at June 30, 2015, was twenty-four years.

22. COMMITMENTS AND CONTINGENCIES

A. A number of construction contracts existed at June 30, 2015. The unexpended authorized amount of \$16,206,049 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.

The owners of the San Juan Generation Station have approved a proposed ownership restructuring of the San Juan Generation Station effective December 31, 2017 under which MSR's (and thereby the City's) interest in the station and its generation will be transferred to the remaining owners. Definitive agreements for the proposed ownership restructuring of the San Juan Generation Station have since been executed by all nine San Juan Generation Station owners and the Public Service Company of New Mexico Resources (PNMR). The agreements will become effective upon receipt of all necessary regulatory approvals.

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/day of natural gas pipeline capacity in four (4) segments connecting the AECO supply hub to California (PG&E Citygate) from the TransCanada affiliates and PG&E. Three of those segments, Nova, Foothills, and Redwood will expire on October 31, 2015 and REU has chosen not to renew them. These three segments represent an annual obligation of \$1.6 million. The remaining segment, GTN, will expire October 31, 2023. The GTN segment has an annual obligation of \$943,000 in FY 2015, falling each subsequent year to \$780,000 in FY 2019.

REU is also contractually obligated to purchase 1,000 Dth/day of natural gas pipeline capacity, connecting the OPAL supply hub to the California Intrastate system, from the Kern River Company through 2017. The annual obligation for this pipeline capacity is \$178,000. The total pipeline obligation is less than \$3 million per year and will drop as contracts expire in the next fiscal year. Unused pipeline capacity is being sold off which will further reduce the total obligation to less than \$1 million in FY 2016.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

22. COMMITMENTS AND CONTINGENCIES, Continued

Redding Electric Utility (REU), Continued

E. REU is contractually committed to purchase natural gas in the 2015 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.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Purchase Cost \$ (million)	\$14.7	\$12.6	\$12.8	\$9.8	\$10.3	\$7.6
% Natural Gas Hedge**	65%	56%	63%	72%	71%	50%

** 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 2,250,000 Dth of cushion gas initially valued at \$13,570,000 to Gill Ranch and Gill Ranch provides REU with approximately 600,000 Dth of natural gas storage. At the end of the contract term in 2038, the cushion gas will be returned to REU with an anticipated value greater than the initial \$13,570,000 value.

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 176,000 MWH per year. The twenty-year contract has a \$12,500,000 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 and is included in the annual expected expense mentioned above.

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

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

22. COMMITMENTS AND CONTINGENCIES, Continued

Redding Electric Utility (REU), Continued

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. 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.
- J. Commencing with fiscal year 1988-89, the City has, each year, transferred from REU to the City's general fund a "payment in lieu of tax" (PILOT) designed to be equivalent to the ad valorem tax on property REU would have to pay if privately owned. The PILOT in fiscal year 2014-15 was \$5,993,200. Two lawsuits challenging the PILOT were filed against the City, one on February 4, 2011 and the second on August 29, 2011. The City has to date received related refund claims from approximately 384 REU customers. The Superior Court of the State of California, Shasta County, consolidated the two lawsuits and ruled in favor of the City on July 13, 2012 and the plaintiffs appealed the trial court's decision.

On February 19, 2015, the City received a decision and opinion from the Court of Appeal of the State of California, Third Appellate District, in Citizens for Fair REU Rates v. City of Redding. The Court of Appeal concluded that the PILOT constitutes a "tax" as defined in Article XIII C, Section (e)(1) of the California Constitution (added by Proposition 26, adopted on November 2, 2010) "unless [the City] proves the amount collected is necessary to cover the reasonable costs to [the City] to provide electric service." The Court of Appeal's ruling remands the case to the Superior Court to allow the City opportunity to prove the extent to which the PILOT recovers the cost of services provided to REU at the expense of its general fund. On February 27, 2015 the City filed a Petition for Review with the California Supreme Court. The California Supreme Court has granted review.

The City is unable to predict whether or the extent to which the City will be able to demonstrate to the satisfaction of the California Supreme Court that the PILOT reflects the reasonable cost to the City of providing electric service, or, if or to the extent the City is not successful, what remedies against the City may be available.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

22. COMMITMENTS AND CONTINGENCIES, Continued

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, 2015, was \$4,392,886.

23. TRANSFERS

The following operating transfers were made during the fiscal year ended June 30, 2015:
(The reasons for these transfers are set forth below)

<i>Transfers Out</i>	<i>Transfers In</i>					Total
	General Fund	General Capital Projects Fund	Nonmajor Governmental Funds	Water	Nonmajor Enterprise funds	
Governmental Funds:						
Major Funds:						
General Fund	\$ -	\$ -	\$ 798,250	\$ -	\$ 1,145,000	\$ 1,943,250
General Capital Projects Fund	117,766	95,000	-	-	-	212,766
Nonmajor Governmental Funds	6,913,727	-	-	-	-	6,913,727
Enterprise Funds:						
Major Enterprise Funds:						
Electric	5,993,200	-	-	-	-	5,993,200
Wastewater	-	-	-	13,780	-	13,780
Nonmajor Enterprise Funds	165,000	-	-	-	-	165,000
Total	\$ 13,189,693	\$ 95,000	\$ 798,250	\$ 13,780	\$ 1,145,000	\$ 15,241,723

- 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 to the capital project fund to cover portions of qualified projects.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

24. CHANGE IN ACCOUNTING PRINCIPLE

In June 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions (“GASB 68”). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The provisions of this Statement are effective for financial statement for periods beginning after June 15, 2014. The City contributes to the California Public Employees’ Retirement System (CalPERS) and the Public Agency Retirement System Retirement Enhancement Plan (PARS-REP) – employer participating cost-sharing multi-employer plans. The City of Redding has implemented GASB 68 for its fiscal year ended June 30, 2015.

The implementation of GASB 68 resulted in the following restatement of net position at the beginning of the year.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net position (government wide balance), as previous stated	\$ 355,866,833	\$ 399,081,010	\$754,947,843
Add:			
Deferred outflow of resources -employer contributions made during the measurement period	12,361,982	7,582,769	19,944,751
Deduct:			
Net Pension Liability	<u>(163,729,640)</u>	<u>(82,839,182)</u>	<u>(246,568,822)</u>
 Net postion, (government-wide balance), restated	 <u>\$ 204,499,175</u>	 <u>\$ 323,824,597</u>	 <u>\$528,323,772</u>

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.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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

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.

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.

In October 2014, the State Controller's office made their legal determination that the remaining \$226,800 be turned over to the Agency. This funding was remitted to the Agency January 31, 2015.

Long-term debt consisted of the following as of June 30, 2015:

Tax Allocation Bonds, Series 2003:

Interest from 2.0% to 5.679% payable March 1 and September 1; maturities are \$ 2,940,000 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.

Tax Allocation Bonds, Series A:

Interest from 2.61% to 6.4% payable on March 1 and September 1; maturities 1,025,000 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.

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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

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
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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.	15,770,000
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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 SHASTECC Redevelopment Area.	12,740,000
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Total bonds outstanding	35,975,000
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Discount on Market Street Tax Allocation Bonds, Series 2003	(20,943)
Discount on Canby-Hilltop-Cypress Tax Allocation Bonds, Series A	(4,696)
Discount on Canby-Hilltop-Cypress Tax Allocation Bonds, Series B	(13,915)
Premium on Canby-Hilltop-Cypress Tax Allocation Bonds, Series A 2003	30,829
Discount on SHASTECC Tax Allocation Bonds, Series 2006	(46,714)

Total discount/premium	(55,439)
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Total long-term bond debt	35,919,561
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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, 2015, is \$308,105 along with \$276,294 of simple interest calculated at the LAIF quarterly interest rate.	584,399
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City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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

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.	352,188
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.	769,015
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
	<hr/>
Total long-term debt	<u>\$ 40,110,963</u>

Annual requirements to amortize long-term bonds outstanding as of June 30, 2015, are set forth below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2020	3,180,000	1,138,621	4,318,621
2021-2025	12,955,000	3,382,133	16,337,133
2026-2030	2,950,000	1,773,963	4,723,963
2031-2035	3,790,000	941,250	4,731,250
2036-2037	1,795,000	90,875	1,885,875
	<u>\$ 35,975,000</u>	<u>\$ 13,329,474</u>	<u>\$ 49,304,474</u>

City of Redding
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

26. SUBSEQUENT EVENTS

On November 15, 2015 pursuant to the Office of Administrative Hearings with the State of California, the City received the decision for final award on the arbitration hearing regarding Kiewit Infrastructure West Co (Kiewit) vs. City of Redding (City). The Arbitrator awarded Kiewit \$7,956,205 for contract damages, \$152,592.13 for costs and \$1,338,364 in interest for a total award of \$9,447,164.13. In addition, Kiewit is entitled to interest at the rate of \$871.91 per day from November 20, 2015, until paid. The arbitration award pertains to the contract entered into with Kiewit on March 13, 2007, for the Cypress Bridge Replacement/Widening Project (the project). The majority of the project funding (88.53 percent) was provided by the Federal Highway Bridge Program (FHBP). The City was responsible for the remaining 11.47 percent. The City has been working in cooperation with the FHBP through out the litigation process and the FHBP has reimbursed the City 88.53 percent for the litigation costs during the process. The City intends to be reimbursed \$8,363,574.40 by the FHBP with the remaining portion of \$1,083,589.73 funded by the City's Traffic Impact Fees (TIF). The City's TIF activity is reported in the General Capital Project Fund and the funding is available for this purpose.

On November 17, 2015, the City entered into a purchase contract for the sale of \$37,955,000 aggregate principal amount of its Electric System Revenue Bonds, 2015 Series A, to be delivered on or about December 17, 2015. The purpose of these Bonds is to (1) refund all of the City's outstanding \$30,700,000 Electric System Revenue Certificates of Participation, 2005 Series A, (2) to finance [a portion of] the costs of design, acquisition and construction of a new administrative building for the City's electric utility department and (3) to pay for costs associated with issuing the 2015 Series A Bonds. All of the outstanding 2005 Series A Certificates of Participation are being called for prepayment on December 18, 2015. The interest rates on the 2015 Series A Bonds range from 2.00% to 5.00% with the final maturity date on June 1, 2035. The debt service payments on the 2015 Series A Bonds are scheduled annually beginning June 1, 2016 at amounts that range from \$1,829,340 to \$3,612,020.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Redding
Required Supplementary Information
For the year ended June 30, 2015

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, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 15,864,100	\$ 16,264,890	\$ 16,252,531	\$ (12,359)
Sales and use taxes	22,200,000	21,956,570	21,956,577	7
Other taxes	6,299,400	6,288,100	6,442,511	154,411
Licenses and permits	969,700	969,700	1,101,752	132,052
Intergovernmental revenues	1,548,150	3,063,240	2,417,717	(645,523)
Charges for services	1,552,140	1,928,530	2,310,203	381,673
Fines, forfeitures, and penalties	487,500	734,230	843,290	109,060
Use of money and property	6,641,400	6,641,400	6,932,025	290,625
Interest revenue	56,000	57,930	43,436	(14,494)
Other revenue	421,840	636,570	902,903	266,333
Total revenues	56,040,230	58,541,160	59,202,945	661,785
EXPENDITURES:				
Current:				
General government:				
City Attorney	720,360	722,350	676,781	45,569
City Clerk	818,400	822,100	763,639	58,461
City Manager	2,001,540	2,083,740	1,492,954	590,786
City Treasurer	606,590	620,600	587,293	33,307
Finance	1,446,620	1,442,910	1,116,222	326,688
Personnel	461,880	465,490	349,937	115,553
Purchasing	557,440	562,430	494,655	67,775
Public safety:				
Police	26,794,104	29,294,334	26,635,596	2,658,738
Fire safety	18,199,370	19,071,860	18,977,314	94,546
Public works	6,751,560	11,653,290	7,636,042	4,017,248
Planning	4,240,600	4,752,345	3,785,283	967,062
Recreation and culture	4,695,730	4,888,850	4,650,604	238,246
Principal payments	1,796,770	1,661,900	1,660,737	1,163
Interest and fiscal charges	1,261,080	1,507,060	1,502,214	4,846
Bond issuance costs	-	240	235	5
Total expenditures	70,352,044	79,549,499	70,329,506	9,219,993
REVENUES OVER (UNDER) EXPENDITURES	(14,311,814)	(21,008,339)	(11,126,561)	9,881,778
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	10,000	10,000	-	(10,000)
Capital leases	-	-	-	-
Long-term debt issued	-	-	-	-
Bond discount	-	-	-	-
Premium on bonds issued				
Payment to refunding bond escrow agent				
Transfers in	11,411,830	17,013,920	13,963,564	(3,050,356)
Transfers out	(2,450,960)	(2,507,960)	(2,504,951)	3,009
Total other financing sources (uses)	8,970,870	14,515,960	11,458,613	(3,057,347)
Net change in fund balances	(5,340,944)	(6,492,379)	332,052	6,824,431

City of Redding
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
General Fund, Continued
For the year ended June 30, 2015

BUDGETARY FUND BALANCES:

Beginning of year	<u>21,335,985</u>	<u>21,335,985</u>	<u>21,335,985</u>	<u>-</u>
End of year	<u>\$ 15,995,041</u>	<u>\$ 14,843,606</u>	<u>\$ 21,668,037</u>	<u>\$ 6,824,431</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	\$ 22,220,361
1. The City budgets for taxes on a cash basis.	(201,077)
2. The City budgets for grants on a cash basis.	(231,845)
3. Timing difference due to GASB #33.	(14,227)
4. The City does not budget for accounts payable adjustments.	5,350
5. The City does not budget for benefit accruals.	44,036
6. Financial statement only adjustment for GASB #31.	(26,690)
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.	95,502
8. The City does not budget for special assessments.	(9,981)
9. Encumbrances are not included in the Statement of Revenues, Expenditures and Changes in Fund Balance.	(1,396,813)
10. The City did not budget for prepaid rent for the Housing Authority and the Agency	(41,940)
11. The City does not budget for developer's fees that are prepaid.	99,639
12. The City budgeted for prepaid expenditures.	1,130,096
13. The City does not budget for interest on deposits held in trust.	(5,145)
14. The City Budgets for cash transfers to/from other funds as loans, but records the advances in advances receivable/payable on the balance sheet.	771

Budgetary Fund Balance

\$ 21,668,037

(Concluded)

City of Redding

Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period Required Supplementary Information For the year ended June 30, 2015

Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period

Measurement Period	CalPERS Miscellaneous Plan	CalPERS Safety Plan
	2013-14 ¹	2013-14 ¹
TOTAL PENSION LIABILITY:		
Service Costs	\$ 6,465,244	\$ 4,982,595
Interest	26,335,482	18,027,294
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(16,894,132)	(11,659,397)
Net Change in Total Pension Liability	15,906,594	11,350,492
Total Pension Liability - Beginning	356,354,196	243,702,319
Total Pension Liability - Ending (a)	\$ 372,260,790	\$ 255,052,811
PLAN FIDUCIARY NET POSITION:		
Contributions - Employer	\$ 7,140,089	6,761,771
Contributions - Employee	2,924,099	1,517,735
Net Investment Income ²	41,359,309	25,448,647
Benefit Payments, Including Refunds of Employee Contributions	(16,894,132)	(11,659,397)
Other Changes in Fiduciary Net Position	-	-
Net Change in Fiduciary Net Position	34,529,365	22,068,756
Plan Fiduciary Net Position - Beginning	240,690,533	147,853,398
Plan Fiduciary Net Position - Ending (b)	\$ 275,219,898	\$ 169,922,154
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 97,040,892	\$ 85,130,657
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.93%	66.62%
Covered - Employee Payroll	\$ 40,286,914	\$ 16,800,737
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	240.87%	506.71%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

City of Redding
Schedule of Plan Contributions
Required Supplementary Information
For the year ended June 30, 2015

Schedule of Plan Contributions¹

	CalPERS Miscellaneous Plan FY 2013-14	CalPERS Safety Plan FY 2013-14
Actuarially Determined Contribution ²	\$ 7,140,089	\$ 6,761,771
Contributions in Relations to the Actuarially Determined Contribution ²	(7,140,089)	(6,761,771)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll ^{3,4}	\$ 40,286,914	\$ 16,800,737
Contributions as a Percentage of Covered-Employee Payroll ³	17.72%	40.25%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for the covered-employees, the employer should display in the disclosure footnotes the payroll passed on total earnings for the covered group and recalculate the required payroll-related ratios.

⁴ Payroll from prior year of \$39,113,509 for the Miscellaneous Plan and of \$16,311,375 for the Safety Plan were both assumed to increase by the 3.00 percent payroll growth assumption.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2011 Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For Details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

City of Redding
Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period
Required Supplementary Information
For the year ended June 30, 2015

Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period

Measurement Period	Public Agency Retirement System Miscellaneous Plan (PARS)	
	2013-14 ¹	
TOTAL PENSION LIABILITY:		
Service Costs	\$	1,432,128
Interest		4,689,105
Changes of Benefit Terms		-
Difference Between Expected and Actual Experience		-
Changes of Assumptions		-
Benefit Payments, Including Refunds of Employee Contributions		(2,628,633)
Net Change in Total Pension Liability		3,492,600
Total Pension Liability - Beginning		62,379,830
Total Pension Liability - Ending (a)	\$	65,872,430
PLAN FIDUCIARY NET POSITION:		
Contributions - Employer		6,042,892
Contributions - Employee		-
Net Investment Income ²		3,990,007
Benefit Payments, Including Refunds of Employee Contributions		(2,628,633)
Other Changes in Fiduciary Net Position		-
Net Change in Fiduciary Net Position		7,404,266
Plan Fiduciary Net Position - Beginning		27,323,592
Plan Fiduciary Net Position - Ending (b)	\$	34,727,858
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$	31,144,572
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		52.72%
Covered - Employee Payroll	\$	33,451,518
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll		93.10%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: There were not changes in assumptions.

City of Redding

Schedule of Public Agency Retirement Services Retirement Enhancement Plan Contributions All Tiers Required Supplementary Information For the year ended June 30, 2015

Schedule of Public Agency Retirement Services Retirement Enhancement Plan - PARS Contributions All Tiers¹

	Public Agency Retirement System Miscellaneous Plan (PARS) All Tiers	
	FY 2013-14	
Actuarially Determined Contribution ²	\$	6,042,892
Contributions in Relations to the Actuarially Determined Contribution ²		(6,042,892)
Contribution Deficiency (Excess)	\$	-
Covered-Employee Payroll ³	\$	33,451,518
Contributions as a Percentage of Covered-Employee Payroll ³		18.06%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for the covered-employees, the employer should display in the disclosure footnotes the payroll passed on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to Schedule:

The following actuarial methods and assumptions were used in the January 1, 2014 funding valuation. Please see the valuation report dated April 23, 2015 for further details

Valuation Timing	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level dollar, closed, amortization period at 1/1/2014 was 11 years
Asset Valuation Method	None
Inflation	3.00%
Salary Increases	Varies by Years of Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses
Cost of Living Adjustments	2.00%
Withdrawal	
Mortality	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plan Pre-Retirement/Post-Retirement: CalPERS 1997-2011 Healthy Retiree Tables (sex distinct) projected using Scale AA and base year of 2008.
Disability	None assumed.

City of Redding
Schedule of Funding Progress-Healthcare Plan
Required Supplementary Information
For the year ended June 30, 2015

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
1/1/11	\$ 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%
1/1/15	\$ 51,000	\$ 102,631,000	\$ 102,580,000	0.00%	\$ 52,651,000	195%

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, 2015

	Special Revenue				
	Parking	Street Maintenance	Community Development	Housing	General Special Revenue
ASSETS					
Cash and investments	\$ 80,478	\$ 2,350,039	\$ 1,840,037	\$ 1,228,797	\$ -
Interest receivable, unrestricted	32	6,334	2,012,255	1,477,415	-
Accounts receivable, net	-	-	-	74,585	-
Intergovernmental receivable	352,188	1,326,933	177,298	826,936	-
Taxes receivable	-	-	-	235,881	-
Other receivable	-	-	20,475	2,875	-
Restricted cash and investments	-	-	-	113,729	-
Restricted interest receivable	-	-	-	27	-
Interfund receivable	-	-	-	-	-
Prepaid items	269	-	17,776	-	-
Assets held for resale	-	-	142,370	-	-
Advances to other funds	-	-	-	-	-
Special assessments receivable	-	-	-	-	-
Notes receivable	-	-	21,370,998	14,579,710	-
Total assets	\$ 432,967	\$ 3,683,306	\$ 25,581,209	\$ 18,539,955	\$ -
LIABILITIES					
Accounts payable	\$ 439	\$ -	\$ 12,640	\$ 19,247	\$ -
Accrued liabilities	1,591	-	5,537	21,293	-
Intergovernmental payable	352	-	17,714	-	-
Due to other funds	-	-	-	96,865	-
Accounts payable from restricted assets	-	-	-	164	-
Unearned revenue	-	-	332,100	-	-
Deposits	-	-	-	113,729	-
Advances from other funds	705,361	-	-	-	-
Total liabilities	707,743	-	367,991	251,298	-
DEFERRED INFLOWS OF RESOURCES	391	-	2,195,670	2,650,389	-
FUND BALANCES					
Nonspendable	269	-	17,776	-	-
Restricted	-	3,683,306	22,999,772	15,638,268	-
Unassigned	(275,436)	-	-	-	-
Total fund balances	(275,167)	3,683,306	23,017,548	15,638,268	-
Total liabilities, deferred inflows of resources and fund balances	\$ 432,967	\$ 3,683,306	\$ 25,581,209	\$ 18,539,955	\$ -

Special Revenue			Debt Service	Total
Landscape Maintenance District	Library	Asset Seizure Fund	1915 ACT Assessment District Bonds	Non-Major Governmental Funds
\$ 504,701	\$ 1,499,951	\$ 295,014	\$ 151,168	\$ 7,950,185
896	2,513	563	173	3,500,181
2,827		-	-	77,412
-	3,341	-	-	2,686,696
-	-	-	-	235,881
-	-	-	-	23,350
-	-	-	5,000	118,729
-	-	-	-	27
-	-	-	-	-
-	-	-	-	18,045
-	-	-	-	142,370
-	-	-	-	-
6,313	-	-	712,232	718,545
-	-	-	-	35,950,708
<u>\$ 514,737</u>	<u>\$ 1,505,805</u>	<u>\$ 295,577</u>	<u>\$ 868,573</u>	<u>\$ 51,422,129</u>
\$ 132	\$ 367,189	\$ -	\$ -	\$ 399,647
2,185	2,441	-	-	33,047
-	875	-	-	18,941
-	-	-	-	96,865
-	-	-	-	164
-	50,366	-	-	382,466
-	-	-	-	113,729
-	-	-	-	705,361
<u>2,317</u>	<u>420,871</u>	<u>-</u>	<u>-</u>	<u>1,750,220</u>
<u>3,181</u>	<u>-</u>	<u>-</u>	<u>712,232</u>	<u>5,561,863</u>
-	-	-	-	18,045
509,239	1,084,934	295,577	156,341	44,367,437
-	-	-	-	(275,436)
<u>509,239</u>	<u>1,084,934</u>	<u>295,577</u>	<u>156,341</u>	<u>44,110,046</u>
<u>\$ 514,737</u>	<u>\$ 1,505,805</u>	<u>\$ 295,577</u>	<u>\$ 868,573</u>	<u>\$ 51,422,129</u>

City of Redding
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2015

	Special Revenue				
	Parking	Street Maintenance	Community Development	Housing	General Special Revenue
REVENUES:					
Sales tax revenue	\$ -	\$ -	\$ -	\$ -	\$ 272,517
Special assessments	-	-	-	-	-
Licenses, fees and permits	40,921	-	-	-	-
Intergovernmental revenues	-	5,053,302	1,304,723	8,163,014	-
Charges for services	-	-	-	36,737	-
Fines, forfeitures and penalties	32,567	-	-	-	-
Use of money and property	-	-	-	-	-
Interest revenue	1,500	49,725	150,573	49,711	-
Other revenues	-	-	1,283	52,304	-
Total revenues	74,988	5,103,027	1,456,579	8,301,766	272,517
EXPENDITURES:					
Current:					
Community development	-	-	827,357	8,563,958	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	96,464	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	128,125	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	96,464	-	955,482	8,563,958	-
REVENUE OVER (UNDER) EXPENDITURE	(21,476)	5,103,027	501,097	(262,192)	272,517
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	(6,641,210)	-	-	(272,517)
Total other financing sources (uses)	-	(6,641,210)	-	-	(272,517)
Net change in fund balances	(21,476)	(1,538,183)	501,097	(262,192)	-
FUND BALANCES:					
Beginning of year	(253,691)	5,221,489	22,516,451	15,900,460	-
End of year	\$ (275,167)	\$ 3,683,306	\$ 23,017,548	\$ 15,638,268	\$ -

Special Revenue			Debt Service	
Landscape Maintenance District	Library	Asset Seizure Fund	Assessment District Bonds	Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 272,517
433,668	-	-	37,212	470,880
-	-	-	-	40,921
-	48,751	-	-	14,569,790
-	1,288,733	-	-	1,325,470
1,822	90,912	-	-	125,301
-	-	-	-	-
5,286	13,435	5,670	1,040	276,940
-	16,362	55,545	-	125,494
<u>440,776</u>	<u>1,458,193</u>	<u>61,215</u>	<u>38,252</u>	<u>17,207,313</u>
-	-	-	-	9,391,315
-	-	-	50	50
-	-	46,260	-	46,260
363,378	-	-	-	459,842
-	2,384,079	-	-	2,384,079
-	5,042	-	-	133,167
-	-	-	387,000	387,000
-	-	-	19,056	19,056
<u>363,378</u>	<u>2,389,121</u>	<u>46,260</u>	<u>406,106</u>	<u>12,820,769</u>
<u>77,398</u>	<u>(930,928)</u>	<u>14,955</u>	<u>(367,854)</u>	<u>4,386,544</u>
-	798,250	-	-	798,250
-	-	(95,000)	-	(7,008,727)
-	798,250	(95,000)	-	(6,210,477)
<u>77,398</u>	<u>(132,678)</u>	<u>(80,045)</u>	<u>(367,854)</u>	<u>(1,823,933)</u>
<u>431,841</u>	<u>1,217,612</u>	<u>375,622</u>	<u>524,195</u>	<u>45,933,979</u>
<u>\$ 509,239</u>	<u>\$ 1,084,934</u>	<u>\$ 295,577</u>	<u>\$ 156,341</u>	<u>\$ 44,110,046</u>

City of Redding

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

Special Revenue Parking Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	\$ 62,000	\$ 62,000	\$ 40,921	\$ (21,079)
Fines, forfeitures and penalties	19,000	19,000	32,566	13,566
Interest revenue	2,050	2,050	1,303	(747)
Total revenues	83,050	83,050	74,790	(8,260)
EXPENDITURES:				
Current:				
Public works	108,670	108,670	97,664	11,006
Total expenditures	108,670	108,670	97,664	11,006
Net change in fund balance	(25,620)	(25,620)	(22,874)	(2,746)
FUND BALANCE:				
Beginning of year	(253,691)	(253,691)	(253,691)	-
End of year	\$ (279,311)	\$ (279,311)	\$ (276,565)	\$ (2,746)

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	\$ (275,167)
1. Financial statement only adjustment per GASB #31.	(198)
2. The City does not budget for accounts payable adjustments.	(1,160)
9. Encumbrances are not included in the Statement of Revenues, Expenditures and Changes in Fund Balance.	(40)
Budgetary Fund Balance	\$ (276,565)

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, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 3,708,500	\$ 3,708,500	\$ 5,415,076	\$ 1,706,576
Interest revenues	20,000	20,000	39,584	19,584
Total revenues	3,728,500	3,728,500	5,454,660	1,726,160
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	3,728,500	3,728,500	5,454,660	1,726,160
OTHER FINANCING SOURCES (USES):				
Transfers out	(4,863,850)	(4,863,850)	(6,641,210)	(1,777,360)
Total other financing sources (uses)	(4,863,850)	(4,863,850)	(6,641,210)	(1,777,360)
Net change in fund balance	(1,135,350)	(1,135,350)	(1,186,550)	(51,200)
FUND BALANCE:				
Beginning of year	5,221,489	5,221,489	5,221,489	-
End of year	\$ 4,086,139	\$ 4,086,139	\$ 4,034,939	\$ (51,200)
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			\$ 3,683,306	
1. Financial statement only adjustment per GASB #31.			(10,140)	
2. The City budgets for grants and taxes on a cash basis.			361,773	
Budgetary Fund Balance			\$ 4,034,939	

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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 1,429,560	\$ 4,108,460	\$ 1,544,517	\$ (2,563,943)
Interest revenue	79,000	161,630	170,085	8,455
Use of money and property	270,000	638,820	661,246	22,426
Other revenues	300	300	1,296	996
Total revenues	1,778,860	4,909,210	2,377,144	(2,532,066)
EXPENDITURES:				
Current:				
Community development	1,879,980	5,637,060	2,204,286	3,432,774
Total expenditures	1,879,980	5,637,060	2,204,286	3,432,774
Net change in fund balance	(101,120)	(727,850)	172,858	900,708
Other Financing sources (uses):				
Transfers In	-	-	-	-
Total other financing sources (uses)	-	-	-	-
FUND BALANCE:				
Beginning of year	22,516,451	22,516,451	22,516,451	-
End of year	\$ 22,415,331	\$ 21,788,601	\$ 22,689,309	\$ 900,708

(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, 2015

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	\$	23,017,548
1. Financial statement only adjustment per GASB #31.		(3,551)
2. The City does not budget for accounts payable and accrued liability adjustments.		(10,006)
3. The City budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.		(1,021,877)
4. The City budgets for and records loan payments received in the revenue accounts, but adjusts the actual payment to loans receivable.		657,618
5. The City budgets for grants on a cash basis.		239,793
6. The City does not budget for benefit accruals.		(84)
7. The City budgets for interest income on notes receivable, trust fund assets and rolling stock cash on a cash basis.		26,707
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.		(74,469)
9. The City budgets for and records Assets Held for Sale made in the expenditure account, but adjusts the actual disbursement to Assets Held for Sale		(142,370)
		<hr/>
Budgetary Fund Balance	\$	22,689,309
		<hr/> <hr/> (Concluded)

City of Redding

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

Special Revenue Housing Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenue	\$ 7,344,240	\$ 8,118,630	\$ 8,167,604	\$ 48,974
Use of money and property	28,530	91,820	122,834	31,014
Interest	19,280	43,040	47,752	4,712
Taxes and special assessments	13,400	45,390	89,024	43,634
Total revenues	7,405,450	8,298,880	8,427,214	128,334
EXPENDITURES:				
Current:				
Community development	7,687,870	8,743,250	8,515,941	227,309
Total expenditures	7,687,870	8,743,250	8,515,941	227,309
Net change in fund balance	(282,420)	(444,370)	(88,727)	(355,643)
FUND BALANCE:				
Beginning of year	15,900,460	15,900,460	15,900,460	-
End of year	\$ 15,618,040	\$ 15,456,090	\$ 15,811,733	\$ (355,643)

(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, 2015

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	\$	15,638,268
1. Financial statement only adjustment per GASB #31.		(625)
2. The City does not budget for accounts payable or intergovernmental payable adjustments.		9,228
3. The City budgets for housing loan payment revenue, but adjusts the actual payments to loans receivable.		122,819
4. The City budgets for grants on a cash basis.		4,590
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.		(40,508)
6. The City budgeted and paid for rent in a prior year, but adjusts the prepayment for the current year portion.		43,326
7. The City budgets for interest income on notes receivable on a cash basis.		(1,352)
8. The City budgets for interest income on notes receivable, trust fund assets.		
9. The City does not budget for interest accruals.		16
10. The City budgets for housing loans as expenditures, but adjusts the disbursements to loans receivable.		(766)
11. Vested retirement benefits are not included in actual expenditures budgetary basis, but are included in the Statement of Revenues, Expenditures, and Fund Balance.		36,737

Budgetary Fund Balance

\$ 15,811,733

(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, 2015

	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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ 26,820	\$ 46,859	\$ 20,039
Charges for services	1,296,370	1,296,370	1,288,733	(7,637)
Fines, forfeitures and penalties	100,250	100,250	90,912	(9,338)
Interest revenue	2,500	2,500	2,739	239
Other revenue	-	8,230	16,362	8,132
Total revenues	1,399,120	1,434,170	1,445,605	11,435
EXPENDITURES:				
Current:				
Recreation and culture	2,329,490	2,610,500	2,366,257	244,243
Total expenditures	2,329,490	2,610,500	2,366,257	244,243
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(930,370)	(1,176,330)	(920,652)	(255,678)
OTHER FINANCING SOURCES (USES):				
Transfers in	802,940	992,940	988,250	(4,690)
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	752,940	942,940	938,250	(4,690)
Net change in fund balance	(177,430)	(233,390)	17,598	250,988
FUND BALANCE:				
Beginning of year	1,217,612	1,217,612	1,217,612	-
End of year	\$ 1,040,182	\$ 984,222	\$ 1,235,210	\$ 250,988

(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, 2015

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	\$	1,084,934
1. Financial statement only adjustment per GASB #31.		(2,901)
2. The City does not budget for accounts payable adjustments.		339,832
3. The City budgets for grants on a cash basis.		(1,892)
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.		132,205
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.		(316,968)
Budgetary Fund Balance	\$	<u>1,235,210</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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenue	\$ -	\$ 5,726,220	\$ 3,955,188	\$ (1,771,032)
Use of money and property	-	340	3,960	3,620
Investment revenue	70,000	70,000	30,234	(39,766)
Other	2,167,760	2,265,550	1,776,052	(489,498)
Total revenues	2,237,760	8,062,110	5,765,434	(2,296,676)
EXPENDITURES:				
Current:				
General government	181,600	181,600	124,491	57,109
Police	6,683,580	6,778,580	6,699,031	79,549
Public works	12,174,990	20,020,400	9,444,092	10,576,308
Recreation and culture	367,910	1,378,910	253,400	1,125,510
Debt Service:				
Principal retirement	1,909,160	1,917,550	1,696,583	220,967
Interest and fiscal charges	318,830	310,440	289,841	20,599
Bond issuance costs	-	-	215	(215)
Total expenditures	21,636,070	30,587,480	18,507,653	12,079,827
REVENUES OVER (UNDER) EXPENDITURES	(19,398,310)	(22,525,370)	(12,742,219)	9,783,151
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	-	-	54,925	54,925
Long-term debt issued	-	-	-	-
Bond discount	-	-	-	-
Transfers in	701,090	936,460	842,927	(93,533)
Transfers out	(725,340)	(865,710)	(865,693)	17
Total other financing sources (uses)	(24,250)	70,750	32,159	(38,591)
Net change in fund balance	(19,422,560)	(22,454,620)	(12,710,060)	9,744,560
FUND BALANCE:				
Beginning of year	11,774,403	11,774,403	11,774,403	-
End of year	\$ (7,648,157)	\$ (10,680,217)	\$ (935,657)	\$ 9,744,560

(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, 2015

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	\$	3,482,961
1. Financial statement only adjustment per GASB #31.		(16,638)
2. The City does not budget for accounts payable adjustments.		(563,996)
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.		(3,496,532)
4. The City does not budget for the transfer of developer fees and interest on those fees to the related enterprise funds.		167,757
5. The City budgets for grants on a cash basis.		(378,232)
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.		(130,977)
8. The City did not budget for the costs associated with the ILMS project.		
Budgetary Fund Balance	\$	<u>(935,657)</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, 2015

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
ASSETS					
Current assets:					
Cash and investments	\$ -	\$ 4,063,957	\$ 1,755,070	\$ 375,695	\$ 6,194,722
Interest receivable	49	8,120	1,754	65	9,988
Accounts receivable	94,925	42,886	26,165	-	163,976
Prepaid items	10,803	7,873	-	4,979	23,655
Intergovernmental receivable	1,477,554	-	4,471,744	-	5,949,298
Inventories	-	27,101	149,525	-	176,626
Total current assets	1,583,331	4,149,937	6,404,258	380,739	12,518,265
Non-current assets:					
Restricted assets:					
Cash and investments	-	-	-	-	-
Interest receivable	-	-	-	-	-
Total restricted assets	-	-	-	-	-
Capital assets:					
Land	6,276,146	909,184	1,806,581	250,000	9,241,911
Construction in progress	9,712,267	76,969	909,039	94,866	10,793,141
Other capital assets, net	18,759,015	12,914,275	9,161,897	846,958	41,682,145
Capital assets	34,747,428	13,900,428	11,877,517	1,191,824	61,717,197
Total other assets	-	-	-	-	-
Total non-current assets	34,747,428	13,900,428	11,877,517	1,191,824	61,717,197
Total assets	36,330,759	18,050,365	18,281,775	1,572,563	74,235,462
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	56,970	-	-	25,664	82,634
Deferred outflows related to pensions	96,887	95,473	-	-	192,360
Total deferred outflows	153,857	95,473	-	25,664	274,994

(Continued)

City of Redding
Combining Statement of Fund Net Position, Continued
Nonmajor Enterprise Funds
June 30, 2015

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
LIABILITIES					
Current liabilities (payable from current assets):					
Accounts payable	\$ 210,275	\$ 8,726	\$ 375,586	\$ 84,114	\$ 678,701
Accrued liabilities	20,423	16,904	15,123	-	52,450
Accrued interest payable	9,710	-	-	2,041	11,751
Intergovernmental payables	-	-	451,534	225	451,759
Due to other funds	805,670	-	108,944	-	914,614
Interfund payables	45,000	-	-	182,100	227,100
Unearned revenue	47,134	-	4,815,951	-	4,863,085
Deposits payable	68,569	-	3,895	-	72,464
Accrued compensated absences, due within one year	11,939	19,312	-	-	31,251
Capital leases, due within one year	417,637	-	-	-	417,637
Long-term debt, due within one year	37,726	-	-	23,925	61,651
State loan, due within one year	68,719	-	-	-	68,719
Total current liabilities	1,742,802	44,942	5,771,033	292,405	7,851,182
Long-term liabilities:					
Compensated absences, due in more than one year	44,833	56,800	-	-	101,633
Advances from other funds	2,463,811	-	-	2,124,958	4,588,769
Accrued liabilities, due in more than one year	502,207	374,532	-	324,251	1,200,990
Capital leases, due in more than one year	1,355,968	-	-	-	1,355,968
Long-term debt, due in more than one year	346,160	-	-	219,529	565,689
State loan, due in more than one year	705,993	-	-	-	705,993
Net pension liability	954,509	847,830	-	-	1,802,339
Total long-term liabilities	6,373,481	1,279,162	-	2,668,738	10,321,381
Total liabilities	8,116,283	1,324,104	5,771,033	2,961,143	18,172,563
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	146,427	118,680	-	-	265,107
Total Deferred Inflows	146,427	118,680	-	-	265,107
NET POSITION					
Net investment in capital assets	31,242,062	13,900,428	11,877,517	242,219	57,262,226
Restricted for capital projects	-	2,898,094	-	-	2,898,094
Unrestricted	(3,020,156)	(95,468)	633,225	(1,605,135)	(4,087,534)
Total net position	\$ 28,221,906	\$ 16,703,054	\$ 12,510,742	\$ (1,362,916)	\$ 56,072,786

City of Redding
Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the year ended June 30, 2015

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
OPERATING REVENUES:					
User Fees and Charges	\$ 117,374	\$ 1,202,469	\$ 1,327,726	\$ -	\$ 2,647,569
Rental fees	1,342,245	-	-	285,000	1,627,245
Other operating revenue	500,655	2,362	-	126	503,143
Total operating revenues	1,960,274	1,204,831	1,327,726	285,126	4,777,957
OPERATING EXPENSES:					
Cost of power, water, and transportation	-	-	3,374,768	-	3,374,768
Maintenance, operations, and administration	2,169,079	1,076,567	1,906,525	1,117,626	6,269,797
Depreciation and amortization	1,224,282	823,515	1,049,216	91,190	3,188,203
Total operating expenses	3,393,361	1,900,082	6,330,509	1,208,816	12,832,768
Operating income (loss)	(1,433,087)	(695,251)	(5,002,783)	(923,690)	(8,054,811)
NONOPERATING REVENUE (EXPENSES):					
Interest revenue	257	48,598	1,768	1,487	52,110
Interest expense	(222,364)	-	(2,879)	(13,091)	(238,334)
Intergovernmental revenues	435,487	38,313	3,938,343	-	4,412,143
Gain (loss) on disposal of assets	407,773	-	-	-	407,773
Other non-operating revenues (expenses)	576,757	134,520	16,335	-	727,612
Total nonoperating revenues (expenses)	1,197,910	221,431	3,953,567	(11,604)	5,361,304
Income (loss) before operating transfers and capital contributions	(235,177)	(473,820)	(1,049,216)	(935,294)	(2,693,507)
Capital contributions	1,019,813	295,822	2,042,904	-	3,358,539
Transfers in	-	-	-	1,145,000	1,145,000
Transfers out	(165,000)	-	-	-	(165,000)
Change in net position	619,636	(177,998)	993,688	209,706	1,645,032
NET POSITION:					
Beginning of year	28,619,283	17,769,300	11,517,054	(1,572,622)	56,333,015
Restatement	(1,017,013)	(888,248)	-	-	(1,905,261)
Beginning of year, restated	27,602,270	16,881,052	11,517,054	(1,572,622)	54,427,754
End of year	\$ 28,221,906	\$ 16,703,054	\$ 12,510,742	\$ (1,362,916)	\$ 56,072,786

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City of Redding
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the year ended June 30, 2015

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 1,946,133	\$ 1,419,192	\$ 1,378,425	285,126	\$ 5,028,876
Cash paid to suppliers	(1,378,658)	(507,626)	(5,429,451)	(1,068,990)	(8,384,725)
Cash paid to employees	(710,278)	(503,713)	-	(39,643)	(1,253,634)
Other operating revenue	486,084	2,362	-	-	488,446
Net cash provided (used) by operating activities	343,281	410,215	(4,051,026)	(823,507)	(4,121,037)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Intergovernmental revenue received	447,105	38,313	790,078	-	1,275,496
Advances from other funds	813,074	-	108,944	264,000	1,186,018
Repayment of advances to other funds	-	-	-	-	-
Repayment of advances from other funds	(518,972)	-	(87,254)	(191,100)	(797,326)
Transfers in	7,780	-	-	1,145,000	1,152,780
Transfers out	(173,551)	-	-	-	(173,551)
Net cash provided (used) by noncapital financing activities	575,436	38,313	811,768	1,217,900	2,643,417
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital grants received	979,381	-	3,505,665	-	4,485,046
Proceeds from sale of assets	537,982	-	-	-	537,982
Purchases of capital assets	(1,826,912)	(314,157)	(2,101,110)	(94,266)	(4,336,445)
Interest paid	(214,580)	-	(2,878)	(8,424)	(225,882)
Proceeds from long-term debt	-	-	-	-	-
Principal paid on long-term debt	(103,331)	-	-	(23,967)	(127,298)
Principal paid on capital leases	(382,200)	-	-	-	(382,200)
Bond issuance costs	-	-	-	-	-
Cash collected for future capital outlay	90,673	133,442	-	-	224,115
Net cash provided (used) by capital and related financing activities	(918,987)	(180,715)	1,401,677	(126,657)	175,318
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment revenue received	270	51,282	2,125	1,690	55,367
Rents received	-	-	16,335	-	16,335
Net cash provided (used) by investing activities	270	51,282	18,460	1,690	71,702
Net increase (decrease) in cash and cash equivalents	-	319,095	(1,819,121)	269,426	(1,230,600)
CASH AND CASH EQUIVALENTS:					
Beginning of year	-	3,744,862	3,574,191	106,269	7,425,322
End of year	\$ -	\$ 4,063,957	\$ 1,755,070	\$ 375,695	\$ 6,194,722
Reconciliation to statement of net position					
Cash and cash equivalents	\$ -	\$ 4,063,957	\$ 1,755,070	\$ 375,695	\$ 6,194,722
	\$ -	\$ 4,063,957	\$ 1,755,070	\$ 375,695	\$ 6,194,722

(Continued)

City of Redding
Combining Statement of Cash Flows
Nonmajor Enterprise Funds, Continued
For the year ended June 30, 2015

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income (loss)	\$ (1,433,087)	\$ (695,251)	\$ (5,002,783)	\$ (923,690)	\$ (8,054,811)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Other non-operating revenue and expense	486,084	-	-	-	486,084
Depreciation and amortization	1,224,282	823,515	1,049,216	91,190	3,188,203
Pension expense	(12,964)	(17,211)	-	-	(30,175)
Accounts receivable	(45,380)	216,723	50,700	-	222,043
Inventories	-	(2,062)	(64,576)	-	(66,638)
Prepaid items	(2,653)	(812)	-	5,239	1,774
Accounts payable	(3,573)	5,517	89,381	3,529	94,854
Accrued liabilities	3,720	3,476	5,961	-	13,157
Deposits payable	31,239	-	-	-	31,239
Intergovernmental payable	-	-	(178,925)	225	(178,700)
Unearned revenue	11,913	-	-	-	11,913
Accrued compensated absences	8,839	20,694	-	-	29,533
Accrued liabilities long-term	74,861	55,626	-	-	130,487
Net cash provided (used) by operating activities	\$ 343,281	\$ 410,215	\$ (4,051,026)	\$ (823,507)	\$ (4,121,037)
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Plant contributed from developers	\$ -	\$ 295,822	\$ -	\$ -	\$ 295,822
Transfer of capital assets	169,560	-	-	-	169,560
Total non-cash capital and related financing activities	\$ 169,560	\$ 295,822	\$ -	\$ -	\$ 465,382

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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, 2015

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
ASSETS						
Current assets:						
Cash and investments	\$ 175,344	\$ 1,072,170	\$ 787,371	\$ 12,260,373	\$ 899,915	\$ 15,195,173
Interest receivable	219	1,769	1,491	20,775	1,477	25,731
Accounts receivable, net	92	-	1,782	36,982	-	38,856
Prepaid items	28,103	23,880	26,160	332,199	28,237	438,579
Intergovernmental receivable	-	-	-	769,015	-	769,015
Inventories	157,675	-	-	-	-	157,675
Interfund receivable	-	-	-	182,100	-	182,100
Total current assets	361,433	1,097,819	816,804	13,601,444	929,629	16,807,129
Non-current assets:						
Capital assets:						
Land	-	-	110,810	-	-	110,810
Other capital assets, net	4,891,301	692,999	84,448	-	53,860	5,722,608
Capital assets	4,891,301	692,999	195,258	-	53,860	5,833,418
Other assets:						
Advances to other funds	-	-	-	4,366,850	-	4,366,850
Total other assets	-	-	-	4,366,850	-	4,366,850
Total non-current assets	4,891,301	692,999	195,258	4,366,850	53,860	10,200,268
Total assets	5,252,734	1,790,818	1,012,062	17,968,294	983,489	27,007,397
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	290,618	426,003	305,077	180,331	487,572	1,689,601
Total Deferred Outflows	290,618	426,003	305,077	180,331	487,572	1,689,601
LIABILITIES						
Current liabilities:						
Accounts payable	21,538	96,719	165,872	48,998	4,390	337,517
Intergovernmental payable	-	-	21,313	-	-	21,313
Accrued liabilities	41,389	42,973	57,512	55,088	63,191	260,153
Claims and judgements payable	-	-	-	3,996,685	-	3,996,685
Unearned revenue	-	2,286	-	-	-	2,286
Deposits	-	-	13	-	-	13
Compensated absences - current	78,257	65,868	46,411	47,579	119,461	357,576
Total current liabilities	141,184	207,846	291,121	4,148,350	187,042	4,975,543
Long-term liabilities:						
Advances from other funds	-	537,361	-	-	-	537,361
Accrued compensated absences	151,492	168,299	112,672	125,941	340,391	898,795
Accrued liabilities	1,057,497	1,253,925	1,113,131	545,930	1,535,960	5,506,443
Claims and judgements	-	-	-	11,762,805	-	11,762,805
Net pension liability	2,622,436	3,824,964	2,736,569	1,575,823	4,349,268	15,109,060
Total long-term liabilities	3,831,425	5,784,549	3,962,372	14,010,499	6,225,619	33,814,464
Total liabilities	3,972,609	5,992,395	4,253,493	18,158,849	6,412,661	38,790,007
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	372,760	541,126	386,797	217,104	611,465	2,129,252
Total Deferred Inflows	372,760	541,126	386,797	217,104	611,465	2,129,252
NET POSITION						
Net investment in capital assets	4,891,301	692,999	195,258	-	53,860	5,833,418
Unrestricted	(3,693,318)	(5,009,699)	(3,518,409)	(227,328)	(5,606,925)	(18,055,679)
Total net position	\$ 1,197,983	\$ (4,316,700)	\$ (3,323,151)	\$ (227,328)	\$ (5,553,065)	\$ (12,222,261)

City of Redding
Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the year ended June 30, 2015

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
OPERATING REVENUES:						
User fees and charges	\$ 3,354,710	\$ 2,772,975	\$ 4,402,646	\$ 47,234,342	\$ 3,142,590	\$ 60,907,263
Other operating revenue	4,436	-	1,608	8,792	-	14,836
Total operating revenues	3,359,146	2,772,975	4,404,254	47,243,134	3,142,590	60,922,099
OPERATING EXPENSES:						
Maintenance, operations, and administration	3,570,387	2,473,634	4,533,853	49,217,219	3,111,234	62,906,327
Depreciation and amortization	712,075	174,238	9,717	-	14,651	910,681
Total operating expenses	4,282,462	2,647,872	4,543,570	49,217,219	3,125,885	63,817,008
OPERATING INCOME (LOSS)	(923,316)	125,103	(139,316)	(1,974,085)	16,705	(2,894,909)
NONOPERATING REVENUE (EXPENSES):						
Interest revenue	3,397	10,403	9,197	151,516	8,448	182,961
Interest expense	-	-	-	-	-	-
Gain on disposal of capital assets	-	-	1,845	-	-	1,845
Other non-operating revenues(exp)	-	-	-	-	5,000	5,000
Total nonoperating expenses	3,397	10,403	11,042	151,516	13,448	189,806
Income (loss) before transfers and contributions	(919,919)	135,506	(128,274)	(1,822,569)	30,153	(2,705,103)
Capital contributions	1,770,510	-	-	-	-	1,770,510
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Change in net position	850,591	135,506	(128,274)	(1,822,569)	30,153	(934,593)
NET POSITION:						
Beginning of year	3,102,366	(437,329)	(322,902)	3,241,568	(1,023,095)	4,560,608
Restatement	(2,754,974)	(4,014,877)	(2,871,975)	(1,646,327)	(4,560,123)	(15,848,276)
Beginning of year, restated	347,392	(4,452,206)	(3,194,877)	1,595,241	(5,583,218)	(11,287,668)
End of year	\$ 1,197,983	\$ (4,316,700)	\$ (3,323,151)	\$ (227,328)	\$ (5,553,065)	\$ (12,222,261)

City of Redding
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2015

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from other funds	\$ 3,360,181	\$ 2,772,975	\$ 4,399,069	\$ 47,242,916	\$ 3,144,048	\$ 60,919,189
Cash paid to suppliers	(1,799,682)	(526,010)	(2,903,575)	(47,309,628)	(560,072)	(53,098,967)
Cash paid to employees	(1,680,318)	(1,828,532)	(1,493,283)	(825,895)	(2,341,211)	(8,169,239)
Other income received	-	-	-	-	-	-
Net cash provided (used) by operating activities	(119,819)	418,433	2,211	(892,607)	242,765	(349,017)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Repayment of advances from other funds	-	(74,625)	-	305,875	-	231,250
Advances from other funds	-	-	-	-	-	-
Repayment of advances to other funds	-	-	-	(78,600)	-	(78,600)
Advances to other funds	-	-	-	(271,222)	-	(271,222)
Intergovernmental revenue received	-	-	-	(1,980)	-	(1,980)
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Property damage claim	-	-	-	-	5,000	5,000
Net cash provided (used) by noncapital financing activities	-	(74,625)	-	(45,927)	5,000	(115,552)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from sale of assets	(17,352)	-	1,845	-	-	(15,507)
Purchase of capital assets	4,971	(59,333)	(6,773)	-	-	(61,135)
Interest Paid	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	(12,381)	(59,333)	(4,928)	-	-	(76,642)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment revenue received	4,958	10,325	9,485	156,967	8,294	190,029
Net cash provided (used) by investing activities	4,958	10,325	9,485	156,967	8,294	190,029
Net increase (decrease) in cash and cash equivalents	(127,242)	294,800	6,768	(781,567)	256,059	(351,182)
CASH AND CASH EQUIVALENTS:						
Beginning of year	302,586	777,370	780,603	13,041,940	643,856	15,546,355
End of year	\$ 175,344	\$ 1,072,170	\$ 787,371	\$ 12,260,373	\$ 899,915	\$ 15,195,173

(Continued)

City of Redding
Combining Statement of Cash Flows
Internal Service Funds, Continued
For the year ended June 30, 2015

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Operating income (loss)	\$ (923,316)	\$ 125,103	\$ (139,316)	\$ (1,974,085)	\$ 16,705	\$ (2,894,909)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	712,075	174,238	9,717	-	14,651	910,681
Pension expense	(50,396)	(74,790)	(53,686)	(33,730)	(86,962)	(299,564)
(Increase) decrease in accounts receivable	1,035	-	(1,782)	(218)	1,458	493
(Increase) decrease in inventories	(12,642)	-	-	-	-	(12,642)
(Increase) decrease in prepaid items	(311)	(2,417)	1,817	(9,363)	(863)	(11,137)
Increase (decrease) in accounts payable	(14,913)	11,408	23,317	(156,389)	(3,578)	(140,155)
Increase (decrease) in accrued liabilities	4,918	6,287	12,991	217	12,040	36,453
Increase (decrease) in claims and judgements payable	-	-	-	441,012	-	441,012
Increase (decrease) in deposits	-	-	(3,403)	-	-	(3,403)
Increase (decrease) in intergovernmental payable	-	-	179	(562,038)	-	(561,859)
Increase (decrease) in accrued compensated absences	(24,901)	(34,274)	(12,151)	6,574	30,755	(33,997)
Increase (decrease) in claims and judgements long-term	-	-	-	1,301,958	-	1,301,958
Increase (decrease) in accrued liabilities long-term	188,632	212,878	164,528	93,455	258,559	918,052
Total adjustments	803,497	293,330	141,527	1,081,478	226,060	2,545,892
Net cash provided (used) by operating activities	\$ (119,819)	\$ 418,433	\$ 2,211	\$ (892,607)	\$ 242,765	\$ (349,017)
Schedule of noncash capital activities:						
Equipment contributed from customer	\$ 1,770,510	\$ -	\$ -	\$ -	\$ -	\$ 1,770,510
Transfer of capital assets	-	-	-	-	-	-
Total non-cash capital and related financing activities	\$ 1,770,510	\$ -	\$ -	\$ -	\$ -	\$ 1,770,510

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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, 2015

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<u>Special Deposits</u>				
Assets:				
Cash and investments	\$ 1,385,387	\$ 8,146,077	\$ 8,033,435	\$ 1,498,029
Accounts receivable	5,785	5,159,843	5,162,494	3,134
Interest receivable	6,036	1,961	19	7,978
Total assets	\$ 1,397,208	\$ 13,307,881	\$ 13,195,948	\$ 1,509,141
Liabilities:				
Deposits	\$ 1,397,208	\$ 13,307,881	\$ 13,195,948	\$ 1,509,141
Total liabilities	\$ 1,397,208	\$ 13,307,881	\$ 13,195,948	\$ 1,509,141
<u>IPSS</u>				
Assets:				
Cash and investments	\$ 963,709	\$ 822,121	\$ 517,991	\$ 1,267,839
Accounts receivable	377,835	398,537	389,044	387,328
Interest receivable	2,333	10	-	2,343
Total assets	\$ 1,343,877	\$ 1,220,668	\$ 907,035	\$ 1,657,510
Liabilities:				
Deposits	\$ 1,343,877	\$ 1,220,668	\$ 907,035	\$ 1,657,510
Total liabilities	\$ 1,343,877	\$ 1,220,668	\$ 907,035	\$ 1,657,510
<u>Total</u>				
Assets:				
Cash and investments	\$ 2,349,096	\$ 8,968,198	\$ 8,551,426	\$ 2,765,868
Accounts receivable	383,620	5,558,380	5,551,538	390,462
Interest receivable	8,369	1,971	19	10,321
Total assets	\$ 2,741,085	\$ 14,528,549	\$ 14,102,983	\$ 3,166,651
Liabilities:				
Deposits	\$ 2,741,085	\$ 14,528,549	\$ 14,102,983	\$ 3,166,651
Total liabilities	\$ 2,741,085	\$ 14,528,549	\$ 14,102,983	\$ 3,166,651

STATISTICAL SECTION

STATISTICAL SECTION

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

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Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 196

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenues sources. 208

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. 216

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. 228

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. 234

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

	Fiscal Year			
	2005-06	2006-07	2007-08	2008-09
Governmental activities				
Net investment in capital assets	\$ 172,814,117	\$ 188,370,460	\$ 213,545,402	\$ 215,773,740
Restricted	41,537,596	46,293,480	47,999,512	46,969,131
Unrestricted	28,543,456	37,777,707	35,204,839	73,406,378
Total governmental activities net position	\$ 242,895,169	\$ 272,441,647	\$ 296,749,753	\$ 336,149,249
Business-type activities				
Net investment in capital assets	\$ 190,161,873	\$ 238,330,630	\$ 257,415,432	\$ 271,838,921
Restricted	33,452,385	15,786,725	14,417,207	13,641,495
Unrestricted	116,877,608	102,615,412	92,480,560	75,311,930
Total business-type activities net position	\$ 340,491,866	\$ 356,732,767	\$ 364,313,199	\$ 360,792,346
Primary government				
Net investment in capital assets	\$ 362,975,990	\$ 426,701,090	\$ 470,960,834	\$ 487,612,661
Restricted	74,989,981	62,080,205	62,416,719	60,610,626
Unrestricted	145,421,064	140,393,119	127,685,399	148,718,308
Total primary government net position	\$ 583,387,035	\$ 629,174,414	\$ 661,062,952	\$ 696,941,595

Source: City of Redding Comprehensive Annual Financial Report

Fiscal Year					
2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
\$ 288,328,860	\$ 303,837,954	\$ 303,499,470	\$ 301,401,234	\$ 299,220,582	\$ 303,789,845
49,612,778	53,687,464	43,830,207	42,200,822	44,242,198	44,242,198
5,025,229	1,588,034	17,269,063	18,461,336	12,404,054	(150,344,065)
<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>	<u>\$ 197,687,978</u>
\$ 267,709,679	\$ 266,569,610	\$ 263,727,224	\$ 270,149,380	\$ 276,768,127	\$ 286,401,920
11,981,816	17,362,637	18,929,291	16,554,856	18,564,126	18,326,176
78,797,442	81,074,227	95,705,374	97,572,863	103,748,759	32,692,674
<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>	<u>\$ 337,420,770</u>
\$ 556,038,539	\$ 570,407,564	\$ 567,226,694	\$ 571,550,614	\$ 575,988,709	\$ 590,191,765
61,594,594	71,050,101	62,759,498	58,755,678	62,806,324	62,568,374
83,822,671	82,662,261	112,974,437	116,034,199	116,152,813	(117,651,391)
<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>	<u>\$ 535,108,748</u>

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

	Fiscal Year			
	2005-06	2006-07	2007-08	2008-09
Expenses				
Governmental Activities				
General government	\$ 6,043,808	\$ 5,840,837	\$ 5,168,803	\$ 7,726,275
Police	22,938,459	24,388,239	27,716,907	28,282,449
Fire	13,896,656	14,587,056	17,618,698	17,189,677
Public Works	11,350,449	11,427,486	10,339,597	12,753,802
Planning	3,894,286	4,869,938	5,750,052	5,634,317
Recreation and culture	8,390,240	8,650,759	10,964,863	11,598,055
Community development	16,349,078	13,036,414	15,160,077	20,803,513
Interest on long-term debt	4,110,575	4,743,424	5,367,360	5,168,490
Total governmental activities expenses	86,973,551	87,544,153	98,086,357	109,156,578
Business-Type Activities				
Electric	131,048,566	139,338,821	163,293,058	173,451,814
Water	10,878,391	12,022,834	12,570,242	12,646,773
Wastewater	11,718,895	12,517,219	13,378,188	13,686,453
Storm drainage	1,846,993	2,122,729	2,563,858	2,498,787
Solid waste	16,433,051	17,130,494	18,702,626	18,228,705
Transportation	9,172,005	9,159,483	9,838,187	10,340,798
Convention center	2,578,833	2,495,721	2,952,600	2,966,577
Total business-type activities expenses	183,676,734	194,787,301	223,298,759	233,819,907
Total primary government expenses	\$ 270,650,285	\$ 282,331,454	\$ 321,385,116	\$ 342,976,485
Program Revenues				
Governmental Activities				
Charges for services:				
General government	\$ 4,669,323	\$ 5,933,921	\$ 5,215,942	\$ 5,465,585
Public works	269,504	219,567	1,279,365	492,040
Planning	3,204,622	2,609,623	2,900,666	1,595,092
Other activities	2,064,225	2,976,895	4,153,936	4,044,057
Operating grants and contributions	17,524,126	18,594,929	16,262,587	17,411,451
Capital grants and contributions	10,834,923	18,918,861	22,032,319	52,890,580
Total governmental activities program revenues	38,566,723	49,253,796	51,844,815	81,898,805
Business-type activities				
Charges for services:				
Electric	140,336,132	133,308,642	152,834,481	157,529,886
Water	12,540,136	14,264,218	14,550,142	14,128,755
Wastewater	12,709,979	15,768,736	17,128,355	17,190,847
Solid waste	16,608,413	17,317,785	17,985,385	17,201,828
Transportation	2,558,384	2,863,235	3,037,429	3,151,051
Other activities	1,660,073	1,788,340	2,202,160	2,168,958
Operating grants and contributions	4,152,460	5,141,381	4,311,285	4,799,554
Capital grants and contributions	15,773,165	17,199,684	13,702,005	10,276,508
Total business-type activities program revenues	206,338,742	207,652,021	225,751,242	226,447,387
Total primary government program revenues	\$ 244,905,465	\$ 256,905,817	\$ 277,596,057	\$ 308,346,192
Net (Expense) Revenue				
Governmental activities	\$ (48,406,828)	\$ (38,290,357)	\$ (46,241,542)	\$ (27,257,773)
Business-type activities	22,662,008	12,864,720	2,452,483	(7,372,520)
Total primary government	\$ (25,744,820)	\$ (25,425,637)	\$ (43,789,059)	\$ (34,630,293)

Fiscal Year					
2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
\$ 6,383,391	\$ 5,278,782	\$ 7,217,464	\$ 7,296,724	\$ 6,917,771	\$ 7,112,939
27,497,342	26,269,521	25,838,317	26,116,291	28,893,564	34,476,947
17,076,785	16,236,292	16,780,046	17,751,879	20,255,472	20,558,967
10,447,617	9,639,403	12,731,599	13,286,742	12,421,262	7,261,903
4,434,756	3,689,281	3,532,884	3,636,094	3,871,712	3,933,284
11,470,482	10,744,101	10,986,615	11,604,233	11,558,733	9,366,789
24,737,850	18,533,923	14,132,539	10,341,051	10,712,285	9,503,654
4,760,944	4,899,556	3,459,498	2,036,578	2,458,815	1,840,755
<u>106,809,167</u>	<u>95,290,859</u>	<u>94,678,962</u>	<u>92,069,592</u>	<u>97,089,614</u>	<u>94,055,238</u>
161,100,955	165,227,316	159,456,608	156,080,538	150,171,628	152,786,522
14,574,967	14,575,101	15,975,372	16,207,794	17,185,065	16,921,142
15,075,253	16,889,147	17,907,974	19,405,723	20,289,784	22,541,672
2,354,882	2,492,302	2,255,283	2,324,951	2,102,618	1,919,740
18,497,103	18,876,936	19,953,480	20,484,434	22,870,947	20,410,950
10,037,079	10,450,822	9,915,606	9,679,832	9,874,891	9,569,808
3,131,705	2,457,085	1,642,316	1,176,913	1,275,954	1,229,354
<u>224,771,944</u>	<u>230,968,709</u>	<u>227,106,639</u>	<u>225,360,185</u>	<u>223,770,887</u>	<u>225,379,188</u>
<u>\$ 331,581,111</u>	<u>\$ 326,259,568</u>	<u>\$ 321,785,601</u>	<u>\$ 317,429,777</u>	<u>\$ 320,860,501</u>	<u>\$ 319,434,426</u>
\$ 5,211,415	\$ 5,605,847	\$ 6,128,583	\$ 5,904,251	\$ 5,967,284	\$ 6,516,578
939,201	811,949	717,929	557,062	577,312	682,515
1,415,218	1,060,499	1,282,262	1,337,696	1,748,627	1,673,717
3,772,070	3,499,360	3,539,227	3,668,956	3,988,580	4,167,614
17,731,034	19,756,822	17,033,353	17,484,151	22,330,062	18,014,648
20,954,834	19,708,994	6,854,366	8,717,779	6,942,319	5,505,363
<u>50,023,772</u>	<u>50,443,471</u>	<u>35,555,720</u>	<u>37,669,895</u>	<u>41,554,184</u>	<u>36,560,435</u>
152,499,576	168,333,684	164,375,161	160,944,663	162,920,950	163,301,368
13,968,396	14,653,288	15,886,937	16,734,627	18,667,027	17,871,349
18,287,784	19,503,467	21,113,321	21,355,779	22,731,807	24,577,645
17,614,327	18,395,742	19,161,513	18,800,831	19,681,867	20,505,176
3,114,393	3,207,076	3,530,250	3,603,988	3,772,347	3,790,418
2,115,383	1,844,432	1,519,081	1,549,792	1,513,033	1,622,114
5,319,012	5,181,927	4,450,939	4,170,108	4,159,414	4,405,158
10,685,872	9,368,813	13,337,075	10,196,914	7,476,968	6,079,058
<u>223,604,743</u>	<u>240,488,429</u>	<u>243,374,277</u>	<u>237,356,702</u>	<u>240,923,413</u>	<u>242,152,286</u>
<u>\$ 273,628,515</u>	<u>\$ 290,931,900</u>	<u>\$ 278,929,997</u>	<u>\$ 275,026,597</u>	<u>\$ 282,477,597</u>	<u>\$ 278,712,721</u>
\$ (56,785,395)	\$ (44,847,388)	\$ (59,123,242)	\$ (54,399,697)	\$ (55,535,430)	\$ (57,494,803)
(1,167,201)	9,519,720	16,267,638	11,996,517	17,152,526	16,773,098
<u>\$ (57,952,596)</u>	<u>\$ (35,327,668)</u>	<u>\$ (42,855,604)</u>	<u>\$ (42,403,180)</u>	<u>\$ (38,382,904)</u>	<u>\$ (40,721,705)</u>

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

	Fiscal Year			
	2005-06	2006-07	2007-08	2008-09
General Revenue and				
Other Changes in Net Position				
Governmental Activities				
Taxes				
Sales taxes	\$ 23,857,074	\$ 23,184,177	\$ 21,647,441	\$ 19,375,971
Property taxes	25,735,494	30,017,785	33,238,207	34,820,263
In lieu	-	-	-	-
Transient and occupancy taxes	3,747,553	3,966,328	3,957,034	3,625,101
Motor vehicle in-lieu taxes	611,129	479,622	384,059	260,061
Franchise taxes	916,818	997,756	967,150	992,321
Other taxes	1,364,821	1,221,396	1,150,466	996,583
Investment earnings	3,355,569	5,916,734	6,492,706	4,065,026
Gain on sale of property	-	-	-	-
Miscellaneous	103,125	101,000	100,000	100,000
Transfers	3,794,368	1,941,445	2,612,585	2,421,943
Extraordinary gain	-	-	-	-
Total governmental activities	<u>63,485,951</u>	<u>67,826,243</u>	<u>70,549,648</u>	<u>66,657,269</u>
Business-type activities				
Investment earnings (loss)	3,785,359	8,459,278	7,738,038	6,272,631
Gain on sale of property	-	-	-	-
Miscellaneous	-	-	-	-
Transfers	(3,794,368)	(1,941,445)	(2,612,585)	(2,421,943)
Other items	-	4,685	2,496	979
Total business activities	<u>(9,009)</u>	<u>6,522,518</u>	<u>5,127,949</u>	<u>3,851,667</u>
Total primary government	<u>\$ 63,476,942</u>	<u>\$ 74,348,761</u>	<u>\$ 75,677,597</u>	<u>\$ 70,508,936</u>
Change in Net Position				
Governmental activities	\$ 15,079,123	\$ 29,535,886	\$ 24,308,106	\$ 39,399,496
Adjustments	165,381	10,592	-	-
Total governmental activities	<u>15,244,504</u>	<u>29,546,478</u>	<u>24,308,106</u>	<u>39,399,496</u>
Business-type activities	22,652,999	19,387,238	7,580,432	(3,520,853)
Adjustments - business activities	497,306	(3,146,337)	-	-
Total business activities	<u>23,150,305</u>	<u>16,240,901</u>	<u>7,580,432</u>	<u>(3,520,853)</u>
Total changes in net position - primary government	<u>\$ 38,394,809</u>	<u>\$ 45,787,379</u>	<u>\$ 31,888,538</u>	<u>\$ 35,878,643</u>

Source: City of Redding Comprehensive Annual Financial Report

Fiscal Year					
2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
\$ 18,480,866	\$ 19,157,880	\$ 19,754,922	\$ 20,696,311	\$ 21,662,406	\$ 22,053,840
33,540,288	30,583,596	22,434,321	19,284,310	15,847,198	16,292,632
-	-	-	-	-	-
3,497,627	3,635,090	3,869,713	4,099,953	4,074,333	4,458,110
268,465	293,986	283,588	38,845	37,663	(141)
888,406	911,180	930,731	896,297	915,623	972,438
931,504	935,173	895,591	988,154	1,068,561	1,112,392
1,284,562	1,101,518	820,983	1,011	878,447	582,552
76,085	122,183	133,561	299,492	43,617	48,699
100,000	100,000	911,518	143,637	144,036	142,599
4,535,210	4,153,367	4,163,910	5,416,339	4,666,988	5,020,485
-	-	10,409,692	-	-	-
<u>63,603,013</u>	<u>60,993,973</u>	<u>64,608,530</u>	<u>51,864,349</u>	<u>49,338,872</u>	<u>50,683,606</u>
3,398,687	1,150,239	1,251,057	(667,664)	2,314,998	1,833,914
-	-	-	-	-	-
-	-	-	-	-	-
(4,535,210)	(4,153,367)	(4,163,910)	(5,416,339)	(4,666,988)	(5,013,200)
315	945	630	2,696	3,377	2,361
<u>(1,136,208)</u>	<u>(3,002,183)</u>	<u>(2,912,223)</u>	<u>(6,081,307)</u>	<u>(2,348,613)</u>	<u>(3,176,925)</u>
\$ 62,466,805	\$ 57,991,790	\$ 61,696,307	\$ 45,783,042	\$ 46,990,259	\$ 47,506,681
\$ 6,817,618	\$ 16,146,585	\$ 5,485,288	\$ (2,535,348)	\$ (6,196,558)	\$ (6,811,197)
-	-	-	-	-	(151,367,658)
<u>6,817,618</u>	<u>16,146,585</u>	<u>5,485,288</u>	<u>(2,535,348)</u>	<u>(6,196,558)</u>	<u>(158,178,855)</u>
(2,303,409)	6,517,537	13,355,415	5,915,210	14,803,913	13,596,173
-	-	-	-	-	(75,256,413)
<u>(2,303,409)</u>	<u>6,517,537</u>	<u>13,355,415</u>	<u>5,915,210</u>	<u>14,803,913</u>	<u>(61,660,240)</u>
\$ 4,514,209	\$ 22,664,122	\$ 18,840,703	\$ 3,379,862	\$ 8,607,355	\$ (219,839,095)

Fiscal Year

2009-10

\$ 3,795,073
7,470,433

11,265,506

\$ 62,317,199

7,258,582
17,628,400

6,802,994
2,361,163
(1,196,710)

\$ 95,171,628

2014-15

1,726,623
648,655
(720,495)
20,565,578

\$ 22,220,361

18,045

-
(275,436)

\$ (257,391)

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

	Fiscal Year			
	2005-06	2006-07	2007-08	2008-09
Revenues				
Taxes	\$ 55,488,972	\$ 59,524,861	\$ 60,575,049	\$ 59,231,951
Licenses and permits	2,244,909	1,589,747	1,409,549	919,484
Intergovernmental revenues	20,651,015	25,835,843	32,130,286	44,205,365
Charges for services	3,087,242	3,730,253	4,828,400	3,693,777
Fines	800,275	926,522	1,089,317	1,333,019
Use of money and property	5,452,555	5,639,155	6,318,669	6,434,661
Interest revenue	3,167,557	5,526,660	6,120,195	3,624,089
Special assessments	1,524,188	1,464,323	1,671,937	1,684,815
Miscellaneous	8,676,756	6,853,688	4,936,950	6,115,887
Total revenues	101,093,469	111,091,052	119,080,352	127,243,048
Expenditures				
General government	6,994,486	7,296,375	6,926,626	6,997,295
Community development	17,004,289	14,262,851	15,625,733	21,607,335
Public safety	37,684,535	38,417,064	42,538,068	44,305,381
Public works	7,690,555	5,920,843	5,878,230	7,861,504
Planning	4,392,294	4,714,858	5,419,587	5,437,393
Recreation and culture	5,051,006	5,719,996	7,418,515	7,439,993
Capital outlay	15,007,032	26,539,273	35,872,742	50,136,882
Debt service:				
Principal retirement	4,562,460	4,324,708	5,533,870	5,710,487
Interest and fiscal charges	4,133,488	4,493,534	5,473,145	5,231,749
Bond issuance costs	-	677,851	5,650	-
Total expenditures	102,520,145	112,367,353	130,692,166	154,728,019
Excess of revenues over (under) expenditures	(1,426,676)	(1,276,301)	(11,611,814)	(27,484,971)

Fiscal Year					
2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
\$ 56,847,912	\$ 55,531,852	\$ 47,806,603	\$ 46,183,002	\$ 43,678,499	\$ 45,125,212
904,249	853,202	915,422	963,435	1,020,396	1,142,654
30,291,860	41,308,531	22,835,959	21,275,544	23,367,310	21,555,631
3,218,326	2,697,345	2,765,973	3,055,935	3,423,766	3,543,025
1,395,523	1,046,207	1,500,026	923,777	1,050,533	968,591
6,015,841	6,311,596	6,638,286	6,301,849	6,822,715	6,979,312
1,007,459	1,001,286	740,063	141,842	642,330	408,382
796,878	751,326	761,787	614,387	562,559	480,861
3,045,835	3,048,462	2,587,503	4,167,895	2,786,993	2,917,802
103,523,883	112,549,807	86,551,622	83,627,666	83,355,101	83,121,470
5,795,422	5,202,372	5,627,595	5,283,779	5,339,521	5,335,175
25,226,846	18,035,641	16,360,799	10,094,221	10,594,203	9,391,315
42,179,779	41,483,662	40,629,153	41,319,683	44,050,576	44,658,160
5,031,215	4,456,262	4,089,781	5,075,245	5,143,666	5,333,076
4,172,970	3,485,319	3,106,140	3,214,827	3,593,044	3,643,893
6,889,257	6,372,869	6,273,179	6,843,716	7,036,366	6,923,444
24,231,055	24,467,682	12,195,037	9,657,100	9,792,385	16,601,544
6,775,043	5,229,044	5,706,539	3,558,947	3,512,856	3,721,171
4,781,807	4,698,793	3,348,200	2,007,629	1,924,737	1,812,496
-	-	-	-	266,462	450
125,083,394	113,431,644	97,336,423	87,055,147	91,253,816	97,420,724
(21,559,511)	(881,837)	(10,784,801)	(3,427,481)	(7,898,715)	(14,299,254)

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

	Fiscal Year			
	2005-06	2006-07	2007-08	2008-09
Other Financing Sources (Uses)				
Sale of capital asset	838,344	696,456	1,851,372	233,399
Financing proceeds	39,878	250,000	400,000	-
Long-term debt issued	-	36,415,000	-	-
Bond discount	-	(266,824)	-	-
Premium on bonds issued	-	76,427	-	-
Proceeds of refunding bonds escrow agent	-	-	-	-
Transfers in	15,230,516	11,213,114	11,351,753	19,768,205
Transfers out	(11,646,084)	(8,738,168)	(8,667,508)	(15,085,816)
Total other financing sources (uses)	4,462,654	39,646,005	4,935,617	4,915,788
Extraordinary Item	-	-	-	-
Net change in fund balances	\$ 3,035,978	\$ 38,369,704	\$ (6,676,197)	\$ (22,569,183)
Fund Balances (deficit), beginning of year, as originally stated	\$ -	\$ -	\$ 150,276,504	\$ 143,600,307
Prior period adjustment	-	(85,225)	-	-
Change in accounting principal	-	-	-	-
Fund Balances (deficit), beginning of year, as restated	-	(85,225)	150,276,504	143,600,307
Residual equity transfer in	-	-	-	-
Fund balances (deficit), end of year	\$ 3,035,978	\$ 38,284,479	\$ 143,600,307	\$ 121,031,124
Debt service as a percentage of noncapital expenditures	10%	11%	12%	10%

(Source: City of Redding Comprehensive Annual Financial Report)

Fiscal Year					
2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
1,804,652	169,672	187,120	299,492	41,909	55,055
-	-	-	-	565,048	-
662,993	343,770	1,401,803	-	11,181,060	-
-	-	-	-	(80,666)	-
-	-	-	-	-	-
-	-	-	-	(5,925,272)	-
17,190,872	10,531,521	11,087,998	14,430,062	13,001,893	14,082,943
(12,692,996)	(6,178,154)	(6,804,428)	(8,865,598)	(8,192,253)	(9,069,743)
6,965,521	4,866,809	5,872,493	5,863,956	10,591,719	5,068,255
-	-	(31,594,910)	-	-	-
<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>	<u>\$ (9,230,999)</u>
\$ 121,031,125	\$ 106,437,134	\$ 110,422,106	\$ 73,914,888	\$ 76,351,363	\$ 79,044,367
-	-	-	-	-	-
-	-	-	-	-	-
121,031,125	106,437,134	110,422,106	73,914,888	76,351,363	79,044,367
-	-	-	-	-	-
<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>	<u>\$ 69,813,368</u>
11%	11%	11%	7%	7%	6%

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
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	3,497	18,083	1,821	56,848
2010-2011	30,571	3,635	19,479	1,847	55,532
2011-2012	22,574	3,870	19,536	1,827	47,807
2012-2013	19,402	4,100	20,797	1,884	46,183
2013-2014	15,942	4,074	21,678	1,984	43,678
2014-2015	16,253	4,459	22,330	2,083	45,125

Source: City of Redding Comprehensive Annual Financial Report

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

Type of Customer	Fiscal Year ended June 30,			
	2006		2007	
	Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)
Residential	35,729	383,508	36,264	388,390
Commercial	4,957	344,753	5,019	350,435
Industrial	318	16,865	333	16,808
Other	765	46,027	800	47,376
Total	41,769	791,153	42,416	803,009

Type of Customer	Fiscal Year ended June 30,			
	2011		2012	
	Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)
Residential	36,824	377,161	36,974	375,136
Commercial	5,032	332,375	5,020	333,200
Industrial	355	13,586	345	13,227
Other	902	44,610	915	44,379
Total	43,113	767,732	43,254	765,942

Fiscal Year ended June 30,					
2008		2009		2010	
Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)
36,486	381,654	36,601	386,638	36,676	381,904
5,063	345,468	5,068	344,764	5,044	330,097
341	15,967	356	14,934	359	14,127
877	48,248	882	45,936	880	43,872
<u>42,767</u>	<u>791,337</u>	<u>42,907</u>	<u>792,272</u>	<u>42,959</u>	<u>770,000</u>

Fiscal Year ended June 30,					
2013		2014		2015	
Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)
37,127	375,606	37,327	361,106	37,448	356,071
5,012	338,257	5,019	336,507	5,028	338,292
330	13,506	332	12,303	316	12,366
930	46,756	932	45,923	919	43,087
<u>43,399</u>	<u>774,125</u>	<u>43,610</u>	<u>755,839</u>	<u>43,711</u>	<u>749,816</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
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
2015	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 is less than on-peak demand
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	0.0820	0.0692	0.0820
66.00	0.1766	0.0820	0.0692	0.0820

City of Redding
Principal Electric Utility Payers
Fiscal Years 2014-15 and 2005-06

Utility Payer	June 30, 2015 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	\$5,112,987	1	4.04%	\$3,465,972	1	4.38%
Customer #2	2,056,432	2	1.62%	999,336	3	1.26%
Customer #3	1,902,134	3	1.50%	1,300,615	2	1.64%
Customer #4	1,503,211	4	1.19%	862,444	4	1.09%
Customer #5	1,085,403	5	0.86%			
Customer #6	773,462	6	0.61%			
Customer #7	737,112	7	0.58%	478,871	5	0.60%
Customer #8	699,897	8	0.55%			
Customer #9	630,542	9	0.50%			
Customer #10	595,124	10	0.47%			
Customer #11				445,379	6	0.56%
Customer #12				429,352	7	0.54%
Customer #13				426,105	8	0.54%
Customer #14				406,238	9	0.51%
Customer #15				391,892	10	0.49%
Total	\$15,096,304		11.92%	\$9,206,204		11.61%

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
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
2015	36,632	-	320	123	574

(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⁾
-	36,086	119,474	13,740	140	429	249,059	9.62%	2,908
-	33,719	115,832	16,258	108	375	277,678	9.52%	3,203
-	31,281	182,140	22,562	74	317	342,673	11.29%	3,960
-	28,773	177,997	35,940	-	256	343,641	11.25%	3,930
-	26,163	173,514	39,709	-	199	334,161	11.18%	3,861
-	23,461	168,896	44,289	-	3,238	329,586	11.33%	3,794
-	20,833	164,028	65,362	-	2,930	295,762	9.76%	3,394
-	18,092	159,001	74,571	-	2,559	293,249	9.03%	3,228
-	14,446	166,777	84,258	-	2,156	309,226	9.35%	3,400
-	12,081	160,556	84,429	-	1,774	295,914	8.57%	3,248

City of Redding
Computation of Direct and Overlapping Debt
As of June 30, 2015

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	\$ 123,300	100.000%	\$ 123,300
Revenue bonds	36,631,835	100.000%	36,631,835
Loans	319,875	100.000%	319,875
Capital leases	574,347	100.000%	574,347
Total direct debt	37,649,357		37,649,357
Overlapping:			
County of Shasta: (2)			
Bonds	35,129,647	50.337%	17,683,210
Notes	425,241	50.337%	214,054
Shasta County Schools: (2)			
Enterprise School District	25,303,083	99.004%	25,051,064
Shasta Union High	18,397,072	68.173%	12,541,836
Gateway School	35,542,367	39.604%	14,076,199
Redding School District	7,840,000	99.151%	7,773,438
Columbia School District	2,560,000	75.334%	1,928,550
Shasta College	44,110,000	50.507%	22,278,638
Cascade School	5,221,025	2.252%	117,577
Pacheco School	3,878,931	56.333%	2,185,118
Grant School	1,855,000	4.182%	77,576
Centerville (3)	47,284	27.441%	12,975
Total overlapping debt	180,309,650		103,940,235
Total direct and overlapping debt	\$217,959,007		\$141,589,592

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 2013-14.

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Debt Limit	\$ 233,010	\$ 262,662	\$ 286,996	\$ 300,235	\$ 292,840
Total net debt applicable to limit	0	0	0	0	0
Legal debt margin	<u>\$ 233,010</u>	<u>\$ 262,662</u>	<u>\$ 286,996</u>	<u>\$ 300,235</u>	<u>\$ 292,840</u>
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				
2011	2012	2013	2014	2015
\$ 279,873	\$ 260,142	\$ 254,417	\$267,472	\$275,782
0	1,097	825	510	123
<u>\$ 279,873</u>	<u>\$ 259,045</u>	<u>\$ 253,592</u>	<u>\$ 266,962</u>	<u>\$ 275,659</u>
0.00%	0.42%	0.32%	0.19%	0.04%

Legal Debt Margin Calculation for Fiscal Year 2014-15

Assessed Value (1)	<u>\$ 7,354,188</u>
Debt Limit - 3.75% of Total Assessed Value	\$ 275,782
Amount of Debt Applicable to the Limit	<u>123</u>
Legal Debt Margin	<u>\$ 275,659</u>

City of Redding
Wastewater Revenue Bond Coverage
Last Ten Fiscal Years

	Fiscal Year Ending			
	2006	2007	2008	2009
Operating Revenue	12,700,189	15,696,939	17,108,790	17,165,662
Other Revenue**	12,459	88,188	19,663	25,186
Interest Revenue	613,530	1,473,122	1,605,727	1,266,665
Adjusted Revenue	<u>13,326,178</u>	<u>17,258,249</u>	<u>18,734,180</u>	<u>18,457,513</u>
25% of Adjusted Revenue	3,331,545	4,314,562	4,683,545	4,614,378
Actual Connection Fees	3,458,536	2,941,713	2,933,424	1,680,074
Allowable Connection Fees	<u>3,331,545</u>	<u>2,941,713</u>	<u>2,933,424</u>	<u>1,680,074</u>
Total Revenue	<u>16,657,723</u>	<u>20,199,962</u>	<u>21,667,604</u>	<u>20,137,587</u>
Operating Expense	(10,551,395)	(11,277,304)	(12,424,166)	(12,894,743)
Add back In-Lieu	751,380	-	-	-
Add back Depreciation/ Amortization	3,564,164	3,488,891	3,817,656	4,021,167
Net Operating Expense	<u>(6,235,851)</u>	<u>(7,788,413)</u>	<u>(8,606,510)</u>	<u>(8,873,576)</u>
Net Wastewater Revenues*	<u>10,421,872</u>	<u>12,411,549</u>	<u>13,061,094</u>	<u>11,264,011</u>
Total Debt Service	<u>2,925,508</u>	<u>3,042,063</u>	<u>3,040,868</u>	<u>3,309,313</u>
Debt Coverage Ratio	<u>3.56</u>	<u>4.08</u>	<u>4.30</u>	<u>3.40</u>

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

** Excludes capital grants.

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

Fiscal Year Ending					
2010	2011	2012	2013	2014	2015
18,280,681	19,492,643	21,099,386		22,720,092	24,563,888
2,152	10,824	13,935	13,295	(86,499)	13,756
649,481	215,469	350,722	(241,696)	582,376	468,529
<u>18,932,314</u>	<u>19,718,936</u>	<u>21,464,043</u>	<u>(228,401)</u>	<u>23,215,969</u>	<u>25,046,173</u>
4,733,079	4,929,734	5,366,011	5,278,521	5,803,992	6,261,543
1,717,427	1,335,741	664,223	1,214,938	956,137	842,721
<u>1,717,427</u>	<u>1,335,741</u>	<u>664,223</u>	<u>1,214,938</u>	<u>956,137</u>	<u>842,721</u>
<u>20,649,741</u>	<u>21,054,677</u>	<u>22,128,266</u>	<u>986,537</u>	<u>24,172,106</u>	<u>25,888,894</u>
(14,214,867)	(15,275,899)	(16,093,343)	(17,188,977)	(18,451,474)	(20,045,882)
-	-	-	-	-	-
4,361,325	4,896,408	5,141,880	5,572,955	5,924,400	6,886,048
<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>(13,159,834)</u>
<u>10,796,199</u>	<u>10,675,186</u>	<u>11,176,803</u>	<u>(10,629,485)</u>	<u>11,645,032</u>	<u>12,729,060</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>8,131,564</u>
<u>2.98</u>	<u>2.21</u>	<u>2.00</u>	<u>1.75</u>	<u>1.43</u>	<u>1.57</u>

City of Redding
Water Revenue Bond Coverage
Last Ten Fiscal Years

	Fiscal Year Ending			
	2006	2007	2008	2009
Operating Revenue	12,403,356	13,824,991	14,341,120	13,914,397
Other Revenue**	821,377	661,080	209,022	194,358
Interest Revenue	517,974	1,139,710	907,870	734,418
Adjusted Revenue	<u>13,742,707</u>	<u>15,625,781</u>	<u>15,458,012</u>	<u>14,843,173</u>
25% of Adjusted Revenue	3,435,677	3,906,445	3,864,503	3,710,793
Actual Connection Fees	3,047,465	2,779,003	2,049,142	1,437,290
Allowable Connection Fees	<u>3,047,465</u>	<u>2,779,003</u>	<u>2,049,142</u>	<u>1,437,290</u>
Total Revenue	<u>16,790,172</u>	<u>18,404,784</u>	<u>17,507,154</u>	<u>16,280,463</u>
Operating Expense	(10,321,364)	(11,397,057)	(12,280,801)	(12,456,147)
Add back In-Lieu	455,230	-	-	-
Add back Depreciation/ Amortization	2,277,378	2,431,867	2,705,995	3,020,054
Net Operating Expense	<u>(7,588,756)</u>	<u>(8,965,190)</u>	<u>(9,574,806)</u>	<u>(9,436,093)</u>
Net Water Revenues*	<u>9,201,416</u>	<u>9,439,594</u>	<u>7,932,348</u>	<u>6,844,370</u>
Total Debt Service	<u>1,206,493</u>	<u>1,217,893</u>	<u>1,228,088</u>	<u>1,224,838</u>
Debt Coverage Ratio	<u>7.63</u>	<u>7.75</u>	<u>6.46</u>	<u>5.59</u>

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

** Excludes capital grants.

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

Fiscal Year Ending					
2010	2011	2012	2013	2014	2015
13,748,499	14,427,814	15,655,601	16,497,288	18,423,339	17,646,476
219,897	225,474	231,336	237,340	172,996	224,874
479,524	199,863	205,711	(172,089)	411,799	330,137
<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>	<u>18,201,487</u>
3,611,980	3,713,288	4,023,162	4,140,635	4,752,034	4,550,372
1,294,343	1,018,718	602,128	1,389,868	753,633	662,463
<u>1,294,343</u>	<u>1,018,718</u>	<u>602,128</u>	<u>1,389,868</u>	<u>753,633</u>	<u>662,463</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>	<u>18,863,950</u>
(14,044,979)	(14,179,843)	(15,300,320)	(15,532,856)	(16,703,721)	(16,588,595)
-	-	-	-	-	-
3,300,595	3,322,769	3,482,093	3,623,164	3,457,758	3,342,717
<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>(13,245,878)</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>5,618,072</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>764,100</u>
<u>4.09</u>	<u>4.12</u>	<u>4.76</u>	<u>5.88</u>	<u>5.97</u>	<u>7.35</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>
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
2014-2015	163,267,269	129,689,792	50,497,852	84,075,329

Source: Electric Utility Bond Disclosure Reports

<u>Debt Service</u>	<u>Debt Service Coverage</u>
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
13,857,050	6.07

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>
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	9.30
2008-2009	59.82	90,931	3,177,675	34,946	14.10
2009-2010	59.82	89,878	3,105,015	34,547	16.20
2010-2011	59.82	90,050	3,016,405	33,497	15.90
2011-2012	59.82	90,342	3,141,553	34,774	14.20
2012-2013	60.68	90,848	3,248,543	35,758	11.70
2013-2014	60.68	90,950	3,307,306	36,364	9.20
2014-2015	60.68	91,110	3,453,525	37,905	7.30

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>	2015			2006		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Area Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Area Employment</u>
Shasta County *	1,950	1	2.59%	1,915	1	2.30%
Mercy Medical Center	1,371	2	1.82%	1,643	2	1.98%
City of Redding **	1,120	3	1.49%	854	3	1.03%
Shasta Regional Medical Center	893	4	1.19%	775	4	0.93%
CA Transportation Department	605	5	0.80%			
Redding Rancheria	488	6	0.65%	450	6	0.54%
Wal Mart	450	7	0.60%	450	7	0.54%
Shasta Union High School District	406	8	0.54%			
Blue Shield of California	330	9	0.44%	435	8	0.52%
Shasta Community College	316	10	0.42%	700	5	0.84%
United States Postal Office				300	9	0.36%
Motel 6				282	10	0.34%
Total	<u>7,929</u>			<u>7,804</u>		

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

** Full-time budgeted positions.

In 2014-15 there were 722 full-time and 398 part-time/temporary positions filled.

In 2005-06 there were 820 full-time and 318 part-time/temporary positions filled.

Information for 2005-06 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

<u>Function/Program</u>	Budgeted Full-time Employees					
	at June 30,					
	2006	2007	2008	2009	2010	2011
General Government	106	107	106	104	90	89
Police	171	172	173	167	150	141
Fire	81	81	84	81	80	70
Public Works	66	61	69	69	67	66
Planning	47	52	52	45	39	32
Recreation and Culture	29	28	29	27	25	23
Community Development	24	24	22	23	22	20
Electric	168	169	174	180	183	183
Water	30	31	27	27	28	28
Wastewater	31	32	31	31	32	32
Storm Drainage	4	5	6	6	5	5
Solid Waste	77	78	80	81	81	81
Transportation	7	7	7	7	7	7
Convention Center	13	13	13	12	13	13
	854	860	873	860	822	790

Source: City of Redding Personnel Division

2012	2013	2014	2015
86	85	88	88
141	130	131	131
70	75	85	85
65	65	66	66
29	29	29	29
20	21	21	21
15	20	12	8
185	185	179	180
28	28	27	27
33	33	34	34
5	5	5	5
79	79	79	79
7	7	6	7
10	-	-	-
773	762	762	760

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

<u>Function/Program</u>	Fiscal Year Ended June 30,					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Police						
Stations	1	1	1	1	1	1
Patrol units	38	39	40	40	38	39
Fire stations	8	8	8	8	8	7
Public works						
Streets (miles)	450.5	454.0	462.5	464.0	464.0	464.0
Streetlights	7,134	7,270	7,450	7,517	7,568	7,575
Recreation and culture						
Maintained trails (miles)	60	61	62	62	62	62
Parks acreage (improved)	585	588	590	593	593	593
Parks acreage (unimproved)	400	406	428	425	487	487
Electric						
Transmission & Distribution system (miles)	685	697	704	704	705	710
Water						
Length of water mains	562.5	485	550	556	558	558.7
Wastewater						
Sewer lines (miles)	405	409	423	426	430	430.1
Solid Waste						
Collection trucks	32	32	32	32	32	32
Storm Drainage						
Length of system (miles) *	402	413	429	433	440.5	441
Catch basins*	8,076	8,777	9,328	10,041	10,253	10,553
Transportation						
Buses	20	19	16	17	17	16

* 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

2012	2013	2014	2015
1	1	1	1
38	39	38	41
7	8	8	8
464.0	465.0 #	465.0	468.0
7,581	8,013 #	8,025	8,051
63	66 #	66	67
620	635 #	635	636
487	487 #	487	487
710	793 #	798	798
556	556 #	556	557
431.1	430.3	431.4	431.5
32	32	32	36
442	442	399	397 *
10,593	10,711	7,068	6,594 *
16	16	18	18

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

<u>Function/Program</u>	Fiscal Year-Ended June 30,		
	2006	2007	2008
Police			
Calls for service	84,343	85,213	86,099
Felony arrests	2,533	2,661	2,368
Misdemeanor arrests	4,620	5,457	6,397
Total arrests	7,153	8,118	8,765
Fire			
Fire, explosion	468	520	477
Rescue, emergency medical call	6,966	9,037	9,166
Fire safety inspections	3,038	2,989	2,965
Public Works			
Miles of roadway resurfaced	5.6	2.9	0.5
Miles of roadway slurry sealed	15.5	11.5	0
Planning			
Number of building permits issued	4,679	3,887	3,380
Recreation and Culture			
Recreation Division programs	2,065	2,789	2,803
Program participants	13,077	13,191	13,547
Community Development			
Number of households assisted (Rental Assistance)	1,394	1,364	1,394
Owner occupied loans made for rehabilitation/purchase	18	17	32
Rental loans/grants for rehabilitation/purchase	111	41	6
Electric			
Electric customers billed monthly	42,123	42,639	42,810
Average sustained outages per customer per year	0.28	0.35	0.18
System average retail rates	9.5	9.6	10.3
Water			
Water produced (acre ft.)	27,036	29,390	29,486
Wastewater			
Totals household equivalents served	38,725	40,506	41,207
Clear Creek dry flow	7.7	7.6	7.3
Stillwater dry flow	2.6	2.6	2.5
Storm Drains			
Percentage of inlets cleaned/maintained (annually)	1.4%	0.9%	1.3%
Solid Waste			
Total waste collected (tons)	109,143	107,228	85,305
Recyclables sales (tons)	10,936	10,054	8,581
Transportation			
Airport passenger movements/enplanements	64,197	66,307	63,394
RABA bus passengers	757,204	728,614	735,568

Source: City of Redding

2009	2010	2011	2012	2013	2014	2015
85,885	84,236	85,336	87,069	91,501	91,917	95,237
2,321	2,522	2,280	2,603	2,905	2,658	2,237
6,779	5,551	4,838	4,462	7,596	4,010	5,668
9,100	8,073	7,118	7,065	10,501	6,668	7,905
454	402	381	387	436	527	466
9,308	9,032	9,212	8,467	7,913	8,277	8,334
3,745	4,590	3,762	2,195	2,972	3,452	3,511
8.0	2.4	7.8	1.5	2.7	1.8	1.4
26	0	0	0	11.5	0.7	26.1
2,819	2,634	2,744	2,552	3,043	3,167	3,575
2,807	2,800	2,800	2,800	2,800	2,800	2,800
13,682	13,597	13,613	13,439	13,605	13,717	13,854
1,546	1,470	1,471	1,599	1,450	1,485	1,447
55	22	17	10	21	16	20
-	29	9	5	3	3	3
42,910	43,035	43,144	43,281	43,551	43,662	43,832
0.28	0.43	0.31	0.29	0.62	0.26	0.49
10.9	11.8	12.7	13.8	14.6	15.7	16.6
27,446	25,818	23,201	23,186	27,994	29,307	21,514
42,079	41,523	41,431	41,710	40,598	41,988	42,641
7.5	7.2	7.8	7.1	7.3	7.6	5.7
2.6	2.6	3.1	2.7	2.4	2.0	1.9
1.4%	1.4%	4.5%	4.3%	4.0%	4.0%	4.0%
77,944	78,868	77,793	75,875	75,126	75,527	75,929
8,486	8,447	8,180	8,026	7,705	7,385	6,846
63,205	57,105	51,088	33,638	26,785	24,951	27,148
743,455	723,452	727,094	812,347	814,123	827,924	742,712

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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 99,900 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 2014 calendar year, over 48,067 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 62 miles of 115-kV lines and 736 miles of overhead and underground 12-kV distribution lines. The City is proud of its record over the past five years of 99.997 percent electric service availability to its customers.

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

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

Design and right-of-way acquisition for distribution service to the Stillwater Business Park was completed in FY08. The Stillwater 115-kV line termination work was completed on August 15, 2008. The Stillwater 115-kV transmission project began construction in April 2012, and is expected to be completed by 2017. 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 35% of its power supply from Western in an average hydro year. FY 2014-15 was a below normal hydro year and as a result Western provided 20% of the City's system load. 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. Currently, the City and M-S-R is in the process of divesting itself of its ownership of the San Juan generating station and Southwest Transmission Project. Sale of the Southwest Transmission Project should be

completed the first or second quarter of 2016 and the exit of the San Juan generating station will take place on December 31, 2017.

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
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
2015	37,561	6,271	43,832

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 decreased 1 percent.

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, 2015. 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

	2010/11	2011/12	2012/13	2013/14	2014/15
Residential HEs	30,959	31,217	31,172	31,365	31,970
Commercial/Industrial HEs	10,047	10,493	9,426	10,239	10,668
Total System HEs	41,006	41,710	40,598	41,604	42,638
Annual System Growth	(3%)	2%	(3%)	2%	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, 2015 is shown below.

Average Dry Weather Daily Flows Fiscal Years Ended June 30, 2015

	2010/11	2011/12	2012/13	2013/14	2014/2015
Clear Creek Plant	7.8	7.1	7.3	7.7	6.6
Stillwater Plant	3.1	2.7	2.4	2.8	2.0
Total Wastewater System	10.9	9.8	9.7	10.5	8.6

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 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	2010/11	2011/12	2012/13	2013/2014	2014/15
Number of customers/services	28,230	28,276	28,388	28,527	28,573
Number of new meter sets	102	99	185	89	197
Quantity of water produced (acre feet)	23,201	23,186	27,994	27,722	22,385
Percentage of days water quality met standards	100%	100%	100%	100%	100%
Number of service calls (Includes water quality)	1,552	1,901	2,446**	3,579***	4025
Miles of water mains	559	556*	556	556	557
Number of main and water service failures/ disruptions per year	502	406	424	486	942
Miles of substandard mains	42	42	42	42	42
Customers/service connections per employee	1,129	1,131	1,135	1,141	1,143

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

** May include duplicate service call reports not filtered during conversion from CORTAX 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, 2015:

Workload and Performance Measures	2011/12	2012/13	2013/14	2014/15
Miles of Storm Drain Pipe	243	245	199*	197*
Miles of Channels/Ditches	197	197	200**	200
Miles of Maintained Channels/Ditches	22	26	23*	24*
Number of Inlets	10,593	10,711	7,068*	6,594*
Number of Outfalls	1,719	1,793	1,258*	1,256*

*Reconciled to reflect public facilities only. Private facilities not included.

**Clover Creek Preserve and Stillwater Business Park channels added.

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



D. H. SCOTT & COMPANY
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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, 2015, 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 11, 2015.

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, 2015. 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. H. Scott & Company LLP

Redding, California
December 11, 2015

City of Redding

Redding Municipal Airport

Schedule of Passenger Facility Charges Collected and Expended and Interest Collected

For the quarters ended September 30, 2014, December 31, 2014, March 31, 2015, and June 30, 2015

Application 11-04-C-11-RDD

	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015
Unexpended (over expended) passenger facility charges and interest, beginning of period	<u>\$ (58,326)</u>	<u>\$ (199,981)</u>	<u>\$ (207,405)</u>	<u>\$ (188,091)</u>
Passenger facility charges collected	17,612	21,297	20,023	31,741
Interest earned	-	-	-	-
Subtotal	<u>(40,714)</u>	<u>(178,684)</u>	<u>(187,382)</u>	<u>(156,350)</u>
Expenses for approved passenger facility charges projects	<u>(159,267)</u>	<u>(28,721)</u>	<u>(709)</u>	<u>(25,050)</u>
Unexpended (over expended) passenger facility charges and interest, end of period	<u><u>\$ (199,981)</u></u>	<u><u>\$ (207,405)</u></u>	<u><u>\$ (188,091)</u></u>	<u><u>\$ (181,400)</u></u>