



VICTOR AVENUE SAFETY PROJECT

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR FISCAL YEAR ENDED
JUNE 30, 2018**



INTRODUCTORY SECTION

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City of Redding
Comprehensive Annual Financial Report
For the Year Ended June 30, 2018

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CITY OF REDDING

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

FINANCE DEPARTMENT

530.225.4079

FAX 530.225.4324

December 14, 2018

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, 2018. 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.

The Pun Group, a firm of licensed certified public accountants has issued an unmodified opinion on the City of Redding's financial statements for fiscal year ended June 30, 2018.

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 91,357 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 .15 percent. The City’s population of 91,357 has increased 1.6% over the 2010 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 2018:

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	90,293	-0.72%	179,036	0.16%
2016	90,341	0.05%	178,232	-0.45%
2017	* 91,221	0.35%	* 178,148	0.21%
2018	91,357	0.15%	178,271	0.07%

*Source: 1970-2010 data from U.S. Census; 2011-2018 estimates from the California State Department of Finance as of January 1 (*2017 revised estimate, January 1, 2018 report)*

The City’s population, over the next 10 years, is projected to grow by approximately 4,517 an increase of approximately 5.0%. 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 2018:

Region	Median Home Price
Shasta County	\$281,500
Sacramento	\$375,000
Los Angeles	\$586,090
Orange County	\$835,500
San Francisco	\$1,620,000

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 2018 are listed in the following table:

Employer	Product/Services	Employees
Shasta County (*)	County Services	2,020
Mercy Medical Center	Medical Facilities/Services	1,505
Shasta Regional Medical Center	Medical Facilities/Services	818
City of Redding (**)	City Services	777
Shasta Community College (*)	Education	612
Redding Rancheria	Casino/Redding Rancheria	565
CA Transportation Department	Highways, Freeways, etc.	514
Shasta Union High School District	Education	398
Shasta Community Health	Medical Services	384
Blue Shield of California	Health Care Insurance	330

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

(**) Full-time budgeted positions. In 2017-18 there were 744 full-time and 443 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 5.2 percent on June 30, 2018. 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 2009 through June 2018:

Fiscal Year	Labor Force	Unemployment Number	Rate
2009	85,200	12,000	14.1%
2010	78,800	12,700	16.2%
2011	77,400	12,300	15.9%
2012	77,000	10,900	14.2%
2013	76,100	9,000	11.8%
2014	75,400	7,000	9.3% *
2015	75,000	5,700	7.6% *
2016	75,300 *	5,100	6.8%
2017	75,200 *	4,200 *	5.6% *
2018	74,800	3,900	5.2%

*Source: State Department of Employment (*Years 2014-2017 Revised)*

Construction Activity - For the past ten calendar years ending December 2017, the City issued building permits valued at a total of \$704,814,694. New construction over the ten-year period represents 58.3% of the total construction activity. For the 2017 calendar year 4,377 building permits were issued, with a total permit valuation of \$76,397,104. 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:

	2014	2015***	2016***	2017
Value Single Family*	\$24,064,841	\$41,841,967	\$28,514,304	\$32,687,799
Number of Units	111	190	128	141
Value Multi-dwellings	\$0	\$4,462,681	\$348,376	\$0
Number of Permits(1)	0	8	1	1
Number of Units	0	54	3	0
Value Business	\$17,070,606	\$10,524,692	\$16,170,140	\$9,303,198
Number of Permits	11	25	21	31
Value Total all Permits	\$69,025,840	\$86,433,263	\$76,516,161	\$76,397,104
Total Permits**	3,122	3,765	3,886	4,377

* 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 \$2.0 billion in calendar year 2017, a 0.61% decrease over the same period for 2016.

<u>Year</u>	<u>Taxable Transactions (in Thousands)</u>	<u>Taxable Transactions Percentage Increase (Decrease)</u>
2008	\$1,835,601	-7.50%
2009	\$1,603,079	-12.70%
2010	\$1,614,631	0.70%
2011	\$1,732,786	7.30%
2012	\$1,840,953	6.20%
2013	\$1,924,122	4.50%
2014	\$1,943,607	1.00%
2015	\$1,992,806	2.50%
2016	\$2,022,557	1.50%
2017	\$2,010,130	-0.61%

Source: California Department of Tax and Fee Administration

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 fourteen different fixed routes, rural service and demand response (curb-to-curb) services. RABA had an average total monthly ridership of approximately 59,868 for fiscal year 2017-18.

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, 14 charter schools, 1 regional occupation programs and 13 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 13,723 students. In addition, there are several Vocational & Technical schools offering a diverse range of programs.

The City's parks system includes 56 developed parks and facilities, encompassing over 597 developed acres. This system includes nearly 180 acres of natural area parks, 38-plus miles of City-owned trails, and 16 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 California Soccer Park; the Senior Citizens Center; the Martin Luther King Jr. Community Center, the Benton Dog Park; three boat ramp facilities that provide access to the Sacramento River; and almost 1,000 acres of natural open space.

The City serves as the primary medical center for Northern California. The City's two general care hospitals serve approximately 332,000 people in Shasta, Tehama, Trinity, Siskiyou, and Lassen counties. The two largest hospitals have a total of 493 beds and employ approximately 2,323 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 the Electric Utility 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 Utility maintain a minimum of 20% of expenditures in unrestricted cash reserves (75 days of cash on hand).. 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, 2018, 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, 2017. This was the 34th 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

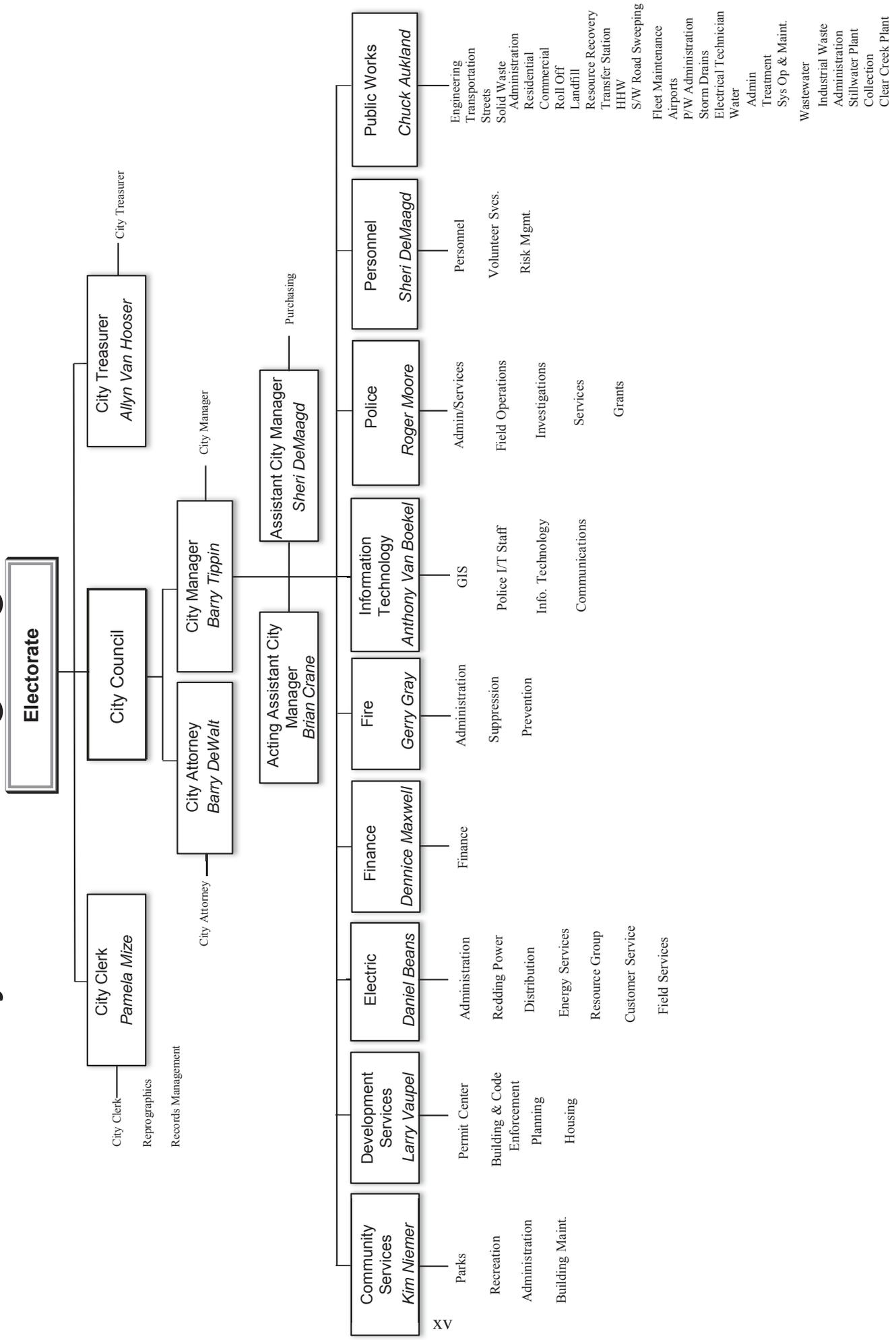
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

City of Redding Organization Chart



MUNICIPAL OFFICIALS

City Council

MayorKristen Schreder
Vice Mayor..... Francie Sullivan
Council Member..... Adam McElvain
Council Member..... Brent Weaver
Council Member..... Julie Winter

Administrative Personnel

City Manager..... Barry Tippin
Assistant City Manager Sheri DeMaagd
Acting Assistant City Manager Brian Crane
City Attorney..... Barry DeWalt
City Clerk Pam Mize
City Treasurer..... Allyn Van Hooser
Director of Community Services..... Kim Niemer
Director of Development Services Larry Vaupel
Director of Electric Dan Beans
Director of Finance..... Dennice Maxwell
Director of Information Technology Tony Van Boekel
Director of Personnel..... Sheri DeMaagd
Director of Public Works Chuck Aukland
Fire Chief..... Gerry Gray
Police Chief..... Roger Moore

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on 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 (the "City"), as of and for the year ended June 30, 2018, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the Investment in Joint Ventures of the Transmission Agency of Northern California, which collectively represent the following percentages of assets, net position, revenues and expenses of the following opinion units:

Opinion Unit	Assets	Net Position	Expenses
Business-type Activities	0.26%	0.47%	0.08%
Major Enterprise Fund:			
Electric Utility	0.59%	1.56%	0.12%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for investment in joint ventures, are based solely on the reports of the other auditors. 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 of 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 auditor's 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 City'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 City'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, based on our audit and the report of other auditors, 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Implementation of GASB Statement No. 75

As discussed in Note 1 to the financial statements, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The adoption of this standard required retrospective application of previously reported net position in the amount of \$50,414,927 and reclassification of certain accounts as of July 1, 2017 as described in Note 18 to the financial statements. In addition, the other post-employment benefit (OPEB) liability is reported in the Statement of Net Position in the amount of \$33,278,998 as of the measurement date. Net OPEB liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation to the measurement date. 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, Budgetary Principles, Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual, Schedules of Changes in Net Pension Liability and Related Ratios, Schedules of Plan Contributions, Schedules of Changes in Net OPEB Liability and Related Ratios, and Schedule of Contributions on pages 9 through 27 and 149 through 165 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 and other auditors 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.

To the Honorable Mayor and Members of the City Council
of the City of Redding
Redding, California
Page 3

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining and Individual Non-major Fund Financial Statements and Budgetary Comparison Schedules, and Statistical Section, 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 not a required part of the basic financial statements.

The Combining and Individual Non-Major Fund Financial Statements, Budgetary Comparison 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 Non-Major Fund Financial Statements, Budgetary Comparison 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*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018, 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* in considering the City's internal control over financial reporting and compliance.

The PwC Group, LLP

Walnut Creek, California
December 14, 2018

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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***

To the Honorable Mayor and Members of the City Council
of the City of Redding
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, 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 (the "City"), as of and for the year ended June 30, 2018, 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 14, 2018.

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 City'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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Honorable Mayor and Members of the City Council
of the City of Redding
Redding, California
Page 2

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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The PwC Group, LLP

Walnut Creek, California
December 14, 2018

City of Redding
Management's Discussion and Analysis
For the Year Ended June 30, 2018

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, 2018. 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 vii) and the financial statements (beginning on page 29).

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).

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

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 31-35 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 39-45 of this report.

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

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 47-57 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 59-62 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 63-146 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information, supplementary information, statistical information and certain other supplemental historical 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.

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

FINANCIAL HIGHLIGHTS

Government-Wide Financial Highlights

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 \$630 million (See Summary of Net Position and analysis on page 13).

- \$612.6 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.
- \$53.3 million is available for the City's ongoing obligations related to program with external restrictions.
- -\$36.1 million is primarily the result of the City's unfunded pension and Other Postemployment Benefits (OPEB) obligations.
- The City's total debt decreased by \$22.6 million (net of bond premiums and discount and excluding deferred charges) during the year ending June 30, 2018. The City made \$17.7 million in regular scheduled debt payments. The City borrowed \$190 thousand for improvements at Benton Airpark, and the Electric Utility issued \$39.5 million in Revenue Bonds which in part advanced refunded \$44.4 million in Certificates of Participation.

The City's total net position increased by \$70.4 million over the prior year:

- The \$19.2 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 \$3.5 million decrease in restricted net position represents the change in resources that are subject to external restrictions on their use.
- The \$54.8 million increase in unrestricted net position is the change in resources available to fund City programs to citizens and debt obligations to creditors.

Governmental Funds Financial Highlights

The City's governmental funds' combined ending fund balance of \$62.7 million was a decrease of \$8.3 million from the prior year ending fund balance of \$71.1 million. Amounts available for spending include Restricted, Assigned and Unassigned Fund Balances; these totaled \$60 million, or 95.6 percent of fund balance. Of this amount:

- \$45.1 million is restricted by law or externally imposed requirements,
- \$5.5 million is assigned or constrained by the City Council's 'intent' to be used for specific purposes, but are neither restricted nor committed.
- \$9.3 is unassigned fund balance.

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Total		Total	
	2018	2017	2018	2017	2018	2017	<i>Dollar Change</i>	<i>Percent Change</i>
Assets:								
Current and Other Assets	\$113,467	\$116,105	\$237,861	\$228,456	\$351,328	\$344,561	\$ 6,767	2.0%
Capital Assets, net	327,329	330,836	530,660	525,255	857,989	856,091	1,898	0.2%
Total Assets	440,796	446,941	768,521	753,711	1,209,317	1,200,652	8,665	0.7%
Deferred Outflows of Resources:	47,015	31,695	38,552	30,671	85,567	62,366	23,201	37.2%
Liabilities:								
Current Liabilities	18,763	18,156	45,837	48,187	64,600	66,343	(1,743)	-2.6%
Long Term Liabilities	257,028	267,090	334,898	361,788	591,926	628,878	(36,952)	-5.9%
Total Liabilities	275,791	285,246	380,735	409,975	656,526	695,221	(38,695)	-5.6%
Deferred Inflows of Resources:	7,882	8,280	743	219	8,625	8,499	126	1.5%
Net Position:								
Net investment in Capital Assets	298,515	299,479	314,065	293,921	612,580	593,400	19,180	3.2%
Restricted	41,077	42,761	12,204	14,068	53,281	56,829	(3,548)	-6.2%
Unrestricted	(135,453)	(157,130)	99,325	66,199	(36,128)	(90,931)	54,803	-60.3%
Total Net Position	\$204,139	\$185,110	\$425,594	\$374,188	\$629,733	\$559,298	\$70,435	12.6%

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 \$629.7 million at the close of the current fiscal year.

Analysis of Summary of Net Position

The City's total net position increased by 12.6% from a year ago, increasing from \$559.3 million to \$629.7 million. Net position from governmental activities increased by \$19 million or 10.3% and net position from business activities increased by \$51.4 million or 13.7%. The \$70.4 million increase in net position is primarily due to changes in unrestricted net position from business-type activities. The negative unrestricted net position at June 30, 2018 is primarily the result of the City's unfunded pension and OPEB obligations.

The \$51.4 million increase in net position from business-type activities is primarily due to funds being accumulated for current and future capital projects, especially in the Electric Utility Fund and Waste Water Utility 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. The restricted net position of \$53.3 million represents resources that are subject to external restrictions as to how they may be used. The remaining negative unrestricted net position of \$36.1 million, a positive change of \$54.8 million, or 60.3%, from the prior year, is the change in resources available to

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

fund the City's ongoing obligations to its citizens and creditors. The majority of the negative unrestricted net position is primarily the result of the City's unfunded pension and OPEB obligations.

Statement of Activities and Changes in Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Total		Total	
	2018	2017	2018	2017	2018	2017	Dollar Change	Percent Change
Revenues								
<i>Program Revenues</i>								
Charges for services	\$ 14,053	\$ 13,857	\$ 237,625	\$ 237,233	\$ 251,678	\$ 251,090	\$ 588	0.2%
Operating grants	15,294	16,491	6,219	6,565	21,513	23,056	(1,543)	-6.7%
Capital grants and contributions	11,061	6,041	8,173	2,625	19,234	8,666	10,568	121.9%
Total Program Revenues	40,408	36,389	252,017	246,423	292,425	282,812	9,613	3.4%
<i>General Revenues</i>								
Sales Tax	23,508	23,199	-	-	23,508	23,199	309	1.3%
Property Tax	19,156	17,924	-	-	19,156	17,924	1,232	6.9%
Investment earnings	525	375	981	506	1,506	881	625	70.9%
Other	9,112	7,414	-	-	9,112	7,414	1,698	22.9%
Total General Revenues	52,301	48,912	981	506	53,282	49,418	3,864	7.8%
Total Revenue	92,709	85,301	252,998	246,929	345,707	332,230	13,477	4.1%
Expenses:								
General Government	7,678	7,577	-	-	7,678	7,577	101	1.3%
Police	32,743	32,115	-	-	32,743	32,115	628	2.0%
Fire	23,265	22,299	-	-	23,265	22,299	966	4.3%
Public Works	15,040	16,212	-	-	15,040	16,212	(1,172)	-7.2%
Planning	3,918	4,291	-	-	3,918	4,291	(373)	-8.7%
Recreation and Culture	11,137	11,220	-	-	11,137	11,220	(83)	-0.7%
Community Development	9,378	10,242	-	-	9,378	10,242	(864)	-8.4%
Interest on Long-Term Debt	1,575	1,624	-	-	1,575	1,624	(49)	-3.0%
Electric	-	-	139,069	144,827	139,069	144,827	(5,758)	-4.0%
Water	-	-	18,715	17,811	18,715	17,811	904	5.1%
Wastewater	-	-	23,807	23,748	23,807	23,748	59	0.2%
Storm Drainage	-	-	2,033	2,037	2,033	2,037	(4)	-0.2%
Solid Waste	-	-	22,836	22,431	22,836	22,431	405	1.8%
Transportation	-	-	10,257	10,114	10,257	10,114	143	1.4%
Convention Center	-	-	1,317	1,349	1,317	1,349	(32)	-2.4%
Total Expenses	104,734	105,580	218,034	222,317	322,768	327,897	(5,129)	-1.6%
Increase in net position before transfers and special item	(12,025)	(20,279)	34,964	24,612	22,939	4,333	18,606	429.4%
Transfers	5,440	4,290	(5,440)	(4,290)	-	-	-	0.0%
Special Item	(2,486)	-	-	-	(2,486)	-	(2,486)	0.0%
Change in net position	(9,071)	(15,989)	29,524	20,322	20,453	4,333	16,120	372.0%
Net position - beginning	185,110	201,099	374,188	353,866	559,298	554,965	4,333	0.8%
Restatement	28,100	-	21,882	-	49,982	-	49,982	
Net position-beginning, as restated	213,210	201,099	396,070	353,866	609,280	554,965	54,315	9.8%
Net position - ending	\$ 204,139	\$ 185,110	\$ 425,594	\$ 374,188	\$ 629,733	\$ 559,298	\$ 70,435	12.6%

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

Analysis of Statement of Activities and Changes in Net Position

Governmental Activities

Revenue Highlights

Total revenues for the governmental activities were \$92.7 million. The largest component of total revenue is taxes at \$50.1 million, making up 54.1% of total revenue in the governmental funds. This is consistent with the nature and purpose of governmental funds, particularly in the General Fund, where programs are largely supported by general taxes. The largest tax revenues received by the General Fund include sales, property and transient occupancy.

Some of the key changes in revenues are:

Sales tax increased by 1.3% from the prior year. The \$.3 million increase is reflective of the economy continuing to improve.

Property taxes increased by 6.9% from the prior year. The \$1.2 million increase is reflective of the rise in property values and the related re-assessment when properties are sold.

Transient Occupancy taxes increase by 8.2% from the prior year. The \$.1 million increase is reflective of an improving tourism market.

Capital grants and contributions increased by \$5 million primarily due to a increase in Capital grants for Public Works.

Expense Highlights

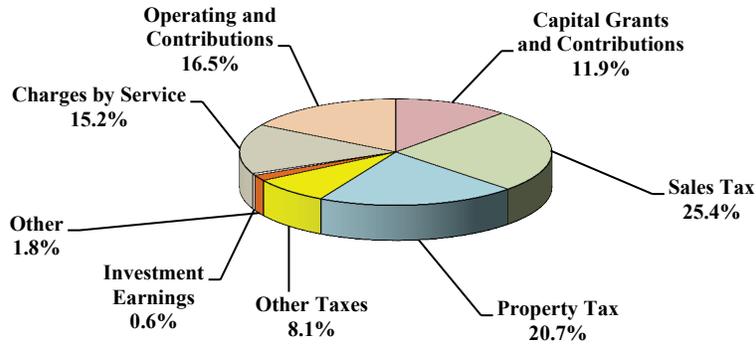
Functional expenses for the year totaled approximately \$104.7 million, a decrease of \$.8 million from the prior year. The decrease was primarily associated with Public Works expenses.

The largest component of total expenses was for Public Safety (police and fire), representing \$56 million (53.5%) of the total. A large portion of public safety costs are funded from general revenues, primarily taxes. In contrast, Public Works expenses, which total \$15 million, are funded largely from restricted revenues, including gas tax and federal and state grants. These resources pay for street maintenance and improvements, street, sweeping, transportation planning and other related costs.

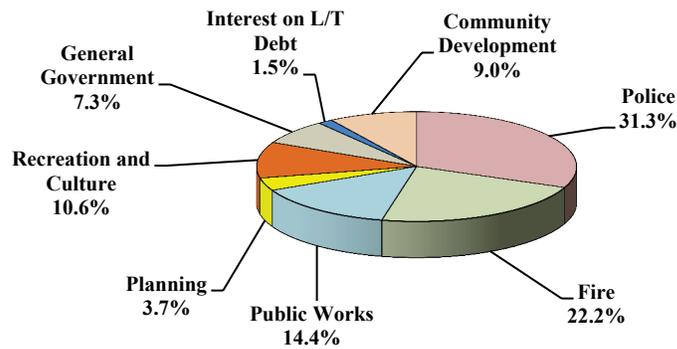
City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

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



City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

Business-Type Activities

Business-type activities increased the City's net position by \$29.5 million. Key elements of this increase are as follows:

- Revenues exceed expenses for electric, water and wastewater as funds are being accumulated for current and future capital projects. Electric revenues overall decreased by \$6.5 million primarily as a result of a reduction in power sales and Electric overall expenses decreased \$5.7 million primarily as a result of a reduction in maintenance, operations, and administration costs.

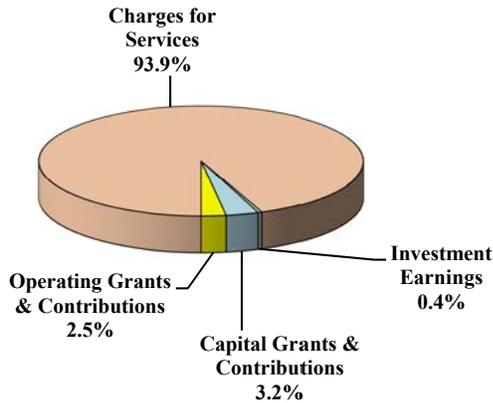
The following schedule shows business-type activities revenues and expenses.

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

	<u>Revenue</u>		<u>Expense</u>		<u>Changes in Net Position</u>	
	2018	2017	2018	2017	2018	2017
Electric	\$ 159,017	\$ 165,548	\$ 139,069	\$ 144,827	\$ 19,948	\$ 20,721
Water	23,107	19,964	18,715	17,811	4,392	2,153
Wastewater	28,664	27,280	23,807	23,748	4,857	3,532
Storm Drainage	1,398	1,772	2,033	2,037	(635)	(265)
Solid Waste	22,843	22,267	22,836	22,431	7	(164)
Transportation	16,744	9,352	10,257	10,114	6,487	(762)
Convention Center	245	241	1,317	1,349	(1,072)	(1,108)
Investment Earnings	981	506	-	-	981	506
Transfers	(5,440)	(4,290)	-	-	(5,440)	(4,290)
Other	-	-	-	-	-	-
Total	<u><u>\$ 247,559</u></u>	<u><u>\$ 242,640</u></u>	<u><u>\$ 218,034</u></u>	<u><u>\$ 222,317</u></u>	<u><u>\$ 29,525</u></u>	<u><u>\$ 20,323</u></u>

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

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 (93.9%) of the revenues of the business-type activities.

Analysis of the Governmental Fund Balances

Governmental Fund Balances
(in thousands)

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
General Fund	\$ 2,749	\$ 763	\$ 5,489	\$ 9,682	\$ 18,683
Major Funds					
Capital Projects	-	2,343	-	-	2,343
Other Governmental Funds	20	42,037	-	(344)	41,713
	<u>\$ 2,769</u>	<u>\$ 45,143</u>	<u>\$ 5,489</u>	<u>\$ 9,338</u>	<u>\$ 62,739</u>

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources (modified accrual basis of accounting). Such information is useful in assessing the City's financing requirements. In particular, total fund balance less the nonspendable portion is a useful measure of a government's resources available for spending at the end of the fiscal year.

At June 30, 2018, the City's governmental funds reported total fund balance of \$62.8 million, a decrease of \$8.3 million in comparison with the prior year's total ending fund balance. The components of total fund balance are as follows (for more information see Note 19 – Fund Balances):

- Nonspendable Fund Balance, \$2.77 million are amounts that are not spendable in form, or are legally or contractually required to be maintained intact, and are made up of (1) prepaid expenses, (2) inventories, and (3) endowments.
- Restricted Fund Balance, \$45.14 million consists of amounts with constraints put on their use by creditors, grantors, contributors, laws, regulations or enabling legislation. Examples of restrictions on funds are those for (1) purpose of fund, (2) reserves associated with issued bonds, and (3) grants for capital outlay.
- Assigned Fund Balance, \$5.49 million are resources that are set aside for a particular purpose, and are made up of amounts that reflect resources for specific purposes such as (1) encumbrances, and (2) future expenditures/contingencies.
- Unassigned Fund Balance, \$9.34 million represents the residual balance for the City's governmental funds.

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

General Fund

The General Fund is the chief operating fund of the City. At June 30, 2018, unassigned fund balance was \$9.68 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 12.6% of the total General Fund expenditures, while total fund balance represents 24.2% of total General Fund expenditures.

The fund balance of the City's General Fund decreased by \$1.8 million during the year ended June 30, 2018.

General Fund revenues increased \$2.4 million, and expenditures increased by \$.14 million from FYE 2017 to 2018. The increase in revenue was primarily due to increases in property tax revenue of .98 million (5.4%), an increase in sales tax revenue of \$.3 million (1.3%), and an increase in contributions included on the Other Revenue line of \$1.04 million (117.3%). Tax rates were not changed during the year.

The \$.14 million increase in expenditures is due to an increase in overall expenditures for police of \$.8 million and fire \$.8 million, an increase in capital outlay expenditures of \$.4 million, and an increase in recreation and culture expenditures of \$.2 million. These were partially offset by a decrease in public works expenditures of \$1.6 million.

Other financing sources decreased by \$.2 million. The decrease is due primarily to a decrease in net transfers of \$1.3 million offset by an increase in the sale of assets of \$1.1 million.

The Capital Project Fund accounts for the financing and construction activities of the City. On June 30, 2018, the restricted fund balance was \$2.3 million. Both restricted fund balance and total fund balance represent 23.1% of the total Capital Project Funds expenditures.

The fund balance of the City's Capital Project Fund decreased \$4.4 million during the year ended June 30, 2018.

Capital Project Fund revenues increased \$.45 million and expenditures increased \$3.8 million. The increase in revenue was primarily due to an increase in intergovernmental grant revenue for capital projects.

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

Analysis of Proprietary Funds

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

Changes in Net Position - Major Proprietary Funds
(in thousands)

	Net Position July 1, 2017 Restated	Changes in Net Position	Net Position June 30, 2018
Electric Utility	\$ 113,830	14,017	\$ 127,847
Water Utility	\$ 86,771	4,444	\$ 91,215
Wastewater Utility	\$ 127,592	4,974	\$ 132,566
Solid Waste Collection/Disposal	\$ 21,521	434	\$ 21,955

**Net Position - Restricted and Unrestricted
Major Proprietary Funds as of June 30, 2018**
(in thousands)

	Net Investment in Capital Assets	Restricted Net Position	Unrestricted Net Position	Total Net Position
Electric Utility	\$ 63,700	-	64,147	\$ 127,847
Water Utility	\$ 64,716	19	26,480	\$ 91,215
Wastewater Utility	\$ 102,515	8,895	21,156	\$ 132,566
Solid Waste Collection/Disposal	\$ 20,129	-	1,826	\$ 21,955

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, 2018, was the first year of the two-year budget process. Differences between the original General Fund budget and the amended General Fund budget expenditures are shown below:

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

General Fund Original and Amended Budget
(in thousands)

	<u>Original</u>	<u>Amended</u>	<u>Increase (Decrease)</u>
General Government	\$ 6,403	\$ 6,443	\$ 40
Public Safety:			
Police	\$ 29,888	\$ 31,434	\$ 1,546
Fire Safety	\$ 20,635	\$ 22,418	\$ 1,783
Public Works	\$ 8,472	\$ 11,662	\$ 3,190
Planning	\$ 4,122	\$ 4,182	\$ 60
Recreation and culture	\$ 5,432	\$ 5,461	\$ 29
Principal payments	\$ 1,728	\$ 1,844	\$ 116
Interest payments and bond costs	\$ 1,291	\$ 1,296	\$ 5
Total Expenditures	<u>\$ 77,971</u>	<u>\$ 84,740</u>	<u>\$ 6,769</u>

As shown in the previous table, the General Fund's original budget was amended up by \$6.8 million or approximately 8.7%. The reasons for this increase are as follows:

- The Police budget increased by \$1.5 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 \$1.8 million due to overtime and transfers from the rolling stock fund for equipment purchases.
- The Public Works budget increased by \$3.2 million due to grant funding for street 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 \$.9 million due to these rolling stock transfers.

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, 2018, totaled \$858 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 \$1.9 million (a 1.06% decrease for governmental activities and a 1.03% increase for business-type activities).

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

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

- Developers added an estimated \$1.7 million of water, wastewater, electric, storm drainage improvements, streets, sidewalks and traffic signals.
- Electric Utility spent \$4.2 million on catalyst replacement, \$2.9 million on substation improvements, and \$1.1 million on vehicles.
- The City spent \$2.8 million on Placer St Improvements, \$1.9 million on Victor Ave pedestrian safety improvements, and \$2.1 million on a land purchase in downtown Redding.
- Water Utility spent \$1.6 million on the Railroad Ave. water line upgrade.
- Wastewater spent \$4.16 million on sewer line replacement projects.
- Solid Waste spent \$2.5 million on vehicles and \$.8 million on a landfill compactor.

Changes in capital assets consist of the following:

Changes in Capital Assets - Governmental Activities
(in thousands)

	Balance June 30, 2017	Additions	Deletions	Reclassifications	Balance July 1, 2018
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 30,652	\$ 2,514	\$ (247)	\$ 144	\$ 33,063
Construction in process	7,836	8,061	(382)	(2,848)	12,667
Total capital assets, not being depreciated	<u>38,488</u>	<u>10,575</u>	<u>(629)</u>	<u>(2,704)</u>	<u>45,730</u>
Capital assets, being depreciated:					
Buildings	64,508	876	(1,943)	211	63,652
Improvements other than buildings	99,363	-	(22)	45	99,386
Infrastructure	309,914	513	(32)	2,290	312,685
Automotive equipment	13,426	653	(588)	367	13,858
Furnishings and equipment	10,582	235	(134)	93	10,776
Assets under capital lease:			-	-	
Furnishings and equipment	-	-	-	-	-
Automotive equipment	565	-	-	-	565
Total capital assets, being depreciated	<u>498,358</u>	<u>2,277</u>	<u>(2,719)</u>	<u>3,006</u>	<u>500,922</u>
Less accumulated depreciation for:					
Buildings	(29,893)	(2,530)	1,924	(1,582)	(32,081)
Improvements other than buildings	(60,151)	(3,177)	22	2,529	(60,777)
Infrastructure	(98,241)	(8,723)	3	144	(106,817)
Automotive equipment	(10,510)	(673)	495	(201)	(10,889)
Furnishings and equipment	(7,132)	(535)	134	(1,106)	(8,639)
Assets under capital lease:			-	-	
Furnishings and equipment	-	-	-	-	-
Automotive equipment	(83)	(37)	-	-	(120)
Total accumulated depreciation	<u>(206,010)</u>	<u>(15,675)</u>	<u>2,578</u>	<u>(216)</u>	<u>(219,323)</u>
Total capital assets, being depreciated, net	<u>292,348</u>	<u>(13,398)</u>	<u>(141)</u>	<u>2,790</u>	<u>281,599</u>
Governmental activities capital assets, net	<u><u>\$ 330,836</u></u>	<u><u>\$ (2,823)</u></u>	<u><u>\$ (770)</u></u>	<u><u>\$ 86</u></u>	<u><u>\$ 327,329</u></u>

See Note 4 to the Financial Statements for additional information regarding capital assets.

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

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

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

	Balance June 30, 2017	Additions	Deletions	Reclassifications	Balance July 1, 2018
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 19,570	\$ 425	\$ -	\$ 80	\$ 20,075
Construction in process	17,524	23,501	(660)	(14,782)	25,583
Total capital assets, not being depreciated	37,094	23,926	(660)	(14,702)	45,658
Capital assets, being depreciated:					
Utility plants	801,636	5,393	(1,380)	14,520	820,169
Buildings	76,293	-	-	414	76,707
Improvements other than buildings	45,127	672	(582)	(914)	44,303
Automotive equipment	40,911	5,591	(460)	(276)	45,766
Furnishings and equipment	27,940	1,640	(673)	672	29,579
Assets under capital lease:					
Furnishings and equipment	-	-	-	-	-
Total capital assets, being depreciated	991,907	13,296	(3,095)	14,416	1,016,524
Less accumulated depreciation for:					
Utility plants	(396,185)	(21,794)	1,202	(2,390)	(419,167)
Buildings	(35,541)	(2,408)	-	(3,722)	(41,671)
Improvements other than buildings	(32,974)	(932)	223	6,116	(27,567)
Automotive equipment	(22,625)	(3,116)	440	137	(25,164)
Furnishings and equipment	(16,421)	(2,264)	673	59	(17,953)
Assets under capital lease:					
Furnishings and equipment	-	-	-	-	-
Total accumulated depreciation	(503,746)	(30,514)	2,538	200	(531,522)
Total capital assets, being depreciated, net	488,161	(17,218)	(557)	14,616	485,002
Governmental activities capital assets, net	\$ 525,255	\$ 6,708	\$ (1,217)	\$ (86)	\$ 530,660

See Note 4 to the Financial Statements for additional information regarding capital assets.

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

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).

Changes in Long Term Debt				
<i>(in thousands)</i>				
	Balance	Additions/		Balance
	June 30, 2017	Transfers	Reductions	June 30, 2018
Governmental Activities:				
Capital leases payable	\$ 293	\$ -	\$ 116	\$ 177
Lease revenue bonds	31,919	-	2,478	29,441
Special assessment debt	64	-	64	-
Total Government Activities	<u>32,276</u>	<u>-</u>	<u>2,658</u>	<u>29,618</u>
Business-Type Activities				
State loan payable	80,784	190	5,258	75,716
Revenue bonds	98,341	39,510	3,047	134,804
Certificates of participation	51,300	-	51,300	-
Capital leases	-	-	-	-
Total Business-Type Activities	<u>230,425</u>	<u>39,700</u>	<u>59,605</u>	<u>210,520</u>
Total outstanding long-term debt	<u>\$ 262,701</u>	<u>\$ 39,700</u>	<u>\$ 62,263</u>	<u>\$ 240,138</u>

The City's total debt decreased by \$22.6 million (net of bond premiums and discounts excluding deferred charges) during the fiscal year ending June 30, 2018. The City made \$17.7 million in regular scheduled debt payments. The City borrowed \$190 thousand for improvements at Benton Airpark, and the Electric Utility issued \$39.5 million in Revenue Bonds which in part, advanced refunded \$44.4 million in Certificates of Participation.

Currently, the City's legal debt margin is \$318 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 7 on pages 92-98 of this report.

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

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.

There are two primary components of the deferred outflows as reported. The first component 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. Other potential deferred outflows of resources are attributable to the various components that impact pension changes and can include investment earnings, changes due to actuarial assumptions, and differences between expected or actual experience.

The second component of the deferred outflows of resources is related to the implementation of GASB Statement 75 for Other Post Employment Benefits (OPEB). GASB 75, much like GASB 68 and 71, requires the recognition of deferred outflows of resources. The deferred outflows of resources are attributable to the various components that impact OPEB liability and can include contributions made after the measurement date (current year contributions), investment earnings, changes due to actuarial assumptions, and the difference between expected and 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.

Deferred inflows of resources can also be impacted by the implementation of GASB 68 for pension liability reporting and GASB 75 for OPEB. Deferred inflows of resources related to pensions represent the net amount attributable to the various components that impact pension changes, and can include investment earnings, changes due to actuarial assumptions, and differences between expected or actual experience. Deferred inflows related to OPEB can include the same components.

Additional information pertaining to deferred outflows and inflows for pensions and OPEB can be found in notes 17 and 18.

Economic Factors and Next Year's Budgets and Rates

- The City of Redding has experienced an increase in population since 2009 of less than one percent per year while the unemployment rate has decreased from 14.1% in 2009 to 5.1% in 2018.
- Inflationary trends in the region compare favorably to national indices.

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2018

- Overall tax revenue for the City's General Fund increased by \$1.7 million during the year. This was primarily due to increases in property taxes and other taxes. Taxable sales within the City for the calendar year 2017 decreased by .61%. Tax rates were not changed. The City expects sales tax revenue will increase by 3.25% in fiscal year 2018-19. It is expected property tax revenue will increase by 5.0% in fiscal year 2018-19.
- 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 2018-19.
- The economy is expected to continue to recover in fiscal year 2018-19.

All of these factors were considered in preparing the City's budget for the 2018-19 fiscal year.

During the current fiscal year, fund balance in the General Fund decreased by \$1.8 million to \$18.7 million. The City anticipates decreasing the General Fund balance \$1.6 million in fiscal year ending 2019. 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, 2018

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Current assets:			
Cash and investments	\$ 36,421,010	\$ 174,836,446	\$ 211,257,456
Receivables:			
Interest	4,331,412	2,339,401	6,670,813
Accounts, net	1,054,561	25,600,568	26,655,129
Taxes	4,450,851	-	4,450,851
Intergovernmental	7,992,422	4,347,117	12,339,539
Notes	37,695,768	170,093	37,865,861
Special assessments	415,937	-	415,937
Deposit	-	3,250,000	3,250,000
Other	553,392	-	553,392
Inventories	378,249	8,091,266	8,469,515
Prepaid items	2,188,211	954,291	3,142,502
Total current assets	95,481,813	219,589,182	315,070,995
Noncurrent assets:			
Internal balances	15,762,686	(15,762,686)	-
Restricted assets:			
Cash and investments	1,766,999	18,023,904	19,790,903
Interest receivable	802	1,172	1,974
Power acquisition costs, net	-	443,556	443,556
Prepaid costs	275,981	-	275,981
Long-term receivable	178,459	-	178,459
Capital assets:			
Land and construction in progress	45,729,709	45,658,057	91,387,766
Other capital assets, net of depreciation	281,599,620	485,001,944	766,601,564
Investment in JPA	-	1,995,525	1,995,525
Storage base gas	-	13,570,000	13,570,000
Total noncurrent assets	345,314,256	548,931,472	894,245,728
Total assets	440,796,069	768,520,654	1,209,316,723
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	222,825	10,474,396	10,697,221
Deferred outflows related to other post employment benefits	4,127,440	3,092,559	7,219,999
Deferred outflows related to pensions	42,665,064	24,985,141	67,650,205
Total deferred outflows of resources	47,015,329	38,552,096	85,567,425

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Statement of Net Position (Continued)
June 30, 2018

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	2,626,831	8,057,660	10,684,491
Accrued liabilities	2,833,731	1,989,348	4,823,079
Intergovernmental payable	725,978	4,541,794	5,267,772
Accrued interest payable	443,303	1,120,319	1,563,622
Unearned revenue	1,039,458	3,373,904	4,413,362
Deposits	85,884	9,015,445	9,101,329
Accounts payable from restricted	7,909	8,067	15,976
Landfill closing costs, due within one year	-	160,000	160,000
Claims and judgements payable, due within one year	4,305,610	-	4,305,610
Compensated absences, due within one year	3,978,373	2,018,963	5,997,336
Long-term debt, due within one year	2,715,538	15,551,085	18,266,623
Total current liabilities	18,762,615	45,836,585	64,599,200
Noncurrent liabilities:			
Landfill closing costs, due in more than one year	-	2,110,191	2,110,191
Claims and judgements payable, due in more than one year	13,155,860	-	13,155,860
Accrued compensated absences, due in more than one year	7,314,181	4,650,082	11,964,263
Long-term debt, due in more than one year	26,879,056	213,407,534	240,286,590
Aggregate other post employment benefits liability	18,761,349	14,517,649	33,278,998
Aggregate net pension liability	190,917,663	100,212,831	291,130,494
Total noncurrent liabilities	257,028,109	334,898,287	591,926,396
Total liabilities	275,790,724	380,734,872	656,525,596
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	7,881,703	743,434	8,625,137
Total deferred inflows of resources	7,881,703	743,434	8,625,137
NET POSITION			
Net investment in capital assets	298,515,126	314,064,755	612,579,881
Restricted for:			
Capital outlay	-	12,204,596	12,204,596
Debt service	397,043	-	397,043
Housing	15,411,137	-	15,411,137
Community development	25,264,189	-	25,264,189
Public works	4,505	-	4,505
Unrestricted (deficit)	(135,453,029)	99,325,093	(36,127,936)
Total net position	\$ 204,138,971	\$ 425,594,444	\$ 629,733,415

(Concluded)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2018

Functions / Programs	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 7,678,431	\$ 6,522,621	\$ 228,203	\$ -	\$ 6,750,824
Police	32,742,710	1,262,694	2,317,848	(2,907)	3,577,635
Fire	23,264,792	1,257,521	5,000	251,279	1,513,800
Public works	15,039,604	785,973	1,531,986	9,876,328	12,194,287
Planning	3,918,206	1,822,316	401,712	-	2,224,028
Recreation and culture	11,137,417	2,347,023	373,216	936,317	3,656,556
Community development	9,377,682	54,639	10,435,864	-	10,490,503
Interest on long-term debt	1,575,210	-	-	-	-
Total Governmental Activities	104,734,052	14,052,787	15,293,829	11,061,017	40,407,633
Business-Type Activities:					
Electric	139,069,185	158,286,134	9,841	721,041	159,017,016
Water	18,714,649	22,158,506	775,752	172,912	23,107,170
Wastewater	23,807,419	27,592,665	874,321	196,639	28,663,625
Storm drainage	2,032,999	1,175,072	77,170	145,324	1,397,566
Solid waste	22,835,505	22,703,424	91,048	49,000	22,843,472
Transportation	10,256,990	5,463,971	4,391,393	6,888,230	16,743,594
Convention center	1,316,803	244,881	-	-	244,881
Total business-type activities	218,033,550	237,624,653	6,219,525	8,173,146	252,017,324
Total Primary Government	\$ 322,767,602	\$ 251,677,440	\$ 21,513,354	\$ 19,234,163	\$ 292,424,957

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Statement of Activities and Changes in Net Position (Continued)
For the Year Ended June 30, 2018

Functions / Programs	Net (Expenses) Revenues and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary Government:			
Governmental activities:			
General government	\$ (927,607)	\$ -	\$ (927,607)
Police	(29,165,075)	-	(29,165,075)
Fire	(21,750,992)	-	(21,750,992)
Public works	(2,845,317)	-	(2,845,317)
Planning	(1,694,178)	-	(1,694,178)
Recreation and culture	(7,480,861)	-	(7,480,861)
Community development	1,112,821	-	1,112,821
Interest on long-term debt	(1,575,210)	-	(1,575,210)
Total Governmental Activities	(64,326,419)	-	(64,326,419)
Business-Type Activities:			
Electric	-	19,947,831	19,947,831
Water	-	4,392,521	4,392,521
Wastewater	-	4,856,206	4,856,206
Storm drainage	-	(635,433)	(635,433)
Solid waste	-	7,967	7,967
Transportation	-	6,486,604	6,486,604
Convention center	-	(1,071,922)	(1,071,922)
Total business-type activities	-	33,983,774	33,983,774
Total Primary Government	\$ (64,326,419)	\$ 33,983,774	\$ (30,342,645)
General Revenues and Transfers:			
Taxes:			
Property taxes, levied for general purpose	\$ 19,156,295	\$ -	\$ 19,156,295
Transient occupancy taxes	5,168,477	-	5,168,477
Sales taxes	23,507,550	-	23,507,550
Motor vehicle taxes	47,718	-	47,718
Franchise taxes	1,131,066	-	1,131,066
Other taxes	1,134,113	-	1,134,113
Total taxes	50,145,219	-	50,145,219
Investment income (loss)	525,477	980,902	1,506,379
Other	166,647	-	166,647
Gain on sale of assets	1,464,193	-	1,464,193
Transfers	5,440,006	(5,440,006)	-
Special item	(2,485,800)	-	(2,485,800)
Total General Revenues and Transfers	55,255,742	(4,459,104)	50,796,638
Change in Net Position	(9,070,677)	29,524,670	20,453,993
Net Position:			
Beginning of Year	185,109,523	374,188,195	559,297,718
Restatement	28,100,125	21,881,579	49,981,704
Net position - beginning of year as restated	213,209,648	396,069,774	609,279,422
End of Year	\$ 204,138,971	\$ 425,594,444	\$ 629,733,415

(Concluded)

See accompanying Notes to the Basic Financial Statements.

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements
Proprietary 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, 2018

	General Fund	General Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 11,952,041	\$ 3,523,059	\$ 5,550,677	\$ 21,025,777
Accounts receivable, net	930,719	-	55,350	986,069
Intergovernmental receivable	806,714	6,128,673	958,998	7,894,385
Interest receivable	52,079	9,392	4,208,532	4,270,003
Taxes receivable	4,450,851	-	178,459	4,629,310
Other receivable	489,787	-	63,605	553,392
Due from other funds	1,784,699	-	-	1,784,699
Prepaid items	1,665,355	-	20,291	1,685,646
Inventories	175,760	-	-	175,760
Restricted assets:				
Cash and investments	1,670,242	18,140	78,617	1,766,999
Interest receivable	792	10	-	802
Special assessments receivable	-	-	415,937	415,937
Notes receivable	189,000	-	37,506,768	37,695,768
Total assets	\$ 24,168,039	\$ 9,679,274	\$ 49,037,234	\$ 82,884,547

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Balance Sheet (Continued)
Governmental Funds
June 30, 2018

	General Fund	General Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
LIABILITIES				
Accounts payable	\$ 946,360.00	\$ 1,143,080	\$ 251,681	\$ 2,341,121
Accrued liabilities	2,339,213	52,580	50,746	2,442,539
Intergovernmental payable	176,371	5,140	33,965	215,476
Due to other funds	-	-	293,912	293,912
Accounts payable from restricted assets	-	933	6,976	7,909
Unearned revenue	630,557	5,866	403,035	1,039,458
Deposits	7,257	-	78,617	85,874
Advances from other funds	-	-	420,694	420,694
Total Liabilities	4,099,758	1,207,599	1,539,626	6,846,983
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	1,385,143	6,128,673	5,784,511	13,298,327
Total Deferred Inflows of Resources:	1,385,143	6,128,673	5,784,511	13,298,327
Fund Balances:				
Nonspendable	2,748,604	-	20,291	2,768,895
Restricted	762,753	2,343,002	42,037,446	45,143,201
Assigned	5,489,161	-	-	5,489,161
Unassigned (deficit)	9,682,620	-	(344,640)	9,337,980
Total Fund Balances	18,683,138	2,343,002	41,713,097	62,739,237
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 24,168,039	\$ 9,679,274	\$ 49,037,234	\$ 82,884,547

(Concluded)

See accompanying Notes to the Basic Financial Statements.

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City of Redding
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2018

Fund balances governmental funds	\$ 62,739,237
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.	527,797,826
Accumulated depreciation has not been included in the governmental fund financial statements.	(205,472,719)
Bond insurance issuance costs.	275,981
Deferred charges have not been included as financial resources in governmental fund activity.	41,661,454
Long-term debt that has not been included in the governmental fund activity.	(29,594,593)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.	(443,303)
The net other post employment benefit obligation has not been reported in the governmental funds.	(15,955,565)
Net pension liability is not due and payable in the current period and therefore is not reported in the fund financial statements.	(170,597,049)
Revenue reported as unavailable revenue in the governmental funds is recorded as revenue in the statement of activities.	5,877,835
Internal service fund net position included in the governmental activities on the statement of activities.	(1,897,365)
Accrued vacation and other leave not reported in governmental funds, but recorded as expense in the Statement of Activities.	(10,252,768)
Net position of governmental activities	<u><u>\$ 204,138,971</u></u>

See accompanying Notes to the Basic Financial Statements.

City of Redding
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General Fund	General Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 19,115,688	\$ -	57,422	\$ 19,173,110
Sales and use taxes	23,235,032	-	272,517	23,507,549
Other taxes	7,433,656	-	-	7,433,656
Special assessments	10,828	-	601,799	612,627
Licenses and permits	1,253,541	-	51,171	1,304,712
Intergovernmental revenues	2,304,600	3,556,833	11,700,170	17,561,603
Charges for services	2,631,864	-	1,336,401	3,968,265
Fines, forfeitures, and penalties	1,335,752	-	109,620	1,445,372
Use of money and property	7,869,581	-	33,464	7,903,045
Interest revenue	55,012	53,904	396,482	505,398
Other	1,929,306	2,121,871	90,750	4,141,927
Total revenues	67,174,860	5,732,608	14,649,796	87,557,264
EXPENDITURES:				
Current:				
General government	5,963,960	97,430	-	6,061,390
Community development	-	-	9,208,634	9,208,634
Public safety:				
Police	29,973,735	-	230,331	30,204,066
Fire	21,101,029	-	-	21,101,029
Public works	5,329,084	368,404	582,548	6,280,036
Planning	3,751,957	-	-	3,751,957
Recreation and culture	5,144,624	120,439	2,630,177	7,895,240
Capital outlay	2,625,661	8,627,245	101,541	11,354,447
Debt service:				
Principal	1,843,496	750,000	64,000	2,657,496
Interest and fiscal charges	1,346,153	160,525	3,834	1,510,512
Total expenditures	77,079,699	10,124,043	12,821,065	100,024,807
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,904,839)	(4,391,435)	1,828,731	(12,467,543)
OTHER FINANCING SOURCES (USES):				
Sale of assets	1,275,193	-	-	1,275,193
Transfers in	11,714,397	116,100	846,672	12,677,169
Transfers out	(2,419,592)	(116,853)	(4,770,644)	(7,307,089)
Total other financing sources (uses)	10,569,998	(753)	(3,923,972)	6,645,273
SPECIAL ITEM:				
Write-off of Reimbursement Agreement	(2,485,800)	-	-	(2,485,800)
NET CHANGE IN FUND BALANCES	(1,820,641)	(4,392,188)	(2,095,241)	(8,308,070)
Fund Balances:				
Beginning of Year	20,481,402	6,769,615	43,808,338	71,059,355
Restatement, Note 23	22,377	(34,425)	-	(12,048)
Beginning of Year, restated	20,503,779	6,735,190	43,808,338	71,047,307
End of Year	<u>\$ 18,683,138</u>	<u>\$ 2,343,002</u>	<u>\$ 41,713,097</u>	<u>\$ 62,739,237</u>

See accompanying Notes to the Basic Financial Statements.

City of Redding
Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes
in Fund Balances of Government-Wide Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ (8,308,070)
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.	11,354,447
Transfer of capital assets to Governmental Fund from Enterprise Fund.	69,926
In the Statement of Activities, donated assets are reported as a capital contribution.	1,076,407
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.	(14,624,815)
Disposal of capital assets is reported in the Governmental-Wide Statement of Activities and Changes in Net Position, but it does not require the use of current financial resources. Therefore, it is not reported as expenditures in governmental funds.	
- Net book value of the assets disposed	(675,764)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	4,392,068
In the Statement of Activities, the other post employment benefit expense that does not require the use of financial resources is not reported as revenue or expenditure.	1,364,654
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.	2,657,496
Interest expense on long-term debt is accrued in the Government-Wide Statement of Activities and Changes in Net Position. The following amount represented the change in accrued interest from the prior year.	(8,179)
Compensated absences in the Statement of Activities is reported as an expense but is not reported in the governmental funds.	141,254
In the Statement of Activities, pension expense that does not require the use of current financial resources is not reported as revenue or expenditure.	(6,725,857)
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.	215,756
Change in Net Position of Governmental Activities	<u><u>\$ (9,070,677)</u></u>

See accompanying Notes to the 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 Net Position
Proprietary Funds
June 30, 2018

	Enterprise Funds			
	Electric Utility	Water Utility	Waste Water Utility	Solid Waste Collection/ Disposal
ASSETS				
Current assets:				
Cash and investments	\$ 87,500,363	\$31,346,330	\$ 26,243,116	\$ 24,239,720
Accounts receivable, net	18,020,598	2,631,635	2,760,672	2,038,408
Intergovernmental receivable	460,617	-	-	-
Interest receivable	1,898,868	145,725	161,077	103,279
Interfund receivable	-	-	45,000	-
Prepaid items	668,148	55,680	69,429	135,566
Inventories	7,163,883	759,114	48,819	-
Deposit	3,250,000	-	-	-
Total current assets	118,962,477	34,938,484	29,328,113	26,516,973
Noncurrent assets:				
Restricted assets:				
Cash and investments	562,521	1,828,419	12,588,770	-
Interest receivable	1,172	-	-	-
Total restricted assets	563,693	1,828,419	12,588,770	-
Capital assets:				
Land	5,230,379	508,799	3,122,155	1,697,818
Construction in progress	8,166,275	3,499,254	5,781,169	104,026
Other capital assets, net	186,927,886	62,018,375	169,091,723	18,327,227
Capital assets	200,324,540	66,026,428	177,995,047	20,129,071
Other assets:				
Power acquisition costs, net	443,556	-	-	-
Advances to other funds	396,342	-	472,840	-
Investment in JPA	1,995,525	-	-	-
Storage base gas	13,570,000	-	-	-
Note receivable	170,093	-	-	-
Total other assets	16,575,516	-	472,840	-
Total noncurrent assets	217,463,749	67,854,847	191,056,657	20,129,071
Total assets	336,426,226	102,793,331	220,384,770	46,646,044
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	10,138,036	246,807	41,027	-
Deferred outflows related to other post employment benefits	1,957,779	242,061	298,610	512,794
Deferred outflows related to pensions	15,682,788	2,049,718	2,640,728	3,974,327
Total deferred outflows of resources	27,778,603	2,538,586	2,980,365	4,487,121

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2018

	Enterprise Funds		Governmental
	Non-Major		Activities
	Enterprise Funds	Total	Internal Service Funds
ASSETS			
Current assets:			
Cash and investments	\$ 5,506,917	\$ 174,836,446	\$ 15,395,233
Accounts receivable, net	149,255	25,600,568	68,492
Intergovernmental receivable	3,886,500	4,347,117	98,037
Interest receivable	30,452	2,339,401	61,409
Interfund receivable	-	45,000	82,351
Prepaid items	25,468	954,291	502,565
Inventories	119,450	8,091,266	202,489
Deposit	-	3,250,000	-
Total current assets	9,718,042	219,464,089	16,410,576
Noncurrent assets:			
Restricted assets:			
Cash and investments	3,044,194	18,023,904	-
Interest receivable	-	1,172	-
Total restricted assets	3,044,194	18,025,076	-
Capital assets:			
Land	9,515,808	20,074,959	205,212
Construction in progress	8,032,374	25,583,098	-
Other capital assets, net	48,636,733	485,001,944	4,799,010
Capital assets	66,184,915	530,660,001	5,004,222
Other assets:			
Power acquisition costs, net	-	443,556	-
Advances to other funds	-	869,182	3,869,608
Investment in JPA	-	1,995,525	-
Storage base gas	-	13,570,000	-
Note receivable	-	170,093	-
Total other assets	-	17,048,356	3,869,608
Total noncurrent assets	69,229,109	565,733,433	8,873,830
Total assets	78,947,151	785,197,522	25,284,406
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	48,526	10,474,396	-
Deferred outflows related to other post employment benefits	81,315	3,092,559	575,111
Deferred outflows related to pensions	637,580	24,985,141	4,778,764
Total deferred outflows of resources	767,421	38,552,096	5,353,875

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2018

	Enterprise Funds			
	Electric Utility	Water Utility	Waste Water Utility	Solid Waste Collection/ Disposal
LIABILITIES				
Current liabilities (payable from current assets):				
Accounts payable	3,489,886	438,670	1,354,024	479,612
Accrued liabilities	1,169,040	209,904	235,211	308,498
Accrued interest payable	504,772	11,071	571,588	-
Claims and judgements payable	-	-	-	-
Intergovernmental payable	4,415,889	24,434	10,275	88,211
Due to other funds	-	-	-	-
Interfund payables	-	-	-	-
Unearned revenue	35,990	-	-	139,826
Deposits	3,508,084	-	-	5,433,892
Accrued compensated absences, due with in one year	1,269,655	159,466	173,839	369,117
Landfill closure costs, due with in one year	-	-	-	160,000
Long-term debt, due with in one year	7,938,080	629,770	1,525,000	-
State loan, due with in one year	-	-	5,254,799	-
Current liabilities (payable from restricted assets):				
Accounts payable	8,067	-	-	-
Total current liabilities	22,339,463	1,473,315	9,124,736	6,979,156
Long-term liabilities:				
Accrued compensated absences, due in more than one year	2,983,345	332,186	311,095	891,699
Landfill closure costs, due in more than one year	-	-	-	2,110,191
Advances from other funds	-	-	-	-
Accrued liabilities, due in more than one year	-	-	-	-
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	139,925,689	2,787,804	-	-
State loan, due in more than one year	-	-	68,741,085	-
Aggregate net OPEB liability	8,934,497	1,097,100	1,415,150	2,629,593
Aggregate net pension liability	62,027,847	8,254,946	10,974,818	16,384,835
Total long-term liabilities	213,871,378	12,472,036	81,442,148	22,016,318
Total liabilities	236,210,841	13,945,351	90,566,884	28,995,474
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	146,893	171,293	232,016	182,548
Total deferred inflows of resources	146,893	171,293	232,016	182,548
NET POSITION				
Net investment in capital assets	63,700,289	64,716,326	102,515,190	20,129,071
Restricted for:				
Capital projects	-	19,315	8,894,799	-
Unrestricted	64,146,806	26,479,632	21,156,246	1,826,072
Total net position	\$ 127,847,095	\$ 91,215,273	\$ 132,566,235	\$ 21,955,143

See accompanying Notes to the Basic Financial Statements.

(Continued)

City of Redding
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2018

	Enterprise Funds		Governmental
	Non-Major	Total	Activities
	Enterprise Funds		Internal Service Funds
LIABILITIES			
Current liabilities (payable from current assets):			
Accounts payable	2,295,468	8,057,660	285,710
Accrued liabilities	66,695	1,989,348	391,192
Accrued interest payable	32,889	1,120,320	-
Claims and judgements payable	-	-	4,305,610
Intergovernmental payable	2,985	4,541,794	510,502
Due to other funds	1,490,787	1,490,787	-
Interfund payables	127,351	127,351	-
Unearned revenue	3,198,088	3,373,904	-
Deposits	73,469	9,015,445	10
Accrued compensated absences, due with in one year	46,886	2,018,963	332,400
Landfill closure costs, due with in one year	-	160,000	-
Long-term debt, due with in one year	65,323	10,158,173	-
State loan, due with in one year	138,113	5,392,912	-
Current liabilities (payable from restricted assets):			
Accounts payable	-	8,067	-
Total current liabilities	7,538,054	47,454,724	5,825,424
Long-term liabilities:			
Accrued compensated absences, due in more than one year	131,758	4,650,083	707,386
Landfill closure costs, due in more than one year	-	2,110,191	-
Advances from other funds	4,155,535	4,155,535	162,561
Accrued liabilities, due in more than one year	-	-	-
Claims and judgements, due in more than one year	-	-	13,155,860
Capital leases, due in more than one year	-	-	-
Long-term debt, due in more than one year	371,005	143,084,498	-
State loan, due in more than one year	1,581,951	70,323,036	-
Aggregate net OPEB liability	441,309	14,517,649	2,805,784
Aggregate net pension liability	2,570,385	100,212,831	20,320,614
Total long-term liabilities	9,251,943	339,053,823	37,152,205
Total liabilities	16,789,997	386,508,547	42,977,629
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	10,684	743,434	461,209
Total deferred inflows of resources	10,684	743,434	461,209
NET POSITION			
Net investment in capital assets	63,003,879	314,064,755	5,004,222
Restricted for:			
Capital projects	3,044,194	11,958,308	-
Unrestricted	(3,134,182)	110,474,574	(17,804,779)
Total net position	\$ 62,913,891	\$ 436,497,637	\$ (12,800,557)
<i>Net position reconciliation to statement of net position:</i>			
Net position of proprietary funds		\$ 436,497,637	
Less business-type portion of the Internal Service Fund		(10,903,193)	
Net position of business-type activities		\$ 425,594,444	
<i>See accompanying Notes to the Basic Financial Statements.</i>			<i>(Concluded)</i>

City of Redding
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Enterprise Funds			
	Electric Utility	Water Utility	Waste Water Utility	Solid Waste Collection/ Disposal
OPERATING REVENUES:				
User fees and charges	\$ 125,487,645	\$ 22,003,727	\$ 27,574,328	\$ 21,308,654
Wholesale sales	25,334,043	-	-	-
Rental charges	138,000	-	-	-
Other operating revenue	7,430,101	13,991	1,560	1,455,411
Total operating revenues	158,389,789	22,017,718	27,575,888	22,764,065
OPERATING EXPENSES:				
Cost of power, water, and transportation	52,131,391	677,818	-	-
Maintenance, operations, and administration	66,862,952	14,157,842	14,598,263	21,085,271
Depreciation and amortization	13,956,579	3,449,869	7,289,864	2,156,928
Total operating expenses	132,950,922	18,285,529	21,888,127	23,242,199
OPERATING INCOME (LOSS)	25,438,867	3,732,189	5,687,761	(478,134)
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	498,873	122,970	199,081	143,275
Interest expense	(5,686,706)	(66,674)	(1,961,547)	-
Intergovernmental revenues	-	-	-	76,027
Gain (loss) on disposal of assets	(282,991)	(435,741)	(31,531)	(343,102)
Other non-operating revenues (expenses)	(411,692)	916,964	891,099	3,626
Total nonoperating revenues (expenses)	(5,882,516)	537,519	(902,898)	(120,174)
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	19,556,351	4,269,708	4,784,863	(598,308)
Capital contributions	827,672	172,912	196,639	1,032,716
Transfers in	16,500	1,445	4,000	-
Transfers out	(6,383,351)	-	(11,762)	-
Change in net position	14,017,172	4,444,065	4,973,740	434,408
NET POSITION:				
Beginning of year	100,426,876	85,112,387	125,443,679	17,840,503
Restatement	13,403,047	1,658,821	2,148,816	3,680,232
Beginning of year, restated	113,829,923	86,771,208	127,592,495	21,520,735
End of year	\$ 127,847,095	\$ 91,215,273	\$ 132,566,235	\$ 21,955,143

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
For the Year Ended June 30, 2018

	Enterprise Funds		Governmental
	Non-Major	Total	Activities
	Enterprise Funds		Internal Service Funds
OPERATING REVENUES:			
User fees and charges	\$ 2,892,375	\$ 199,266,729	\$ 58,824,746
Wholesale sales	-	25,334,043	-
Rental charges	1,634,187	1,772,187	-
Other operating revenue	640,942	9,542,005	13,322
Total operating revenues	5,167,504	235,914,964	58,838,068
OPERATING EXPENSES:			
Cost of power, water, and transportation	3,704,503	56,513,712	-
Maintenance, operations, and administration	6,394,765	123,099,093	57,615,925
Depreciation and amortization	3,477,956	30,331,196	1,050,500
Total operating expenses	13,577,224	209,944,001	58,666,425
OPERATING INCOME (LOSS)	(8,409,720)	25,970,963	171,643
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	16,703	980,902	29,082
Interest expense	(46,470)	(7,761,397)	(5,186)
Intergovernmental revenues	4,416,702	4,492,729	800
Gain (loss) on disposal of assets	2,431	(1,090,934)	(22,205)
Other non-operating revenues (expenses)	209,258	1,609,255	(32,917)
Total nonoperating revenues (expenses)	4,598,624	(1,769,445)	(30,426)
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(3,811,096)	24,201,518	141,217
Capital contributions	8,595,281	10,825,220	508,401
Transfers in	1,113,637	1,135,582	118,757
Transfers out	(203,000)	(6,598,113)	(26,306)
Change in net position	5,694,822	29,564,207	742,069
NET POSITION:			
Beginning of year	56,228,405	385,051,850	(16,940,623)
Restatement	990,664	21,881,580	3,397,997
Beginning of year, restated	57,219,069	406,933,430	(13,542,626)
End of year	\$ 62,913,891	\$ 436,497,637	\$ (12,800,557)
Change in net position reconciliation to statement of activities:			
Change in net position of proprietary funds		\$ 29,564,207	
Add Internal Service Funds income - business-type activity		(39,537)	
Change in net position of business-type activities		\$ 29,524,670	

(Concluded)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Enterprise Funds		
	Electric Utility	Water Utility	Waste Water Utility
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 151,004,446	\$ 21,850,502	\$ 27,342,781
Cash paid to suppliers	(88,640,765)	(10,558,209)	(9,399,302)
Cash paid to employees	(29,158,266)	(4,104,484)	(4,796,588)
Other income received	7,430,101	930,955	888,384
Net cash provided (used) by operating activities	40,635,516	8,118,764	14,035,275
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Intergovernmental revenue received	127,382	-	-
Advances from other funds	-	-	-
Repayment of advances from other funds	-	-	-
Advances to other funds	-	-	-
Repayment of advances to other funds	119,941	-	45,000
Transfers in	16,500	-	4,000
Transfers out	(6,383,351)	-	-
Other Revenue, contributions	-	-	-
Net cash provided (used) by noncapital financing activities	(6,119,528)	-	49,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grant received	-	-	-
Proceeds from sale of assets	88,913	5,078	11,100
Purchase of capital assets	(13,928,078)	(2,253,879)	(6,785,788)
Interest paid	(1,400,149)	(156,900)	(1,974,498)
Proceeds from long-term debt	39,927,498	-	(6,598,920)
Principal paid on long-term debt	(52,260,000)	(555,000)	-
Cash collected for future capital outlay	36,800	-	-
Net cash provided (used) by capital and related financing activities	(27,535,016)	(2,960,701)	(15,348,106)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment revenue received	(1,128,026)	72,444	163,130
Rents received	-	-	-
Net cash provided (used) by investing activities	(1,128,026)	72,444	163,130
Net increase (decrease) in cash and cash equivalents	5,852,946	5,230,507	(1,100,701)
CASH AND CASH EQUIVALENTS:			
Beginning of year	82,209,938	27,944,242	39,932,587
End of year	<u>\$ 88,062,884</u>	<u>\$ 33,174,749</u>	<u>\$ 38,831,886</u>
Reconciliation to statement of net position:			
Cash and cash equivalents	\$ 87,500,363	\$ 31,346,330	\$ 26,243,116
Restricted cash and cash equivalents	562,521	1,828,419	12,588,770
	<u>\$ 88,062,884</u>	<u>\$ 33,174,749</u>	<u>\$ 38,831,886</u>

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2018

	Enterprise Funds		Governmental	
	Solid Waste Collection/ Disposal	Non-Major Enterprise Funds	Internal Service Funds	
		Total		
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 24,304,806	\$ 5,134,840	\$ 229,637,375	\$ 58,803,234
Cash paid to suppliers	(14,717,192)	(8,403,957)	(131,719,425)	(48,285,501)
Cash paid to employees	(8,204,722)	(1,320,679)	(47,584,739)	(8,887,815)
Other income received	1,456,911	4,022	10,710,373	-
Net cash provided (used) by operating activities	2,839,803	(4,585,774)	61,043,584	1,629,918
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental revenue received	91,048	5,387,585	5,606,015	(2,403)
Advances from other funds	-	1,534,792	1,534,792	-
Repayment of advances from other funds	-	(262,906)	(262,906)	-
Advances to other funds	-	-	-	(43,887)
Repayment of advances to other funds	-	-	164,941	214,211
Transfers in	-	1,103,320	1,123,820	-
Transfers out	-	(203,000)	(6,586,351)	(26,306)
Other Revenue, contributions	-	-	-	(18,651)
Net cash provided (used) by noncapital financing activities	91,048	7,559,791	1,580,311	122,964
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital grant received	49,000	6,039,589	6,088,589	-
Proceeds from sale of assets	16,422	4,201	125,714	10,399
Purchase of capital assets	(3,664,948)	(8,598,381)	(35,231,074)	(329,377)
Interest paid	-	(34,392)	(3,565,939)	(5,186)
Proceeds from long-term debt	-	190,000	33,518,578	-
Principal paid on long-term debt	-	(191,049)	(53,006,049)	-
Cash collected for future capital outlay	-	180,506	217,306	-
Net cash provided (used) by capital and related financing activities	(3,599,526)	(2,409,526)	(51,852,875)	(324,164)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment revenue received	119,772	10,820	(761,860)	18,145
Rents received	1,880	22,666	24,546	-
Net cash provided (used) by investing activities	121,652	33,486	(737,314)	18,145
Net increase (decrease) in cash and cash equivalents	(547,023)	597,977	10,033,706	1,446,863
CASH AND CASH EQUIVALENTS:				
Beginning of year	24,786,743	7,953,134	182,826,644	13,948,370
End of year	\$ 24,239,720	\$ 8,551,111	\$ 192,860,350	\$ 15,395,233
Reconciliation to statement of net position:				
Cash and cash equivalents	\$ 24,239,720	\$ 5,506,917	\$ 174,836,446	\$ 15,395,233
Restricted cash and cash equivalents	-	3,044,194	18,023,904	-
	\$ 24,239,720	\$ 8,551,111	\$ 192,860,350	\$ 15,395,233

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2018

	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)	\$ 25,438,867	\$ 3,732,189	\$ 5,687,761
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Other non-operating revenue and expense	-	916,964	886,824
Depreciation and amortization	13,956,579	3,449,869	7,289,864
Other post employment benefits	(754,618)	(95,600)	(111,002)
Pension expense	2,078,766	213,214	290,369
(Increase) decrease in accounts receivable	44,758	(153,225)	(231,547)
(Increase) decrease in inventories	1,674,727	(3,347)	(12,996)
(Increase) decrease in prepaid items	(281,208)	(15,372)	(10,651)
(Increase) decrease in investment in JPA	(167,669)		-
(Increase) decrease in deposits	750,000	-	-
Increase (decrease) in accounts payable	(4,815,040)	(15,109)	297,433
Increase (decrease) in accrued liabilities	(22,113)	47,269	(6,621)
Increase (decrease) in claims and judgements payable	-	-	-
Increase (decrease) in deposits liability	5,834	-	-
Increase (decrease) in intergovernmental payable	2,969,754	(949)	(1,133)
Increase (decrease) in unearned revenue	(79,737)	-	-
Increase (decrease) in accrued compensated absences	(34,648)	42,861	(43,026)
Increase (decrease) in accrued landfill closure costs	-	-	-
Increase (decrease) in claims and judgements payable long-term	-	-	-
Increase (decrease) in accrued liabilities long-term	(128,736)	-	-
Total adjustments	<u>15,196,649</u>	<u>4,386,575</u>	<u>8,347,514</u>
Net cash provided (used) by operating activities	<u><u>\$ 40,635,516</u></u>	<u><u>\$ 8,118,764</u></u>	<u><u>\$ 14,035,275</u></u>
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Plant contributed from developers	\$ 827,672	\$ 172,912	\$ 196,639
Capitalized interest	227,093	87,090	112,164
Non-cash change in deposits	-	-	-
Equipment transfers	-	(1,445)	11,762
Total non-cash capital and related financing activities	<u><u>\$ 1,054,765</u></u>	<u><u>\$ 258,557</u></u>	<u><u>\$ 320,565</u></u>

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2018

	Enterprise Funds			Governmental
	Solid Waste Collection/ Disposal	Non-Major Enterprise Funds	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET				
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (478,134)	\$ (8,409,720)	\$ 25,970,963	\$ 171,643
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Other non-operating revenue and expense	1,500	3,151	1,808,439	-
Depreciation and amortization	2,156,928	3,477,956	30,331,196	1,050,500
Other post employment benefits	(198,683)	(30,217)	(1,190,120)	(226,224)
Pension expense	547,164	91,163	3,220,676	638,445
(Increase) decrease in accounts receivable	(46,751)	(23,647)	(410,412)	(34,833)
(Increase) decrease in inventories	-	49,072	1,707,456	(8,054)
(Increase) decrease in prepaid items	(32,544)	11,962	(327,813)	(30,152)
(Increase) decrease in investment in JPA	-	-	(167,669)	-
(Increase) decrease in deposits	-	-	750,000	-
Increase (decrease) in accounts payable	47,746	273,915	(4,211,055)	(41,366)
Increase (decrease) in accrued liabilities	8,383	7,808	34,726	(9,629)
Increase (decrease) in claims and judgements payable	-	-	-	251,819
Increase (decrease) in deposits liability	787,174	(8,146)	784,862	(1)
Increase (decrease) in intergovernmental payable	15,457	(3,050)	2,980,079	488,564
Increase (decrease) in unearned revenue	-	(28,614)	(108,351)	-
Increase (decrease) in accrued compensated absences	(8,578)	2,593	(40,798)	(41,505)
Increase (decrease) in accrued landfill closure costs	40,141	-	40,141	-
Increase (decrease) in claims and judgements payable long-term	-	-	-	(579,289)
Increase (decrease) in accrued liabilities long-term	-	-	(128,736)	-
Total adjustments	3,317,937	3,823,946	35,072,621	1,458,275
Net cash provided (used) by operating activities	\$ 2,839,803	\$ (4,585,774)	\$ 61,043,584	\$ 1,629,918
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Plant contributed from developers	\$ 1,032,716	\$ 145,324	\$ 2,375,263	\$ -
Capitalized interest	-	-	426,347	-
Non-cash change in deposits	(1,032,716)	-	(1,032,716)	508,401
Equipment transfers	-	10,317	20,634	76,994
Total non-cash capital and related financing activities	\$ -	\$ 155,641	\$ 1,789,528	\$ 585,395
				<i>(Concluded)</i>

See accompanying Notes to the Basic Financial Statements.

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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.

The Successor Agency to the Redding Redevelopment Agency Private-purpose Trust Fund ("Successor Agency")

This fund is used to account for monies received from the Shasta County Auditor-Controller for the repayment of the enforceable obligations of the former Redding Redevelopment Agency. These funds are restricted for the sole purpose of payment of items on an approved Recognized Payment Obligation Schedule (ROPS).

City of Redding
Statement of Fiduciary Net Position
Successor Agency to the Redding Redevelopment Agency Private-purpose Trust Fund
June 30, 2018

	Agency Funds	Successor Agency Private-Purpose Trust Fund
ASSETS		
Cash and investments:		
Cash with trustee	\$ 3,969,365	\$ 5,004,441
Bond reserves	-	6,777,578
Interest receivable	22,882	35,022
Accounts receivable, net	5,629	-
Intergovernmental receivable	-	116,843
Prepaid costs	-	14,155
Capital assets:		
Land	-	464,740
Building	-	913,000
Equipment	-	6,132
Total capital assets	-	1,383,872
Less accumulated depreciation		(919,132)
Net capital assets	-	464,740
Total assets	\$ 3,997,876	12,412,779
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	-	135,898
Total deferred outflows of resources		135,898
LIABILITIES		
Accounts payable	\$ -	2,353
Accrued interest payable	-	452,480
Intergovernmental payable	-	3,348
Unearned Revenue	-	4,105,198
Deposits payable	3,997,876	-
Long-term debt	-	28,217,423
Total liabilities	\$ 3,997,876	32,780,802
NET POSITION		
Held in trust		(20,232,125)
Total net position		\$ (20,232,125)

See accompanying Notes to the 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, 2018

	Successor Agency Private-Purpose Trust Fund
ADDITIONS:	
Property taxes	\$ 4,873,690
Investment revenue	105,338
Total additions	4,979,028
DEDUCTIONS:	
Administrative costs	250,000
Payment on Recognized Obligation Payment Schedule	1,804,894
Special Item: Successor Agency/COR disallowed loan	(2,485,800)
Total deductions	(430,906)
Net change in net position	5,409,934
NET POSITION:	
Beginning of period	(26,288,338)
Prior Period Adjustment (Disallowed Vested Benefits)	646,279
End of period	\$ (20,232,125)

See accompanying Notes to the Basic Financial Statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Redding
Index to Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

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City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

Note 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 United States generally accepted accounting principles (U.S. GAAP) 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 City was incorporated on October 4, 1887, as a general law city formed under state legislative statutes and governed by a body of laws in the State Constitution. 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 U.S. 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 component unit's governing body is substantively the same as the governing body of the City and:
 - there is a financial benefit or burden relationship between the City and the component unit or
 - management of the City has operational responsibility for the component unit.
- ◆ The component unit provides services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City even though it does not provide services to it.
- ◆ The component unit's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with resources of the City.

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:

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.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

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 Redding City Council comprises a majority of the board members filling five of the eight positions. In addition, City of Redding personnel provides administrative responsibility for RABA. 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. Measurement Focus, Basis of Accounting, and Financial Statement 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 by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in accordance with legal and managerial requirements.

The Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

Government-Wide 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 the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Government-Wide 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.

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.

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.

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.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in Net Position as presented in these statements to the Net Position presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria.

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 (60) days of the end of the current fiscal period, except for sales tax which has a ninety (90) 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.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Governmental Fund Financial Statements (Continued)

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.

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.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major Proprietary Fund.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements. The City's 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:

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.

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.

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

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Proprietary Fund Financial Statements (Continued)

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

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. 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. 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.

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 **Waste Water 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 Collection / Disposal 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.

Fiduciary Fund Financial Statements

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.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Fiduciary Fund Financial Statements (Continued)

Fiduciary fund types are accounted for according to the nature of the fund.

The City's Agency funds are used *Agency Funds* are 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. These funds are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations.

The City's 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.

C. 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. 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.

Certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Cash and Investments (Continued)

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position or Balance Sheet, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, which are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

D. 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).

E. 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.

F. 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 assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition 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.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

F. Capital Assets (Continued)

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:

Asset Types	Useful Life (in years)
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

For all infrastructure systems, the City elected to use the Basic Approach. The City defines infrastructure as the basic physical assets that allow the City to function. The assets include the streets, water purification and distribution system, sewer collection and treatment system, parks and recreation, lands and improvement system, storm water conveyance system, and buildings combined with the site amenities such as parking and landscaped areas used by the City in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land.

These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

G. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 17). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

CalPERS:	
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017
 PARS:	
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

G. Pensions (Continued)

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

H. 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.

I. 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.

J. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures unless they are related to insurance costs. Bond issuance insurance costs are reported as a prepaid asset and amortized over the life of the bonds.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

K. 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.

L. Fund Balances

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

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

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

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

Assigned fund balance. This classification reflects the amounts constrained by the City Council ‘s “intent” to be used for specific purposes, but are neither restricted nor committed. 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.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

L. Fund Balances (Continued)

Unassigned fund balance. This amount is for any portion of the fund balances that do not fall into one of the above categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

M. Spending Policy

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.

N. 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.

O. Implementation of New GASB Pronouncements for the Year Ended June 30, 2018

The requirements of the following accounting standards are effective for the purpose of implementation, if applicable to the City, for the year ended June 30, 2018. The financial statements included herein apply the requirements and provisions of these statements, including necessary retroactive adjustments to financial statement classifications and presentations.

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement applies to government employers who provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This statement basically parallels GASB Statement 68 and replaces GASB Statement 45. The City has implemented GASB No. 75 which is reflected on the accompanying City's financial statements.

GASB Statement No. 81 -- In December 2015, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This pronouncement did not have a material effect on the financial statements of the City.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

O. Implementation of New GASB Pronouncements for the Year Ended June 30, 2018 (Continued)

GASB Statement No. 82 – In December 2015, GASB issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). This pronouncement did not have a material effect on the financial statements of the City.

GASB Statement No. 85 – In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement also addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This pronouncement did not have a material effect on the financial statements of the City.

GASB Statement No. 86 – In April 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This pronouncement did not have a material effect on the financial statements of the City.

P. Upcoming Governmental Accounting Standards Implementation

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (ARO). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Upcoming Governmental Accounting Standards Implementation (Continued)

GASB Statement No. 83 (Continued) – events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. Application of this statement is effective for the City’s fiscal year ending June 30, 2019.

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Application of this statement is effective for the City’s fiscal year ending June 30, 2020.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. Application of this statement is effective for the City’s fiscal year ending June 30, 2020.

GASB Statement No. 88 – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement also defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. In addition the statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. Application of this statement is effective for the City’s fiscal year ending June 30, 2020.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Upcoming Governmental Accounting Standards Implementation (Continued)

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Application of this statement is effective for the City’s fiscal year ending June 30, 2021.

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interests– An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Application of this statement is effective for the City’s fiscal year ending June 30, 2020.

Note 2 – Cash and Investments

At June 30, 2018, cash and investments are reported in the accompanying basic financial statements as follows:

	Government-Wide Statement of Net Position			Fiduciary Funds Statement of Net Position	
	Governmental Activities	Business -type Activities	Total	Total	Total
Cash and investments	\$ 36,421,010	\$ 174,836,446	\$ 211,257,456	\$ 8,973,806	\$ 220,231,262
Restricted cash and investments	\$ 1,766,999	\$ 18,023,904	\$ 19,790,903	\$ 6,777,578	\$ 26,568,481

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

At June 30, 2018, cash and investments, including cash and investments with fiscal agent, are reported at fair value in accordance with generally accepted accounting principles. The following table presents the fair value measurements of the investments recognized in the accompanying statement of net position and balance sheet measured at fair value on a recurring basis and the levels within GASB 72 fair value hierarchy in which fair value measurement fall at June 30, 2018:

	Fair Value		Total	Measurement Input
	Unrestricted	Restricted		
Deposits	\$ 39,264,920	\$ 78,617	\$ 39,343,537	N/A
Medium Term Corporate Notes	22,375,343	-	22,375,343	Level 2
Federal Agency Bonds	137,990,240	-	137,990,240	Level 2
Local Agency Investment Fund	20,037,796	24,351,137	44,388,933	Uncategorized
Mutual Funds	562,963	2,138,727	2,701,690	Level 1
Total Investments	180,966,342	26,489,864	207,456,206	
Total Cash and Investments	\$ 220,231,262	\$ 26,568,481	\$ 246,799,743	

Securities classified in level 1 are valued using prices quoted in active markets for those securities. Securities classified in level 2 are valued using significant other observable inputs such as institutional bond pricing techniques and evaluated pricing applications and models.

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."

A. Demand Deposits

At June 30, 2018, the carrying amount of the City's deposits was \$39,343,537 of which \$78,617 was restricted and \$39,264,920 was unrestricted. The bank balance was \$40,697,782. Of the bank balance, \$3,420,350 was covered by Federal depository insurance, and \$31,265,872 was covered by collateral held in the pledging bank's trust department and \$6,011,560 was uncollateralized due to a bank's trust department oversight (See note below regarding Disclosure Relating to Custodial Credit Risk). Such collateral is in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

B. Investments

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.

C. Investments in Local Agency Investment Fund

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City’s investments in LAIF at June 30, 2018 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2018, the City had \$44,388,933 invested in LAIF, which had invested 1.89% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines the value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF as of June 30, 2018, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants’ total aggregate amortized cost by total aggregate fair value. The fair value of the City’s position in the pool is the same as the value of the pool shares. The credit quality rating of LAIF is unrated as of June 30, 2018.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

D. Risk Disclosures

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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.

As of June 30, 2018, the City had the following investments and maturities:

Unrestricted: Investment Type	Investments Maturities (in Years)				
	Fair Value	Less Than 1	1-2	3-4	5
Medium Term Corporate Notes	\$ 22,375,343	\$ 6,544,130	\$ 12,498,012	\$ 3,333,201	\$ -
Federal Agency Bonds	137,990,240	7,333,619	21,781,460	85,346,821	23,528,340
Investment in State Treasurer's Investment Pool	20,037,796	20,037,796	-	-	-
Mutual Funds	562,963	562,963	-	-	-
Total	\$ 180,966,342	\$ 34,478,508	\$ 34,279,472	\$ 88,680,022	\$ 23,528,340

Restricted: Investment Type	Investments Maturities (in Years)			
	Fair Value	Less Than 1	1-5	More Than 5
Investment in State Treasurer's Investment Pool	\$ 24,351,137	\$ 24,351,137	\$ -	\$ -
Mutual Funds	2,138,727	2,138,727	-	-
Total	\$ 26,489,864	\$ 26,489,864	\$ -	\$ -

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of yearend for each investment type.

As of June 30, 2018, 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, Aa, and Aaa 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.

Disclosures Relating to Concentration of Credit Risk

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>
Local Agency Investment Fund (LAIF)	California Pooled Investment Fund	30,022,271
Federal Farm Credit Bank	Federal Agency Securities	38,403,685
Federal Home Loan Bank	Federal Agency Securities	26,033,980
Federal Home Loan Mortgage Corporation	Federal Agency Securities	37,899,505
Federal National Mortgage Association	Federal Agency Securities	33,177,229

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

Disclosures Relating to Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits.

All securities are held in the name of the City. As a result, the City had no custodial credit risk at June 30, 2018 with the exception of \$6,011,560 that was in Five Star Bank's trust department.

On July 18, 2018 the City was notified via mail by Five Star Bank that on Monday July 2, 2018, while preparing local agency reports, management discovered the Bank was not in compliance with CFC 53652(a), which requires banks in the local agency program to maintain collateral for local agency deposits held. Through a clerical error, two Federal Home Loan Bank (FHLB) letters of credit (LC) pledged to local agency deposits matured on June 11, 2018 and were not renewed. The failure to renew the LCs was not due to any changes in the Bank's ability, capacity, or qualification to borrow from FHLB; rather, the maturity went unnoticed by staff managing the program, and the FHLB did not contact the Bank about the maturing LC's (as it is under no obligation to do so). The shortfall of approximately \$112.7 million was corrected the day it was discovered (Monday July 2, 2018), with a new LC from FHLB totaling \$138.00 million. Consequently, the lapse and the collateral shortfall existed 21 calendar days.

Once new letters of credit were obtained from FHLB, management reviewed its records for prior years to ensure no other lapses had occurred, and that this was an isolated occurrence. The result confirmed there were not other instances of pledged letters of credit going un-renewed. The Bank then strengthened its weekly local agency certification process to ensure no such error can occur in the future.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3 – Interfund Activities

A. Due From and Due To Other Funds

At June 30, 2018, due to and due from other funds balances are as follows:

Due To Other Funds	Due From Other Funds General Fund	Total
Governmental Funds:		
Nonmajor Governmental Funds	\$ 293,912	\$ 293,912
Enterprise funds:		
Nonmajor Enterprise Funds	1,490,787	1,490,787
Total	\$ 1,784,699	\$ 1,784,699

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

B. Interfund Receivable and Payable

At June 30, 2018, interfund receivable and payable balances are as follows:

Interfund Payable	Interfund Receivable		Total
	Wastewater Utility Fund	Internal Service Funds	
Enterprise Funds:			
Nonmajor:			
Enterprise funds	\$ 45,000	\$ 82,351	\$ 127,351
Total	\$ 45,000	\$ 82,351	\$ 127,351

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

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3 – Interfund Activities (Continued)

C. Advances To and From Other Funds

At June 30, 2018, long-term advances consisted of the followings:

Advances from other funds	<i>Advances to other funds</i>			Total
	Electric Utility	Waste Water Utility	Internal Service Funds	
Governmental funds:				
Non-major: Governmental Funds	\$ 233,781	\$ -	\$ 186,913	\$ 420,694
Non-major: Enterprise Funds	-	472,840	3,682,695	4,155,535
Internal Service Funds	162,561	-	-	162,561
Total	\$ 396,342	\$ 472,840	\$ 3,869,608	\$ 4,738,790

- a) The Electric Utility loaned the Parking Fund additional funds for another parking structure at the Downtown Mall. The outstanding balance at year-end was \$233,781.
- b) 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 \$162,561.
- c) 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 \$553,835, is to be repaid including interest at the City’s average earnings on its pooled cash accounts. Of this amount, \$472,840 is long-term at year-end.
- d) 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 \$186,913 at year-end.
- e) 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 borrowed an additional \$35,000 and repaid \$7,242,670 to date. The remaining balance is \$1,702,612 all of which is classified as long-term. At year end the balance was \$1,709,383.96, of this amount, \$1,702,612 is long term.
- f) 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 \$1,149,689.
- g) The Risk Management Fund advanced funds to the Airport Fund to acquire property. There was a balance of \$129,293 at year-end.
- h) The Risk Management Fund advanced funds to the Convention Center Fund to finance additional improvements. At year-end the balance was \$776,681, of this amount, \$701,101 is long-term at year-end.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3 – Interfund Activities (Continued)

D. Transfer In and Out

The following operating transfers were made during the fiscal year ended June 30, 2018:

<i>Transfers Out</i>	<i>Transfers In</i>									<i>Total</i>
	<i>General Fund</i>	<i>General Capital Projects Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Electric Fund</i>	<i>Water Fund</i>	<i>Waste-water</i>	<i>Storm Drains</i>	<i>Nonmajor Enterprise Funds</i>	<i>Internal Service Funds</i>	
Governmental Funds:										
Major Funds:										
General Fund	\$ 350,000	\$ 116,100	\$ 846,672	\$ 7,500	\$ -	\$ -	\$ -	\$ 1,099,320	\$ -	\$ 2,419,592
General Capital Projects Fund	116,853	-	-	-	-	-	-	-	-	116,853
Nonmajor Governmental Funds	4,770,644	-	-	-	-	-	-	-	-	4,770,644
Enterprise Funds:										
Major Enterprise Funds:										
Electric	6,274,600	-	-	-	-	-	-	-	108,751	6,383,351
Wastewater	-	-	-	-	1,445	-	10,317	-	-	11,762
Storm Drains	-	-	-	4,000	-	4,000	-	-	-	8,000
Nonmajor Enterprise Funds	195,000	-	-	-	-	-	-	-	-	195,000
Internal Service Funds	7,300	-	-	5,000	-	-	4,000	-	10,006	26,306
Total	\$11,714,397	\$ 116,100	\$ 846,672	\$ 16,500	\$ 1,445	\$ 4,000	\$ 14,317	\$ 1,099,320	\$118,757	\$13,931,508

The reasons for these transfers are set forth below:

- 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.
- The Electric Utility transferred electric vehicles to Internal Service Fund (Fleet) and electric mowers to the General Fund (Parks) as part of the Transportation Electrification Program.
- Used vehicles were transferred / purchased internally per City policy between General Fund, Electric, Water, Wastewater, Storm Drain, and Internal Service Funds.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 4 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for the year ended June 30, 2018 consisted of the following:

	Balance July 1, 2017	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2018
Total Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 30,652,075	\$ 2,513,602	\$ (246,611)	\$ 143,797	\$ 33,062,863
Construction in process	7,835,713	8,060,789	(381,971)	(2,847,685)	12,666,846
Total capital assets, not being depreciated	<u>38,487,788</u>	<u>10,574,391</u>	<u>(628,582)</u>	<u>(2,703,888)</u>	<u>45,729,709</u>
Capital assets, being depreciated:					
Buildings	64,508,524	875,901	(1,942,587)	210,688	63,652,526
Improvements other than buildings	99,363,117	-	(21,653)	45,093	99,386,557
Infrastructure	309,914,262	512,805	(31,803)	2,289,759	312,685,023
Automotive equipment	13,425,689	653,490	(588,435)	367,067	13,857,811
Furnishings and equipment	10,581,031	235,300	(134,389)	93,389	10,775,331
Assets under capital lease:					
Automotive equipment	565,048	-	-	-	565,048
Total capital assets, being depreciated	<u>498,357,671</u>	<u>2,277,496</u>	<u>(2,718,867)</u>	<u>3,005,996</u>	<u>500,922,296</u>
Accumulated depreciation:					
Buildings	(29,892,902)	(2,530,388)	1,923,622	(1,582,086)	(32,081,754)
Improvements other than buildings	(60,151,111)	(3,176,581)	21,653	2,528,757	(60,777,282)
Infrastructure	(98,241,159)	(8,723,169)	3,587	144,207	(106,816,534)
Automotive equipment	(10,510,301)	(673,228)	495,381	(200,408)	(10,888,556)
Furnishings and equipment	(7,132,553)	(534,279)	133,922	(1,106,352)	(8,639,262)
Assets under capital lease:					
Automotive equipment	(81,618)	(37,670)	-	-	(119,288)
Total accumulated depreciation	<u>(206,009,644)</u>	<u>(15,675,315)</u>	<u>2,578,165</u>	<u>(215,882)</u>	<u>(219,322,676)</u>
Total capital assets, being depreciated, net	<u>292,348,027</u>	<u>(13,397,819)</u>	<u>(140,702)</u>	<u>2,790,114</u>	<u>281,599,620</u>
Total governmental activities	<u>\$ 330,835,815</u>	<u>\$ (2,823,428)</u>	<u>\$ (769,284)</u>	<u>\$ 86,226</u>	<u>\$ 327,329,329</u>

Depreciation expense was charged to governmental activities as follows:

Program	Depreciation
General government	\$ 1,595,001
Police	692,604
Fire	373,621
Public works	9,466,304
Recreation and culture	3,546,651
Community development	1,134
Total	<u>\$ 15,675,315</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 4 – Capital Assets (Continued)

B. Business-Type Activities

Summary of changes in capital assets for the year ended June 30, 2018 consisted of the following:

	Balance July 1, 2017	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2018
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 19,569,926	\$ 425,033	\$ -	\$ 80,000	\$ 20,074,959
Construction in progress	17,523,647	23,500,965	(659,334)	(14,782,180)	25,583,098
Total capital assets, not being depreciated	<u>37,093,573</u>	<u>23,925,998</u>	<u>(659,334)</u>	<u>(14,702,180)</u>	<u>45,658,057</u>
Capital assets, being depreciated:					
Utility plants	801,636,098	5,393,381	(1,379,713)	14,519,735	820,169,501
Buildings	76,292,901	-	-	413,858	76,706,759
Improvements other than buildings	45,128,200	670,805	(582,126)	(913,874)	44,303,005
Automotive equipment	40,910,696	5,591,443	(460,448)	(276,185)	45,765,506
Furnishings and equipment	27,939,558	1,640,124	(672,808)	672,012	29,578,886
Total capital assets, being depreciated	<u>991,907,453</u>	<u>13,295,753</u>	<u>(3,095,095)</u>	<u>14,415,546</u>	<u>1,016,523,657</u>
Less accumulated depreciation for:					
Utility plants	(396,184,963)	(21,793,566)	1,202,481	(2,390,383)	(419,166,431)
Buildings	(35,540,376)	(2,407,779)	-	(3,721,901)	(41,670,056)
Improvements other than buildings	(32,974,126)	(932,321)	222,848	6,116,328	(27,567,271)
Automotive equipment	(22,626,026)	(3,115,696)	439,898	136,913	(25,164,911)
Furnishings and equipment	(16,420,979)	(2,264,316)	672,800	59,451	(17,953,044)
Total accumulated depreciation	<u>(503,746,470)</u>	<u>(30,513,678)</u>	<u>2,538,027</u>	<u>200,408</u>	<u>(531,521,713)</u>
Total capital assets, being depreciated, net	<u>488,160,983</u>	<u>(17,217,925)</u>	<u>(557,068)</u>	<u>14,615,954</u>	<u>485,001,944</u>
Total business-type activities	<u>\$ 525,254,556</u>	<u>\$ 6,708,073</u>	<u>\$ (1,216,402)</u>	<u>\$ (86,226)</u>	<u>\$ 530,660,001</u>

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

Program	Depreciation
Electric	\$ 13,854,511
Water	3,449,869
Wastewater	7,289,864
Storm drainage	861,430
Solid waste	2,441,478
Transportation	2,539,332
Convention center	77,194
Total	<u>\$ 30,513,678</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 5 – 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.

Power Acquisition Cost	\$ 3,470,314
Less: Amortization	<u>(3,026,758)</u>
Power Acquisition Cost, Net	<u><u>\$ 443,556</u></u>

Note 6 – Unavailable Revenue

On the fund financial statements, unavailable revenue consisted of the following as of June 30, 2018:

	General Fund	General Capital Projects Fund	Non Major Governmental Funds	Total
Unavailable revenues:				
Property taxes	\$ 509,369	\$ -	\$ 410,384	\$ 919,753
Grant revenue	289,731	6,128,673	6	6,418,410
SHASCOM rents	397,043	-	-	397,043
Notes receivable	189,000	-	-	189,000
Housing loans - principal and interest amounts	-	-	5,320,506	5,320,506
HUD funds	-	-	53,615	53,615
Total	<u><u>\$ 1,385,143</u></u>	<u><u>\$ 6,128,673</u></u>	<u><u>\$ 5,784,511</u></u>	<u><u>\$ 13,298,327</u></u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7 – Long-Term Debt

Summary of changes in long-term debt for the year ended June 30, 2018, is as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due within One Year	Due in more than One Year
Governmental Activities:						
Long-term debt:						
Special assessment debt with governmental commitment	\$ 64,000	\$ -	\$ (64,000)	\$ -	\$ -	\$ -
Revenue bonds	31,919,466	-	(2,478,315)	29,441,151	2,578,904	26,862,247
Capital lease payable	292,197	-	(115,180)	177,017	117,438	59,579
Long-term debt before unamortized amounts	32,275,663	-	(2,657,495)	29,618,168	2,696,342	26,921,826
Bond premium	185,664	-	(30,852)	154,812	30,852	123,960
Bond discount	(190,892)	-	12,506	(178,386)	(11,656)	(166,730)
Total governmental activities long-term debt	32,270,435	-	(2,675,841)	29,594,594	2,715,538	26,879,056
Business-type activities:						
Long-term debt:						
Revenue bonds	98,340,533	39,510,000	(3,046,685)	134,803,848	8,631,096	126,172,752
State loans payable	80,784,231	190,000	(5,258,283)	75,715,948	5,392,913	70,323,035
Certificates of participation	51,300,000	-	(51,300,000)	-	-	-
Long-term debt before unamortized amounts	230,424,764	39,700,000	(59,604,968)	210,519,796	14,024,009	196,495,787
Bond premium	14,897,248	6,232,541	(2,688,448)	18,441,341	1,527,850	16,913,491
Bond discount	(3,292)	-	774	(2,518)	(774)	(1,744)
Total business-type activities long-term debt	245,318,720	45,932,541	(62,292,642)	228,958,619	15,551,085	213,407,534
Total long-term debt	\$ 277,589,155	\$ 45,932,541	\$ (64,968,483)	\$ 258,553,213	\$ 18,266,623	\$ 240,286,590

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7 – Long-Term Debt (Continued)

	Governmental Activities	Business-type Activities
Revenue Bonds:		
2018 Electric Systems Revenue Bonds Series A:		
<p>The 2018 Electric Systems Revenue Bonds were issued to prepay and refund a portion of the City's outstanding 2008 A Electric System COP's and pay costs of issuance for the 2018 Bonds. Serial Bonds of \$39,510,000 bear interest from 4.0% to 5.0%, payable on December 1 and June 1; maturities are payable June 1 in annual redemptions from \$2,800,000 to \$4,020,000; final payment due June 1, 2035. The payments are payable from operating revenues of the Electric Utility Fund. The 2018 Bonds are special obligations of the City payable solely from and secured solely by a pledge of and lien on Net Revenues of the Electric system and all monies on deposit in the Electric Revenue Fund of the City.</p>	\$	- \$ 39,510,000
2017 Electric Systems Revenue Bonds Series A:		
<p>The 2017 Electric Systems Revenue Bonds were issued to prepay and refund a portion of the City's outstanding 2008 A Electric System COP's and pay costs of issuance for the 2017 Bonds. Serial Bonds of \$55,800,000 bear interest from 3.0% to 5.0%, payable on December 1 and June 1; maturities are payable June 1 in annual redemptions from \$1,442,438 to \$6,473,250; final payment due June 1, 2030. The payments are payable from operating revenues of the Electric Utility Fund. The 2017 Bonds are special obligations of the City payable solely from and secured solely by a pledge of and lien on Net Revenues of the Electric system and all monies on deposit in the Electric Revenue Fund of the City.</p>	\$	- \$ 54,810,000
2015 Electric Systems Revenue Bonds Series A:		
<p>The 2015 Electric Systems Revenue Bonds were issued to finance the costs of designs, acquisition and construction of new administrative building for the electric utility of the City of Redding and to refinance the 2005 Electric Certificates of Participation Bonds, which were used to provide funds to finance costs of acquisition and construction of certain additions, betterments and improvements to the City's electric system. Serial Bonds of \$37,955,000 bear interest from 2.0% to 5.0%, payable on December 1 and June 1; maturities are payable June 1 in annual redemptions from \$335,000 to \$2,925,000; final payment due June 1, 2035. The payments are payable from operating revenues of the Electric Utility Fund. The 2015 Bonds are limited obligations of the Authority payable solely from Revenues of the Authority, consisting primarily of certain installment sale payments to be made by the City to the Authority pursuant to a 2015 Installment Sale Agreement, dated as of December 1, 2015 by and between the City and the Authority.</p>	\$	- \$ 35,295,000

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7 – Long-Term Debt (Continued)

	Governmental Activities	Business-type Activities
Revenue Bonds: (Continued)		
2013 Water and Wastewater Revenue Bonds Series A:		
<p>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. The Refunding Bonds are payable from, and secured by a lien on, certain payments (Installment Sale Payments) received by the Authority from the City under the Water Installment sale Agreement and under the Wastewater Installment Sale Agreement and from certain interest and other income derived from certain funds and accounts held under the Trust Agreement.</p>	\$	-
		\$ 4,750,000
2013 Lease Revenue Bond, Series B and Series C:		
<p>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. The security of the bonds is the title to the City's existing Police Facility, it's Shascom communication facility, the Redding Aquatic Center and the land on which the to-be-constructed Police Facility will be located to the Authority, and the City will lease back the Leased Property from the Authority pursuant to the Facilities Lease.</p>		
<u>Series B, Serial/Term Bonds:</u>		
<p>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.</p>	\$ 7,841,151	\$ 438,848

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7 – Long-Term Debt (Continued)

	Governmental Activities	Business-type Activities
Revenue Bonds: (Continued)		
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.	\$ 1,830,000	\$ -
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.	\$ 11,870,000	\$ -
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.	\$ 3,290,000	\$ -
<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.	\$ 4,610,000	\$ -
Total Revenue Bonds:	\$ 29,441,151	\$ 134,803,848

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7 – Long-Term Debt (Continued)

	Governmental Activities	Business-type Activities
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. The purpose of this loan is to construct an 11 place T-Hangers and adjoining taxilane at the Redding Municipal Airport.	\$	- \$ 272,636
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. The purpose of the loan is for repairs to the California Highway Patrol Hangar at Benton Airpark.	\$	- \$ 285,731
2015 California Airport Loan (Municipal):		
Original loan amount was \$1,100,000. Annual installments ranging from \$72,686 to \$74,319, including interest at 2.33% payable June 1, maturity payable on June 1, 2033. The purpose of the loan is for the PV Solar Array Lease Purchase at the Redding Municipal Airport.	\$	- \$ 971,697
2018 California Airport Loan (Municipal):		
Original loan amount was \$190,000. Annual installments ranging from \$8,824 to \$13,887, including interest at 2.87% payable March 1, maturity payable on March 1, 2035. The purpose of the loan is for the construction of a new hangar roof and other exterior improvements at the Benton Airpark.	\$	- \$ 190,000
State Water Resources Control Board Interceptor Loans:		
The purpose of the State Water Resources Control Board Interceptor Loans are for infrastructure.		
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.	\$	- \$ 5,165,994
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.	\$	- \$ 2,423,271
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.	\$	- \$ 3,058,614
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.	\$	- \$ 12,318,233

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7 – Long-Term Debt (Continued)

	Governmental Activities	Business-type Activities
State Loans (Continued):		
State Water Resources Control Board Interceptor Loans (Continued):		
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.	\$ -	\$ 5,785,034
Clear Creek Interceptor (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.	\$ -	\$ 14,235,290
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.	\$ -	\$ 7,352,167
Clear Creek Interceptor (Phase VII)		
The total loan agreement is \$5,744,251. Annual installments of \$376,241.37, including interest at 2.6% payable April 1, maturity payable April 1, 2034.	\$ -	\$ 4,873,823
Clear Creek Interceptor (Phase VIII) (Bio solids)		
The total loan agreement is \$7,250,000. In 2016, withdrawals were taken in the amount of \$4,417,845 to construct Phase VIII of the Clear Creek Wastewater Interceptor (Bio solids). Annual installments of \$401,302, including interest at 2.1% payable March 31, maturity payable March 31, 2036.	\$ -	\$ 6,596,154
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.	\$ -	\$ 851,319
Mary Street		
The total loan agreement is \$3,365,560. Annual installments of \$106,915, including interest at 2.7% payable April 16, maturity payable April 16, 2031.	\$ -	\$ 1,159,162
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.	\$ -	\$ 10,176,823
Total State Loans	\$ -	\$ 75,715,948

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7 – Long-Term Debt (Continued)

	Activities	Activities
Capital Lease Payable:		
The capital leases payable from governmental activities were \$115,180 for fiscal year ended June 30, 2018. The purpose of the lease is to purchase a Pumper Enforcer (Fire Engine).	\$ 177,017	\$ -
Total Capital Lease Payable	\$ 177,017	\$ -
 Summary of Outstanding Debt:		
Total outstanding debt	\$ 29,618,168	\$ 210,519,796
Add: Bond Premium	154,812	18,441,341
Less: Bond Discount	(178,386)	(2,518)
Total Outstanding Debt, Net of Premiums and Discounts	\$ 29,594,594	\$ 228,958,619

Current year amortization expense for bond premiums and discounts was \$18,346 for the governmental activities and \$2,687,672 for the business-type activities.

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

	Original Amount	2017-18 Additions	2017-18 Deletions	Total Amortization	Net
Governmental Activities	\$ 594,266	\$ -	\$ -	\$ 318,285	\$ 275,981
Business-Type Activities	79,777	-	-	79,777	-
Total	\$ 674,043	\$ -	\$ -	\$ 398,062	\$ 275,981

Current year amortization expense recorded in the governmental activities was \$21,672 and in the business-type activities was \$0.

The annual requirements to amortize all debt outstanding as of June 30, 2018, 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
2019	2,696,342	1,351,502	14,024,008	8,310,542	16,720,350	9,662,044
2020	2,739,209	1,242,866	12,972,509	7,786,579	15,711,718	9,029,445
2021	2,788,967	1,127,578	13,470,665	7,285,862	16,259,632	8,413,440
2022	2,914,753	1,005,880	13,995,720	6,769,346	16,910,473	7,775,226
2023	2,119,112	877,774	15,980,948	6,233,995	18,100,060	7,111,769
2024-2028	5,924,784	3,275,280	79,675,105	21,778,733	85,599,889	25,054,013
2029-2033	4,835,000	2,059,506	52,456,523	5,716,968	57,291,523	7,776,474
2034-2038	3,715,001	948,709	7,944,318	388,889	11,659,319	1,337,598
2039-2043	1,885,000	326,566	-	-	1,885,000	326,566
Total	\$ 29,618,168	\$ 12,215,661	\$ 210,519,796	\$ 64,270,914	\$ 240,137,964	\$ 76,486,575

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 8 – Leases

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

Fiscal Year Ended June 30,	Capital Leases
2019	\$ 120,320
2020	60,160
Total minimum lease payments	180,480
Less amount representing interest	(3,463)
Present value of minimum lease payments	\$ 177,017

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 Fund	\$ 180,480
Total debt service	\$ 180,480

Assets acquired with the above leases were as follows:

	Government Activities
Asset:	
Automotive equipment	\$ 565,048
Less: Accumulated depreciation	(119,288)
Net capital assets	\$ 445,760

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 9 – 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	2017	8,877,104	2036
Net Revenues Plus Reserves	Electric Utility	Bond	Refund prior debt	2015	37,955,000	2035
Net Revenues Plus Reserves	Electric Utility	Bond	Refund prior debt	2017	55,785,000	2030
Net Revenues Plus Reserves	Electric Utility	Bond	Refund prior debt	2018	39,510,000	2030

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

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 9 – Pledged Revenue (Continued)

Estimated % of Pledged Revenue Required for	Estimated % of Pledged Revenue Plus Reserves	Remaining Principal & Interest	Current Year Principal & Interest Paid	Current Year Pledged Revenue Available	Reserve Balance
9%		\$ 3,630,500	\$ 711,900	\$ 8,221,992	\$ -
11%		1,601,250	1,599,850	14,067,805	-
8%		5,575,834	1,115,167	14,067,805	-
2%		2,726,051	272,605	14,067,805	-
2%		3,516,444	319,677	14,067,805	-
9%		14,497,822	1,208,152	14,067,805	-
4%	4%	6,808,638	567,387	14,067,805	567,387
8%	8%	17,373,126	1,158,208	14,067,805	1,158,208
4%	4%	7,915,463	565,390	14,067,805	565,390
3%	3%	6,019,862	376,241	14,067,805	376,241
1%	1%	1,389,894	106,915	14,067,805	106,915
1%	1%	1,020,774	78,521	14,067,805	78,521
5%	5%	12,183,214	761,451	14,067,805	761,451
3%	3%	7,989,394	443,855	14,067,805	443,855
6%	2%	52,133,795	2,387,570	40,719,590	89,028,316
7%	2%	74,806,000	2,972,250	40,719,590	89,028,316
1%	0%	53,006,250	378,681	40,719,590	89,028,316

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 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, 2018 were as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due within One Year	Due in More Than One Year
Governmental activities	\$ 11,475,314	\$ 5,524,113	\$ (5,706,873)	\$ 11,292,554	\$ 3,978,373	\$ 7,314,181
Business-type activities	6,709,843	3,686,107	(3,726,905)	6,669,045	2,018,963	4,650,082
Total	<u>\$ 18,185,157</u>	<u>\$ 9,210,220</u>	<u>\$ (9,433,778)</u>	<u>\$ 17,961,599</u>	<u>\$ 5,997,336</u>	<u>\$ 11,964,263</u>

Note 11 – Interest Cost Capitalized

Details of interest cost in proprietary funds at June 30, 2018, are as follows:

Interest cost charged to operations	\$ 7,761,397
Interest cost capitalized	<u>475,305</u>
Total interest cost incurred	<u>\$ 8,236,702</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – 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, 2017 and prior at June 30, 2018, 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, 2018, has been included in the Risk Management Fund's claims payable amount as of June 30, 2018.

General 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, 2018.

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, 2018.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Self-Insurance (Continued)

The following is a reconciliation of changes in claims liability amounts for fiscal years ended June 30, 2018:

For the Years Ended June 30,	Claims Payable July 1,	Claims Incurred	Claims Payments	Claims Payable June 30,	Due within One Year	Due in More Than One Year
Workers' Compensation						
2016	12,931,350	4,308,332	(2,083,832)	15,155,850	2,678,067	12,477,783
2017	15,155,850	2,680,921	(1,917,871)	15,918,900	2,894,665	13,024,235
2018	15,918,900	1,552,976	(1,840,976)	15,630,900	2,888,860	12,742,040
General Liability						
2016	2,719,200	114,302	(891,002)	1,942,500	1,126,527	815,973
2017	1,942,500	510,911	(689,511)	1,763,900	1,052,986	710,914
2018	1,763,900	621,863	(681,893)	1,703,870	1,290,050	413,820
Health and Dental						
2016	108,940	20,534,425	(20,522,485)	120,880	120,880	- (1)
2017	120,880	21,392,180	(21,406,920)	106,140	106,140	- (1)
2018	106,140	21,903,956	(21,883,396)	126,700	126,700	- (1)
Total						
2016	15,759,490	24,957,059	(23,497,319)	17,219,230	3,925,474	13,293,756
2017	17,219,230	24,584,012	(24,014,302)	17,788,940	4,053,791	13,735,149
2018	17,788,940	24,078,795	(24,406,265)	17,461,470	4,305,610	13,155,860

Note 13 – Individual Fund Disclosures

The following fund reported a deficit fund balance as of June 30, 2018:

Parking Special Revenue Fund - The deficit of \$344,371 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 \$245,302 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 \$3,544,915 in this fund is resulted 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 \$2,819,148 in this fund is resulted 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 \$4,585,122 in this fund is resulted 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 the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 13 – Individual Fund Disclosures (Continued)

Risk Management Fund – The deficit of \$3,450,142 in this fund is resulted 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.

Note 14 – Joint Ventures

The City participates in the following four joint ventures:

- M-S-R Public Power Agency
- M-S-R Energy Authority
- Transmission Agency of Northern California
- Balancing Authority of Northern California

A. 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 prior to April 2018 are as follows: Modesto Irrigation District - 50%; City of Santa Clara - 35%; and City of Redding - 15%. The debt service through 2022, declining on-going administrative activities and other remaining obligations and costs associated with the San Juan Power Plant (described below) will remain at the 50% - 35% - 15% ratio.

The majority of activities after April 2018 will be related to renewables (Big Horn Wind energy project described below). Coordinating, regulatory, and compliance services costs will be shared as follows: Modesto Irrigation District – 40%; City of Santa Clara – 40%; and City of Redding – 20%. Renewable administrative services, electric product, delivery and environmental attribute rights benefits and costs will shared by contracted participation ratios as described below.

The activities of M-S-R consist of a previous 28.8% ownership interest in a 498-megawatt coal-fire electricity generating plant located in New Mexico (the "San Juan" plant). The San Juan plant began commercial operation in 1982 and had been 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%).

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 14 – Joint Ventures (Continued)

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

The owners of the San Juan Generation Station have approved an ownership restructuring of the San Juan Generation Station effective December 31, 2017 under which M-S-R'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 been executed by all nine San Juan Generation Station owners and the Public Service Company of New Mexico Resources (PNMR).

With the ownership restructuring of the San Juan Generation Station, M-S-R Public Power Agency sold its interest of the Southwest Transmission on May 25, 2016. Proceeds of the sale of the Southwest Transmission Project assets were applied primarily to the defeasance of a portion of M-S-R Public Power Agency's outstanding revenue bonds, and to fund certain deposits for future payments to the plant decommissioning trust fund, and to the mine reclamation trust fund established under the agreements relating to the ownership restructuring of the San Juan Generation Station. At this time Redding and M-S-R have no ongoing or regular cash called expenses with regard to this divested asset other than administrative and existing bonds to expire in 2022.

Additionally, in 2005, M-S-R entered into a 20-year power purchase agreement with PPM Energy, Inc.—now known as Avangrid Renewables, LLC (Avangrid—formerly Iberdrola Renewables) 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. 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.

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—now known as Avangrid—to procure shaping and firming services for the output of the Big Horn facility. Through this agreement, Avangrid 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, 2017 is as follows (in thousands):

Total Assets & Deferred Outflows	\$ 97,754	Total revenues	\$ 127,739
	<u>97,754</u>	Total expenses	<u>(176,070)</u>
Total liabilities & Deferred Inflows	\$ 179,819		
Total members' deficit	<u>(82,065)</u>	Net income	(48,331)
Total liabilities & members' deficit	<u>\$ 97,754</u>	Members' deficit, January 1, 2017	(30,434)
		Member distributions	<u>(3,300)</u>
		Members' deficit, December 31, 2017	<u>\$ (82,065)</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 14 – Joint Ventures (Continued)

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

The debt of the Power Agency is comprised entirely of revenue bonds totaling \$136 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 \$12.31 million at December 31, 2017. 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, 2018, the City made no contributions to fund its share of operating deficits. If there were such contributions, they would be included in operating expenses.

B. 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 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, 2017, the City's unrecognized share of member's deficit of the M-S-R Energy Authority was \$92,744,809.

The long term debt of the M-S-R Energy Authority totaled \$901,620,000 at December 31, 2017. The M-S-R Energy Authority did not make any principal payments in 2017.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 14 – Joint Ventures (Continued)

B. M-S-R Energy Authority (Continued)

Summarized financial information of M-S-R Energy Authority as of and for the year ended December 31, 2017, is as follows (in thousands):

Total assets	<u>\$ 904,787</u>
Total liabilities	<u>\$ 904,787</u>
Total net position	<u>\$ -</u>
Total liabilities and net position	<u>\$ 904,787</u>
Net increase (decrease) in net position	<u>\$ -</u>

C. 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 Pacific Gas and Electric Company (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, 2018.

Summarized financial information of TANC as of and for the year ended June 30, 2018, is as follows (in thousands):

Total assets & deferred outflows	<u>\$ 344,498</u>
Total liabilities & deferred inflows	\$ 320,352
Total net position	<u>24,146</u>
Total liabilities and net position	<u>\$ 344,498</u>
Net increase (decrease) in net position	<u>\$ 3,336</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 14 – Joint Ventures (Continued)

D. 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 City of Redding-Electric Utility (REU) as its founding members as was formed in 2009. Subsequent to its formation, Trinity Public Utilities District (TPUD) and Shasta Lake Public Utility District (SLPUD) have joined as new members. 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 owned 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 68.8%, 16.5%, 7.8%, 5.0%, 1.2% and 0.7% for SMUD, MID, Roseville, REU, Shasta Lake 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, 2017, is as follows (in thousands):

Total current assets	<u>\$ 2,092,044</u>
Total current liabilities	2,092,044
Total net position	<u>-</u>
Total liabilities and net position	<u>\$ 2,092,044</u>
Net increase (decrease) in net position	<u>\$ -</u>

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

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 14 – Joint Ventures (Continued)

E. 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 is 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	\$ 136,055,000	15.000%	\$ 20,408,250
TANC (2)			
Bonds (2009A)	26,370,000	9.0076%	2,375,304
Bonds (2016A)	173,920,000	8.3912%	14,594,010
TANC subtotal	<u>200,290,000</u>		<u>16,969,314</u>
Total	<u>\$ 336,345,000</u>		<u>\$ 37,377,564</u>

(1) As of December 31, 2017

(2) As of June 30, 2018

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.

Note 15 – 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 \$2,270,191 as of June 30, 2018, 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, 2018. 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, 2018, were as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due within One Year	Due in More Than One Year
Postclosure care liability	<u>\$ 2,230,050</u>	<u>\$ 218,681</u>	<u>\$ 178,540</u>	<u>\$ 2,270,191</u>	<u>\$ 160,000</u>	<u>\$ 2,110,191</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 16 – 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.

In fiscal year 2017-18, RABA received or accrued an additional \$599,432 in PTMISEA funding. During the fiscal year RABA incurred \$1,443,181 in qualifying expenditures and earned \$29,729 in interest income. The June 30, 2018 ending balance in unspent PTMISEA funding was \$2,757,618.

Other Proposition 1B Funds

In fiscal year 2017-18 RABA received \$276,410 in non PTMISEA Proposition 1B funds. During the fiscal year RABA incurred \$158,304 in qualifying expenditures and earned \$3,771 in interest. The June 30, 2018 balance of non PTMISEA Proposition 1B funds was \$427,975.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Retirement Plans

A. Summary

Aggregate Net Pension Liability

Aggregate Net pension liability is reported in the accompanying Statements of Net Position as follows:

	Miscellaneous Plan	Safety Plan	PARS Plan	Total
Governmental Activities (minus Internal Service Funds)	\$ 44,382,486	\$ 115,838,477	\$ 10,376,086	\$ 170,597,049
Internal Service Funds:				
Equipment	3,020,750	-	622,529	3,643,279
Information Systems	4,027,849	-	905,571	4,933,420
General Support Services	3,059,736	-	667,991	3,727,727
Risk Management	1,536,331	-	427,007	1,963,338
Municipal Utilities Support	4,956,602	-	1,096,248	6,052,850
Total Internal Service Funds	16,601,268	-	3,719,346	20,320,614
Total Governmental Activities	60,983,754	115,838,477	14,095,432	190,917,663
Enterprise funds:				
Electric Utility	49,513,196	-	12,514,651	62,027,847
Water Utility	6,801,663	-	1,453,283	8,254,946
Wastewater Utility	9,080,971	-	1,893,847	10,974,818
Solid Waste Utility	13,629,842	-	2,754,993	16,384,835
Airport	1,259,306	-	129,498	1,388,804
Storm Drainage Utility	960,338	-	221,243	1,181,581
Total Enterprise funds	81,245,316	-	18,967,515	100,212,831
Total	\$ 142,229,070	\$ 115,838,477	\$ 33,062,947	\$ 291,130,494

Deferred Outflows of Resources

Deferred outflows of resources are reported in the accompanying Statements of Net Position as follows:

Pension Contributions Made after the Measurement Date

	Miscellaneous Plan	Safety Plan	PARS Plan	Total
Governmental Activities (minus Internal Service Funds)	\$ 3,406,804	\$ 9,021,320	\$ 2,216,710	\$ 14,644,834
Internal Service Funds:				
Equipment	231,295	-	135,273	366,568
Information Systems	318,051	-	177,697	495,748
General Support Services	235,785	-	142,315	378,100
Risk Management	122,609	-	82,492	205,101
Municipal Utilities Support	378,806	-	240,726	619,532
Total Internal Service Funds	1,286,546	-	778,503	1,620,350
Total Governmental Activities	4,693,350	9,021,320	2,995,213	16,265,184
Enterprise funds:				
Electric Utility	3,760,929	-	2,669,979	6,430,908
Water Utility	525,022	-	340,525	865,547
Wastewater Utility	702,025	-	410,254	1,112,279
Solid Waste Utility	1,045,396	-	594,201	1,639,597
Airport	95,654	-	25,122	120,776
Storm Drainage Utility	73,399	-	51,524	124,923
Total Enterprise funds	6,202,425	-	4,091,605	10,294,030
Total	\$ 10,895,775	\$ 9,021,320	\$ 7,086,818	\$ 26,559,214

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Retirement Plans (Continued)

A. Summary (Continued)

Deferred Outflows of Resources (Continued)

Difference between Projected and Actual Earnings on Pension Plan Investments

	Miscellaneous Plan	Safety Plan	PARS Plan	Total
Governmental Activities (minus Internal Service Funds)	\$ 1,347,509	\$ 2,600,593	\$ 609,525	\$ 4,557,627
Internal Service Funds:				
Equipment	73,103	-	37,685	110,788
Information Systems	48,473	-	41,756	90,229
General Support Services	87,336	-	40,790	128,126
Risk Management	36,659	-	21,740	58,399
Municipal Utilities Support	107,702	-	68,470	176,172
Total Internal Service Funds	<u>353,273</u>	<u>-</u>	<u>210,441</u>	<u>1,620,350</u>
Total Governmental Activities	<u>1,700,782</u>	<u>2,600,593</u>	<u>819,966</u>	<u>6,177,977</u>
Enterprise funds:				
Electric Utility	1,022,694	-	818,001	1,840,695
Water Utility	188,851	-	90,059	278,910
Wastewater Utility	312,771	-	124,559	437,330
Solid Waste Utility	331,515	-	165,147	496,662
Airport	43,621	-	13,687	57,308
Storm Drainage Utility	24,882	-	13,760	38,642
Total Enterprise funds	<u>1,924,334</u>	<u>-</u>	<u>1,225,213</u>	<u>3,149,547</u>
Total	<u>\$ 3,625,116</u>	<u>\$ 2,600,593</u>	<u>\$ 2,045,179</u>	<u>\$ 9,327,524</u>

Changes of Assumptions

	Miscellaneous Plan	Safety Plan	PARS Plan	Total
Governmental Activities (minus Internal Service Funds)	\$ 4,651,032	\$ 13,330,309	\$ 687,444	\$ 18,668,785
Internal Service Funds:				
Equipment	372,216	-	44,676	416,892
Information Systems	438,902	-	36,003	474,905
General Support Services	344,660	-	44,435	389,095
Risk Management	132,051	-	15,552	147,603
Municipal Utilities Support	632,744	-	83,845	716,589
Total Internal Service Funds	<u>1,920,573</u>	<u>-</u>	<u>224,511</u>	<u>1,620,350</u>
Total Governmental Activities	<u>6,571,605</u>	<u>13,330,309</u>	<u>911,955</u>	<u>20,289,135</u>
Enterprise funds:				
Electric Utility	6,528,693	-	863,581	7,392,274
Water Utility	766,892	-	135,404	902,296
Wastewater Utility	949,415	-	138,667	1,088,082
Solid Waste Utility	1,642,938	-	190,948	1,833,886
Airport	149,896	-	8,203	158,099
Storm Drainage Utility	116,924	-	20,284	137,208
Total Enterprise funds	<u>10,154,758</u>	<u>-</u>	<u>1,357,087</u>	<u>11,511,845</u>
Total	<u>\$ 16,726,363</u>	<u>\$ 13,330,309</u>	<u>\$ 2,269,042</u>	<u>\$ 31,800,980</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Retirement Plans (Continued)

A. Summary (Continued)

Deferred Outflows of Resources (Continued)

Difference between Expected and Actual Experience

	Miscellaneous Plan	Safety Plan	PARS Plan	Total
Governmental Activities (minus Internal Service Funds)	\$ -	\$ -	\$ 15,054	\$ 15,054
Internal Service Funds:				
Equipment	-	-	979	979
Information Systems	-	-	788	788
General Support Services	-	-	973	973
Risk Management	-	-	341	341
Municipal Utilities Support	-	-	1,836	1,836
Total Internal Service Funds	-	-	4,917	1,620,350
Total Governmental Activities	-	-	19,971	1,635,404
Enterprise funds:				
Electric Utility	-	-	18,911	18,911
Water Utility	-	-	2,965	2,965
Wastewater Utility	-	-	3,037	3,037
Solid Waste Utility	-	-	4,182	4,182
Airport	-	-	180	180
Storm Drainage Utility	-	-	444	444
Total Enterprise funds	-	-	29,719	29,719
Total	\$ -	\$ -	\$ 49,690	\$ 1,665,123

Total Deferred Outflows

	Miscellaneous Plan	Safety Plan	PARS Plan	Total
Governmental Activities (minus Internal Service Funds)	\$ 9,405,345	\$ 24,952,222	\$ 3,528,733	\$ 37,886,300
Internal Service Funds:				
Equipment	676,614	-	218,613	895,227
Information Systems	805,426	-	256,244	1,061,670
General Support Services	667,781	-	228,513	896,294
Risk Management	291,319	-	120,125	411,444
Municipal Utilities Support	1,119,252	-	394,877	1,514,129
Total Internal Service Funds	3,560,392	-	1,218,372	4,778,764
Total Governmental Activities	12,965,737	24,952,222	4,747,105	42,665,064
Enterprise funds:				
Electric Utility	11,312,316	-	4,370,472	15,682,788
Water Utility	1,480,765	-	568,953	2,049,718
Wastewater Utility	1,964,211	-	676,517	2,640,728
Solid Waste Utility	3,019,849	-	954,478	3,974,327
Airport	289,171	-	47,192	336,363
Solid Waste Collection/Disposal	215,205	-	86,012	301,217
Total Enterprise funds	18,281,517	-	6,703,624	24,985,141
Total	\$ 31,247,254	\$ 24,952,222	\$ 11,450,729	\$ 67,650,205

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Retirement Plans (Continued)

A. Summary (Continued)

Deferred Inflows of Resources

Deferred inflows of resources are reported in the accompanying Statements of Net Position as follows:

Changes in Assumptions

	Miscellaneous Plan	Safety Plan	PARS Plan	Total
Governmental Activities (minus Internal Service Funds)	\$ 421,960	\$ 1,505,042	\$ 392	\$ 1,927,394
Internal Service Funds:				
Equipment	23,708	-	68	23,776
Information Systems	20,206	-	50	20,256
General Support Services	25,987	-	(23)	25,964
Risk Management	10,615	-	(174)	10,441
Municipal Utilities Support	36,899	-	310	37,209
Total Internal Service Funds	<u>117,415</u>	<u>-</u>	<u>231</u>	<u>117,646</u>
Total Governmental Activities	<u>539,375</u>	<u>1,505,042</u>	<u>623</u>	<u>2,045,040</u>
Enterprise funds:				
Electric Utility	285,389	-	(1,202)	284,187
Water Utility	59,962	-	594	60,556
Wastewater Utility	94,398	-	(68)	94,330
Solid Waste Utility	97,483	-	149	97,632
Airport	12,755	-	(183)	12,572
Storm Drainage Utility	7,116	-	90	7,206
Total Enterprise funds	<u>557,103</u>	<u>-</u>	<u>(620)</u>	<u>556,483</u>
Total	<u>\$ 1,096,478</u>	<u>\$ 1,505,042</u>	<u>\$ 3</u>	<u>\$ 2,601,523</u>

Differences between Expected and Actual Experience

	Miscellaneous Plan	Safety Plan	PARS Plan	Total
Governmental Activities (minus Internal Service Funds)	\$ 763,194	\$ 1,825,736	\$ -	\$ 2,588,930
Internal Service Funds:				
Equipment	59,525	-	-	59,525
Information Systems	68,240	-	-	68,240
General Support Services	56,136	-	-	56,136
Risk Management	21,674	-	-	21,674
Municipal Utilities Support	100,334	-	-	100,334
Total Internal Service Funds	<u>305,909</u>	<u>-</u>	<u>-</u>	<u>305,909</u>
Total Governmental Activities	<u>1,069,103</u>	<u>1,825,736</u>	<u>-</u>	<u>2,894,839</u>
Enterprise funds:				
Electric Utility	1,037,154	-	-	1,037,154
Water Utility	124,346	-	-	124,346
Wastewater Utility	157,697	-	-	157,697
Solid Waste Utility	263,957	-	-	263,957
Airport	24,681	-	-	24,681
Storm Drainage Utility	18,860	-	-	18,860
Total Enterprise funds	<u>1,626,695</u>	<u>-</u>	<u>-</u>	<u>1,626,695</u>
Total	<u>\$ 2,695,798</u>	<u>\$ 1,825,736</u>	<u>\$ -</u>	<u>\$ 4,521,534</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Retirement Plans (Continued)

A. Summary (Continued)

Deferred Inflows of Resources (Continued)

Difference between Projected and Actual Earnings on Pension Plan Investments

	Miscellaneous Plan	Safety Plan	PARS Plan	Total
Governmental Activities (minus Internal Service Funds)	\$ 2,427,120	\$ -	\$ 477,050	\$ 2,904,170
Internal Service Funds:				
Equipment	(66,350)	-	28,870	(37,480)
Information Systems	62,759	-	41,070	103,829
General Support Services	(50,004)	-	30,266	(19,738)
Risk Management	36,647	-	18,459	55,106
Municipal Utilities Support	(115,192)	-	51,129	(64,063)
Total Internal Service Funds	(132,140)	-	169,794	37,654
Total Governmental Activities	2,294,980	-	646,844	2,941,824
Enterprise funds:				
Electric Utility	(1,730,354)	-	555,906	(1,174,448)
Water Utility	(85,673)	-	72,064	(13,609)
Wastewater Utility	(105,265)	-	85,254	(20,011)
Solid Waste Utility	(306,128)	-	127,087	(179,041)
Airport	(41,545)	-	4,024	(37,521)
Storm Drainage Utility	(26,015)	-	10,901	(15,114)
Total Enterprise funds	(2,294,980)	-	855,236	(1,439,744)
Total	\$ -	\$ -	\$ 1,502,080	\$ 1,502,080

Total Pension-related Deferred Inflows

	Miscellaneous Plan	Safety Plan	PARS Plan	Total
Governmental Activities (minus Internal Service Funds)	\$ 3,612,274	\$ 3,330,778	\$ 477,442	\$ 7,420,494
Internal Service Funds:				
Equipment	16,883	-	28,938	45,821
Information Systems	151,205	-	41,120	192,325
General Support Services	32,119	-	30,243	62,362
Risk Management	68,936	-	18,285	87,221
Municipal Utilities Support	22,041	-	51,439	73,480
Total Internal Service Funds	291,184	-	170,025	461,209
Total Governmental Activities	3,903,458	3,330,778	647,467	7,881,703
Enterprise funds:				
Electric Utility	(407,811)	-	554,704	146,893
Water Utility	98,635	-	72,658	171,293
Wastewater Utility	146,830	-	85,186	232,016
Solid Waste Utility	55,312	-	127,236	182,548
Airport	(4,109)	-	3,841	(268)
Solid Waste Collection/Disposal	(39)	-	10,991	10,952
Total Enterprise funds	(111,182)	-	854,616	743,434
Total	\$ 3,792,276	\$ 3,330,778	\$ 1,502,083	\$ 8,625,137

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Retirement Plans (Continued)

B. CalPERS

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 the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Retirement Plans (Continued)

B. CalPERS (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, 2018, are summarized as follows:

	Miscellaneous		
	Prior to	On or after	
	January 1, 2013	January 1, 2013	
Hire date			
Benefit formula	2% @ 55	2% @ 62	
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	8.688%	8.688%	
	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	19.985%	19.985%	19.985%

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Retirement Plans (Continued)

B. CalPERS (Continued)

a. Net Pension Liability

Employees Covered by Benefit Terms

At June 30, 2016 (actuarial valuation date), 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	719	267
Inactive employees entitled to but not yet receiving benefits	253	67
Active Employees	<u>584</u>	<u>179</u>
Total	<u><u>1,556</u></u>	<u><u>513</u></u>

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) 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. The total plan contributions for both Plans are determined through CalPERS’ annual actuarial valuation process. 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. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer-Paid Member Contributions or situations where members are paying a portion of the employer contribution.

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, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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 the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Retirement Plans (Continued)

B. CalPERS (Continued)

a. Net Pension Liability (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	Varies by Entry Age and Service	
Investment Rate of Return	7.50% Net of Pension Plan Investment Expense, includes Inflation	
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds.	
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter	

¹ The 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

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publication.

Change of Assumptions

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Retirement Plans (Continued)

B. CalPERS (Continued)

a. Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15 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. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 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.

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 expense 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 (Public Employees’ Retirement 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. The target allocation shown was adopted by the Board effective on July 1, 2014.

<u>Asset Class</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1-10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	80.00%	2.27%
Inflation Sensitive	6.0%	60.00%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Retirement Plans (Continued)

B. CalPERS (Continued)

b. Changes in 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, 2016	\$ 394,660,829	\$ 266,436,701	\$ 128,224,128
Changes in the year:			
Service costs	7,191,855	-	7,191,855
Interest on the total pension liability	29,157,632	-	29,157,632
Changes of benefit terms	-	-	-
Differences between actual and expected experience	(3,221,954)	-	(3,221,954)
Change in assumptions	23,416,908	-	23,416,908
Plan to Plan Resource Movement	-	(145)	145
Contributions - employer	-	10,045,335	(10,045,335)
Contribution - employee	-	3,177,532	(3,177,532)
Net investment income	-	29,710,153	(29,710,153)
Benefit Payments, including refunds of employee contributions	(21,305,301)	(21,305,301)	-
Administrative expense	-	(393,376)	393,376
Net changes	<u>35,239,140</u>	<u>21,234,198</u>	<u>14,004,942</u>
Balance at June 30, 2017	<u>\$ 429,899,969</u>	<u>\$ 287,670,899</u>	<u>\$ 142,229,070</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Retirement Plans (Continued)

B. CalPERS (Continued)

b. Changes in Net Pension Liability (Continued)

Safety Plan:

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Pension	Net Pension Liability/ (Asset)
Balance at June 30, 2016	\$ 270,227,522	\$ 167,492,548	\$ 102,734,974
Changes in the year:			
Service costs	5,567,053	-	5,567,053
Interest on the total pension liability	20,189,512	-	20,189,512
Changes of benefit terms	-	-	-
Differences between actual and expected experience	(1,169,833)	-	(1,169,833)
Change in assumptions	17,369,797	-	17,369,797
Plan to Plan Resource Movement	-	-	-
Contributions - employer	-	8,645,061	(8,645,061)
Contribution - employee	-	1,955,068	(1,955,068)
Net investment income	-	18,500,188	(18,500,188)
Benefit Payments, including refunds of employee contributions	(13,680,425)	(13,680,425)	-
Administrative expense	-	(247,291)	247,291
Net changes	<u>28,276,104</u>	<u>15,172,601</u>	<u>13,103,503</u>
Balance at June 30, 2017	<u>\$ 298,503,626</u>	<u>\$ 182,665,149</u>	<u>\$ 115,838,477</u>

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 7.15 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 (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.15%	6.15%
Net Pension Liability	198,084,701	158,136,336
Current Discount Rate	7.15%	7.15%
Net Pension Liability	142,229,070	115,838,477
1% Increase	8.15%	8.15%
Net Pension Liability	95,796,865	81,331,298

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Retirement Plans (Continued)

B. CalPERS (Continued)

b. Changes in 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.

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

For the year ended June 30, 2017, the City recognized pension expense of \$32,572,937. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions made after Measurement Date	\$ 10,895,776	\$ -
Changes of Assumptions	16,726,363	(1,096,477)
Difference between Expected and Actual Experience	-	(2,695,799)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	3,625,115	-
Total	<u>\$ 31,247,254</u>	<u>\$ (3,792,276)</u>

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions made after Measurement Date	\$ 9,021,320	\$ -
Changes of Assumptions	13,330,309	(1,505,042)
Difference between Expected and Actual Experience	-	(1,825,736)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,600,593	-
Total	<u>\$ 24,952,222</u>	<u>\$ (3,330,778)</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Retirement Plans (Continued)

B. CalPERS (Continued)

c. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The amounts above are net of outflow and inflows recognized in the 2016-17 measurement period expense.

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the miscellaneous plan and safety plan for the 2016-17 measurement is 3.5 and 4.3 years, which was obtained by dividing the total service years of 5,452 and 1,556 (the sum of remaining service lifetimes of the active employees) by 2,191 and 513 (the total number of participants: active, inactive and retired), respectively.

The \$10,895,775 and \$9,021,320 reported as deferred outflows of resources related to pension resulting from the City’s contributions subsequent to the measurement date during the year ended June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflow and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ended June 30	Miscellaneous Plan	Safety Plan
2018	\$ 4,127,602	\$ 2,102,195
2019	10,157,377	5,912,141
2020	4,484,261	4,791,808
2021	(2,210,039)	(206,020)
2022	-	-
Thereafter	-	-
Total	\$ 16,559,201	\$ 12,600,124

d. Payable to the Pension Plan

At June 30, 2018, The City reported a payable of \$ -0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Retirement Plans (Continued)

C. PARS

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. The plan is an agent multiple-employer defined benefit plan. The financial statement is issued as part of an audited trust Financial Statement and is available thru the State Controller website and filed on an annual basis. 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, Tier V International Brotherhood of electrical Workers (IBEW) – Electric represented employees, and Tier VI United Public Employees of California 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, V and VI 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, 2018, are summarized as follows:

	Tier I	Tier II	Tier III	Tier IV	Tier V	Tier VI
Hire date	1/1/2005 thru 8/7/2011	1/1/2005 thru 12/31/2012	1/1/2005 thru 1/5/2011	1/1/2005 thru 1/5/2011	1/1/2005 thru 9/21/2011	1/1/2005 thru 9/21/2011
Benefit formula	2.7% @ 55	2.7% @ 55	2.5% @55	2.7% @ 55	2.7% @ 55	2.7% @ 55
Benefit vesting schedule	5 years service	10 years service	5 years service	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50-55	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%	2.0% to 2.7%
Required employee contribution rates	2%	0%	0%	0%	0%	0%
Required employer contribution rates	28.07%	24.85%	20.59%	22.29%	21.39%	22.28%

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Retirement Plans (Continued)

C. PARS (Continued)

a. General Information about the Pension Plans (Continued)

Employees Covered

At July 1, 2016, the following employees were covered by the benefit terms for each Plan:

	Tier I	Tier II	Tier III	Tier IV	Tier V	Tier VI
Inactive employees or beneficiaries						
currently receiving benefits	75	157	8	66	35	5
Inactive employees entitled to						
but not yet receiving benefits	3	1	-	3	1	-
Active Employees	58	172	4	92	40	19
Total	136	330	12	161	76	24

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, 2016 actuarial valuation were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.01%
Inflation	3.00%
Projected Salary Increase	Graded rates based on years of services, 3.85% after 22 years of service.
Investment Rate of Return	7.01%
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 the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Retirement Plans (Continued)

C. PARS (Continued)

b. Net Pension Liability (Continued)

Discount Rate

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 June 30, 2018.

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Cash	BAML 3-Mon Tbill	2.44%	0.31%	0.31%
US Core Fixed Income	Barclays Aggregate	36.35%	2.14%	2.02%
US Large Caps	Russell 3000	45.14%	4.59%	3.32%
Foreign Developed Equity	MSCI EAFE NR	10.15%	5.52%	3.91%
Emerging Markets Equity	MSCI EM NR	4.15%	7.82%	4.59%
US REITs	FTSE NAREIT Equity REIT	1.77%	5.04%	3.27%
Assumed Inflation - Mean			2.32%	2.30%
Assumed Inflation - Standard Deviation			1.85%	1.85%
Portfolio Real Mean Return			3.83%	3.30%
Portfolio Nominal Mean Return			6.15%	5.68%
Portfolio Standard Deviation				10.17%
Long-Term Expected Rate of Return				7.01%

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Retirement Plans (Continued)

C. PARS (Continued)

c. Changes in 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, 2016	\$ 72,384,807	\$ 40,289,343	\$ 32,095,464
Changes in the year:			
Service costs	1,258,689	-	1,258,689
Interest on the total pension liability	5,387,397	-	5,387,397
Changes of benefit terms	-	-	-
Effect of economic/demographic gains or losses	-	-	-
Differences between actual and expected experience	-	-	-
Change in assumptions	3,255,582	-	3,255,582
Contributions - employer	-	4,816,795	(4,816,795)
Contribution - employer (paid by employer)	-	-	-
Net investment income	-	4,418,967	(4,418,967)
Administrative expenses	-	(301,577)	301,577
Benefit Payments, including refunds of employee contributions	(3,689,765)	(3,689,765)	-
Net changes	6,211,903	5,244,420	967,483
Balance at June 30, 2017	\$ 78,596,710	\$ 45,533,763	\$ 33,062,947

Sensitivity Analysis

The following presents the net pension liability of the City of Redding Retirement Enhancement Plan, calculated using the discount rate of 7.01%, 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 (6.01%) or 1 percentage point higher (8.01%) than the current rate.

	1% Decrease 6.01%	Current Discount Rate 7.01%	1% Increase 8.01%
Total Pension Liability	\$ 85,508,082	\$ 78,596,710	\$ 72,230,184
Fiduciary net position	45,533,763	45,533,763	45,533,763
Net pension liability	39,974,319	33,062,947	26,696,421

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Retirement Plans (Continued)

C. PARS (Continued)

c. Changes in 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, 2017, the City recognized pension expense of \$5,016,702. At June 30, 2018, 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 made after Measurement Date	\$ 7,085,604	\$ -
Changes of Assumptions	2,269,042	-
Difference between Expected and Actual Experience	49,689	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,045,174	(1,502,083)
Total	<u>\$ 11,449,509</u>	<u>\$ (1,502,083)</u>

The amounts above are net of outflow and inflows recognized in the 2016-17 measurement period expense.

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the PARS plan for the 2016-17 measurement is 4.3 years, which was obtained by dividing the total service years of 3,147 (the sum of remaining service lifetimes of the active employees) by 737 (the total number of participants: active, inactive and retired).

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 17 – Retirement Plans (Continued)

D. PARS (Continued)

d. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The \$7,085,604 reported as deferred outflows of resources related to pension resulting from the City’s contributions subsequent to the measurement date during the year ended June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflow and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ended June 30	Amount
2018	\$ 1,121,136
2019	1,529,719
2020	484,345
2021	(273,374)
2022	-
Thereafter	-
Total	\$ 2,861,826

e. Payable to the Pension Plan

At June 30, 2018, The City reported a payable of \$ -0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 18 – Other Postemployment Healthcare Benefits

The following is a summary of Net other postemployment benefits (“OPEB”) liabilities and related deferred outflows and inflows of resources as of June 30, 2018:

Aggregate Net OPEB Liability

Aggregate Net OPEB Liability is reported in the accompanying Statements of Net Position as follows:

OPEB	
Governmental Activities	
(minus Internal Service Funds)	\$ 15,955,565
Internal Service Funds:	
Equipment	550,747
Information Systems	629,680
General Support Services	559,870
Risk Management	266,346
Municipal Utilities Support	799,141
Total Internal Service Funds	2,805,784
Total Governmental Activities	18,761,349
Enterprise funds:	
Electric Utility	8,934,497
Water Utility	1,097,100
Wastewater Utility	1,415,150
Solid Waste Utility	2,629,593
Airport	251,852
Storm Drainage Utility	189,457
Total Enterprise funds	14,517,649
Total	\$ 33,278,998

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 18 – Other Postemployment Healthcare Benefits (Continued)

Deferred Outflows of Resources

Deferred outflows of resources are reported in the accompanying Statements of Net Position as follows:

OPEB Contributions made after the Measurement Date

OPEB	
Governmental Activities	
(minus Internal Service Funds)	\$ 1,722,486
Internal Service Funds:	
Equipment	58,030
Information Systems	57,555
General Support Services	51,039
Risk Management	21,124
Municipal Utilities Support	84,021
Total Internal Service Funds	271,769
Total Governmental Activities	1,994,255
Enterprise funds:	
Electric Utility	945,924
Water Utility	113,872
Wastewater Utility	149,769
Solid Waste Utility	246,383
Airport	23,243
Storm Drainage Utility	17,554
Total Enterprise funds	1,496,745
Total	\$ 3,491,000

Changes of Assumptions

OPEB	
Governmental Activities	
(minus Internal Service Funds)	\$ 1,829,843
Internal Service Funds:	
Equipment	62,919
Information Systems	63,695
General Support Services	57,595
Risk Management	19,306
Municipal Utilities Support	99,827
Total Internal Service Funds	303,342
Total Governmental Activities	2,133,185
Enterprise funds:	
Electric Utility	1,011,855
Water Utility	128,189
Wastewater Utility	148,841
Solid Waste Utility	266,411
Airport	21,441
Storm Drainage Utility	19,077
Total Enterprise funds	1,595,814
Total	\$ 3,728,999

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 18 – Other Postemployment Healthcare Benefits (Continued)

Deferred Outflows of Resources (Continued)

Total Deferred Outflows

	OPEB
Governmental Activities (minus Internal Service Funds)	\$ 3,552,329
Internal Service Funds:	
Equipment	120,949
Information Systems	121,250
General Support Services	108,634
Risk Management	40,430
Municipal Utilities Support	183,848
Total Internal Service Funds	575,111
Total Governmental Activities	4,127,440
Enterprise funds:	
Electric Utility	1,957,779
Water Utility	242,061
Wastewater Utility	298,610
Solid Waste Utility	512,794
Airport	44,684
Solid Waste Collection/Disposal	36,631
Total Enterprise funds	3,092,559
Total	\$ 7,219,999

General Information about the OPEB 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.

Employees Covered by Benefit Term

Inactive employees or beneficiaries currently receiving benefits	366
Inactive employees entitled to but not yet receiving benefits	-
Active Employees	724
Total	1,090

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 18 – Other Postemployment Healthcare Benefits (Continued)

Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2017, and the actuarial valuation used to calculate the net OPEB liability was as of June 30, 2017.

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial Assumptions:	
Discount Rate	3.58% at June 30, 2017 Bond Buyer 20-bond Index 2.85% at June 30, 2016 Bond Buyer 20-bond Index
Inflation	2.75%
Expected Net Long-Term Rate of Return on Investments	0%
Mortality Rate Table	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality Improvement Scale MP-2017 for postretirement mortality
Salary Increases	3%
Medical Trend	Non-Medicare-7.5% for 2019, decreasing to an ultimate rate of 4% in 2076 and later years Medicare- 6.5% for 2019 decreasing to an ultimate rate of 4% in 2076 and later years
Healthcare participation for future retirees	Single coverage: 70% pre-Medicare, 60% post-Medicare 2-Party coverage-85%
Healthcare participation for current retirees	80% after age 65 for Medicare eligible retirees currently under 65 with single coverage 100% for other retirees

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 18 – Other Postemployment Healthcare Benefits (Continued)

Net OPEB Liability (Continued)

Changes in Net OPEB Liability

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2016	\$ 32,371,000	\$ 51,000	\$ 32,320,000
Changes in the year:			
Service costs	(744,002)	-	(744,002)
Interest on the total pension liability	852,000	-	852,000
Changes of benefit terms	-	-	-
Effect of economic/demographic gains or losses	-	-	-
Differences between actual and expected experience	-	-	-
Change in assumptions	4,331,000	-	4,331,000
Contributions - employer	-	3,480,000	(3,480,000)
Contribution - employer (paid by employer)	-	-	-
Net investment income	-	-	-
Administrative expenses	-	-	-
Benefit Payments, including refunds of employee contributions	(3,480,000)	(3,480,000)	-
Net changes	<u>958,998</u>	<u>-</u>	<u>958,998</u>
Balance at June 30, 2017	<u>\$ 33,329,998</u>	<u>\$ 51,000</u>	<u>\$ 33,278,998</u>

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

The following presents the net OPEB liability of the plan as of the measurement date, calculated using the discount rate of 3.85%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.85%) or 1 percentage point higher (4.85%) than the current rate:

	1% Decrease 2.85%	Current Discount Rate 3.85%	1% Increase 4.85%
Net OPEB Liability	26,847,000	33,279,998	36,776,000

Sensitivity of the Net OPEB Liability to Changes in the Healthcare cost Trend Rates

The following presents the net OPEB liability of the plan as of the measurement date, calculated using healthcare cost trend rates, as well as what the net OPEB liability would be if it were calculate using a trend that are one percentage point lower or one percentage higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	35,913,000	33,279,998	27,758,000

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 18 – Other Postemployment Healthcare Benefits (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2017, the City recognized OPEB expense of \$710,000. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions made after Measurement Date	\$ 3,491,000	\$ -
Changes of Assumptions	3,728,999	-
Difference between Expected and Actual Experience	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-
Total	<u>\$ 7,219,999</u>	<u>\$ -</u>

The \$3,491,000 reported as deferred outflows of resources related to pension resulting from the City's contributions subsequent to the measurement date during the year ended June 30, 2017 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. Other amounts reported as deferred outflow and deferred inflow of resources related to OPEB will be recognized in future OPEB expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2018	\$ 602,000
2019	602,000
2020	602,000
2021	602,000
2022	602,000
Thereafter	718,999
Total	<u>\$ 3,728,999</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 19 – Fund Balances

Fund balance as of June 30, 2018, consists of the following:

	<u>General Fund</u>	<u>Major Capital Project Fund</u>	<u>Other Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable fund balance:				
Prepays and inventory	\$ 1,841,115	\$ -	\$ 20,291	\$ 1,861,406
Contractually nonspendable	907,489	-	-	907,489
Total nonspendable	<u>2,748,604</u>	<u>-</u>	<u>20,291</u>	<u>2,768,895</u>
Restricted fund balance:				
Fiscal agent reserves	762,753	-	-	762,753
Capital projects	-	2,343,002	-	2,343,002
Assessment District debt service	-	-	188,433	188,433
Special Revenue:				
Community development	-	-	25,264,189	25,264,189
Housing	-	-	15,411,137	15,411,137
Landscape maintenance	-	-	242,594	242,594
Library	-	-	721,241	721,241
Local transportation	-	-	4,505	4,505
Police asset seizure	-	-	205,347	205,347
Total restricted	<u>762,753</u>	<u>2,343,002</u>	<u>42,037,446</u>	<u>45,143,201</u>
Assigned fund balance:				
Operations & Maintenance				
Public works	1,017,107	-	-	1,017,107
Other	355,361	-	-	355,361
Capital Projects				
Public works	205,992	-	-	205,992
Vehicles & Equipment				
Other	7,942	-	-	7,942
Rolling stock	429,579	-	-	429,579
Future expenditures	1,606,000	-	-	1,606,000
Future capital projects	1,867,180	-	-	1,867,180
Total assigned	<u>5,489,161</u>	<u>-</u>	<u>-</u>	<u>5,489,161</u>
Unassigned:				
General Fund	9,682,620	-	-	9,682,620
Special Revenue	-	-	(344,640)	(344,640)
Total Unassigned	<u>9,682,620</u>	<u>-</u>	<u>(344,640)</u>	<u>9,337,980</u>
Total fund balances	<u>\$ 18,683,138</u>	<u>\$ 2,343,002</u>	<u>\$ 41,713,097</u>	<u>\$ 62,739,237</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 20 – Commitments and Contingencies

A. Construction Commitments

A number of construction contracts existed at June 30, 2018. The unexpended authorized amount of \$36,073,269 represents a commitment by the City.

B. Redding Electric Utility (REU)

- i) REU is contractually obligated to purchase 7,500 Dth/day of GTN natural gas pipeline capacity which will expire October 31, 2023. The City has sold its delivery rights to the GTN through the remainder of the contract period ending October 31, 2023.

The City’s total annual obligation for the above described pipeline capacity aggregates to less than \$99,000 per year.

- ii) REU is contractually committed to purchase natural gas in the 2019 through 2025 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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Purchase Cost \$ (million)	\$ 11.2	\$ 9.7	\$ 7.0	\$ 7.3	\$ 7.5	\$ 7.0	\$ 6.5
% Natural Gas Hedge **	64%	57%	61%	61%	61%	54%	47%

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

- iii) 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.
- iv) 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 181,000 MWH per year. The twenty-year contract with an option to extend five years has a \$12,855,000 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 \$1.20 per kw-mo and is included in the annual expected expense mentioned above.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 20 – Commitments and Contingencies (Continued)

B. Redding Electric Utility (REU) (Continued)

- v) Although REU was an early adopter of renewable energy, as covered in the previous item, the California Energy Commission’s (CEC) report for the first “Renewables Portfolio Standard” (RPS) compliance period (2011 – 2013) shows Redding with 8% rather than the 20% target. This is a result of Redding’s City Council allowing large hydro to count towards REU’s renewable energy obligation in accordance with their understanding of the CEC regulations at the time. Later, REU sold off most of its “Renewable Energy Credits” (REC) for 2011 and 2012, which was in keeping with that decision and was for the benefit of its customers. Following the REC sales, the CEC modified the regulations for RPS and applied them retroactively. REU was forced to employ “Optional Compliance Measures” in meeting its RPS obligation for the first compliance period. For the remaining compliance periods REU is on-track to meet the CEC’s current RPS targets.

- vi) The City of Redding, in conjunction with the Northern California Power Agency and Cities of Roseville and Santa Clara (collectively the “Plaintiffs”), filed a complaint in September 2014 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. As of the complaint filing date, Reclamation had allocated 25.4% of CVP capital costs to the power users over the previous 10 years; however the CVPIA collections had averaged 39% 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. In July of 2018, the U.S. Court of Federal Claims denied the Plaintiffs’ complaint. Due to the large amount of overcharges, the Plaintiffs filed notices of appeal of the case to the Federal Circuit in September of 2018.

- vii) 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. Two lawsuits challenging the PILOT were filed against the City, one on February 4, 2011 and the second on August 29, 2011. 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 Court of Appeal of the State of California, Third Appellate District, ruled in favor of the plaintiffs in Citizens for Fair REU Rates v. City of Redding. On February 27, 2015, the City filed a Petition for Review with the Supreme Court of California, which was approved, and oral arguments were heard on May 30, 2018. On August 27, 2018, the City received a decision and opinion from the Supreme Court of California, in Citizens for Fair REU Rates v. City of Redding. The Supreme Court of California concluded that the PILOT is not a tax and represented a reasonable cost to the City providing electric service.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 20 – Commitments and Contingencies (Continued)

C. 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 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, 2018, was \$4,637,490.

D. Grants

Amounts received or receivable from granting agencies are subject to audit and adjustments by grantor agencies. While no matters of non-compliance were disclosed by the audit of the financial statements or single audit of the Federal programs, grantor agencies may subject grant programs to additional compliance tests, which may result in disallowed costs. In the opinion of management, future disallowances of current or prior grant expenditures, if any, would not have material adverse effect on the financial position of the City.

E. Litigation

Various claims and suits have been filed against the City in the normal course of business. Although the outcome of these matters is not presently determinable in the opinion of legal counsel, the city believes that the resolutions of these matters will not have a material adverse effect on the financial condition of the City.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 21 – Successor Agency Trust for Assets of the Former Redevelopment Agency

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

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 12, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-001.

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

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

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill. The State Controller completed the review of all assets transferred and issued a report dated October 13, 2014.

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. The City turned over the \$876,800 to the Agency that was subsequently remitted to the Shasta County Auditor-Controller for distribution to the taxing entities.

See Note 22: Special Item for information affecting the Agency and the City of Redding.

See Note 23: Prior Period Restatement for additional items affecting the Agency.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 21 – Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)

Long-term debt consisted of the following as of June 30, 2018:

Market Street Tax Allocation Bonds, Series 2003:	\$ 2,110,000
<p style="margin-left: 40px;">Interest from 2.0% to 5.679% payable March 1 and September 1; maturities are payable September 1 in annual redemptions from \$170,000 to \$400,000; final payment September 1, 2023. Original issue: \$5,185,000. Proceeds from the Series 2003 Bonds are used to finance various capital improvements within the Market Street Redevelopment Area.</p>	
Canby-Hilltop-Cypress Tax Allocation Bonds, Series B:	2,775,000
<p style="margin-left: 40px;">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.</p>	
Canby-Hilltop-Cypress Tax Allocation Bonds, Series A 2003:	11,140,000
<p style="margin-left: 40px;">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.</p>	
SHASTE C Tax Allocation Bonds, Series 2006:	11,675,000
<p style="margin-left: 40px;">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 SHASTE C Redevelopment Area.</p>	
Total Bonds Outstanding	\$ 27,700,000
Discount on Market Street Tax Allocation Bonds, Series 2003	(13,242)
Discount on Canby-Hilltop-Cypress Tax Allocation Bonds, Series B	(7,414)
Premium on Canby-Hilltop-Cypress Tax Allocation Bonds, Series A 2003	19,492
Discount on SHASTE C Tax Allocation Bonds, Series 2006	(40,067)
Total Discount/Premium	(41,231)
Total Long-Term Bonded Debt	\$ 27,658,769

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 21 – Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)

Note payable to the City of Redding Electric Fund:	\$ 460,617
<p>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, 2018, is \$308,105 along with \$125,512 of simple interest calculated at the LAIF quarterly interest rate.</p>	
Note payable to the City of Redding Risk Management Fund	98,037
<p>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.</p>	
Total Notes Payable Outstanding	\$ 558,654
Total Long-Term Debt, net	\$ 28,217,423

Annual requirements to amortize long-term bonds outstanding as of June 30, 2018, are set forth below:

Fiscal Year	Principal	Interest	Total
2019	3,030,000	1,290,824	4,320,824
2020	3,180,000	1,138,621	4,318,621
2021	3,340,000	978,096	4,318,096
2022	3,515,000	809,502	4,324,502
2023	2,905,000	650,660	3,555,660
2024-2028	4,875,000	2,095,088	6,970,088
2029-2033	3,430,000	1,302,000	4,732,000
2034-2038	3,425,000	352,875	3,777,875
Total	\$ 27,700,000	\$ 8,617,666	\$ 36,317,666

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 22 – Special Item

In May 2018, the City Attorney advised the City Manager and the City Council that the reimbursement agreement entered into between the City of Redding and the Redding Redevelopment Agency (Agency) dated September 21, 2009, was not enforceable by operation of law. This was an outcome of the State of California dissolving all redevelopment agencies as of February 1, 2012. The reimbursement agreement provided that the Agency would repay the City for property tax increment advanced to the Agency between fiscal years 1984-85 and 2008-09 in the amount of \$2,485,800. This has been classified as a note payable in the Successor Agency to the Redding Redevelopment Agency Private Purpose Trust Fund in the City of Redding's Comprehensive Annual Financial Report. As a result of the City Attorney's conclusion, the note payable has been written off as a special item for the fiscal year 2017-18.

Note 23 – Prior Period Restatement

The beginning Net Position at July 1, 2017 for the Government Wide Financial Statements was restated as follows:

	Governmental Activities	Business-Type Activities	Total
Net Position July 1, 2017	\$ 185,109,523	\$ 374,188,195	\$ 559,297,718
Restatement	28,100,125	21,881,579	49,981,704
Net Position July 1, 2017 As Restated	<u>\$ 213,209,648</u>	<u>\$ 396,069,774</u>	<u>\$ 609,279,422</u>

Prior Period Restatements as a result of accounting changes:

- a) As a result of implementing GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, a prior period restatement was necessary for all funds. The prior period restatement was comprised of three components. The first component was to convert the OPEB liability to the Net OPEB Liability as of the beginning date of the measurement period. The next component was to adjust for the beginning balance that should have existed in deferred outflows applicable to contributions after the beginning measurement date. These deferred outflows were the contributions actuarially determined for fiscal year 16-17 which was the measurement period for GASB 75. The final component was to eliminate the balance that existed in the Convention Center enterprise fund as the General Fund is responsible for this liability. The net result was a restatement in the Governmental Activities of \$28,112,172 and the Business-type Activities of \$22,302,755.
- b) In June 2017, the City of Redding received a letter from the California Department of Finance approving the loan between the former Redding Redevelopment Agency and the City of Redding for the acquisition of a public underground parking facility allowing the Successor Agency to include the loan on a Recognized Obligation Payment Schedule (ROPS). However, the loan would be subject to a repayment formula which required interest be calculated at a simple interest rate of 3%. The recalculation of interest on the loan produced an adjustment to prior year's interest in the amount of \$136,626. This loan is being reflected in the Successor Agency to the Redding Redevelopment Agency Private Purpose Trust Fund and the Electric Utility. Both the Successor Agency and the Business-type Activities on the Government Wide Financial Statements reflect a prior period restatement for (\$136,626).

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 23 – Prior Period Restatement (Continued)

Prior Period Restatements as a result of accounting changes (continued):

- c) The Carter House is located in Caldwell Park and is available for rent by the general public. Between fiscal years 2003-04 and 2014-15, rent revenue was being recorded in the Capital Projects fund with a portion of it designated for long term maintenance. This long term portion is being transferred to the Agency fund as a deposit for future maintenance and is being treated as a prior period restatement in the Governmental Activities in the amount of (\$12,047).
- d) In June, 2000, the Transfer Station construction project was completed in the Solid Waste Utility fund. It was discovered in fiscal year 2017-18 that a portion of the project had not been depreciated for fiscal year 2000-01 through 2016-17. This depreciation is being reflected as a prior period restatement in the Business-type Activities in the amount of \$(284,550).

In addition to the restatements listed on the Government Wide Financial Statements, there were two other restatements on the Successor Agency Private Purpose Trust Fund. In May 2017, the City of Redding received a letter from the State of California Department of Finance disallowing the future vested retirement benefits related to the former Redding Redevelopment Agency as reimbursable expenses under ROPS. This liability in the amount of \$680,146 is reflected as a prior period restatement in the Successor Agency Private Purpose Trust Fund. In fiscal year 2016-17, land was sold from the Successor Agency to Dignity Health. It was discovered in fiscal year 2017-18 that a parcel of land included in the sale was not removed from the Successor Agency records which led to a prior period restatement in the amount of (\$170,494).

Note 24 – Subsequent Events

On July 23, 2018, the Carr Fire began to burn to the west of the City of Redding near Whiskeytown Lake and on July 26, 2018 it entered the city limits of Redding. The fire continued for weeks before finally being fully contained on August 30, 2018 after burning 229,651 acres, over 1600 structures, and becoming the sixth most destructive fire in California history as well as the seventh largest fire recorded in modern California history. The fire gained notoriety for having a powerful fire vortex develop when the fire jumped the Sacramento River on July 26 and entered the city limits. Winds were estimated to reach 143 mph within the fire vortex and it reached an estimated height of 18,000 feet. The winds toppled transmission towers, shredded foliage, and debarked and uprooted trees. Approximately 38,000 residents were evacuated in the western portion of Redding as a result of the fire. Overall, two fire personnel and 4 civilians died as a result of the fire.

Specific impacts within the city limits of Redding include approximately 1,930 acres burned and 270 structures lost, most of which were single family homes. The City's Electric Utility lost approximately 200 power poles, 12 miles of 12kV line and 10 miles of 115kV line as well as additional poles, cable and equipment that were damaged. Both the Water and Wastewater utilities suffered impacts from the fire as well. The City's Sacramento River trail system suffered significant damage including burned bridges and vegetation.

The City is continuing to accumulate and track fire suppression, response, and repair costs and is working with the California Governor's Office of Emergency Services(Cal OES) to file a claim which they anticipate reimbursement through the Federal Emergency Management Agency (FEMA). The estimated cost of the fire is between \$20,000,000 - \$25,000,000 with FEMA covering 75% of the total, Cal OES covering 18.75%, and the City responsible for 6.25%.

**REQUIRED SUPPLEMENTARY
INFORMATION (UNAUDITED)**

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City of Redding
Required Supplementary Information
Budgetary Information
For the Year Ended June 30, 2018

Note 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 Districts 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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 18,820,340	\$ 19,218,480	\$ 19,115,688	\$ (102,792)
Sales and use taxes	23,327,230	23,803,030	23,803,036	6
Other taxes	7,147,110	7,321,870	7,388,583	66,713
Licenses and permits	1,225,990	1,225,990	1,258,033	32,043
Intergovernmental revenues	1,254,000	2,316,020	2,205,684	(110,336)
Charges for services	1,908,810	2,948,020	2,803,244	(144,776)
Fines, forfeitures, and penalties	513,300	1,082,990	1,335,724	252,734
Use of money and property	7,857,660	7,857,660	7,869,581	11,921
Interest revenue	120,000	120,000	166,464	46,464
Other revenue	962,380	1,486,080	1,731,519	245,439
Total revenues	63,136,820	67,380,140	67,677,556	297,416
EXPENDITURES:				
Current:				
General government:				
City Attorney	630,270	624,480	599,637	24,843
City Clerk	796,880	792,430	765,931	26,499
City Manager	1,937,230	2,006,420	1,890,030	116,390
City Treasurer	636,540	634,040	612,996	21,044
Finance	1,289,310	1,280,640	1,244,556	36,084
Personnel	490,620	484,790	395,310	89,480
Purchasing	622,320	619,220	593,861	25,359
Public safety:				
Police	29,888,330	31,434,470	30,675,275	759,195
Fire safety	20,635,110	22,418,200	22,396,394	21,806
Public works	8,471,955	11,661,895	8,594,292	3,067,603
Planning	4,121,622	4,182,422	3,862,543	319,879
Recreation and culture	5,431,640	5,461,150	5,316,063	145,087
Principal payments	1,728,320	1,843,500	1,843,496	4
Interest and fiscal charges	1,290,910	1,296,050	1,294,474	1,576
Bond issuance costs	-	-	-	-
Total expenditures	77,971,057	84,739,707	80,084,858	4,654,849
REVENUES OVER (UNDER) EXPENDITURES	(14,834,237)	(17,359,567)	(12,407,302)	4,952,265
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	-	900	1,227,835	1,226,935
Transfers in	11,553,020	13,741,380	12,589,667	(1,151,713)
Transfers out	(3,115,070)	(3,260,530)	(3,244,992)	15,538
Special Item: RRA/COR Agreement disallowed	-	-	(2,485,800)	(2,485,800)
Total other financing sources (uses)	8,437,950	10,481,750	8,086,710	(2,395,040)
CHANGE IN FUND BALANCE	(6,396,287)	(6,877,817)	(4,320,592)	2,557,225
BUDGETARY FUND BALANCES:				
Beginning of year	20,481,402	20,481,402	20,481,402	-
Prior Period adjustment	22,377	22,377	22,377	-
Fund balance, beginning of year, as restated	20,503,779	20,503,779	20,503,779	-
End of year	\$ 14,107,492	\$ 13,625,962	\$ 16,183,187	\$ 2,557,225

City of Redding
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
General Fund (Continued)
For the Year Ended June 30, 2018

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

Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 18,683,138
1. The City budgets for taxes on a cash basis.	523,599
2. The City budgets for grants on a cash basis.	(144,675)
3. Timing difference due to GASB #33.	(51,851)
4. The City does not budget for accounts payable adjustments.	499,655
5. The City does not budget for benefit accruals.	(181,046)
6. Financial statement only adjustment for GASB #31.	126,280
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.	(113,153)
8. The City does not budget for special assessments.	(10,828)
9. Encumbrances are not included in the Statement of Revenues, Expenditures and Changes in Fund Balance.	(2,411,233)
10. The City does not budget for developer's fees that are prepaid.	163,803
11. The City budgeted for prepaid expenditures.	(945,137)
12. The City does not budget for interest on deposits held in trust.	(7,045)
13. The City does not budget for the transfers in from Internal Service Fund excess reserves.	
14. The City does not budget for interest expended on loan for CalPers UAL prepayment	51,680
Budgetary Fund Balance	\$ 16,183,187

City of Redding
Required Supplementary Information
Schedules of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2018

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan

Measurement Period	2017	2016
TOTAL PENSION LIABILITY:		
Service Costs	\$ 7,191,855	\$ 6,259,646
Interest	29,157,632	28,527,904
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	(3,221,954)	(705,952)
Changes of Assumptions	23,416,908	-
Benefit Payments, Including Refunds of Employee Contributions	(21,305,301)	(19,821,373)
Net Change in Total Pension Liability	35,239,140	14,260,225
Total Pension Liability - Beginning	394,660,829	380,400,604
Total Pension Liability - Ending (a)	\$ 429,899,969	\$ 394,660,829
PLAN FIDUCIARY NET POSITION:		
Contributions - Employer	\$ 10,045,335	\$ 8,742,083
Contributions - Employee	3,177,532	2,849,237
Net Investment Income	29,710,153	1,432,535
Benefit Payments, Including Refunds of Employee Contributions	(21,305,301)	(19,821,373)
Plan to Plan Resource Movement	(145)	(1,256)
Administrative Expense	(393,376)	(166,624)
Net Change in Fiduciary Net Position	\$ 21,234,198	\$ (6,965,398)
Plan Fiduciary Net Position - Beginning	\$ 266,436,701	\$ 273,402,099
Plan Fiduciary Net Position - Ending (b)	287,670,899	266,436,701
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 142,229,070	\$ 128,224,128
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 66.92%	 67.51%
Covered Payroll	\$ 42,409,809	\$ 41,323,256
 Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	 335.37%	 310.30%

Notes to Schedules of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. 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: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expenses to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate

The Required Supplementary Information for Schedules of Changes in Net Pension Liability and Related Ratios is intended to show information for ten years; as additional years' information becomes available it will be displayed accordingly.

City of Redding
Required Supplementary Information
Schedules of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2018

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan

Measurement Period	2015	2014
TOTAL PENSION LIABILITY:		
Service Costs	\$ 6,164,984	\$ 6,465,244
Interest	27,466,002	26,335,482
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	(551,120)	-
Changes of Assumptions	(6,578,864)	-
Benefit Payments, Including Refunds of Employee Contributions	(18,361,188)	(16,894,132)
Net Change in Total Pension Liability	8,139,814	15,906,594
Total Pension Liability - Beginning	372,260,790	356,354,196
Total Pension Liability - Ending (a)	\$ 380,400,604	\$ 372,260,790
PLAN FIDUCIARY NET POSITION:		
Contributions - Employer	7,771,417	7,140,089
Contributions - Employee	2,892,519	2,924,099
Net Investment Income	6,167,183	41,359,309
Benefit Payments, Including Refunds of Employee Contributions	(18,361,188)	(16,894,132)
Plan to Plan Resource Movement	20,221	-
Administrative Expense	(307,951)	-
Net Change in Fiduciary Net Position	\$ (1,817,799)	\$ 34,529,365
Plan Fiduciary Net Position - Beginning	\$ 275,219,898	\$ 240,690,533
Plan Fiduciary Net Position - Ending (b)	273,402,099	275,219,898
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 106,998,505	\$ 97,040,892
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 71.87%	 73.93%
Covered Payroll ¹	\$ 40,294,018	\$ 40,286,914
 Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	 265.54%	 240.87%

Notes to Schedules of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. 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: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expenses to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate

The Required Supplementary Information for Schedules of Changes in Net Pension Liability and Related Ratios is intended to show information for ten years; as additional years' information becomes available it will be displayed accordingly.

City of Redding
Required Supplementary Information
Schedule of Plan Contributions
For the Year Ended June 30, 2018

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially Determined Contribution ²	\$ 10,895,775	\$ 10,045,335	\$ 8,742,083
Contributions in Relations to the Actuarially Determined Contribution ²	(10,895,775)	(10,045,335)	(8,742,083)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ³	\$ 44,407,859	\$ 42,409,809	\$ 41,323,256
Contributions as a Percentage of Covered-Employee Payroll ³	24.54%	23.69%	21.16%

¹ As prescribed in GASB 68, paragraph 46, the information presented in the Schedule of Plan Contributions should also be determined as of the employer's most recent fiscal year-end. The employer is responsible for determining this information as prescribed by the standard as this data is not available to CalPERS.

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.

⁴ Includes one year's payroll growth using 3.00 percent payroll assumption.

Notes to Schedule of Plan Contributions:

The Required Supplementary Information for Schedule of Plan Contributions is intended to show information for ten years; as additional years' information becomes available it will be displayed accordingly.

City of Redding
Required Supplementary Information
Schedule of Plan Contributions
for the Year Ended June 30, 2018

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Plan

	2015	2014
Actuarially Determined Contribution ²	\$ 7,771,417	\$ 7,140,089
Contributions in Relations to the Actuarially Determined Contribution ²	(7,771,417)	(7,140,089)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Payroll ³	\$ 40,294,018	\$ 40,286,914
Contributions as a Percentage of Covered-Employee Payroll ³	19.29%	17.72%

¹ As prescribed in GASB 68, paragraph 46, the information presented in the Schedule of Plan Contributions should also be determined as of the employer's most recent fiscal year-end. The employer is responsible for determining this information as prescribed by the standard as this data is not available to CalPERS.

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.

⁴ Includes one year's payroll growth using 3.00 percent payroll assumption.

Notes to Schedule of Plan Contributions:

The Required Supplementary Information for Schedule of Plan Contributions is intended to show information for ten years; as additional years' information becomes available it will be displayed accordingly.

City of Redding
Required Supplementary Information
Schedules of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2018

California Public Employees' Retirement System ("CalPERS") - Safety Plan

Measurement Period	2017	2016
TOTAL PENSION LIABILITY:		
Service Costs	\$ 5,567,053	\$ 4,868,242
Interest	20,189,512	19,492,841
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	(1,169,833)	(610,852)
Changes of Assumptions	17,369,797	-
Benefit Payments, Including Refunds of Employee Contributions	(13,680,425)	(13,015,636)
Net Change in Total Pension Liability	28,276,104	10,734,595
Total Pension Liability - Beginning	270,227,522	259,492,927
Total Pension Liability - Ending (a)	\$ 298,503,626	\$ 270,227,522
PLAN FIDUCIARY NET POSITION:		
Contributions - Employer	\$ 8,645,061	\$ 7,839,435
Contributions - Employee	1,955,068	1,620,695
Net Investment Income	18,500,188	828,855
Benefit Payments, Including Refunds of Employee Contributions	(13,680,425)	(13,015,636)
Plan to Plan Resource Movement	-	1,256
Administrative Expense	(247,291)	(103,802)
Net Change in Fiduciary Net Position	\$ 15,172,601	\$ (2,829,197)
Plan Fiduciary Net Position - Beginning	\$ 167,492,548	\$ 170,321,745
Plan Fiduciary Net Position - Ending (b)	182,665,149	167,492,548
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 115,838,477	\$ 102,734,974
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 61.19%	 61.98%
Covered Payroll	\$ 17,705,784	\$ 17,313,615
 Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	 654.24%	 593.38%

Notes to Schedules of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. 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: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expenses to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate

The Required Supplementary Information for Schedules of Changes in Net Pension Liability and Related Ratios is intended to show information for ten years; as additional years' information becomes available it will be displayed accordingly.

City of Redding
Required Supplementary Information
Schedules of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2018

California Public Employees' Retirement System ("CalPERS") - Safety Plan

Measurement Period	2015	2014
TOTAL PENSION LIABILITY:		
Service Costs	\$ 4,702,492	\$ 4,982,595
Interest	18,712,421	18,027,294
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	(1,889,558)	-
Changes of Assumptions	(4,730,135)	-
Benefit Payments, Including Refunds of Employee Contributions	(12,355,104)	(11,659,397)
Net Change in Total Pension Liability	4,440,116	11,350,492
Total Pension Liability - Beginning	255,052,811	243,702,319
Total Pension Liability - Ending (a)	\$ 259,492,927	\$ 255,052,811
PLAN FIDUCIARY NET POSITION:		
Contributions - Employer	7,466,754	6,761,771
Contributions - Employee	1,570,703	1,517,735
Net Investment Income	3,715,343	25,448,647
Benefit Payments, Including Refunds of Employee Contributions	(12,355,104)	(11,659,397)
Plan to Plan Resource Movement	193,399	-
Administrative Expense	(191,504)	-
Net Change in Fiduciary Net Position	\$ 399,591	\$ 22,068,756
Plan Fiduciary Net Position - Beginning	\$ 169,922,154	\$ 147,853,398
Plan Fiduciary Net Position - Ending (b)	170,321,745	169,922,154
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 89,171,182	\$ 85,130,657
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.64%	66.62%
Covered Payroll ¹	\$ 16,601,913	\$ 16,800,737
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	537.11%	506.71%

Notes to Schedules of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. 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: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expenses to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate

The Required Supplementary Information for Schedules of Changes in Net Pension Liability and Related Ratios is intended to show information for ten years; as additional years' information becomes available it will be displayed accordingly.

City of Redding
Required Supplementary Information
Schedule of Plan Contributions
For the Year Ended June 30, 2018

California Public Employees' Retirement System ("CalPERS") - Safety Plan

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially Determined Contribution ²	\$ 9,021,320	\$ 8,645,061	\$ 7,839,435
Contributions in Relations to the Actuarially Determined Contribution ²	<u>(9,021,320)</u>	<u>(8,645,061)</u>	<u>(7,839,435)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ^{3,4}	\$ 18,773,239	\$ 17,705,784	\$ 17,313,615
Contributions as a Percentage of Covered Payroll ³	48.05%	48.83%	45.28%

¹ As prescribed in GASB 68, paragraph 46, the information presented in the Schedule of Plan Contributions should also be determined as of the employer's most recent fiscal year-end. The employer is responsible for determining this information as prescribed by the standard as this data is not available to CalPERS.

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.

⁴ Includes one year's payroll growth using 3.00 percent payroll assumption.

Notes to Schedule of Plan Contributions:

The Required Supplementary Information for Schedule of Plan Contributions is intended to show information for ten years; as additional years' information becomes available it will be displayed accordingly.

City of Redding
Required Supplementary Information
Schedule of Plan Contributions
For the Year Ended June 30, 2018

California Public Employees' Retirement System ("CalPERS") - Safety Plan

	2015	2014
Actuarially Determined Contribution ²	\$ 7,466,754	\$ 6,761,771
Contributions in Relations to the Actuarially Determined Contribution ²	(7,466,754)	(6,761,771)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Payroll ^{3,4}	\$ 16,601,913	\$ 16,800,737
Contributions as a Percentage of Covered Payroll ³	44.98%	40.25%

¹ As prescribed in GASB 68, paragraph 46, the information presented in the Schedule of Plan Contributions should also be determined as of the employer's most recent fiscal year-end. The employer is responsible for determining this information as prescribed by the standard as this data is not available to CalPERS.

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.

⁴ Includes one year's payroll growth using 3.00 percent payroll assumption.

Notes to Schedule of Plan Contributions:

The Required Supplementary Information for Schedule of Plan Contributions is intended to show information for ten years; as additional years' information becomes available it will be displayed accordingly.

City of Redding
Required Supplementary Information
Schedules of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2018

Public Agency Retirement System - Miscellaneous Plan (PARS) ¹

Measurement Period	2017	2016
TOTAL PENSION LIABILITY:		
Service Costs	\$ 1,258,689	\$ 1,170,873
Interest	5,387,397	5,162,353
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	-	-
Effect of economic/demographic gains or losses	-	92,895
Changes of Assumptions	3,255,582	-
Benefit Payments, Including Refunds of Employee Contributions	(3,689,765)	(3,343,227)
Net Change in Total Pension Liability	\$ 6,211,903	\$ 3,082,894
Total Pension Liability - Beginning	72,384,807	69,301,913
Total Pension Liability - Ending (a)	\$ 78,596,710	\$ 72,384,807
PLAN FIDUCIARY NET POSITION:		
Contributions - Employer	4,816,795	5,020,997
Contributions - Employee	-	-
Net Investment Income ²	4,418,967	643,326
Benefit Payments, Including Refunds of Employee Contributions	(3,689,765)	(3,343,227)
Administrative Expenses	(301,577)	(269,745)
Other Changes in Fiduciary Net Position	-	-
Net Change in Fiduciary Net Position	\$ 5,244,420	\$ 2,051,351
Plan Fiduciary Net Position - Beginning	\$ 40,289,343	\$ 38,237,992
Plan Fiduciary Net Position - Ending (b)	45,533,763	40,289,343
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 33,062,947	\$ 32,095,464
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.93%	55.66%
Covered Payroll	\$ 29,767,561	\$ 30,964,750
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	111.07%	103.65%

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

² Net of administrative expenses.

Notes to Schedules of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. 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.

The Required Supplementary Information for Schedules of Changes in Net Pension Liability and Related Ratios is intended to show information for ten years; as additional years' information becomes available it will be displayed accordingly.

City of Redding
Required Supplementary Information
Schedules of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2018

Public Agency Retirement System - Miscellaneous Plan (PARS)¹

Measurement Period	2015	2014
TOTAL PENSION LIABILITY:		
Service Costs	\$ 1,478,671	\$ 1,432,128
Interest	4,941,220	4,689,105
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	-	-
Effect of economic/demographic gains or losses	-	-
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(2,990,408)	(2,628,633)
Net Change in Total Pension Liability	\$ 3,429,483	\$ 3,492,600
Total Pension Liability - Beginning	65,872,430	62,379,830
Total Pension Liability - Ending (a)	\$ 69,301,913	\$ 65,872,430
PLAN FIDUCIARY NET POSITION:		
Contributions - Employer	5,760,375	6,042,892
Contributions - Employee	-	-
Net Investment Income ²	998,681	3,990,007
Benefit Payments, Including Refunds of Employee Contributions	(2,990,408)	(2,628,633)
Administrative Expenses	(258,434)	-
Other Changes in Fiduciary Net Position	-	-
Net Change in Fiduciary Net Position	\$ 3,510,214	\$ 7,404,266
Plan Fiduciary Net Position - Beginning	\$ 34,727,778	\$ 27,323,592
Plan Fiduciary Net Position - Ending (b)	38,237,992	34,727,858
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 31,063,921	\$ 31,144,572
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	55.18%	52.72%
Covered Payroll	\$ 32,136,389	\$ 34,029,125
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	96.66%	91.52%

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

² Net of administrative expenses.

Notes to Schedules of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. 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.

The Required Supplementary Information for Schedules of Changes in Net Pension Liability and Related Ratios is intended to show information for ten years; as additional years' information becomes available it will be displayed accordingly.

City of Redding
Required Supplementary Information
Schedules of Public Agency Retirement Services Retirement Enhancement Plan Contributions All Tiers
For the Year Ended June 30, 2018

Public Agency Retirement System - Miscellaneous Plan (PARS) All Tiers¹

	2018	2017	2016
Actuarially Determined Contribution ²	\$ 7,085,604	\$ 4,816,795	\$ 5,020,997
Contributions in Relations to the Actuarially Determined Contribution ²	(7,085,604)	(4,816,795)	(5,020,997)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ³	\$ 27,980,301	\$ 29,767,561	\$ 30,964,750
Contributions as a Percentage of Covered Payroll ³	25.32%	16.18%	16.22%

¹ Historical information is presented 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 Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered 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 Schedules:

The following actuarial methods and assumptions were used in the July 1, 2017 funding valuation. Please see the valuation report dated April 25, 2017 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	3.25%
Investment Rate of Return	7.01% Graded Net of Pension Plan Investment and Administrative Expenses
Cost of Living Adjustments	2.00%
Withdrawal	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plan.
Mortality	Pre-Retirement/Post-Retirement: CalPERS 1997-2011 Healthy Retiree Tables (sex distinct) projected using Scale AA and base year of 2008.
Disability	None assumed.

The Required Supplementary Information for Schedules of Public Agency Retirement Services Retirement Enhancement Plan Contributions All Tiers is intended to show information for ten years; as additional years' information becomes available it will be displayed accordingly.

City of Redding
Required Supplementary Information
Schedules of Public Agency Retirement Services Retirement Enhancement Plan Contributions All Tiers
For the Year Ended June 30, 2018

Public Agency Retirement System - Miscellaneous Plan (PARS) All Tiers ¹

	2015	2014
Actuarially Determined Contribution ²	\$ 5,760,375	\$ 6,042,892
Contributions in Relations to the Actuarially Determined Contribution ²	(5,760,375)	(6,042,892)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Payroll ³	\$ 32,136,389	\$ 34,029,125
Contributions as a Percentage of Covered Payroll ³	17.92%	17.76%

¹ Historical information is presented 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 Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered 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 Schedules:

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	3.25%
Investment Rate of Return	7.01% Graded Net of Pension Plan Investment and Administrative Expenses
Cost of Living Adjustments	2.00%
Withdrawal	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plan.
Mortality	Pre-Retirement/Post-Retirement: CalPERS 1997-2011 Healthy Retiree Tables (sex distinct) projected using Scale AA and base year of 2008.
Disability	None assumed.

The Required Supplementary Information for Schedules of Public Agency Retirement Services Retirement Enhancement Plan Contributions All Tiers is intended to show information for ten years; as additional years' information becomes available it will be displayed accordingly.

City of Redding
Required Supplementary Information
Schedules of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2018

Other Postemployment Benefits (OPEB)

Measurement Period	2017
TOTAL OPEB LIABILITY:	
Service Costs	\$ (744,002)
Interest	852,000
Changes of Assumptions	4,331,000
Benefit Payments, Including Refunds of Employee Contributions	(3,480,000)
Net Change in Total OPEB Liability	\$ 958,998
Total OPEB Liability - Beginning	32,371,000
Total OPEB Liability - Ending (a)	\$ 33,329,998
PLAN FIDUCIARY NET POSITION:	
Contributions - Employer	3,480,000
Contributions - Employee	-
Benefit Payments, Including Refunds of Employee Contributions	(3,480,000)
Net Change in Fiduciary Net Position	\$ -
Plan Fiduciary Net Position - Beginning	\$ 51,000
Plan Fiduciary Net Position - Ending (b)	51,000
Plan Net OPEB Liability/(Asset) - Ending (a) - (b)	\$ 33,278,998
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.15%
Covered-Employee Payroll	\$ 58,314,156
Plan Net OPEB Liability/(Asset) as a Percentage of Covered-Employee Payroll	57.07%

¹ Historical information is required only for measurement periods for which GASB 75 is applicable.

Notes to Schedules of Changes in Net OPEB Liability and Related Ratios:

Changes of Assumptions: There were no changes in assumptions.

The Required Supplementary Information for Schedules of Changes in Net OPEB Liability and Related Ratios is intended to show information for ten years; as additional years' information becomes available it will be displayed accordingly.

City of Redding
Required Supplementary Information
Schedule of Contributions-OPEB
For the Year Ended June 30, 2018

Other Postemployment Benefits (OPEB)

	2018	2017
Actuarially Determined Contribution ²	\$ 3,491,000	\$ 3,480,000
Contributions in Relations to the Actuarially Determined Contribution ²	(3,491,000)	(3,480,000)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-employee Payroll	\$ 58,314,156	\$ 58,084,647
Contributions as a Percentage of Covered-employee Payroll	5.99%	5.99%

¹ GASB 75 requires this information for plans funding with OPEB trusts be reported in the employer's Required Supplementary Information for 10 years or as many years as are available upon implementation.

² The June 30, 2017 actuarial valuation provided the Actuarially Determined Contributions for fiscal years 6/30/17 and 6/30/18.

Notes to Schedules:

The following actuarial methods and assumptions were used in the June 30, 2017 funding valuation. Please see the valuation report dated August 3, 2018 for further details.

Valuation Timing

Inflation

Salary Increases

Payroll Growth

Investment Rate of Return

Mortality

Disability

The Required Supplementary Information for Schedules of Public Agency Retirement Services Retirement Enhancement Plan Contributions All Tiers is intended to show information for ten years; as additional years' information becomes available it will be displayed accordingly.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Special revenue funds are used to account for specific revenues that are legally restricted to 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 Department of 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 Department of 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 District Bonds

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, 2018

	Special Revenue				General Special Revenue
	Parking	Street Maintenance	Community Development	Housing	
ASSETS					
Cash and investments	\$ 79,721	\$ -	\$ 1,290,496	\$ 2,531,795	\$ -
Interest receivable, unrestricted	-	4,505	2,336,576	1,860,038	-
Accounts receivable, net	-	-	75	53,677	-
Intergovernmental receivable	-	194,960	758,823	5,134	-
Taxes receivable	-	-	-	178,459	-
Other receivable	-	-	61,441	2,164	-
Restricted cash and investments	-	-	-	78,617	-
Prepaid items	269	-	20,022	-	-
Special assessments receivable	-	-	-	-	-
Notes receivable	-	-	24,107,139	13,399,629	-
Total assets	\$ 79,990	\$ 199,465	\$ 28,574,572	\$ 18,109,513	\$ -
LIABILITIES					
Accounts payable	\$ 408	\$ -	\$ 12,494	\$ 7,606	\$ -
Accrued liabilities	2,822	-	13,429	34,245	-
Intergovernmental payable	437	-	33,408	-	-
Due to other funds	-	194,960	-	98,952	-
Accounts payable from restricted assets	-	-	-	6,976	-
Unearned revenue	-	-	-	328,888	-
Deposits	-	-	-	78,617	-
Advances from other funds	420,694	-	-	-	-
Total liabilities	424,361	194,960	59,331	555,284	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	3,231,030	2,143,092	-
Total deferred inflows of resources:	-	-	3,231,030	2,143,092	-
FUND BALANCES					
Nonspendable	269	-	20,022	-	-
Restricted	-	4,505	25,264,189	15,411,137	-
Unassigned (deficit)	(344,640)	-	-	-	-
Total fund balances	(344,371)	4,505	25,284,211	15,411,137	-
Total liabilities, deferred inflows of resources and fund balances	\$ 79,990	\$ 199,465	\$ 28,574,572	\$ 18,109,513	\$ -

(Continued)

City of Redding
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2018

	Special Revenue			Debt Service	Total Non-Major Governmental Funds
	Landscape Maintenance Districts	Library	Asset Seizure	1915 Act Assessment District Bonds	
ASSETS					
Cash and investments	\$ 236,126	\$ 1,020,470	\$ 204,499	\$ 187,570	\$ 5,550,677
Interest receivable, unrestricted	1,209	4,568	848	788	4,208,532
Accounts receivable, net	-	1,598	-	-	55,350
Intergovernmental receivable	-	6	-	75	958,998
Taxes receivable	-	-	-	-	178,459
Other receivable	-	-	-	-	63,605
Restricted cash and investments	-	-	-	-	78,617
Prepaid items	-	-	-	-	20,291
Special assessments receivable	8,649	-	-	407,288	415,937
Notes receivable	-	-	-	-	37,506,768
Total assets	\$ 245,984	\$ 1,026,642	\$ 205,347	\$ 595,721	\$ 49,037,234
LIABILITIES					
Accounts payable	\$ 295	\$ 230,878	\$ -	\$ -	\$ 251,681
Accrued liabilities	-	250	-	-	50,746
Intergovernmental payable	-	120	-	-	33,965
Due to other funds	-	-	-	-	293,912
Accounts payable from restricted assets	-	-	-	-	6,976
Unearned revenue	-	74,147	-	-	403,035
Deposits	-	-	-	-	78,617
Advances from other funds	-	-	-	-	420,694
Total liabilities	295	305,395	-	-	1,539,626
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	3,095	6	-	407,288	5,784,511
Total deferred inflows of resources:	3,095	6	-	407,288	5,784,511
FUND BALANCES					
Nonspendable	-	-	-	-	20,291
Restricted	242,594	721,241	205,347	188,433	42,037,446
Unassigned (deficit)	-	-	-	-	(344,640)
Total fund balances	242,594	721,241	205,347	188,433	41,713,097
Total liabilities, deferred inflows of resources and fund balances	\$ 245,984	\$ 1,026,642	\$ 205,347	\$ 595,721	\$ 49,037,234

(Concluded)

City of Redding
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue				General Special Revenue
	Parking	Street Maintenance	Community Development	Housing	
REVENUES:					
Property Taxes	\$ -	\$ -	\$ -	\$ 57,422	-
Sales tax revenue	-	-	-	-	272,517
Special assessments	-	-	-	-	-
Licenses, fees and permits	51,171	-	-	-	-
Intergovernmental revenues	-	1,407,332	1,944,769	8,296,352	-
Charges for services	-	-	-	-	-
Fines, forfeitures and penalties	22,362	-	-	-	-
Use of money and property	-	-	-	33,464	-
Interest revenue	(9)	34,891	287,278	66,959	-
Other revenues	-	-	2,095	52,654	-
Total revenues	73,524	1,442,223	2,234,142	8,506,851	272,517
EXPENDITURES:					
Current:					
Community development	-	-	611,742	8,596,892	-
Public safety	99,010	-	-	-	-
Public works	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	81,200	15,741	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	900	-	-
Total expenditures	99,010	-	693,842	8,612,633	-
REVENUE OVER (UNDER) EXPENDITURE	(25,486)	1,442,223	1,540,300	(105,782)	272,517
OTHER FINANCING SOURCES (USES):					
Transfers in	25,100	-	-	-	-
Transfers out	-	(4,498,127)	-	-	(272,517)
Total other financing sources (uses)	25,100	(4,498,127)	-	-	(272,517)
Net change in fund balances	(386)	(3,055,904)	1,540,300	(105,782)	-
FUND BALANCES:					
Beginning of year	(343,985)	3,060,409	23,743,911	15,516,919	-
End of year	<u>\$ (344,371)</u>	<u>\$ 4,505</u>	<u>\$ 25,284,211</u>	<u>\$ 15,411,137</u>	<u>\$ -</u>

(Continued)

City of Redding
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue			Debt Service	Non-Major Governmental Funds
	Landscape Maintenance Districts	Library	Asset Seizure	1915 Act Assessment District Bonds	
REVENUES:					
Sales tax revenue	\$ -	\$ -	\$ -	\$ -	\$ 57,422
Sales tax revenue	-	-	-	-	272,517
Special assessments	500,568	-	-	101,231	601,799
Licenses, fees and permits	-	-	-	-	51,171
Intergovernmental revenues	-	51,717	-	-	11,700,170
Charges for services	-	1,336,401	-	-	1,336,401
Fines, forfeitures and penalties	639	86,619	-	-	109,620
Use of money and property	-	-	-	-	33,464
Interest revenue	1,748	3,716	2,736	(837)	396,482
Other revenues	-	16,742	19,259	-	90,750
Total revenues	<u>502,955</u>	<u>1,495,195</u>	<u>21,995</u>	<u>100,394</u>	<u>14,649,796</u>
EXPENDITURES:					
Current:					
Community development	-	-	-	-	9,208,634
Public safety	-	-	131,321	-	230,331
Public works	582,548	-	-	-	582,548
Recreation and culture	-	2,630,177	-	-	2,630,177
Capital outlay	-	4,600	-	-	101,541
Debt service:					
Principal retirement	-	-	-	64,000	64,000
Interest and fiscal charges	-	-	-	2,934	3,834
Total expenditures	<u>582,548</u>	<u>2,634,777</u>	<u>131,321</u>	<u>66,934</u>	<u>12,821,065</u>
REVENUE OVER (UNDER) EXPENDITURE	<u>(79,593)</u>	<u>(1,139,582)</u>	<u>(109,326)</u>	<u>33,460</u>	<u>1,828,731</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	821,572	-	-	846,672
Transfers out	-	-	-	-	(4,770,644)
Total other financing sources (uses)	<u>-</u>	<u>821,572</u>	<u>-</u>	<u>-</u>	<u>(3,923,972)</u>
Net change in fund balances	<u>(79,593)</u>	<u>(318,010)</u>	<u>(109,326)</u>	<u>33,460</u>	<u>(2,095,241)</u>
FUND BALANCES:					
Beginning of year	<u>322,187</u>	<u>1,039,251</u>	<u>314,673</u>	<u>154,973</u>	<u>43,808,338</u>
End of year	<u>\$ 242,594</u>	<u>\$ 721,241</u>	<u>\$ 205,347</u>	<u>\$ 188,433</u>	<u>\$ 41,713,097</u>

(Concluded)

City of Redding
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Parking Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES:				
Licenses and permits	\$ 30,000	\$ 44,000	\$ 51,171	\$ 7,171
Fines, forfeitures and penalties	17,000	17,000	22,362	5,362
Interest revenue	800	800	891	91
Total revenues	<u>47,800</u>	<u>61,800</u>	<u>74,424</u>	<u>12,624</u>
EXPENDITURES:				
Current:				
Public works	93,860	107,930	99,210	8,720
Total expenditures	<u>93,860</u>	<u>107,930</u>	<u>99,210</u>	<u>8,720</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(46,060)</u>	<u>(46,130)</u>	<u>(24,786)</u>	<u>(21,344)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	46,130	46,130	25,100	(21,030)
Total other financing sources (uses)	<u>46,130</u>	<u>46,130</u>	<u>25,100</u>	<u>(21,030)</u>
Net change in fund balance	70	-	314	(314)
FUND BALANCE:				
Beginning of year	(343,985)	(343,985)	(343,985)	-
End of year	<u>\$ (343,915)</u>	<u>\$ (343,985)</u>	<u>\$ (343,671)</u>	<u>\$ (314)</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	\$ (344,371)
1. Financial statement only adjustment per GASB #31.	899
2. The City does not budget for accounts payable adjustments.	<u>(199)</u>
Budgetary Fund Balance	<u>\$ (343,671)</u>

City of Redding
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Street Maintenance Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 4,415,810	\$ 4,415,810	\$ 2,472,615	\$ (1,943,195)
Interest revenues	20,000	20,000	23,545	3,545
Total revenues	<u>4,435,810</u>	<u>4,435,810</u>	<u>2,496,160</u>	<u>(1,939,650)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>4,435,810</u>	<u>4,435,810</u>	<u>2,496,160</u>	<u>(1,939,650)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(4,344,560)	(4,344,560)	(4,498,127)	(153,567)
Total other financing sources (uses)	<u>(4,344,560)</u>	<u>(4,344,560)</u>	<u>(4,498,127)</u>	<u>(153,567)</u>
Net change in fund balance	91,250	91,250	(2,001,967)	(2,093,217)
FUND BALANCE:				
Beginning of year	3,060,409	3,060,409	3,060,409	-
End of year	<u>\$ 3,151,659</u>	<u>\$ 3,151,659</u>	<u>\$ 1,058,442</u>	<u>\$ (2,093,217)</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	\$ 4,505
1. Financial statement only adjustment per GASB #31.	(11,347)
2. The City does not budget for revenue accruals.	<u>1,065,284</u>
Budgetary Fund Balance	<u>\$ 1,058,442</u>

City of Redding
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Community Development Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
REVENUES:				
Intergovernmental	\$ 1,251,590	\$ 4,582,730	\$ 1,949,247	\$ (2,633,483)
Interest revenue	83,740	288,540	294,133	5,593
Use of money and property	369,000	1,135,200	1,135,204	4
Other revenues	-	2,180	2,182	2
Total revenues	1,704,330	6,008,650	3,380,766	(2,627,884)
EXPENDITURES:				
Current:				
Community development	11,210,540	17,315,060	4,038,470	13,276,590
Total expenditures	11,210,540	17,315,060	4,038,470	13,276,590
EXCESS (DEFICIENCY) OF REVENUES OVER				
(UNDER) EXPENDITURES				
	(9,506,210)	(11,306,410)	(657,704)	10,648,706
Net change in fund balance	(9,506,210)	(11,306,410)	(657,704)	10,648,706
FUND BALANCE:				
Beginning of year	23,743,911	23,743,911	23,743,911	-
End of year	<u>\$ 14,237,701</u>	<u>\$ 12,437,501</u>	<u>\$ 23,086,207</u>	<u>\$ 10,648,706</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	\$ 25,284,211
1. Financial statement only adjustment per GASB #31.	10,623
2. The City does not budget for accounts payable and accrued liability adjustments.	20,368
3. The City budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.	(3,271,557)
4. The City budgets for and records loan payments received in the revenue accounts, but adjusts the actual payment to loans receivable.	1,135,204
5. The City budgets for grants on a cash basis.	11,003
6. The City budgets for interest income on notes receivable, trust fund assets, and rolling stock on a cash basis	(399)
7. The City does not budget for benefit accrual on a cash basis.	(5,317)
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.	(24,185)
9. The City does not budget for Allowance for uncollectable loans	(68,855)
10. The City budgets for grants on a cash basis - McConnell	(6,525)
10. The City does not budget for unearned revenue.	1,636
Budgetary Fund Balance	<u><u>\$ 23,086,207</u></u>

City of Redding
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Housing Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
REVENUES:				
Property Taxes	\$ -	\$ -	\$ 57,422	\$ 57,422
Intergovernmental revenue	8,436,700	8,437,540	8,298,029	(139,511)
Use of money and property	112,920	122,920	167,200	44,280
Interest	35,910	35,910	82,727	46,817
Taxes and special assessments	28,000	51,240	52,533	1,293
Total revenues	8,613,530	8,647,610	8,657,911	10,301
EXPENDITURES:				
Current:				
Community development	9,053,220	9,645,700	8,539,526	1,106,174
Capital Outlay	-	23,060	21,940	1,120
Total expenditures	9,053,220	9,668,760	8,561,466	1,107,294
EXCESS (DEFICIENCY) OF REVENUES OVER				
(UNDER) EXPENDITURES				
	(439,690)	(1,021,150)	96,445	(1,117,595)
Net change in fund balance	(439,690)	(1,021,150)	96,445	(1,117,595)
FUND BALANCE:				
Beginning of year	15,516,919	15,516,919	15,516,919	-
End of year	<u>\$ 15,077,229</u>	<u>\$ 14,495,769</u>	<u>\$ 15,613,364</u>	<u>\$ (1,117,595)</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	\$ 15,411,137
1. Financial statement only adjustment per GASB #31.	15,842
2. The City does not budget for accounts payable or intergovernmental payable adjustments.	(6,161)
3. The City budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to disbursement to loans receivable.	(1,247)
3. The City budgets for and records loans payments received in the revenue accounts, but adjusts the actual disbursement to loans receivable.	167,190
4. The City budgets for grants on a cash basis.	1,677
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.	(446)
6. The City budgets for interest income on notes receivable on a cash basis.	(8)
7. The City budgets for interest income on notes receivable, trust fund assets.	(89)
8. The City does not budget for interest accruals.	15
9. The City does not budget for Loans forgiven when terms are deemed satisfied.	59,029
10. The City does not budget for unearned revenue.	(33,575)
Budgetary Fund Balance	<u><u>\$ 15,613,364</u></u>

City of Redding
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
General Special Revenue Fund
For the Year Ended June 30, 2018

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

City of Redding
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Library Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 57,540	\$ 57,540	\$ -
Charges for services	1,326,420	1,326,420	1,336,401	9,981
Fines, forfeitures and penalties	90,400	90,400	86,619	(3,781)
Interest revenue	3,000	3,000	4,975	1,975
Other revenue	-	16,150	16,742	592
Total revenues	1,419,820	1,493,510	1,502,277	8,767
EXPENDITURES:				
Current:				
Recreation and culture	2,573,970	3,020,680	2,668,303	352,377
Total expenditures	2,573,970	3,020,680	2,668,303	352,377
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,154,150)	(1,527,170)	(1,166,026)	(361,144)
OTHER FINANCING SOURCES (USES):				
Transfers in	833,840	1,190,840	1,178,572	(12,268)
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	783,840	1,140,840	1,128,572	(12,268)
Net change in fund balance	(370,310)	(386,330)	(37,454)	348,876
FUND BALANCE:				
Beginning of year	1,039,251	1,039,251	1,039,251	-
End of year	<u>\$ 668,941</u>	<u>\$ 652,921</u>	<u>\$ 1,001,797</u>	<u>\$ 348,876</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	\$ 721,241
1. Financial statement only adjustment per GASB #31.	9,554
2. The City does not budget for accounts payable adjustments.	1,666
3. The City budgets for grants on a cash basis.	5,823
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.	298,706
5. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Fund Balance.	(35,193)
Budgetary Fund Balance	<u><u>\$ 1,001,797</u></u>

City of Redding
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
General Capital Projects Fund - Major Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ -	\$ 7,705,600	\$ 4,233,173	\$ (3,472,427)
Investment revenue	30,000	30,000	71,346	41,346
Other	1,562,290	4,558,330	2,049,401	(2,508,929)
Total revenues	<u>1,592,290</u>	<u>12,293,930</u>	<u>6,353,920</u>	<u>(5,940,010)</u>
EXPENDITURES:				
Current:				
General government	2,204,290	2,204,290	332,131	1,872,159
Public works	43,504,850	52,542,340	15,164,667	37,377,673
Recreation and culture	789,350	2,376,370	1,176,008	1,200,362
Debt Service:				
Principal retirement	750,000	750,000	750,000	-
Interest and fiscal charges	160,530	160,530	160,525	5
Total expenditures	<u>47,409,020</u>	<u>58,033,530</u>	<u>17,583,331</u>	<u>40,450,199</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(45,816,730)</u>	<u>(45,739,600)</u>	<u>(11,229,411)</u>	<u>34,510,189</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	216,100	266,100	266,100	-
Transfers out	(266,860)	(266,860)	(266,853)	7
Total other financing sources (uses)	<u>(50,760)</u>	<u>(760)</u>	<u>(753)</u>	<u>7</u>
Net change in fund balance	<u>(45,867,490)</u>	<u>(45,740,360)</u>	<u>(11,230,164)</u>	<u>34,510,196</u>
FUND BALANCE:				
Beginning of year	6,769,615	6,769,615	6,769,615	-
Prior Period Adjustmnet	(34,425)	(34,425)	(34,425)	-
Fund Balance, beginning of year, as restated	6,735,190	6,735,190	6,735,190	-
End of year	<u>\$ (39,132,300)</u>	<u>\$ (39,005,170)</u>	<u>\$ (4,494,974)</u>	<u>\$ 34,510,196</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	\$ 2,343,002
1. Financial statement only adjustment per GASB #31.	16,564
2. The City does not budget for accounts payable adjustments.	26,042
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.	(7,485,329)
4. The City does not budget for the transfer of developer fees and interest on those fees to the related enterprise funds.	61,823
5. The City budgets for grants on a cash basis.	678,825
6. The City did not budget for revenue from the Agency Fund.	(135,901)
Budgetary Fund Balance	<u>\$ (4,494,974)</u>

NON-MAJOR 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 Net Position
Nonmajor Enterprise Funds
June 30, 2018

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
ASSETS					
Current assets:					
Cash and investments	\$ 300	\$ 1,835,247	\$ 2,923,085	\$ 748,285	\$ 5,506,917
Accounts receivable, net	24,165	57,427	67,663	-	149,255
Interest receivable	24	19,782	10,637	9	30,452
Intergovernmental receivable	2,278,388		1,608,112	-	3,886,500
Prepaid items	9,475	10,958	-	5,035	25,468
Inventories	-	24,843	94,607	-	119,450
Total current assets	2,312,352	1,948,257	4,704,104	753,329	9,718,042
Non-current assets:					
Restricted assets:					
Cash and investments	-	3,044,194	-	-	3,044,194
Total restricted assets	-	3,044,194	-	-	3,044,194
Capital assets:					
Land	6,186,580	909,184	2,231,614	188,430	9,515,808
Construction in progress	7,692,547	-	324,912	14,915	8,032,374
Other capital assets, net	25,783,879	11,940,715	9,935,579	976,560	48,636,733
Capital assets	39,663,006	12,849,899	12,492,105	1,179,905	66,184,915
Total non-current assets	39,663,006	15,894,093	12,492,105	1,179,905	69,229,109
Total assets	41,975,358	17,842,350	17,196,209	1,933,234	78,947,151
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	34,540	-	-	13,986	48,526
Deferred outflows related to other post employment benefits	44,684	36,631	-	-	81,315
Deferred outflows related to pensions	336,363	301,217	-	-	637,580
Total deferred outflows of resources	415,587	337,848	-	13,986	767,421

(Continued)

City of Redding
Combining Statement of Net Position (Continued)
Nonmajor Enterprise Funds
June 30, 2018

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
LIABILITIES					
Current liabilities:					
Accounts payable	1,450,868	1,586	749,443	93,571	2,295,468
Accrued liabilities	33,753	22,614	8,618	1,710	66,695
Accrued interest payable	31,345	-	-	1,544	32,889
Intergovernmental payables	-	-	2,985	-	2,985
Due to other funds	1,384,988	-	105,799	-	1,490,787
Interfund payables	51,771	-	-	75,580	127,351
Unearned revenue	12,495	-	3,185,593	-	3,198,088
Deposits payable	70,469	-	3,000	-	73,469
Compensated absences, due within one year	17,746	29,140	-	-	46,886
Long-term debt, due within one year	39,973	-	-	25,350	65,323
State loan, due within one year	138,113	-	-	-	138,113
Total current liabilities	3,231,521	53,340	4,055,438	197,755	7,538,054
Long-term liabilities:					
Compensated absences, due in more than one year	51,808	79,950	-	-	131,758
Advances from other funds	2,304,745	-	-	1,850,790	4,155,535
Long-term debt, due in more than one year	227,028	-	-	143,977	371,005
State loan, due in more than one year	1,581,951	-	-	-	1,581,951
Aggregate net OPEB liability	251,852	189,457	-	-	441,309
Aggregate net pension liability	1,388,804	1,181,581	-	-	2,570,385
Total long-term liabilities	5,806,188	1,450,988	-	1,994,767	9,251,943
Total liabilities	9,037,709	1,504,328	4,055,438	2,192,522	16,789,997
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	(268)	10,952	-	-	10,684
Total deferred inflows of resources	(268)	10,952	-	-	10,684
NET POSITION					
Net investment in capital assets	37,156,646	12,849,899	12,492,105	505,229	63,003,879
Restricted for capital projects	-	3,044,194	-	-	3,044,194
Unrestricted (deficit)	(3,803,142)	770,825	648,666	(750,531)	(3,134,182)
Total net position	\$ 33,353,504	\$ 16,664,918	\$ 13,140,771	\$ (245,302)	\$ 62,913,891

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City of Redding
Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2018

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
OPERATING REVENUES:					
User Fees and Charges	\$ 143,973	\$ 1,215,493	\$ 1,532,909	\$ -	\$ 2,892,375
Rental fees	1,389,307	-	-	244,880	1,634,187
Other operating revenue	640,071	871	-	-	640,942
Total operating revenues	2,173,351	1,216,364	1,532,909	244,880	5,167,504
OPERATING EXPENSES:					
Cost of power, water, and transportation	-	515	3,703,988	-	3,704,503
Maintenance, operations, and administration	1,828,208	1,180,228	2,156,826	1,229,503	6,394,765
Depreciation and amortization	1,296,947	861,430	1,242,385	77,194	3,477,956
Total operating expenses	3,125,155	2,042,173	7,103,199	1,306,697	13,577,224
Operating (loss)	(951,804)	(825,809)	(5,570,290)	(1,061,817)	(8,409,720)
NONOPERATING REVENUE (EXPENSES):					
Interest revenue	780	13,875	444	1,604	16,703
Interest expense	(31,790)	-	(4,164)	(10,516)	(46,470)
Intergovernmental revenues	98,557	8,797	4,309,348	-	4,416,702
Gain on disposal of assets	4,201	(1,770)	-	-	2,431
Other non-operating revenues (expenses)	159,511	27,081	22,666	-	209,258
Total nonoperating revenues (expenses)	231,259	47,983	4,328,294	(8,912)	4,598,624
(Loss) before operating transfers and capital contributions	(720,545)	(777,826)	(1,241,996)	(1,070,729)	(3,811,096)
Capital contributions	5,796,675	145,324	2,653,282		8,595,281
Transfers in		14,317	-	1,099,320	1,113,637
Transfers out	(195,000)	(8,000)	-	-	(203,000)
Change in net position	4,881,130	(626,185)	1,411,286	28,591	5,694,822
NET POSITION:					
Beginning of year	28,091,464	17,005,600	11,729,485	(598,144)	56,228,405
Restatement, Note 23	380,910	285,503	-	324,251	990,664
Beginning of year, restated	28,472,374	17,291,103	11,729,485	(273,893)	57,219,069
End of year	\$ 33,353,504	\$ 16,664,918	\$ 13,140,771	\$ (245,302)	\$ 62,913,891

City of Redding
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2018

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 2,141,040	\$ 1,219,667	\$ 1,529,253	244,880	\$ 5,134,840
Cash paid to suppliers	(1,178,154)	(508,015)	(5,520,015)	(1,197,773)	(8,403,957)
Cash paid to employees	(642,191)	(648,584)	-	(29,904)	(1,320,679)
Other operating revenue	3,151	871	-	-	4,022
Net cash provided (used) by operating activities	323,846	63,939	(3,990,762)	(982,797)	(4,585,774)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Intergovernmental revenue received	112,573	77,170	5,197,842	-	5,387,585
Advances from other funds	1,428,993	-	105,799	-	1,534,792
Repayment of advances from other funds	(70,000)	-	(119,442)	(73,464)	(262,906)
Transfers in	-	4,000	-	1,099,320	1,103,320
Transfers out	(195,000)	(8,000)	-	-	(203,000)
Net cash provided (used) by noncapital financing activities	1,276,566	73,170	5,184,199	1,025,856	7,559,791
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital grants received	4,076,675	-	1,962,914	-	6,039,589
Proceeds from sale of assets	4,201	-	-	-	4,201
Purchases of capital assets	(5,930,184)	-	(2,653,282)	(14,915)	(8,598,381)
Interest paid	(23,776)	-	(4,164)	(6,452)	(34,392)
Proceeds from long-term debt	190,000	-	-	-	190,000
Principal paid on long-term debt	(165,170)	-	-	(25,879)	(191,049)
Cash collected for future capital outlay	156,360	24,146	-	-	180,506
Net cash provided (used) by capital and related financing activities	(1,691,894)	24,146	(694,532)	(47,246)	(2,409,526)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment revenue received	871	11,833	(3,486)	1,602	10,820
Rents received	-	-	22,666	-	22,666
Net cash provided (used) by investing activities	871	11,833	19,180	1,602	33,486
Net increase (decrease) in cash and cash equivalents	(90,611)	173,088	518,085	(2,585)	597,977
CASH AND CASH EQUIVALENTS:					
Beginning of year	90,911	4,706,353	2,405,000	750,870	7,953,134
End of year	<u>\$ 300</u>	<u>\$ 4,879,441</u>	<u>\$ 2,923,085</u>	<u>\$ 748,285</u>	<u>\$ 8,551,111</u>
Reconciliation to statement of net position:					
Cash and cash equivalents	\$ 300	\$ 1,835,247	\$ 2,923,085	\$ 748,285	\$ 5,506,917
Restricted cash and cash equivalents	-	3,044,194	-	-	3,044,194
	<u>\$ 300</u>	<u>\$ 4,879,441</u>	<u>\$ 2,923,085</u>	<u>\$ 748,285</u>	<u>\$ 8,551,111</u>

(Continued)

City of Redding
Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
For the Year Ended June 30, 2018

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating (loss)	\$ (951,804)	\$ (825,809)	\$ (5,570,290)	\$ (1,061,817)	\$ (8,409,720)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:					
Other non-operating revenue and expense	3,151	-	-	-	3,151
Depreciation and amortization	1,296,947	861,430	1,242,385	77,194	3,477,956
Other post employment benefits	(15,990)	(14,227)	-	-	(30,217)
Pension expense	58,327	32,836	-	-	91,163
Accounts receivable	(24,165)	4,174	(3,656)	-	(23,647)
Inventories	-	5,145	43,927	-	49,072
Prepaid items	5,579	(2,967)	-	9,350	11,962
Accounts payable	(6,231)	(9,602)	298,982	(9,234)	273,915
Accrued liabilities	3,568	2,424	106	1,710	7,808
Deposits payable	(8,146)	-	-	-	(8,146)
Intergovernmental payable	-	(834)	(2,216)	-	(3,050)
Unearned revenue	(28,614)	-	-	-	(28,614)
Accrued compensated absences	(8,776)	11,369	-	-	2,593
Net cash provided (used) by operating activities	<u>\$ 323,846</u>	<u>\$ 63,939</u>	<u>\$ (3,990,762)</u>	<u>\$ (982,797)</u>	<u>\$ (4,585,774)</u>
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Plant contributed from developers	\$ -	\$ 145,324	\$ -	\$ -	\$ 145,324
Transfer of capital assets	-	10,317	-	-	10,317
Total non-cash capital and related financing activities	<u>\$ -</u>	<u>\$ 155,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,641</u>

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INTERNAL SERVICE FUNDS

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

Equipment Fund

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

Information Systems Fund

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

General Support Services Fund

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

Risk Management Fund

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

Municipal Utilities Support Fund

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

City of Redding
Combining Statement of Net Position
All Internal Service Funds
June 30, 2018

	Equipment	Information Systems	General Support Services
ASSETS			
Current assets:			
Cash and investments	\$ 603,328	\$ 1,108,719	\$ 715,840
Interest receivable	2,865	4,036	2,706
Accounts receivable, net	3,254	-	2,599
Prepaid items	34,052	24,492	32,703
Intergovernmental receivable	-	-	-
Inventories	202,489	-	-
Interfund receivable	-	-	-
Total current assets	<u>845,988</u>	<u>1,137,247</u>	<u>753,848</u>
Non-current assets:			
Capital assets:			
Nondepreciable	-	62,149	110,810
Depreciable, net	4,285,991	251,059	99,687
Capital assets, net	<u>4,285,991</u>	<u>313,208</u>	<u>210,497</u>
Other assets:			
Advances to other funds	-	-	-
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>4,285,991</u>	<u>313,208</u>	<u>210,497</u>
Total assets	<u>5,131,979</u>	<u>1,450,455</u>	<u>964,345</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to other post employment benefits	120,949	121,250	108,634
Deferred outflows related to pensions	895,227	1,061,670	896,294
Total deferred outflows of resources	<u>1,016,176</u>	<u>1,182,920</u>	<u>1,004,928</u>
LIABILITIES			
Current liabilities:			
Accounts payable	24,685	59,616	141,236
Intergovernmental payable	-	-	16,849
Accrued liabilities	70,805	57,454	85,034
Claims and judgements payable	-	-	-
Deposits	-	-	10
Compensated absences - current	71,337	42,268	63,132
Total current liabilities	<u>166,827</u>	<u>159,338</u>	<u>306,261</u>
Long-term liabilities:			
Advances from other funds	-	162,561	-
Compensated absences	142,711	100,966	132,201
Claims and judgements	-	-	-
Aggregate net OPEB liability	550,747	629,680	559,870
Aggregate net pension liability	3,643,279	4,933,420	3,727,727
Total long-term liabilities	<u>4,336,737</u>	<u>5,826,627</u>	<u>4,419,798</u>
Total liabilities	<u>4,503,564</u>	<u>5,985,965</u>	<u>4,726,059</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	45,821	192,325	62,362
Total deferred inflows of resources	<u>45,821</u>	<u>192,325</u>	<u>62,362</u>
NET POSITION			
Investment in capital assets	4,285,991	313,208	210,497
Unrestricted (deficit)	(2,687,221)	(3,858,123)	(3,029,645)
Total net position	<u>\$ 1,598,770</u>	<u>\$ (3,544,915)</u>	<u>\$ (2,819,148)</u>

(Continued)

City of Redding
Combining Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2018

	Risk Management	Municipal Utilities Support	Total
ASSETS			
Current assets:			
Cash and investments	\$ 12,022,148	\$ 945,198	\$ 15,395,233
Interest receivable	48,781	3,021	61,409
Accounts receivable, net	61,239	1,400	68,492
Prepaid items	374,369	36,949	502,565
Intergovernmental receivable	98,037	-	98,037
Inventories	-	-	202,489
Interfund receivable	82,351	-	82,351
Total current assets	<u>12,686,925</u>	<u>986,568</u>	<u>16,410,576</u>
Non-current assets:			
Capital assets:			
Nondepreciable	-	32,253	205,212
Depreciable, net	-	162,273	4,799,010
Capital assets, net	<u>-</u>	<u>194,526</u>	<u>5,004,222</u>
Other assets:			
Advances to other funds	3,869,608	-	3,869,608
Total other assets	<u>3,869,608</u>	<u>-</u>	<u>3,869,608</u>
Total non-current assets	<u>3,869,608</u>	<u>194,526</u>	<u>8,873,830</u>
Total assets	<u>16,556,533</u>	<u>1,181,094</u>	<u>25,284,406</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to other post employment benefits	40,430	183,848	575,111
Deferred outflows related to pensions	411,444	1,514,129	4,778,764
Total deferred outflows of resources	<u>451,874</u>	<u>1,697,977</u>	<u>5,353,875</u>
LIABILITIES			
Current liabilities:			
Accounts payable	50,029	10,144	285,710
Intergovernmental payable	493,653	-	510,502
Accrued liabilities	67,367	110,532	391,192
Claims and judgements payable	4,305,610	-	4,305,610
Deposits	-	-	10
Compensated absences - current	18,958	136,705	332,400
Total current liabilities	<u>4,935,617</u>	<u>257,381</u>	<u>5,825,424</u>
Long-term liabilities:			
Advances from other funds	-	-	162,561
Compensated absences	50,167	281,341	707,386
Claims and judgements	13,155,860	-	13,155,860
Aggregate net OPEB liability	266,346	799,141	2,805,784
Aggregate net pension liability	1,963,338	6,052,850	20,320,614
Total long-term liabilities	<u>15,435,711</u>	<u>7,133,332</u>	<u>37,152,205</u>
Total liabilities	<u>20,371,328</u>	<u>7,390,713</u>	<u>42,977,629</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	87,221	73,480	461,209
Total deferred inflows of resources	<u>87,221</u>	<u>73,480</u>	<u>461,209</u>
NET POSITION			
Investment in capital assets	-	194,526	5,004,222
Unrestricted (deficit)	(3,450,142)	(4,779,648)	(17,804,779)
Total net position	<u>\$ (3,450,142)</u>	<u>\$ (4,585,122)</u>	<u>\$ (12,800,557)</u>

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City of Redding
Combining Statement of Activities and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2018

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
OPERATING REVENUES:						
User fees and charges	\$ 4,072,878	\$ 3,038,971	\$ 5,116,278	\$ 42,289,860	\$ 4,306,759	\$ 58,824,746
Other operating revenue	9,010	11	1,423	2,878	-	13,322
Total operating revenues	4,081,888	3,038,982	5,117,701	42,292,738	4,306,759	58,838,068
OPERATING EXPENSES:						
Maintenance, operations, and administration	3,830,559	2,681,964	4,959,970	42,034,632	4,108,800	57,615,925
Depreciation and amortization	791,776	198,847	33,042	-	26,835	1,050,500
Total operating expenses	4,622,335	2,880,811	4,993,012	42,034,632	4,135,635	58,666,425
OPERATING INCOME (LOSS)	(540,447)	158,171	124,689	258,106	171,124	171,643
NONOPERATING REVENUE (EXPENSES):						
Interest revenue	(915)	(2,181)	(2,520)	34,118	580	29,082
Interest expense	(1,043)	(1,344)	(969)	-	(1,830)	(5,186)
Intergovernmental revenues	800	-	-	-	-	800
Gain (loss) on disposal of capital assets	10,505	-	7,650	-	(40,360)	(22,205)
Other non-operating revenues(exp)	(2)	-	998	(19,651)	(14,262)	(32,917)
Total nonoperating expenses	9,345	(3,525)	5,159	14,467	(55,872)	(30,426)
Income (loss) before transfers and contributions	(531,102)	154,646	129,848	272,573	115,252	141,217
Capital contributions	508,401	-	-	-	-	508,401
Transfers in	76,994	-	3	-	41,760	118,757
Transfers out	(803)	-	(9,502)	(10,001)	(6,000)	(26,306)
Change in net position	53,490	154,646	120,349	262,572	151,012	742,069
NET POSITION:						
Beginning of year, as originally reported	1,545,280	(4,647,557)	(3,781,901)	(4,113,357)	(5,943,088)	(16,940,623)
Restatement, Note 23	-	947,996	842,404	400,643	1,206,954	3,397,997
Beginning of year, restated	1,545,280	(3,699,561)	(2,939,497)	(3,712,714)	(4,736,134)	(13,542,626)
End of year	<u>\$ 1,598,770</u>	<u>\$ (3,544,915)</u>	<u>\$ (2,819,148)</u>	<u>\$ (3,450,142)</u>	<u>\$ (4,585,122)</u>	<u>\$ (12,800,557)</u>

City of Redding
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2018

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from other funds	\$ 4,078,726	\$ 3,038,982	\$ 5,117,347	\$ 42,262,820	\$ 4,305,359	\$ 58,803,234
Cash paid to suppliers	(2,016,616)	(869,680)	(3,125,118)	(41,382,882)	(891,205)	(48,285,501)
Cash paid to employees	(1,743,027)	(1,661,106)	(1,727,495)	(644,483)	(3,111,704)	(8,887,815)
Net cash provided (used) by operating activities	319,083	508,196	264,734	235,455	302,450	1,629,918
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Repayment of advances to other funds	-	(119,941)	-	334,152	-	214,211
Advances to other funds	-	-	-	(43,887)	-	(43,887)
Intergovernmental revenue received	800	-	-	(3,203)	-	(2,403)
Transfers out	(803)	-	(9,502)	(10,001)	(6,000)	(26,306)
Other	-	-	1,000	(19,651)	-	(18,651)
Net cash provided (used) by noncapital financing activities	(3)	(119,941)	(8,502)	257,410	(6,000)	122,964
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from sale of assets	613	-	7,650	-	2,136	10,399
Purchase of capital assets	(76,356)	(74,429)	-	-	(178,592)	(329,377)
Interest Paid	(1,043)	(1,344)	(969)	-	(1,830)	(5,186)
Net cash provided (used) by capital and related financing activities	(76,786)	(75,773)	6,681	-	(178,286)	(324,164)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment revenue received	(2,429)	(1,659)	(3,584)	25,763	54	18,145
Net cash provided (used) by investing activities	(2,429)	(1,659)	(3,584)	25,763	54	18,145
Net increase (decrease) in cash and cash equivalents	239,865	310,823	259,329	518,628	118,218	1,446,863
CASH AND CASH EQUIVALENTS:						
Beginning of year	363,463	797,896	456,511	11,503,520	826,980	13,948,370
End of year	<u>\$ 603,328</u>	<u>\$ 1,108,719</u>	<u>\$ 715,840</u>	<u>\$ 12,022,148</u>	<u>\$ 945,198</u>	<u>\$ 15,395,233</u>

(Continued)

City of Redding
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2018

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
CASH FLOWS FROM						
OPERATING ACTIVITIES:						
Operating income (loss)	\$ (540,447)	\$ 158,171	\$ 124,689	\$ 258,106	\$ 171,124	\$ 171,643
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	791,776	198,847	33,042	-	26,835	1,050,500
Other post employment benefits	(46,923)	(47,502)	(42,953)	(14,398)	(74,448)	(226,224)
Pension expense	122,671	159,856	110,795	43,791	201,332	638,445
(Increase) decrease in accounts receivable	(3,162)	-	(353)	(29,918)	(1,400)	(34,833)
(Increase) decrease in inventories	(8,054)	-	-	-	-	(8,054)
(Increase) decrease in prepaid items	(4,954)	(1,268)	(3,916)	(6,293)	(13,721)	(30,152)
Increase (decrease) in accounts payable	5,759	42,860	28,523	(124,925)	6,417	(41,366)
Increase (decrease) in accrued liabilities	1,934	(9,048)	(369)	(250)	(1,896)	(9,629)
Increase (decrease) in claims and judgements payable	-	-	-	251,819	-	251,819
Increase (decrease) in deposits	-	-	(1)	-	-	(1)
Increase (decrease) in intergovernmental payable	-	-	(4,887)	493,451	-	488,564
Increase (decrease) in accrued compensated absences	483	6,280	20,164	(56,639)	(11,793)	(41,505)
Increase (decrease) in claims and judgements long-term	-	-	-	(579,289)	-	(579,289)
Total adjustments	<u>859,530</u>	<u>350,025</u>	<u>140,045</u>	<u>(22,651)</u>	<u>131,326</u>	<u>1,458,275</u>
Net cash provided (used) by operating activities	<u>\$ 319,083</u>	<u>\$ 508,196</u>	<u>\$ 264,734</u>	<u>\$ 235,455</u>	<u>\$ 302,450</u>	<u>\$ 1,629,918</u>
Schedule of noncash capital activities:						
Equipment contributed from customer	\$ 508,401	\$ -	\$ -	\$ -	\$ -	\$ 508,401
Transfer of capital assets	76,994	-	-	-	-	76,994
Total non-cash capital and related financing activities	<u>\$ 585,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 585,395</u>

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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.

Enterprise Anderson Groundwater Fund

This fund collects and disburses payments for an MOU between the City of Redding, Shasta County, the City of Anderson, ACID, CCCSD, and BVWD. The purposes of the MOU are to comply with the Sustainable Groundwater Management Act of 2014, ensure the continued sustainability of the Anderson and Enterprise Subbasins, and to develop, adopt, implement and manage a groundwater sustainability plan for the sustainable management of groundwater within the Enterprise and Anderson Subbasins of the Redding Area Groundwater Basin while keeping the complexity and costs as low as practicable.

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City of Redding
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<u>Special Deposits</u>				
Assets:				
Cash and investments	\$ 1,792,517	\$ 9,655,753	\$ 9,430,593	\$ 2,017,677
Accounts receivable	2,307	5,182,681	5,179,359	5,629
Interest receivable	14,964	370	-	15,334
Total assets	\$ 1,809,788	\$ 14,838,804	\$ 14,609,952	\$ 2,038,640
Liabilities:				
Deposits	\$ 1,809,788	\$ 14,838,804	\$ 14,609,952	\$ 2,038,640
Total liabilities	\$ 1,809,788	\$ 14,838,804	\$ 14,609,952	\$ 2,038,640
<u>IPSS</u>				
Assets:				
Cash and investments	\$ 1,630,808	\$ 3,431,021	\$ 3,110,141	\$ 1,951,688
Accounts receivable	-	899,425	899,425	-
Interest receivable	4,828	2,720	-	7,548
Total assets	\$ 1,635,636	\$ 4,333,166	\$ 4,009,566	\$ 1,959,236
Liabilities:				
Deposits	\$ 1,635,636	\$ 4,333,166	\$ 4,009,566	\$ 1,959,236
Total liabilities	\$ 1,635,636	\$ 4,333,166	\$ 4,009,566	\$ 1,959,236
<u>Enterprise Anderson Groundwater Fund</u>				
Assets:				
Cash and investments	\$ -	\$ 1,280	\$ 1,280	\$ -
Total assets	\$ -	\$ 1,280	\$ 1,280	\$ -
Liabilities:				
Deposits	\$ -	\$ 1,280	\$ 1,280	\$ -
Total liabilities	\$ -	\$ 1,280	\$ 1,280	\$ -
<u>Total</u>				
Assets:				
Cash and investments	\$ 3,423,325	\$ 13,088,054	\$ 12,542,014	\$ 3,969,365
Accounts receivable	2,307	6,082,106	6,078,784	5,629
Interest receivable	19,792	3,090	-	22,882
Total assets	\$ 3,445,424	\$ 19,173,250	\$ 18,620,798	\$ 3,997,876
Liabilities:				
Deposits	\$ 3,445,424	\$ 19,173,250	\$ 18,620,798	\$ 3,997,876
Total liabilities	\$ 3,445,424	\$ 19,173,250	\$ 18,620,798	\$ 3,997,876

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OTHER SUPPLEMENTARY INFORMATION

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OTHER SUPPLEMENTARY INFORMATION

Other Supplementary Information is provided for the City of Redding Municipal Airport Passenger Facility Charges activity for the fiscal year. Passenger Facility Charge is a fee charged on commercial airline tickets for every enplaned passenger. Commercial airports use these fees to fund FAA-approved projects that enhance safety, security, or capacity; reduce noise; or increase air carrier competition. Below is the current approved application of projects funded by Passenger Facility Charges:

Application 17-05-C-00-RDD

- 001-Aircraft Rescue and Fire Fighting Vehicle Acquisition
- 002-Airport Master Plan Update
- 003-ADA Passenger Loading Ramp
- 004-Airport Pavement Management System Study
- 005-T-Hangar Taxiway Reconstruction
- 006-West Tie Down Apron Reconstruction
- 007-Aircraft Rescue and Fire Fighting Station Modifications
- 009-Environmental Assessment Parallel Runway
- 013-PFC Application/Administration Costs

City of Redding
Redding Municipal Airport

Schedule of Passenger Facility Charges Collected and Expended and Interest Collected
For the quarters ended September 30, 2017, December 31, 2017, March 31, 2018, and June 30, 2018

	Cumulative Total June 30, 2017	For the Quarter Ended	
		September 30, 2017	December 31, 2017
Unexpended (over expended) passenger facility charges and interest, beginning of period	\$ -	\$ (116,781)	\$ (259,540)
Revenues:			
Passenger facility charges collected	3,548,904	41,426	39,634
Interest earned	19,779	-	-
Total passenger facility charge revenue	<u>3,568,684</u>	<u>41,426</u>	<u>39,634</u>
Expenses:			
	Amount Approved		
Project Number/Project Name			
Completed and Closed Applications	\$ 3,440,457	3,440,457	-
Open Projects			
Application 17-05-C-00-RDD			
001-Aircraft Rescue and Fire Fighting Vehicle Acquisition	68,676	68,676	
002-Airport Master Plan Update	44,832	43,250	12
003-ADA Passenger Loading Ramp	4,984	4,984	
004-Airport Pavement Management System Study	4,735	4,735	
005-T-Hangar Taxilane Reconstruction	458,672	39,908	831
006-West Tie Down Apron Reconstruction	323,278	26,850	183,342
007-Aircraft Rescue and Fire Fighting Station Modifications	1,735	1,735	
009-Environmental Assessment Parallel Runway	32,690		
013-PFC Application/Administration Costs	150,000	54,870	
Total passenger facility charge revenue expenditures		<u>3,685,465</u>	<u>184,185</u>
Unexpended (over expended) passenger facility charges and interest, end of period	<u>\$ (116,781)</u>	<u>\$ (259,540)</u>	<u>\$ (361,042)</u>

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City of Redding
Redding Municipal Airport

Schedule of Passenger Facility Charges Collected and Expended and Interest Collected (Continued)
For the quarters ended September 30, 2017, December 31, 2017, March 31, 2018, and June 30, 2018

	For the Quarter Ended		For the Year	Cumulative Total
	March 31, 2018	June 30, 2018	Ended June 30, 2018	
Unexpended (over expended) passenger facility charges and interest, beginning of period	\$ (361,042)	\$ (329,226)	\$ (116,781)	\$ -
<u>Revenues:</u>				
Passenger facility charges collected	35,298	40,002	156,361	3,705,265
Interest earned	-	-	-	19,779
Total passenger facility charge revenue	<u>35,298</u>	<u>40,002</u>	<u>156,361</u>	<u>3,725,044</u>
<u>Expenses:</u>				
<u>Project Number/Project Name</u>				
Completed and Closed Applications	-	-	-	3,440,457
Open Projects				
Application 17-05-C-00-RDD				
001-Aircraft Rescue and Fire Fighting Vehicle Acquisition			-	68,676
002-Airport Master Plan Update	1,518		1,550	44,800
003-ADA Passenger Loading Ramp			-	4,984
004-Airport Pavement Management System Study			-	4,735
005-T-Hangar Taxilane Reconstruction	955	132,857	236,963	276,871
006-West Tie Down Apron Reconstruction	1,009	23,685	246,832	273,682
007-Aircraft Rescue and Fire Fighting Station Modifications			-	1,735
009-Environmental Assessment Parallel Runway		187	187	187
013-PFC Application/Administration Costs			-	54,870
Total passenger facility charge revenue expenditures	<u>3,482</u>	<u>156,729</u>	<u>485,532</u>	<u>4,170,997</u>
Unexpended (over expended) passenger facility charges and interest, end of period	<u>\$ (329,226)</u>	<u>\$ (445,952)</u>	<u>\$ (445,952)</u>	<u>\$ (445,952)</u>

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STATISTICAL SECTION

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City of Redding Statistical Section Overview

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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<p>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</p>	
Revenue Capacity	221
<p>These schedules contain information to help the reader assess the City's most significant local revenues sources.</p>	
Debt Capacity	228
<p>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.</p>	
Demographic and Economic Information	239
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</p>	
Operating Information	243
<p>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.</p>	

City of Redding
Net Position by Component
Last Ten Fiscal Years Ended June 30, 2018
(accrual basis of accounting)

	Fiscal Year				
	2008-09	2009-10	2010-11	2011-12	2012-13
Governmental activities					
Net investment in capital assets	\$ 215,773,740	\$ 288,328,860	\$ 303,837,954	\$ 303,499,470	\$ 301,401,234
Restricted	46,969,131	49,612,778	53,687,464	43,830,207	42,200,822
Unrestricted	73,406,378	5,025,229	1,588,034	17,269,063	18,461,336
Total governmental activities net position	\$ 336,149,249	\$ 342,966,867	\$ 359,113,452	\$ 364,598,740	\$ 362,063,392
Business-type activities					
Net investment in capital assets	\$ 271,838,921	\$ 267,709,679	\$ 266,569,610	\$ 263,727,224	\$ 270,149,380
Restricted	13,641,495	11,981,816	17,362,637	18,929,291	16,554,856
Unrestricted	75,311,930	78,797,442	81,074,227	95,705,374	97,572,863
Total business-type activities net position	\$ 360,792,346	\$ 358,488,937	\$ 365,006,474	\$ 378,361,889	\$ 384,277,099
Primary government					
Net investment in capital assets	\$ 487,612,661	\$ 556,038,539	\$ 570,407,564	\$ 567,226,694	\$ 571,550,614
Restricted	60,610,626	61,594,594	71,050,101	62,759,498	58,755,678
Unrestricted	148,718,308	83,822,671	82,662,261	112,974,437	116,034,199
Total primary government net position	\$ 696,941,595	\$ 701,455,804	\$ 724,119,926	\$ 742,960,629	\$ 746,340,491

Source: City of Redding Comprehensive Annual Financial Report

City of Redding
Net Position by Component (Continued)
Last Ten Fiscal Years Ended June 30, 2018
(accrual basis of accounting)

	Fiscal Year				
	2013-14	2014-15	2015-16	2016-17	2017-18
Governmental activities					
Net investment in capital assets	\$ 299,220,582	\$ 303,789,845	\$ 304,441,380	\$ 299,478,797	\$ 298,515,126
Restricted	44,242,198	44,242,198	43,495,762	42,760,454	41,076,874
Unrestricted	12,404,054	(150,344,065)	(146,838,910)	(157,129,728)	(135,453,029)
Total governmental activities net position	\$ 355,866,834	\$ 197,687,978	\$ 201,098,232	\$ 185,109,523	\$ 204,138,971
Business-type activities					
Net investment in capital assets	\$ 276,768,127	\$ 286,401,920	\$ 284,346,442	\$ 293,920,914	\$ 314,064,755
Restricted	18,564,126	18,326,176	15,155,154	14,068,393	12,204,596
Unrestricted	103,748,759	32,692,674	54,363,934	66,198,888	99,325,093
Total business-type activities net position	\$ 399,081,012	\$ 337,420,770	\$ 353,865,530	\$ 374,188,195	\$ 425,594,444
Primary government					
Net investment in capital assets	\$ 575,988,709	\$ 590,191,765	\$ 588,787,822	\$ 593,399,711	\$ 612,579,881
Restricted	62,806,324	62,568,374	58,650,916	56,828,847	53,281,470
Unrestricted	116,152,813	(117,651,391)	(92,474,976)	(90,930,840)	(36,127,936)
Total primary government net position	\$ 754,947,846	\$ 535,108,748	\$ 554,963,762	\$ 559,297,718	\$ 629,733,415

Source: City of Redding Comprehensive Annual Financial Report

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

	Fiscal Year				
	2008-09	2009-10	2010-11	2011-12	2012-13
Expenses					
Governmental Activities					
General government	\$ 7,726,275	\$ 6,383,391	\$ 5,278,782	\$ 7,217,464	\$ 7,296,724
Police	28,282,449	27,497,342	26,269,521	25,838,317	26,116,291
Fire	17,189,677	17,076,785	16,236,292	16,780,046	17,751,879
Public works	12,753,802	10,447,617	9,639,403	12,731,599	13,286,742
Planning	5,634,317	4,434,756	3,689,281	3,532,884	3,636,094
Recreation and culture	11,598,055	11,470,482	10,744,101	10,986,615	11,604,233
Community development	20,803,513	24,737,850	18,533,923	14,132,539	10,341,051
Interest on long-term debt	5,168,490	4,760,944	4,899,556	3,459,498	2,036,578
Total governmental activities expenses	109,156,578	106,809,167	95,290,859	94,678,962	92,069,592
Business-Type Activities					
Electric	173,451,814	161,100,955	165,227,316	159,456,608	156,080,538
Water	12,646,773	14,574,967	14,575,101	15,975,372	16,207,794
Wastewater	13,686,453	15,075,253	16,889,147	17,907,974	19,405,723
Storm drainage	2,498,787	2,354,882	2,492,302	2,255,283	2,324,951
Solid waste	18,228,705	18,497,103	18,876,936	19,953,480	20,484,434
Transportation	10,340,798	10,037,079	10,450,822	9,915,606	9,679,832
Convention center	2,966,577	3,131,705	2,457,085	1,642,316	1,176,913
Total business-type activities expenses	233,819,907	224,771,944	230,968,709	227,106,639	225,360,185
Total primary government expenses	\$ 342,976,485	\$ 331,581,111	\$ 326,259,568	\$ 321,785,601	\$ 317,429,777
Program Revenues					
Governmental Activities					
Charges for services:					
General government	\$ 5,465,585	\$ 5,211,415	\$ 5,605,847	\$ 6,128,583	\$ 5,904,251
Public works	492,040	939,201	811,949	717,929	557,062
Planning	1,595,092	1,415,218	1,060,499	1,282,262	1,337,696
Other activities	4,044,057	3,772,070	3,499,360	3,539,227	3,668,956
Operating grants and contributions	17,411,451	17,731,034	19,756,822	17,033,353	17,484,151
Capital grants and contributions	52,890,580	20,954,834	19,708,994	6,854,366	8,717,779
Total governmental activities program revenues	81,898,805	50,023,772	50,443,471	35,555,720	37,669,895
Program Revenues					
Business-type activities					
Charges for services:					
Electric	157,529,886	152,499,576	168,333,684	164,375,161	160,944,663
Water	14,128,755	13,968,396	14,653,288	15,886,937	16,734,627
Wastewater	17,190,847	18,287,784	19,503,467	21,113,321	21,355,779
Solid waste	17,201,828	17,614,327	18,395,742	19,161,513	18,800,831
Transportation	3,151,051	3,114,393	3,207,076	3,530,250	3,603,988
Other activities	2,168,958	2,115,383	1,844,432	1,519,081	1,549,792
Operating grants and contributions	4,799,554	5,319,012	5,181,927	4,450,939	4,170,108
Capital grants and contributions	10,276,508	10,685,872	9,368,813	13,337,075	10,196,914
Total business-type activities program revenues	226,447,387	223,604,743	240,488,429	243,374,277	237,356,702
Total primary government program revenues	\$ 308,346,192	\$ 273,628,515	\$ 290,931,900	\$ 278,929,997	\$ 275,026,597
Net (Expense) Revenue					
Governmental activities	\$ (27,257,773)	\$ (56,785,395)	\$ (44,847,388)	\$ (59,123,242)	\$ (54,399,697)
Business-type activities	(7,372,520)	(1,167,201)	9,519,720	16,267,638	11,996,517
Total primary government	\$ (34,630,293)	\$ (57,952,596)	\$ (35,327,668)	\$ (42,855,604)	\$ (42,403,180)

Source: City of Redding Comprehensive Annual Financial Report

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

	Fiscal Year				
	2013-14	2014-15	2015-16	2016-17	2017-18
Expenses					
Governmental Activities					
General government	\$ 6,917,771	\$ 7,112,939	\$ 8,077,255	\$ 7,576,731	\$ 7,678,431
Police	28,893,564	34,476,947	30,751,887	32,114,904	32,742,710
Fire	20,255,472	20,558,967	20,467,167	22,299,466	23,264,792
Public works	12,421,262	7,261,903	14,954,615	16,211,855	15,039,604
Planning	3,871,712	3,933,284	4,013,885	4,290,932	3,918,206
Recreation and culture	11,558,733	9,366,789	10,791,830	11,219,774	11,137,417
Community development	10,712,285	9,503,654	9,991,686	10,241,866	9,377,682
Interest on long-term debt	2,458,815	1,840,755	1,720,036	1,623,654	1,575,210
Total governmental activities expenses	97,089,614	94,055,238	100,768,361	105,579,182	104,734,052
Business-Type Activities					
Electric	150,171,628	152,786,522	144,525,611	144,826,944	139,069,185
Water	17,185,065	16,921,142	17,023,112	17,810,721	18,714,649
Wastewater	20,289,784	22,541,672	23,872,035	23,748,358	23,807,419
Storm drainage	2,102,618	1,919,740	2,094,900	2,037,068	2,032,999
Solid waste	22,870,947	20,410,950	20,209,534	22,430,632	22,835,505
Transportation	9,874,891	9,569,808	9,948,552	10,114,207	10,256,990
Convention center	1,275,954	1,229,354	1,187,415	1,349,400	1,316,803
Total business-type activities expenses	223,770,887	225,379,188	218,861,159	222,317,330	218,033,550
Total primary government expenses	\$ 320,860,501	\$ 319,434,426	\$ 319,629,520	\$ 327,896,512	\$ 322,767,602
Program Revenues					
Governmental Activities					
Charges for services:					
General government	\$ 5,967,284	\$ 6,516,578	\$ 6,213,317	\$ 6,395,898	\$ 6,522,621
Public works	577,312	682,515	650,616	669,769	785,973
Planning	1,748,627	1,673,717	1,286,338	1,986,579	1,822,316
Other activities	3,988,580	4,167,614	4,743,501	4,804,529	4,921,877
Operating grants and contributions	22,330,062	18,014,648	18,663,414	16,491,007	15,293,829
Capital grants and contributions	6,942,319	5,505,363	18,960,524	6,040,837	11,061,017
Total governmental activities program revenues	41,554,184	36,560,435	50,517,710	36,388,619	40,407,633
Program Revenues					
Business-type activities					
Charges for services:					
Electric	162,920,950	163,301,368	158,275,732	165,157,048	158,286,134
Water	18,667,027	17,871,349	17,995,434	19,591,568	22,158,506
Wastewater	22,731,807	24,577,645	26,776,762	26,939,000	27,592,665
Solid waste	19,681,867	20,505,176	21,200,419	22,167,885	22,703,424
Transportation	3,772,347	3,790,418	3,717,047	3,814,776	5,463,971
Other activities	1,513,033	1,622,114	1,744,369	1,687,107	1,419,953
Operating grants and contributions	4,159,414	4,405,158	4,300,769	4,441,415	6,219,525
Capital grants and contributions	7,476,968	6,079,058	3,343,536	2,624,987	8,173,146
Total business-type activities program revenues	240,923,413	242,152,286	237,354,068	246,423,786	252,017,324
Total primary government program revenues	\$ 282,477,597	\$ 278,712,721	\$ 287,871,778	\$ 282,812,405	\$ 292,424,957
Net (Expense) Revenue					
Governmental activities	\$ (55,535,430)	\$ (57,494,803)	\$ (50,250,651)	\$ (69,190,563)	\$ (64,326,419)
Business-type activities	17,152,526	16,773,098	18,492,909	24,106,456	33,983,774
Total primary government	\$ (38,382,904)	\$ (40,721,705)	\$ (31,757,742)	\$ (45,084,107)	\$ (30,342,645)

Source: City of Redding Comprehensive Annual Financial Report

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

	Fiscal Year				
	2008-09	2009-10	2010-11	2011-12	2012-13
General Revenue and					
Other Changes in Net Position					
Governmental Activities					
Taxes					
Sales taxes	\$ 19,375,971	\$ 18,480,866	\$ 19,157,880	\$ 19,754,922	\$ 20,696,311
Property taxes	34,820,263	33,540,288	30,583,596	22,434,321	19,284,310
In lieu	-	-	-	-	-
Transient and occupancy taxes	3,625,101	3,497,627	3,635,090	3,869,713	4,099,953
Motor vehicle in-lieu taxes	260,061	268,465	293,986	283,588	38,845
Franchise taxes	992,321	888,406	911,180	930,731	896,297
Other taxes	996,583	931,504	935,173	895,591	988,154
Investment earnings	4,065,026	1,284,562	1,101,518	820,983	1,011
Gain on sale of property	-	76,085	122,183	133,561	299,492
Miscellaneous	100,000	100,000	100,000	911,518	143,637
Transfers	2,421,943	4,535,210	4,153,367	4,163,910	5,416,339
Special item	-	-	-	-	-
Extraordinary gain	-	-	-	10,409,692	-
Total governmental activities	<u>66,657,269</u>	<u>63,603,013</u>	<u>60,993,973</u>	<u>64,608,530</u>	<u>51,864,349</u>
Business-type activities					
Investment earnings (loss)	6,272,631	3,398,687	1,150,239	1,251,057	(667,664)
Transfers	(2,421,943)	(4,535,210)	(4,153,367)	(4,163,910)	(5,416,339)
Other items	979	315	945	630	2,696
Total business activities	<u>3,851,667</u>	<u>(1,136,208)</u>	<u>(3,002,183)</u>	<u>(2,912,223)</u>	<u>(6,081,307)</u>
Total primary government	<u>\$ 70,508,936</u>	<u>\$ 62,466,805</u>	<u>\$ 57,991,790</u>	<u>\$ 61,696,307</u>	<u>\$ 45,783,042</u>
Change in Net Position					
Governmental activities	\$ 39,399,496	\$ 6,817,618	\$ 16,146,585	\$ 5,485,288	\$ (2,535,348)
Adjustments	-	-	-	-	-
Total governmental activities	<u>39,399,496</u>	<u>6,817,618</u>	<u>16,146,585</u>	<u>5,485,288</u>	<u>(2,535,348)</u>
Business-type activities	(3,520,853)	(2,303,409)	6,517,537	13,355,415	5,915,210
Adjustments - business activities	-	-	-	-	-
Total business activities	<u>(3,520,853)</u>	<u>(2,303,409)</u>	<u>6,517,537</u>	<u>13,355,415</u>	<u>5,915,210</u>
Total changes in net position - primary government	<u>\$ 35,878,643</u>	<u>\$ 4,514,209</u>	<u>\$ 22,664,122</u>	<u>\$ 18,840,703</u>	<u>\$ 3,379,862</u>

Source: City of Redding Comprehensive Annual Financial Report

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

	Fiscal Year				
	2013-14	2014-15	2015-16	2016-17	2017-18
General Revenue and					
Other Changes in Net Position					
Governmental Activities					
Taxes					
Sales taxes	\$ 21,662,406	\$ 22,053,840	\$ 22,586,087	\$ 23,199,460	\$ 23,507,550
Property taxes	15,847,198	16,292,632	17,357,917	17,924,119	19,156,295
In lieu	-	-	-	-	-
Transient and occupancy taxes	4,074,333	4,458,110	4,616,654	4,778,285	5,168,477
Motor vehicle in-lieu taxes	37,663	(141)	36,761	40,422	47,718
Franchise taxes	915,623	972,438	1,005,928	1,088,088	1,131,066
Other taxes	1,068,561	1,112,392	1,103,021	1,189,035	1,134,113
Investment earnings	878,447	582,552	780,348	374,394	525,477
Gain on sale of property	43,617	48,699	1,401,277	166,278	1,464,193
Miscellaneous	144,036	142,599	203,979	152,135	166,647
Transfers	4,666,988	5,020,485	4,568,933	4,289,638	5,440,006
Special item	-	-	-	-	(2,485,800)
Extraordinary gain	-	-	-	-	-
Total governmental activities	<u>49,338,872</u>	<u>50,683,606</u>	<u>53,660,905</u>	<u>53,201,854</u>	<u>55,255,742</u>
Business-type activities					
Investment earnings (loss)	2,314,998	1,833,914	2,515,901	505,847	980,902
Transfers	(4,666,988)	(5,013,200)	(4,568,933)	(4,289,638)	(5,440,006)
Other items	3,377	2,361	4,883	-	-
Total business activities	<u>(2,348,613)</u>	<u>(3,176,925)</u>	<u>(2,048,149)</u>	<u>(3,783,791)</u>	<u>(4,459,104)</u>
Total primary government	<u>\$ 46,990,259</u>	<u>\$ 47,506,681</u>	<u>\$ 51,612,756</u>	<u>\$ 49,418,063</u>	<u>\$ 50,796,638</u>
Change in Net Position					
Governmental activities	\$ (6,196,558)	\$ (6,811,197)	\$ 3,410,254	\$ (15,988,709)	\$ (9,070,677)
Adjustments	-	(151,367,658)	-	-	28,100,125
Total governmental activities	<u>(6,196,558)</u>	<u>(158,178,855)</u>	<u>3,410,254</u>	<u>(15,988,709)</u>	<u>19,029,448</u>
Business-type activities	14,803,913	13,596,173	16,444,760	20,322,665	29,524,670
Adjustments - business activities	-	(75,256,413)	-	-	21,881,579
Total business activities	<u>14,803,913</u>	<u>(61,660,240)</u>	<u>16,444,760</u>	<u>20,322,665</u>	<u>51,406,249</u>
Total changes in net position - primary government	<u>\$ 8,607,355</u>	<u>\$ (219,839,095)</u>	<u>\$ 19,855,014</u>	<u>\$ 4,333,956</u>	<u>\$ 70,435,697</u>

Source: City of Redding Comprehensive Annual Financial Report

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

	Fiscal Year	
	2008-09	2009-10
General Fund		
Reserved	\$ 4,905,691	\$ 3,795,073
Unreserved	5,139,052	7,470,433
Total general fund	<u>\$ 10,044,743</u>	<u>\$ 11,265,506</u>
All Other Governmental Funds		
Reserved	\$ 61,453,924	\$ 62,317,199
Unreserved, reported in:		
Special revenue funds	8,933,742	7,258,582
Capital projects funds	21,667,051	17,628,400
Unreserved, reported in:		
Special revenue funds	5,324,788	6,802,994
Capital projects funds	14,820,724	2,361,163
Debt service funds	(1,213,848)	(1,196,710)
Total all other governmental funds	<u>\$ 110,986,381</u>	<u>\$ 95,171,628</u>

	Fiscal Year				
	2010-11	2011-12	2012-13	2013-14	2014-15
General Fund					
Nonspendable	\$ 1,710,364	\$ 1,743,974	\$ 1,767,355	\$ 2,884,768	\$ 1,726,623
Restricted	1,418,289	1,410,393	1,408,645	853,717	648,655
Assigned	1,881,098	1,466,454	3,232,344	2,010,851	(720,495)
Unassigned	4,809,108	5,573,062	12,566,084	15,586,649	20,565,578
Total general fund	<u>\$ 9,818,859</u>	<u>\$ 10,193,883</u>	<u>\$ 18,974,428</u>	<u>\$ 21,335,985</u>	<u>\$ 22,220,361</u>
All Other Governmental Funds					
Nonspendable	\$ 640,713	\$ 68,104	\$ 55,317	\$ 24,306	\$ 18,045
Restricted	101,937,583	63,902,312	57,554,330	57,938,036	47,850,398
Unassigned	(1,975,049)	(249,411)	(232,712)	(253,960)	(275,436)
Total all other governmental funds	<u>\$ 100,603,247</u>	<u>\$ 63,721,005</u>	<u>\$ 57,376,935</u>	<u>\$ 57,708,382</u>	<u>\$ 47,593,007</u>

	Fiscal Year		
	2015-16	2016-17	2017-18
General Fund			
Nonspendable	\$ 1,875,032	\$ 1,833,006	\$ 2,748,604
Restricted	756,897	757,254	762,753
Assigned	678,089	5,509,567	5,489,161
Unassigned	18,534,694	12,381,575	9,682,620
Total general fund	<u>\$ 21,844,712</u>	<u>\$ 20,481,402</u>	<u>\$ 18,683,138</u>
All Other Governmental Funds			
Nonspendable	\$ 20,521	\$ 18,429	\$ 20,291
Restricted	53,237,478	50,903,778	44,380,448
Unassigned	(307,291)	(344,254)	(344,640)
Total all other governmental funds	<u>\$ 52,950,708</u>	<u>\$ 50,577,953</u>	<u>\$ 44,056,099</u>

Source: City of Redding Comprehensive Annual Financial Report

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

	Fiscal Year				
	2008-09	2009-10	2010-11	2011-12	2012-13
Revenues:					
Taxes	\$ 59,231,951	\$ 56,847,912	\$ 55,531,852	\$ 47,806,603	\$ 46,183,002
Licenses and permits	919,484	904,249	853,202	915,422	963,435
Intergovernmental revenues	44,205,365	30,291,860	41,308,531	22,835,959	21,275,544
Charges for services	3,693,777	3,218,326	2,697,345	2,765,973	3,055,935
Fines	1,333,019	1,395,523	1,046,207	1,500,026	923,777
Use of money and property	6,434,661	6,015,841	6,311,596	6,638,286	6,301,849
Interest revenue	3,624,089	1,007,459	1,001,286	740,063	141,842
Special assessments	1,684,815	796,878	751,326	761,787	614,387
Miscellaneous	6,115,887	3,045,835	3,048,462	2,587,503	4,167,895
Total revenues	127,243,048	103,523,883	112,549,807	86,551,622	83,627,666
Expenditures:					
General government	6,997,295	5,795,422	5,202,372	5,627,595	5,283,779
Community development	21,607,335	25,226,846	18,035,641	16,360,799	10,094,221
Public safety	44,305,381	42,179,779	41,483,662	40,629,153	41,319,683
Public works	7,861,504	5,031,215	4,456,262	4,089,781	5,075,245
Planning	5,437,393	4,172,970	3,485,319	3,106,140	3,214,827
Recreation and culture	7,439,993	6,889,257	6,372,869	6,273,179	6,843,716
Capital outlay	50,136,882	24,231,055	24,467,682	12,195,037	9,657,100
Debt service:					
Principal retirement	5,710,487	6,775,043	5,229,044	5,706,539	3,558,947
Interest and fiscal charges	5,231,749	4,781,807	4,698,793	3,348,200	2,007,629
Bond issuance costs	-	-	-	-	-
Total expenditures	154,728,019	125,083,394	113,431,644	97,336,423	87,055,147
Excess of revenues over (under) expenditures	(27,484,971)	(21,559,511)	(881,837)	(10,784,801)	(3,427,481)
Other Financing Sources (Uses)					
Sale of capital asset	233,399	1,804,652	169,672	187,120	299,492
Financing proceeds	-	-	-	-	-
Long-term debt issued	-	662,993	343,770	1,401,803	-
Bond discount	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-
Transfers in	19,768,205	17,190,872	10,531,521	11,087,998	14,430,062
Transfers out	(15,085,816)	(12,692,996)	(6,178,154)	(6,804,428)	(8,865,598)
Total other financing sources (uses)	4,915,788	6,965,521	4,866,809	5,872,493	5,863,956
Special Item	-	-	-	-	-
Extraordinary Item	-	-	-	(31,594,910)	-
Net change in fund balances	\$ (22,569,183)	\$ (14,593,990)	\$ 3,984,972	\$ (36,507,218)	\$ 2,436,475
Fund Balances (deficit), beginning of year, as originally stated	\$ 143,600,307	\$ 121,031,125	\$ 106,437,134	\$ 110,422,106	\$ 73,914,888
Prior period adjustment	-	-	-	-	-
Fund Balances (deficit), beginning of year, as restated	143,600,307	121,031,125	106,437,134	110,422,106	73,914,888
Fund balances (deficit), end of year	\$ 121,031,124	\$ 106,437,135	\$ 110,422,106	\$ 73,914,888	\$ 76,351,363
Debt service as a percentage of noncapital expenditures	10%	11%	11%	11%	7%

Source: City of Redding Comprehensive Annual Financial Report

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

	Fiscal Year				
	2013-14	2014-15	2015-16	2016-17	2017-18
Revenues:					
Taxes	\$ 43,678,499	\$ 45,125,212	\$ 47,889,908	\$ 48,385,407	\$ 50,114,315
Licenses and permits	1,020,396	1,142,654	1,321,422	1,319,041	1,304,712
Intergovernmental revenues	23,367,310	21,555,631	33,039,876	19,301,043	17,561,603
Charges for services	3,423,766	3,543,025	3,135,897	3,763,928	3,968,265
Fines	1,050,533	968,591	1,434,429	1,598,215	1,445,372
Use of money and property	6,822,715	6,979,312	7,774,752	7,905,927	7,903,045
Interest revenue	642,330	408,382	559,933	351,277	505,398
Special assessments	562,559	480,861	311,291	480,855	612,627
Miscellaneous	2,786,993	2,917,802	6,151,375	3,321,608	4,141,927
Total revenues	83,355,101	83,121,470	101,618,883	86,427,301	87,557,264
Expenditures:					
General government	5,339,521	5,335,175	5,531,550	6,170,131	6,061,390
Community development	10,594,203	9,391,315	9,833,058	9,988,629	9,208,634
Public safety	44,050,576	44,658,160	47,667,150	49,561,988	51,305,095
Public works	5,143,666	5,333,076	7,736,374	8,089,769	6,280,036
Planning	3,593,044	3,643,893	4,005,836	4,054,107	3,751,957
Recreation and culture	7,036,366	6,923,444	7,090,091	7,477,025	7,895,240
Capital outlay	9,792,385	16,601,544	16,012,801	6,902,183	11,354,447
Debt service:					
Principal retirement	3,512,856	3,721,171	2,785,484	2,532,744	2,657,496
Interest and fiscal charges	1,924,737	1,812,496	1,658,488	1,557,407	1,510,512
Bond issuance costs	266,462	450	-	-	-
Total expenditures	91,253,816	97,420,724	102,320,832	96,333,983	100,024,807
Excess of revenues over (under) expenditures	(7,898,715)	(14,299,254)	(701,949)	(9,906,682)	(12,467,543)
Other Financing Sources (Uses)					
Sale of capital asset	41,909	55,055	1,401,276	166,279	1,275,193
Financing proceeds	565,048	-	-	-	-
Long-term debt issued	11,181,060	-	-	-	-
Bond discount	(80,666)	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Payment to refunding bond escrow agent	(5,925,272)	-	-	-	-
Transfers in	13,001,893	14,082,943	12,233,284	13,756,026	12,677,169
Transfers out	(8,192,253)	(9,069,743)	(7,950,559)	(7,751,688)	(7,307,089)
Total other financing sources (uses)	10,591,719	5,068,255	5,684,001	6,170,617	6,645,273
Special Item	-	-	-	-	(2,485,800)
Extraordinary Item	-	-	-	-	-
Net change in fund balances	\$ 2,693,004	\$ (9,230,999)	\$ 4,982,052	\$ (3,736,065)	\$ (8,308,070)
Fund Balances (deficit), beginning of year, as originally stated	\$ 76,351,363	\$ 79,044,367	\$ 69,813,368	\$ 74,795,420	\$ 71,059,355
Prior period adjustment	-	-	-	-	(12,048)
Fund Balances (deficit), beginning of year, as restated	<u>76,351,363</u>	<u>79,044,367</u>	<u>69,813,368</u>	<u>74,795,420</u>	<u>71,047,307</u>
Fund balances (deficit), end of year	\$ 79,044,367	\$ 69,813,368	\$ 74,795,420	\$ 71,059,355	\$ 62,739,237
Debt service as a percentage of noncapital expenditures	<u>7%</u>	<u>7%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>

Source: City of Redding Comprehensive Annual Financial Report

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

Fiscal Year	Property Tax	Transient Occupancy Tax	Sales Tax	Other Taxes	Total
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
2015-2016	17,247	4,616	23,918	2,110	47,891
2016-2017	18,131	4,779	23,199	2,276	48,385
2017-2018	19,173	5,168	23,507	2,266	50,114

Source: City of Redding Comprehensive Annual Financial Report

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

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

<u>Type of Customer</u>	Fiscal Year ended June 30,			
	2014		2015	
	<u>Base rate customers</u>	<u>Electricity Sold (MWHs)</u>	<u>Base rate customers</u>	<u>Electricity Sold (MWHs)</u>
Residential	37,387	361,106	37,561	356,071
Commercial	5,011	336,507	5,034	338,292
Industrial	330	12,303	322	12,366
Other	934	45,923	915	43,087
Total	<u><u>43,662</u></u>	<u><u>755,839</u></u>	<u><u>43,832</u></u>	<u><u>749,816</u></u>

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

Type of Customer	Fiscal Year ended June 30,					
	2011		2012		2013	
	Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)
Residential	36,824	377,161	37,032	375,136	37,268	375,606
Commercial	5,032	332,375	5,002	333,200	5,022	338,257
Industrial	355	13,586	335	13,227	334	13,506
Other	902	44,610	912	44,379	927	46,756
Total	43,113	767,732	43,281	765,942	43,551	774,125

Type of Customer	Fiscal Year ended June 30,					
	2016		2017		2018	
	Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)
Residential	37,751	361,427	38,015	366,354	38,088	368,829,216
Commercial	5,025	332,232	4,949	324,202	4,955	323,799,109
Industrial	335	13,394	336	12,226	326	12,626,064
Other	928	42,358	933	41,825	935	41,470,653
Total	44,039	749,411	44,233	744,607	44,304	746,725,042

**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)	Small Commercial All kwh	Large Commercial All kwh	Per kwh in excess of 15,000	
2009	\$ 6.86	\$ 0.1067	\$ 6.86	\$ 15.70	\$ 0.1288	\$ 0.1288	\$ 0.0598	
2010	7.40	0.1151	7.40	16.90	0.1288	0.1288	0.0598	
2011	8.50	0.1239	11.00	21.00	0.1370	0.1370	0.0645	
2012	9.80	0.1330	16.50	25.00	0.1448	0.1448	0.0696	
2013	11.30	0.1426	18.00	29.00	0.1560	0.1560	0.0750	
2014	13.00	0.1528	20.00	33.00	0.1679	0.1679	0.0809	
2015	13.00	0.1528	20.00	33.00	0.1679	0.1679	0.0809	
2016	15.00	0.1528	25.00	140.00	0.1679	0.1679	0.0809	
2017	15.00	0.1528	25.00	140.00	0.1679	0.1679	0.0809	
2018	15.00	0.1528	25.00	140.00	0.1679	0.0980	0.0980	

Source: City of Redding Utility Rate Schedules

City of Redding
Electric Utility Rates (Continued)
Last Ten Fiscal Years

Industrial						
<u>Fiscal Year</u>	<u>Monthly Base Rate</u>	<u>On Peak Energy Charge</u>			<u>Off Peak Energy Charge</u>	
		<u>All kwh</u>	<u>Per kWh in excess of 15,000</u>	<u>If off-peak demand is less than on-peak demand</u>		
2009	\$ 32.65	\$ 0.1212	\$ 0.0562	\$ 0.0475	\$ 0.0562	
2010	35.20	0.1307	0.0606	0.0606	0.0562	
2011	42.00	0.1409	0.0654	0.0552	0.0654	
2012	50.00	0.1519	0.0705	0.0595	0.0705	
2013	66.00	0.1766	0.0820	0.0692	0.0820	
2014	66.00	0.1766	0.0820	0.0692	0.0820	
2015	66.00	0.1766	0.0820	0.0692	0.0820	
2016	230.00	0.1766	0.0820	0.0692	0.0820	
2017	230.00	0.1766	0.0820	0.0692	0.0820	
2018	140.00	0.0980	0.0980	0.0980	0.0980	

Source: City of Redding Utility Rate Schedules

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City of Redding
Principal Electric Utility Payers
Fiscal Years 2017-18 and 2008-09

Utility Payer	June 30, 2018 Fiscal Year			June 30, 2009 Fiscal Year		
	Utilities Paid	Rank	Percentage of City Total Utilities Paid	Utilities Paid	Rank	Percentage of City Total Utilities Paid
Customer #1	\$5,420,501	1	4.30%	\$4,073,611	1	4.72%
Customer #2	1,552,279	2	1.23%	1,202,742	3	1.39%
Customer #3	1,898,162	3	1.51%			
Customer #4	1,831,123	4	1.45%	1,391,522	2	1.61%
Customer #5	1,471,848	5	1.17%	921,653	4	1.07%
Customer #6	1,104,690	6	0.88%			
Customer #7	891,452	7	0.71%	568,626	6	0.66%
Customer #8	732,900	8	0.58%	485,343	9	0.56%
Customer #9	447,024	9	0.35%	510,218	8	0.59%
Customer #10	605,223	10	0.48%			
Customer #11				668,447	5	0.77%
Customer #12				531,726	7	0.62%
Customer #13				475,330	10	0.55%
Total	\$15,955,202		12.66%	\$10,829,218		12.54%

Source: City of Redding Electric Utility

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

Governmental Activities						
Fiscal Year Ending	Revenue Bonds	Tax Allocation Bonds ⁽¹⁾	Loans	Special Assessment Bonds	Capital Leases	
2009	\$ 47,838	\$ 49,475	\$ 16	\$ 3,452	\$ 559	
2010	45,328	47,460	401	1,661	377	
2011	42,719	45,360	316	1,379	567	
2012	40,022	-	1,360	1,097	388	
2013	36,938	-	1,042	825	221	
2014	39,772	-	616	510	692	
2015	36,632	-	320	123	574	
2016	34,318	-	-	92	405	
2017	31,915	-	-	63	292	
2018	29,418	-	-	-	177	

⁽¹⁾ 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.

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

Business-Type Activities									
Fiscal Year Ending	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⁾
2009	\$ -	\$ 31,532	\$ 188,285	\$ 35,940	\$ -	\$ 256	\$ 357,352	11.87%	\$ 3,930
2010	-	28,632	183,290	39,709	-	199	347,058	11.67%	3,861
2011	-	25,641	178,160	44,289	-	3,238	341,669	10.96%	3,794
2012	-	22,723	172,780	65,362	-	2,930	306,663	9.54%	3,394
2013	-	18,092	159,001	74,571	-	2,559	293,249	8.87%	3,228
2014	-	14,446	166,777	84,258	-	2,156	309,226	9.16%	3,400
2015	-	12,081	160,556	84,429	-	1,774	296,489	8.22%	3,254
2016	-	46,761	126,082	84,164	-	1,356	293,178	7.58%	3,201
2017	-	98,629	65,905	80,784	-	-	277,589	6.98%	3,024
2018	-	98,531	18,249	75,716	-	-	222,090	5.41%	2,419

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

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City of Redding
Computation of Direct and Overlapping Debt
As of June 30, 2018

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Redding (3)</u>	<u>Amount Applicable to City of Redding</u>
Direct:			
City of Redding: (1)			
Revenue bonds	\$ 29,417,577	100.000%	\$ 29,417,577
Capital leases	177,017	100.000%	177,017
Total direct debt	29,594,594		29,594,594
Overlapping:			
County of Shasta: (2)			
Bonds	29,328,367	50.781%	14,893,238
Notes	303,721	50.781%	154,233
Shasta County Schools: (2)			
Enterprise School District	25,007,461	99.056%	24,771,391
Shasta Union High	28,813,355	68.576%	19,759,046
Gateway School	32,647,173	40.320%	13,163,340
Redding School District	3,050,000	99.179%	3,024,960
Columbia School District	6,090,000	74.964%	4,565,308
Shasta College	72,600,000	50.949%	36,988,974
Cascade School	9,169,706	2.149%	197,057
Pacheco School	5,710,096	56.971%	3,253,099
Grant School	1,685,000	4.434%	74,713
Total overlapping debt	214,404,879		120,845,357
Total direct and overlapping debt	\$ 243,999,473		\$ 150,439,951

Source: (1) *City of Redding*
(2) *Shasta County Auditor-Controller's Office*
(3) *Percentages for Computation of Direct and Overlapping Debt are calculated by using the Shasta County valuations by taxing district for fiscal year 2016-17.*

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

	Fiscal Year				
	2008-09	2009-10	2010-11	2011-12	2012-13
Debt Limit	\$ 300,235	\$ 292,840	\$ 279,873	\$ 260,142	\$ 254,417
Total net debt applicable to limit	-	-	-	1,097	825
Legal debt margin	<u>\$ 300,235</u>	<u>\$ 292,840</u>	<u>\$ 279,873</u>	<u>\$ 259,045</u>	<u>\$ 253,592</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.42%	0.32%

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.

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

	Fiscal Year				
	2013-14	2014-15	2015-16	2016-17	2017-18
Debt Limit	\$ 267,472	\$ 275,782	\$ 289,290	\$ 301,892	\$ 318,039
Total net debt applicable to limit	<u>510</u>	<u>123</u>	<u>92</u>	<u>63</u>	<u>-</u>
Legal debt margin	<u>\$ 266,962</u>	<u>\$ 275,659</u>	<u>\$ 289,198</u>	<u>\$ 301,829</u>	<u>\$ 318,039</u>
Total net debt applicable to the limit as a percentage of debt limit	0.19%	0.04%	0.03%	0.02%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2017-18

Assessed Value (1)	<u>\$ 8,481,049</u>
Debt Limit - 3.75% of Total Assessed Value	\$ 318,039
Amount of Debt Applicable to the Limit	<u>-</u>
Legal Debt Margin	<u>\$ 318,039</u>

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

(1) Assessed valuation includes supplemental tax rolls.

City of Redding
Wastewater Revenue Bond Coverage
Last Ten Fiscal Years

	Fiscal Year Ending				
	2008-09	2009-10	2010-11	2011-12	2012-13
Operating Revenue	\$ 17,165,662	\$ 18,280,681	\$ 19,492,643	\$ 21,099,386	\$ 21,342,485
Other Revenue**	25,186	2,152	10,824	13,935	13,295
Interest Revenue	1,266,665	649,481	215,469	350,722	(241,696)
Adjusted Revenue	<u>18,457,513</u>	<u>18,932,314</u>	<u>19,718,936</u>	<u>21,464,043</u>	<u>21,114,084</u>
25% of Adjusted Revenue	4,614,378	4,733,079	4,929,734	5,366,011	5,278,521
Actual Connection Fees	<u>1,680,074</u>	<u>1,717,427</u>	<u>1,335,741</u>	<u>664,223</u>	<u>1,214,938</u>
Allowable Connection Fees	<u>1,680,074</u>	<u>1,717,427</u>	<u>1,335,741</u>	<u>664,223</u>	<u>1,214,938</u>
Total Revenue	<u>\$ 20,137,587</u>	<u>\$ 20,649,741</u>	<u>\$ 21,054,677</u>	<u>\$ 22,128,266</u>	<u>\$ 22,329,022</u>
Operating Expense	(12,894,743)	(14,214,867)	(15,275,899)	(16,093,343)	(17,188,977)
Add back In-Lieu	-	-	-	-	-
Add back Depreciation/Amortization	<u>4,021,167</u>	<u>4,361,325</u>	<u>4,896,408</u>	<u>5,141,880</u>	<u>5,572,955</u>
Net Operating Expense	<u>(8,873,576)</u>	<u>(9,853,542)</u>	<u>(10,379,491)</u>	<u>(10,951,463)</u>	<u>(11,616,022)</u>
Net Wastewater Revenues*	<u>\$ 11,264,011</u>	<u>\$ 10,796,199</u>	<u>\$ 10,675,186</u>	<u>\$ 11,176,803</u>	<u>\$ 10,713,000</u>
Total Debt Service	<u>\$ 3,309,313</u>	<u>\$ 3,621,312</u>	<u>\$ 4,838,627</u>	<u>\$ 5,591,172</u>	<u>\$ 6,122,885</u>
Debt Coverage Ratio	<u>3.40</u>	<u>2.98</u>	<u>2.21</u>	<u>2.00</u>	<u>1.75</u>

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

** Excludes capital grants.

City of Redding
Wastewater Revenue Bond Coverage (Continued)
Last Ten Fiscal Years

	Fiscal Year Ending				
	2013-14	2014-15	2015-16	2016-17	2017-18
Operating Revenue	\$ 22,720,092	\$ 24,563,888	\$ 25,451,684	\$ 25,815,214	\$ 27,575,888
Other Revenue**	(86,499)	13,756	15,453	16,261	16,778
Interest Revenue	582,376	468,529	609,119	80,155	199,081
Adjusted Revenue	<u>23,215,969</u>	<u>25,046,173</u>	<u>26,076,256</u>	<u>25,911,630</u>	<u>27,791,747</u>
25% of Adjusted Revenue	5,803,992	6,261,543	6,519,064	6,477,908	6,947,937
Actual Connection Fees	956,137	842,721	1,309,625	1,162,532	874,321
Allowable Connection Fees	<u>956,137</u>	<u>842,721</u>	<u>1,309,625</u>	<u>1,162,532</u>	<u>874,321</u>
Total Revenue	<u>\$ 24,172,106</u>	<u>\$ 25,888,894</u>	<u>\$ 27,385,881</u>	<u>\$ 27,074,162</u>	<u>\$ 28,666,068</u>
Operating Expense	(18,451,474)	(20,045,882)	(21,561,048)	(21,645,196)	(21,888,127)
Add back In-Lieu	-	-	-	-	-
Add back Depreciation/Amortization	<u>5,924,400</u>	<u>6,886,048</u>	<u>7,026,394</u>	<u>7,018,740</u>	<u>7,289,864</u>
Net Operating Expense	<u>(12,527,074)</u>	<u>(13,159,834)</u>	<u>(14,534,654)</u>	<u>(14,626,456)</u>	<u>(14,598,263)</u>
Net Wastewater Revenues*	<u>\$ 11,645,032</u>	<u>\$ 12,729,060</u>	<u>\$ 12,851,227</u>	<u>\$ 12,447,706</u>	<u>\$ 14,067,805</u>
Total Debt Service	<u>\$ 8,117,463</u> ***	<u>\$ 8,131,564</u>	<u>\$ 8,129,964</u>	<u>\$ 8,569,619</u>	<u>\$ 8,573,419</u>
Debt Coverage Ratio	<u>1.43</u>	<u>1.57</u>	<u>1.58</u>	<u>1.45</u>	<u>1.64</u>

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

** Excludes capital grants.

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

City of Redding
Water Revenue Bond Coverage
Last Ten Fiscal Years

	Fiscal Year Ending				
	2008-09	2009-10	2010-11	2011-12	2012-13
Operating Revenue	\$ 13,914,397	\$ 13,748,499	\$ 14,427,814	\$ 15,655,601	\$ 16,497,288
Other Revenue**	194,358	219,897	225,474	231,336	237,340
Interest Revenue	734,418	479,524	199,863	205,711	(172,089)
Adjusted Revenue	<u>14,843,173</u>	<u>14,447,920</u>	<u>14,853,151</u>	<u>16,092,648</u>	<u>16,562,539</u>
25% of Adjusted Revenue	3,710,793	3,611,980	3,713,288	4,023,162	4,140,635
Actual Connection Fees	<u>1,437,290</u>	<u>1,294,343</u>	<u>1,018,718</u>	<u>602,128</u>	<u>1,389,868</u>
Allowable Connection Fees	<u>1,437,290</u>	<u>1,294,343</u>	<u>1,018,718</u>	<u>602,128</u>	<u>1,389,868</u>
Total Revenue	<u>16,280,463</u>	<u>15,742,263</u>	<u>15,871,869</u>	<u>16,694,776</u>	<u>17,952,407</u>
Operating Expense	(12,456,147)	(14,044,979)	(14,179,843)	(15,300,320)	(15,532,856)
Add back In-Lieu	-	-	-	-	-
Add back Depreciation/Amortization	<u>3,020,054</u>	<u>3,300,595</u>	<u>3,322,769</u>	<u>3,482,093</u>	<u>3,623,164</u>
Net Operating Expense	<u>(9,436,093)</u>	<u>(10,744,384)</u>	<u>(10,857,074)</u>	<u>(11,818,227)</u>	<u>(11,909,692)</u>
Net Water Revenues*	<u>\$ 6,844,370</u>	<u>\$ 4,997,879</u>	<u>\$ 5,014,795</u>	<u>\$ 4,876,549</u>	<u>\$ 6,042,715</u>
Total Debt Service	<u>\$ 1,224,838</u>	<u>\$ 1,222,488</u>	<u>\$ 1,217,626</u>	<u>\$ 1,025,150</u>	<u>\$ 1,027,210</u>
Debt Coverage Ratio	<u>5.59</u>	<u>4.09</u>	<u>4.12</u>	<u>4.76</u>	<u>5.88</u>

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

** Excludes capital grants.

City of Redding
Water Revenue Bond Coverage (Continued)
Last Ten Fiscal Years

	Fiscal Year Ending				
	2013-14	2014-15	2015-16	2016-17	2017-18
Operating Revenue	\$ 18,423,339	\$ 17,646,476	\$ 16,860,160	\$ 18,549,702	\$ 22,017,718
Other Revenue**	172,996	224,874	149,471	137,769	141,212
Interest Revenue	411,799	330,137	439,975	77,297	122,970
Adjusted Revenue	<u>19,008,134</u>	<u>18,201,487</u>	<u>17,449,606</u>	<u>18,764,768</u>	<u>22,281,900</u>
25% of Adjusted Revenue	4,752,034	4,550,372	4,362,402	4,691,192	5,570,475
Actual Connection Fees	<u>753,633</u>	<u>662,463</u>	<u>985,803</u>	<u>961,572</u>	<u>775,752</u>
Allowable Connection Fees	<u>753,633</u>	<u>662,463</u>	<u>985,803</u>	<u>961,572</u>	<u>775,752</u>
Total Revenue	<u>19,761,767</u>	<u>18,863,950</u>	<u>18,435,409</u>	<u>19,726,340</u>	<u>23,057,652</u>
Operating Expense	(16,703,721)	(16,588,595)	(16,224,118)	(17,486,280)	(18,285,529)
Add back In-Lieu	-	-	-	-	-
Add back Depreciation/Amortization	<u>3,457,758</u>	<u>3,342,717</u>	<u>3,425,653</u>	<u>3,421,610</u>	<u>3,449,869</u>
Net Operating Expense	<u>(13,245,963)</u>	<u>(13,245,878)</u>	<u>(12,798,465)</u>	<u>(14,064,670)</u>	<u>(14,835,660)</u>
Net Water Revenues*	<u>\$ 6,515,804</u>	<u>\$ 5,618,072</u>	<u>\$ 5,636,944</u>	<u>\$ 5,661,670</u>	<u>\$ 8,221,992</u>
Total Debt Service	<u>\$ 1,091,335</u> **	<u>\$ 764,100</u>	<u>\$ 768,100</u>	<u>\$ 770,500</u>	<u>\$ 711,900</u>
Debt Coverage Ratio	<u>5.97</u>	<u>7.35</u>	<u>7.34</u>	<u>7.35</u>	<u>11.55</u>

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

** Excludes capital grants.

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

City of Redding
Electric Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	Revenue	Expense	Available Reserves	Funds Available for Debt Service	Debt Service	Debt Service Coverage
2008-2009	\$ 157,477,449	\$ 152,534,009	\$ 37,000,967	\$ 41,944,407	\$ 5,067,968	8.28
2009-2010	153,119,347	141,852,601	33,562,914	44,829,660	10,110,131	4.43
2010-2011	168,305,285	146,270,267	31,793,172	53,828,190	13,754,317	3.91
2011-2012	164,353,261	135,263,876	34,352,264	63,441,649	13,829,150	4.59
2012-2013	160,924,425	130,644,921	41,918,740	72,198,244	13,834,475	5.22
2013-2014	162,898,133	125,129,935	45,760,302	83,528,500	13,858,275	6.03
2014-2015	163,267,269	129,689,792	47,747,852	81,325,329	13,857,050	6.07
2015-2016	158,250,632	122,455,892	63,410,359	99,205,099	14,941,042	6.85
2016-2017	165,123,848	120,122,216	81,313,278	126,314,910	14,852,439	8.50
2017-2018	158,389,789	117,670,195	89,028,316	129,747,910	14,117,844	9.19

Source: Electric Utility Bond Disclosure Reports

**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>
2008-2009	59.82	90,931	\$ 3,011,635	\$ 33,120	14.10
2009-2010	59.82	89,878	2,973,704	33,086	16.20
2010-2011	59.82	90,050	3,116,721	34,611	15.90
2011-2012	59.82	90,342	3,213,465	35,570	14.20
2012-2013	60.68	90,848	3,305,504	36,385	11.90
2013-2014	60.68	90,950	3,377,428	37,135	9.30
2014-2015	60.68	91,110	3,609,049	39,612	7.60
2015-2016	60.68	91,582	3,868,790	42,244	6.80
2016-2017	60.68	91,808	3,977,490	43,324	5.50
2017-2018	60.68	91,794	4,102,366	44,691	5.10

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

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

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

<u>Employer</u>	<u>2018</u>			<u>2009</u>			
	<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	*	2,020	1	2.85%	1,925	1	2.66%
Mercy Medical Center		1,505	2	2.12%	1,600	2	2.21%
Shasta Regional Medical Center		818	3	1.15%	600	5	0.83%
City of Redding	**	777	4	1.10%	860	3	1.19%
Shasta Community College		612	5	0.86%	700	4	0.97%
Redding Rancheria		565	6	0.80%	370	8	0.51%
CA Transportation Department		514	7	0.72%			
Shasta Union High School District		398	8	0.56%			
Shasta Community Health		384	9	0.54%			
Blue Shield of California		330	10	0.47%	430	6	0.59%
Wal Mart					375	7	0.52%
United States Post Office					300	9	0.41%
Shasta Head Start					250	10	0.35%
Total		<u>7,923</u>			<u>7,410</u>		

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

** Full-time budgeted positions.

In 2017-18 there were 744 full-time and 433 part-time/temporary positions filled.

In 2008-09 there were 860 full-time and 319 part-time/temporary positions filled.

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

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

<u>Function/Program</u>	Budgeted Full-time Employees at June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	104	90	89	86	85	88	88	91	92	91
Police	167	150	141	141	130	131	131	135	135	136
Fire	81	80	70	70	75	85	85	85	85	76
Public Works	69	67	66	65	65	66	66	66	66	70
Planning	45	39	32	29	29	29	29	29	29	30
Recreation and Culture	27	25	23	20	21	21	21	21	21	22
Community Development	23	22	20	15	20	12	8	10	10	12
Electric	180	183	183	185	185	179	180	180	180	181
Water	27	28	28	28	28	27	27	28	28	29
Wastewater	31	32	32	33	33	34	34	36	36	36
Storm Drainage	6	5	5	5	5	5	5	5	5	5
Solid Waste	81	81	81	79	79	79	79	79	79	82
Transportation	7	7	7	7	7	6	7	7	7	7
Convention Center	12	13	13	10	-	-	-	-	-	-
	860	822	790	773	762	762	760	772	773	777

Source: City of Redding Personnel Division

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City of Redding
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Police</i>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	40	38	39	38	39	38	41	45	45	46
<i>Fire stations</i>	8	8	7	7	8	8	8	8	8	8
<i>Public works</i>										
Streets (miles)	464.0	464.0	464.0	464.0	465.0	465.0	468.0	468.7	469.1	442.3
Streetlights	7,517	7,568	7,575	7,581	8,013	8,025	8,051	8,086	8,204	8,376
<i>Recreation and culture</i>										
Maintained trails (miles)	62	62	62	63	66	66	67	68	39	39
Parks acreage (improved)	593	593	593	620	635	635	636	636	620	598
Parks acreage (unimproved)	425	487	487	487	487	487	487	487	460	443
<i>Electric</i>										
Transmission & Distribution system (miles)	704	705	710	710	793	798	798	812	812	815
<i>Water</i>										
Length of water mains	556	558	558.7	556	556	556	557	558	559	557
<i>Wastewater</i>										
Sewer lines (miles)	426	430	430.1	431.1	430.3	431.4	431.5	433.2	433.5	432.6
<i>Solid Waste</i>										
Collection trucks	32	32	32	32	32	32	36	38	37	38
<i>Storm Drainage</i>										
Length of system (miles) *	433	440.5	441	442	442	399	397	397	397	393 *
Catch basins*	10,041	10,253	10,553	10,593	10,711	7,068	6,594	6,590	6,594	6,593 *
<i>Transportation</i>										
Buses	17	17	16	16	16	18	18	20	20	18

* 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

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

Function/Program	Fiscal Year Ended June 30,				
	2009	2010	2011	2012	2013
Police					
Calls for service	85,885	84,236	85,336	87,069	91,501
Felony arrests	2,321	2,522	2,280	2,603	2,905
Misdemeanor arrests	6,779	5,551	4,838	4,462	7,596
Total arrests	9,100	8,073	7,118	7,065	10,501
Fire					
Fire, explosion	454	402	381	387	436 *
Rescue, emergency medical call	9,308	9,032	9,212	8,467	7,913 *
Fire safety inspections	3,745	4,590	3,762	2,195	2,972 *
Public Works					
Miles of roadway resurfaced	8.0	2.4	7.8	1.5	2.7
Miles of roadway slurry sealed	26	-	-	-	11.5
Planning					
Number of building permits issued	2,819	2,634	2,744	2,552	3,043
Recreation and Culture					
Recreation Division programs	2,807	2,800	2,800	2,800	2,800
Program participants	13,682	13,597	13,613	13,439	13,605
Redding Aquatic Center attendees	-	-	-	-	- **
Special events programs	-	-	-	-	- **
Special events attendance	-	-	-	-	- **
Community Development					
Number of households assisted (Rental Assistance)	1,546	1,470	1,471	1,599	1,450
Owner occupied loans made for rehabilitation/purchase	55	22	17	10	21
Rental loans/grants for rehabilitation/purchase	-	29	9	5	3
Electric					
Electric customers billed monthly	42,910	43,035	43,144	43,281	43,551
Average sustained outages per customer per year	0.28	0.43	0.31	0.29	0.62
System average retail rates	10.9	11.8	12.7	13.8	14.6
Water					
Water produced (acre ft.)	27,446	25,818	23,201	23,186	27,994
Wastewater					
Totals household equivalents served	42,079	41,523	41,431	41,710	40,598
Clear Creek dry flow	7.5	7.2	7.8	7.1	7.3
Stillwater dry flow	2.6	2.6	3.1	2.7	2.4
Storm Drains					
Percentage of inlets cleaned/maintained (annually)	1.4%	1.4%	4.5%	4.3%	4.0%
Solid Waste					
Total waste collected (tons)	77,944	78,868	77,793	75,875	75,126
Recyclables sales (tons)	8,486	8,447	8,180	8,026	7,705
Transportation					
Airport passenger movements/enplanements	63,205	57,105	51,088	33,638	26,785
RABA bus passengers	743,455	723,452	727,094	812,347	814,123

* Calendar year figures, as Fiscal Year amounts are not available

** Figures were unavailable prior to the implementation of the recreation management software in 2016-17.

Source: City of Redding

City of Redding
Operating Indicators by Function/Program (Continued)
Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30,				
	2014	2015	2016	2017	2018
Police					
Calls for service	91,917	95,237	96,436	95,233	100,562
Felony arrests	2,658	2,237	2,259	2,245	2,526
Misdemeanor arrests	4,010	5,668	6,039	7,860	7,674
Total arrests	6,668	7,905	8,298	10,105	10,200
Fire					
Fire, explosion	527	466	476	418	485 *
Rescue, emergency medical call	8,277	8,334	8,131	8,502	8,907 *
Fire safety inspections	3,452	3,511	3,661	3,500	2,796 *
Public Works					
Miles of roadway resurfaced	1.8	1.4	7.0	4.0	5.0
Miles of roadway slurry sealed	0.7	26.1	18	-	-
Planning					
Number of building permits issued	3,167	3,575	3,813	4,107	4,223
Recreation and Culture					
Recreation Division programs	2,800	2,800	2,650	**1,073	929
Program participants	13,717	13,854	13,793	**12,887	12,917
RAC Attendees	-	-	-	22,626	22,193 ***
Special events programs	-	-	-	94	71 ***
Special events attendance	-	-	-	24,962	20,998 ***
Community Development					
Number of households assisted (Rental Assistance)	1,485	1,447	1,556	1,542	1,514
Owner occupied loans made for rehabilitation/purchase	16	20	17	17	12
Rental loans/grants for rehabilitation/purchase	3	3	1	1	5
Electric					
Electric customers billed monthly	43,662	43,832	44,039	44,233	44,304
Average sustained outages per customer per year	0.26	0.49	0.38	0.53	0.42
System average retail rates	15.7	16.6	16.7	16.8	16.7
Water					
Water produced (acre ft.)	29,307	21,514	20,411	21,674	25,656
Wastewater					
Totals household equivalents served	41,988	42,641	42,209	46,079	43,526
Clear Creek dry flow	7.6	5.7	5.7	5.9	5.9
Stillwater dry flow	2.0	1.9	1.9	2.1	2.3
Storm Drains					
Percentage of inlets cleaned/maintained (annually)	4.0%	4.0%	4.0%	4.0%	4.0%
Solid Waste					
Total waste collected (tons)	75,527	75,929	82,985	86,826	86,942
Recyclables sales (tons)	7,385	6,846	7,860	8,897	10,282
Transportation					
Airport passenger movements/enplanements	24,951	27,148	35,844	48,048	42,723
RABA bus passengers	827,924	742,712	664,367	679,527	659,562

* Calendar year figures, as Fiscal Year amounts are not available

** 2016-17 figures have been restated due to updated statistics available in 2017-18. Prior to 2016-17 the City of Redding did not have recreation management software to track these indicators.

*** Figures were unavailable prior to the implementation of the recreation management software in 2016-17.

Source: City of Redding

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SUPPLEMENTAL HISTORICAL INFORMATION

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CITY OF REDDING

AIRPORTS

Redding Municipal Airport serves the regional area of Northern California consisting of approximately 25,000 square miles covering some eight California counties. The population served is over 282,000 in the primary market (50 mile radius). Commercial, freight, and passenger services are provided by United Express / SkyWest Airlines, Federal Express, & UPS. Fixed-based operators (FBOs) provide a wide range of services including general aircraft frame and engine maintenance, as well as avionics, charter services, sales of aircraft, flight instruction, and sales of fuels, lubricants, and accessories. Medical helicopter services and helicopter charters, repairs, and sales, are also available. Currently, four car rental agencies are available to serve the traveling public, three are on-site in the passenger terminal building. United Express provides non-stop service from Redding to San Francisco, CA.

There are 36 permanently assigned tie-downs, Eighty (80) more aircraft and eight (8) helicopter tie-downs for transients, 113 T-hangars, and 15 large commercial / corporate hangars that are maintained and leased out by the City of Redding – Airports Division. The T-hangars are approximately 92% occupied, with few vacancies. Last fiscal year (FY 2017-2018), a total of approximately 94,000 aircraft operations were recorded during the FAA Contract Air Traffic Control Tower operating hours from 6:30 a.m. to 9:30 p.m.

The Airport features a 32,000 square foot terminal building to serve the traveling public that was expanded and remodeled in 2014. It also features a full-service restaurant and lounge, as well as full services for all business tenants. There is a 333 space public automobile parking lot, as well as 77 spaces for rental cars, adjacent to the terminal building. The passenger terminal aircraft parking ramp is capable of receiving six medium-size jet aircraft at one time. During the 2017 calendar year, over 90,000 passengers traveled through the terminal building. The airport property includes a total of 1,503 acres.

The primary runway (16/34) is 7,003 feet in length and 150 feet wide with lighted distance-remaining markers. It also has a medium-intensity approach lighting system with runway alignment indicator lights (MALSR), a Category I instrument landing system (ILS) on Runway 34, runway-end identifier lights on Runway 16, precision approach path indicator light (PAPIs) on all runways, except Runway 12, a back course instrument landing system on Runway 16, a global position system (GPS/RNAV) approach, and a VHF omni-directional range (VOR) with distance-measuring equipment (DME) for Runway 34. The crosswind runway (12/30) is 5,067 feet long and 150 feet wide.

Benton Airpark (O85)

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, 75 feet in width, and is lighted for night operations. The runway has two light, precision approach path indicator light (PAPIs) on both ends of the runway. There is a fixed-base operator (FBO) which provides a full range of aircraft services, as well as a café. The California Highway Patrol bases two helicopters and two fixed-wing aircraft at Benton. Also, there are 60 T-Hangars, 30 sun /shade covered aircraft parking spaces and 64 open tie-downs. Additionally, Benton has two designated helicopter pads and two privately built T-Hangars buildings with ten T-Hangars in one group and eleven T-Hangars to the second group.. Benton Airpark experiences an estimated 37,000 annual aircraft operations. Collectively, there are over 100 aircraft based on the airfield. Benton Airpark has over 301 acres of land, a new Aircraft Wash Rack in 2015, and a new Automated Weather Observation System (AWOS) in 2017. Taxiway Bravo is being rehabilitated full length in 2018, and a 1,000 foot extension is being added to the existing service road.

CITY OF REDDING ELECTRIC UTILITY SYSTEM

History

Electric service in Redding 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 incorporated and initiated proceedings 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 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 72 miles of 115-kV lines and 742 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.

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 2017-18 was a lower than normal hydro year and as a result Western provided 30% of the City's system load. Western's power is generated at Shasta Dam and 11 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 growth, the City 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. 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. 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 to be operated with the 28-MW steam turbine, 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.

The City is a member of various organizations and agencies including: Balancing Authority of Northern California (BANC), Northern California Power Agency (NCPA), M-S-R, Transmission Agency of Northern California (TANC), and Western Systems Power Pool (WSPP). 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. The City and M-S-R divested itself of its ownership of the San Juan generating station in December 2017 and the Southwest Transmission Project in May 2016, while debt service remains through 2022.

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 streetlights. 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.

	Number of Customer Accounts		
Fiscal Year Ending June 30	Residential	Non-Residential	Total
2014	37,387	6,275	43,662
2015	37,561	6,271	43,832
2016	37,751	6,288	44,039
2017	38,015	6,218	44,233
2018	38,088	6,216	44,304

Source: Utility Billing System Marketing Report of Quarterly NAICS Usage.

The total number of electric system customer accounts increased 1.5 percent during the last five years, primarily due to residential account growth as non-residential accounts decreased slightly.

CITY OF REDDING
STORM DRAINAGE UTILITY SYSTEM

History

The 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, 2018:

Workload and Performance Measures	2014/15	2015/16	2016/17	2017/18
Miles of Storm Drain Pipe	197	197	197	198
Miles of Channels/Ditches	200	200	200	200
Miles of Maintained Channels/Ditches	24	17	17	17
Number of Inlets	6,594	6,590	6,613	6,642
Number of Outfalls	1,256	1,389	1,379	1,386

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. 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 with very limited funding. The Storm Drain Utility’s primary function is to operate the Storm Drainage system to prevent flooding, 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, which included a survey of the storm drain system. In 2015, City Council gave direction to proceed with an update to the Citywide Master Storm Drain Study.

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 approved the permit and its proposed work plan in 2005. The individual City permit was superseded by the Statewide NPDES Phase II Small MS4 (municipal separate storm sewer system) permit effective July 1, 2013, with a five year implementation schedule of increased activities.

Additionally, a trash provision amendment to the Statewide permit was approved in April 2015. While the prevention of trash entering the waterways has multiple benefits, the realities of capturing all trash as small as 5mm in high priority areas (high density residential, industrial, commercial, mixed urban and public transportation stations) will prove to be challenging. The State is preparing guidance documents for compliance with a Track 1 (full capture systems) or Track 2 (plan with combination of full capture systems, multi benefit projects, institutional controls, and other treatment controls) approach within 10 years of implementing the amendment and no later than 15 years of the effective date of the Trash Amendments.

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 Community Water District, the Cascade Community Services District, and the Enterprise Public Utilities District, were annexed to the City. This resulted in the elimination of the existing treatment plants of these districts and consolidated 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. Throughout the years, the plant has undergone process upgrades and expansions with the most recent starting in 2006.

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 collection, treatment, and disposal facilities for domestic and industrial sewage serving the City. The system inventory includes over 430 miles of interceptor and trunk sewers, 17 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 recently completed construction and is now in operation. This facility was designed for future centralization of biosolids for both Wastewater Treatment Plants. In 2005, the City Council had authorized modifications to the Clear Creek Plant at an estimated cost exceeding \$80 million. The upgrades were constructed in the following 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 the summer of 2011
- Bid Package VI began construction in the winter of 2010
- Bid Package VII began construction in the fall of 2012 and was completed in the spring of 2014

The plant expansion and upgrades were funded by a combination of low interest loans from the State of California Revolving Loan Fund and ARRA Stimulus grant 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 the spring of 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 Water Resources 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 (NPDES) by the United States Environmental Protection Agency (the “EPA”). The Clear Creek Wastewater System’s present discharge permit was adopted in 2017. The Stillwater Wastewater system permit was adopted in 2018.

The City is responsible for satisfying these Federal 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 along with 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, 2018. 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

	2013/14	2014/15	2015/16	2016/17	2017/18
Residential HEs	31,365	31,970	31,763	32,068	32,418
Commercial/Industrial HEs	10,239	10,668	10,446	14,011*	11,106
Total System HEs	41,604	42,638	42,209	46,079	43,524
Annual System Growth	3%	2%	(1%)	9%	(5.8%)

*Incorrect number provided by Vertex

The wastewater system currently has an average dry weather daily design flow capacity of 12.8 MGD. The actual average dry weather daily flow (months of July, August, and September) of the wastewater system for the five fiscal years ending June 30, 2018, is shown below.

Average Dry Weather Daily Flows Fiscal Years Ended June 30, 2018

	2013/14	2014/15	2015/16	2016/17	2017/18
Clear Creek Plant	7.6	6.6	5.7	5.9	5.3
Stillwater Plant	2.0	2.0	1.9	2.1	2.1
Total Wastewater System	9.6	8.6	7.6	8.0	7.4

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 the 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 90,600. 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). Additionally, in 1967, the City assumed operation of the Buckeye County Water District serving about 1,500 residents outside the City limits.

A 1966 contract with the United States Bureau of Reclamation (USBR or Bureau) was renegotiated in June 2005, with the USBR 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. Due to Pre-1914 water rights, our Base Water has no charge. Water charges in 2017/18 per acre-foot for Project Water under this contract total \$55.77 (\$35.02 average water cost, \$20.45 restoration charge and \$0.30 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 reduction in "Critical Water Years." In 1992, 2007, 2014, and 2015 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. In November 1994, the City amended this contract with the Bureau 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 reduction in "Critical Water Years." In 1992, 2008, 2009, and 2012 the Bureau decreased the Buckeye Contract Supply entitlement by 25 percent and in 2014, the contract entitlement was decreased by 50 percent. In 2015, the contract entitlement was decreased by 75 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 2017/18 delivery from that contract was 6,140 acre-feet. Water charges under this contract total approximately \$75.14 per acre-foot (\$34.57 average water cost, \$20.45 average restoration, \$0.30 Trinity PUD fee and a variable \$19.64 to \$20.82 foregone power charge per acre-foot).

Despite the cutbacks in previous years, the City's water supply was sufficient to meet its needs.

The Foothill Water Treatment Plant was constructed in 1981. The plant has a rated capacity of 28 million gallons per day (MGD). Facilities provide for online 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	2013/14	2014/15	2015/16	2016/17	2017/18
Number of customers/services	28,527	28,573	29,114	29,314	29,467
Number of new meter sets	89	197	163	159	153
Quantity of water produced (acre feet)	27,722	22,385	24,511	21,674	25,656
Percentage of days water quality met standards	100%	100%	100%	100%	100%
Number of service calls (Includes water quality)	3,579	4,025	2,239	3,747	2,278
Miles of water mains	556	557	559	559	559
Number of main and water service failures/disruptions per year	486	942	115	89	124
Miles of substandard mains	42	42	42	42	42
Customers/service connections per employee	1,141	1,143	1,040	1,047	1,016

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 off Lake Boulevard, outside the City limits, near Walker Mine Road. Two steel reservoirs exist 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 4 MG 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 (BWTP), completed in January 1995, serves the Buckeye Zone. The BWTP is located in unincorporated Shasta County, off Benson Drive, north of Rock Creek Road. The water plant has an interconnection to the USBR Spring Creek Conduit. Treated water is conveyed from the treatment plant through five miles of transmission main to the Buckeye area. The initial treatment capacity was 7 MGD with the ability to expand to 28 MGD capacity. In 2007, 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 California State Water Resources Control Board, 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 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 House 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 House 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 in 1995. This supply is an additional 1.4 MGD to the southern end of the Hill 900 Zone from the Cascade Zone, if necessary.

Enterprise Zone

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

The system was served originally by five wells located over the Enterprise Sub-basin of the Redding Groundwater Basin. 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 FWTP. 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 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 2 MGD 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 above the Quail Ridge Subdivision off Canby Road. Two steel storage tanks are located at the same site, with a capacity of 3.5 and 6.0 MG and an overflow elevation of 706 feet msl. During periods of peak demand, these tanks and the well field, at the southwestern boundary of the zone, and treated water from the FWTP 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, located over the Anderson Sub-basin, 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 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 FWTP 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 696 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 Water Master 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.

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