

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2019



INTRODUCTORY SECTION

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City of Redding
Comprehensive Annual Financial Report
For the Year Ended June 30, 2019

The TOC pages below are linked.
 Point and Click to GO. 

Table of Contents

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Table of Contents	iii
Transmittal Letter	vii
Certificate of Achievement for Excellence in Financial Reporting – GFOA	xiv
Organization Chart	xv
Directory of City Officials	xvi
<u>FINANCIAL SECTION</u>	
Independent Auditors’ Report on Financial Statements	3
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> and Compliance	7
Management’s Discussion and Analysis (Required Supplementary Information – Unaudited)	9
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	32
Statement of Activities and Changes in Net Position	34
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet	40
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	43
Statement of Revenues, Expenditures, and Changes in Fund Balances	44
Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position	45
Proprietary Fund Financial Statements:	
Statement of Net Position	48
Statement of Revenues, Expenses, and Changes in Net Position	52
Statement of Cash Flows	54
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	60
Statement of Changes in Fiduciary Net Position	61
Notes to the Basic Financial Statements	63
Index to Notes to the Basic Financial Statements	65

City of Redding
Comprehensive Annual Financial Report
For the Year Ended June 30, 2019

The TOC pages below are linked.
 Point and Click to GO. 

Table of Contents (Continued)

	<u>Page</u>
<u>FINANCIAL SECTION (Continued):</u>	
Required Supplementary Information (Unaudited):	
Budgetary Principles.....	149
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual:	
General Fund.....	150
Schedules of Changes in Net Pension Liability and Related Ratios -	
Public Employees Retirement System Miscellaneous Plan (CalPERS).....	152
Schedules of Plan Contributions - Public Employees Retirement System	
Miscellaneous Plan (CalPERS).....	154
Schedules of Changes in Net Pension Liability and Related Ratios -	
Public Employees Retirement System Safety Plan (CalPERS).....	156
Schedules of Plan Contributions - Public Employees Retirement System	
Safety Plan (CalPERS).....	158
Schedules of Changes in Net Pension Liability and	
Related Ratios - Public Agency Retirement Services Enhancement Plan (PARS).....	160
Schedules of Public Agency Retirement Services Retirement Enhancement Plan	
Contributions All Tiers (PARS).....	162
Schedules of Changes in Net OPEB Liability and Related Ratios	164
Schedule of Contributions-OPEB	165
Supplementary Information:	
Non-Major Governmental Funds:	
Combining Balance Sheet	170
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	172
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Parking Special Revenue Fund	174
Street Maintenance Special Revenue Fund.....	175
Community Development Special Revenue Fund.....	176
Housing Special Revenue Fund.....	177
General Special Revenue Fund.....	178
Library Special Revenue Fund	179
General Capital Projects Fund - Major Fund.....	180
Non-Major Enterprise Funds:	
Combining Statement of Fund Net Position.....	182
Statement of Revenues, Expenses, and Changes in Fund Net Position	185
Combining Statement of Cash Flows.....	186
Internal Service Funds:	
Combining Statement of Net Position.....	190
Combining Statement of Activities and Changes in Net Position.....	193
Combining Statement of Cash Flows.....	194
Agency Funds:	
Combining Statement of Changes in Assets and Liabilities	199

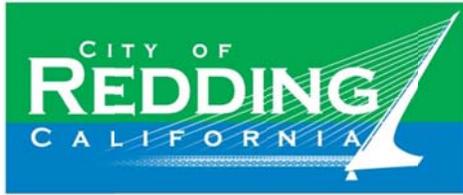
City of Redding
Comprehensive Annual Financial Report
For the Year Ended June 30, 2019

The TOC pages below are linked.
 Point and Click to GO. 

Table of Contents (Continued)

	<u>Page</u>
Other Supplementary Information:	
Supplementary Information Regarding Passenger Facility Charges	203
Schedule of Passenger Facility Charges Collected and Expended and Interest Collected For the quarters ended September 30, 2018, December 31, 2018, March 31, 2019, and June 30, 2019	204
 <u>STATISTICAL SECTION</u>	
Index	209
 Financial Trends:	
Net Position by Component – Last Ten Fiscal Years	210
Changes in Net Position – Last Ten Fiscal Years	212
Fund Balances of Governmental Funds – Last Ten Fiscal Years	217
Changes in Fund Balance of Governmental Fund – Last Ten Fiscal Years	218
 Revenue Capacity:	
General Governmental Tax Revenues by Source – Last Ten Fiscal Years	221
Revenue Base – Own Source Revenue – Last Ten Fiscal Years	222
Electric Utility Rates – Last Ten Fiscal Years	224
Principal Electric Utility Payers – Last Ten Fiscal Years	227
 Debt Capacity:	
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	228
Computation of Direct and Overlapping Debt	231
Legal Debt Margin Information – Last Ten Fiscal Years	232
Wastewater Revenue Bond Coverage – Last Ten Fiscal Years	234
Water Revenue Bond Coverage – Last Ten Fiscal Years	236
Electric Revenue Bond Coverage – Last Ten Fiscal Years	238
 Demographic and Economic Information:	
Demographic Statistics – Last Ten Fiscal Years	239
Principal Employers in the Greater Redding Metropolitan Area – Last Ten Fiscal Years	240
Full-Time City Budgeted Employees by Function/Program – Last Ten Fiscal Years	241
 Operating Information:	
Capital Assets Statistics by Function/Program – Last Ten Fiscal Years	243
Operating Indicators by Function/Program – Last Ten Fiscal Years	244
 Supplemental Historical Information:	
Statement of Physical Condition of Airport Assets	249
History and Statement of Physical Condition of Electric System Assets	250
History and Statement of Physical Condition of Storm Drainage Assets	253
History and Statement of Physical Condition of Wastewater System Assets	255
History and Statement of Physical Condition of Water System Assets	258

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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 18, 2019

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, 2019. 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, 2019.

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 91,772 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. The Redding Redevelopment Agency was dissolved on January 31, 2012 and all excess assets were transferred to, and continue to be accounted for, in 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 .45 percent. The City’s population of 91,772 has increased 2.1% over the 2010 U.S. Census tabulation. The City’s population represents approximately 51% of Shasta County’s population. The following table indicates population growth for the City and Shasta County from 1970 to 2019:

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%
2019	91,772	0.45%	180,040	0.99%

*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). 2019 Estimate from US Census .*

The City’s population, over the next 10 years, is projected to grow by approximately 4,928 an increase of approximately 5.4%. The Redding area is expected to maintain approximately 50% of the total Shasta County population because of a variety of factors that will support urban development, including utilities (wastewater, storm drainage, water, electric, and solid waste), employment, regional shopping, transportation services, and reduced commuting.

Housing Costs - Housing in the City is less costly than in many other urban areas in the State of California and on the West Coast. The following table sets forth the median price of housing in other urban areas of California as compared to Shasta County, in which Redding is the largest city, as of June 2019:

Region	Median Home Price
Shasta County	\$289,900
Sacramento	\$390,000
Los Angeles	\$599,680
Orange County	\$842,000
San Francisco	\$1,762,500

Source: California Association of Realtors

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

The major non-local government employers in the City and the County include those in medical services, and retail services. Major employers in the City of Redding, their products or services, and the approximate number of their respective full-time employees as of June 2019 are listed in the following table:

Employer	Product/Services	Employees
Shasta County (*)	County Services	2,018
Mercy Medical Center	Medical Facilities/Services	1,974
Shasta Regional Medical Center	Medical Facilities/Services	820
City of Redding (**)	City Services	777
Redding Rancheria	Casino/Redding Rancheria	602
Shasta Union High School District	Education	531
CA Transportation Department	Highways, Freeways, etc.	514
Shasta Community College (*)	Education	452
Wal Mart	Retail	400
Shasta Community Health	Medical Services	398
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

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 4.6 percent on June 30, 2019. 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, 2010 through June, 2019:

Fiscal Year	Labor Force	Unemployment Number	Rate
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%
2019	73,700	3,400	4.6%

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

Construction Activity - For the past ten calendar years ending December 2018, the City issued building permits valued at a total of \$688,377,752. New construction over the ten-year period represents 58.3% of the total construction activity. For the 2018 calendar year 4,085 building permits were issued, with a total permit valuation of \$87,636,498. 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:

	2015***	2016***	2017	2018
Value Single Family*	\$41,841,967	\$28,514,304	\$32,687,799	\$29,517,435
Number of Units	190	128	141	117
Value Multi-dwellings	\$4,462,681	\$348,376	\$0	\$0
Number of Permits(1)	8	1	1	0
Number of Units	54	3	0	0
Value Business	\$10,524,692	\$16,170,140	\$9,303,198	\$16,747,229
Number of Permits	25	21	31	8
Value Total all Permits	\$86,433,263	\$76,516,161	\$76,397,104	\$87,636,498
Total Permits**	3,765	3,886	4,377	4,085

* 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 128,000 in the primary trade area and approximately 257,000 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 \$2.2 billion in calendar year 2018, an 8.92% increase over the same period for 2017.

<u>Year</u>	<u>Taxable Transactions (in Thousands)</u>	<u>Taxable Transactions Percentage Increase (Decrease)</u>
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%
2018	\$2,189,412	8.92%

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 and Los Angeles, 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 52,510 for fiscal year 2018-19.

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, 18 charter schools, 1 regional occupation programs and 10 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 14,377 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 2,794 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 maintains a minimum of 1.80x Debt Service Coverage (DSC) without reserves and maintains unrestricted cash reserves of 150 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, U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the OMB's Uniform Guidance. 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, 2019, provided no instances of material weaknesses in the internal control structure or significant violation of applicable laws and regulations.

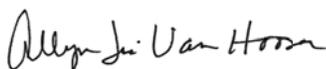
CERTIFICATE OF ACHIEVEMENT

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, 2018. This was the 35th 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.



Allyn Feci Van Hooser, CPA, CPFO
Director of Finance/City Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Redding
California

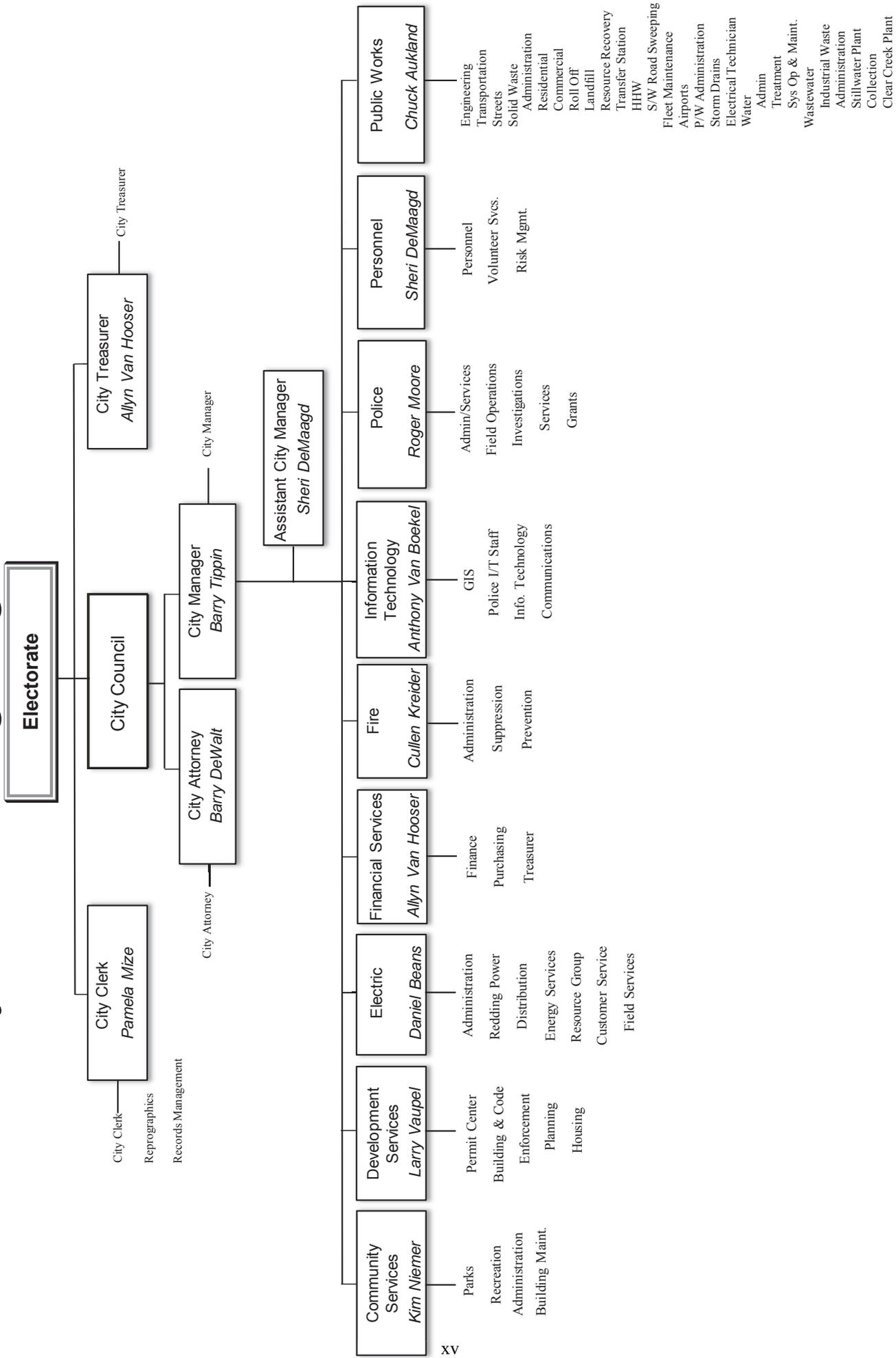
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

City of Redding Organization Chart



MUNICIPAL OFFICIALS

City Council

Mayor Julie Winter
Vice Mayor Adam McElvain
Council Member Erin Resner
Council Member Michael Dacquisto
Council Member Kristen Scheder

Administrative Personnel

City Manager Barry Tippin
Assistant City Manager Sheri DeMaagd
City Attorney Barry DeWalt
City Clerk Pam Mize
City Treasurer Allyn Feci Van Hooser
Director of Community Services Kim Niemer
Director of Development Services Larry Vaupel
Director of Electric Dan Beans
Director of Financial Services Allyn Feci Van Hooser
Director of Information Technology Tony Van Boekel
Director of Personnel Sheri DeMaagd
Director of Public Works Chuck Aukland
Fire Chief Cullen Kreider
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, 2019, 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:

<u>Opinion Unit</u>	<u>Assets</u>	<u>Net Position</u>	<u>Revenue</u>
Business-type Activities	0.36%	0.62%	0.31%
Major Enterprise Fund:			
Electric Utility	0.83%	2.09%	0.49%

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 basic 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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 9 through 27 and Budgetary Principles, Schedules of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual - General Fund, 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 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.

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.

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

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 18, 2019, 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.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Walnut Creek, California
December 18, 2019

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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, 2019, 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 18, 2019.

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 18, 2019

City of Redding
Management's Discussion and Analysis
For the Year Ended June 30, 2019

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, 2019. 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, 2019

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, 2019

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 59-61 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 63-145 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, 2019

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 \$650 million (See Summary of Net Position and analysis on page 13).

- \$617.2 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.
- \$77.6 million is available for the City's ongoing obligations related to programs with external restrictions.
- (\$44.4) million represents the unrestricted portion and is primarily the result of the City's unfunded pension and Other Postemployment Benefits (OPEB) obligations.
- The City's total debt decreased by \$10.2 million (net of bond premiums and discount and excluding deferred charges) during the year ending June 30, 2019. The City made \$16.6 million in regular scheduled debt payments. The City borrowed \$24.1 million in Revenue Bonds which in part refunded \$17.6 million in lease revenue bonds.

The City's total net position increased by \$20.7 million over the prior year:

- The \$4.6 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 \$24.3 million increase in restricted net position represents the change in resources that are subject to external restrictions on their use.
- The \$8.3 million decrease 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 \$89 million was a increase of \$26.2 million from the prior year ending fund balance of \$62.7 million. Amounts available for spending include Restricted, Assigned and Unassigned Fund Balances; these totaled \$87.1 million, or 97.9 percent of fund balance. Of this amount:

- \$67.6 million is restricted by law or externally imposed requirements,
- \$3.5 million is assigned or constrained by the City Council's "intent" to be used for specific purposes, but are neither restricted nor committed.
- \$16.0 is unassigned fund balance.

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Total		Total	
	2019	2018	2019	2018	2019	2018	<i>Dollar Change</i>	<i>Percent Change</i>
Assets:								
Current and Other Assets	\$135,407	\$113,467	\$250,490	\$237,861	\$385,897	\$351,328	\$34,569	9.8%
Capital Assets, net	319,630	327,329	523,894	530,660	843,524	857,989	(14,465)	-1.7%
Total Assets	455,037	440,796	774,384	768,521	1,229,421	1,209,317	20,104	1.7%
Deferred Outflows of Resources:	39,559	47,015	32,339	38,552	71,898	85,567	-13,669	-16.0%
Liabilities:								
Current Liabilities	17,568	18,763	43,853	45,837	61,421	64,600	(3,179)	-4.9%
Long Term Liabilities	264,130	257,028	318,819	334,898	582,949	591,926	(8,977)	-1.5%
Total Liabilities	281,698	275,791	362,672	380,735	644,370	656,526	(12,156)	-1.9%
Deferred Inflows of Resources:	6,464	7,882	76	743	6,540	8,625	-2,085	-24.2%
Net Position:								
Net investment in Capital Assets	296,238	298,515	320,935	314,065	617,173	612,580	4,593	0.7%
Restricted	67,545	41,077	10,072	12,204	77,617	53,281	24,336	45.7%
Unrestricted	(157,349)	(135,453)	112,968	99,325	(44,381)	(36,128)	(8,253)	22.8%
Total Net Position	\$206,434	\$204,139	\$443,975	\$425,594	\$650,409	\$629,733	\$20,676	3.3%

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 \$650.4 million at the close of the current fiscal year.

Analysis of Summary of Net Position

The City's total net position increased by 3.3% from a year ago, increasing from \$629.7 million to \$650.4 million. Net position from governmental activities increased by \$2.3 million or 1.1% and net position from business activities increased by \$18.4 million or 4.3%. The \$20.1 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, 2019 is primarily the result of the City's unfunded pension and OPEB obligations.

The \$18.4 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 \$77.6 million represents resources that are subject to external restrictions as to how they may be used. The remaining negative unrestricted net position of \$44.3 million, a positive change of \$8.2 million, or 22.8%, 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, 2019

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	
	2019	2018	2019	2018	2019	2018	Dollar Change	Percent Change
Revenues								
<i>Program Revenues</i>								
Charges for services	\$ 15,295	\$ 14,053	\$ 233,974	\$ 237,625	\$ 249,269	\$ 251,678	\$ (2,409)	-1.0%
Operating grants and contributions	22,925	15,294	5,803	6,219	28,728	21,513	7,215	33.5%
Capital grants and contributions	8,618	11,061	7,414	8,173	16,032	19,234	(3,202)	-16.6%
Total Program Revenues	46,838	40,408	247,191	252,017	294,029	292,425	1,604	0.5%
<i>General Revenues</i>								
Sales Tax	26,880	23,508	-	-	26,880	23,508	3,372	14.3%
Property Tax	20,075	19,156	-	-	20,075	19,156	919	4.8%
Investment earnings	1,868	525	7,453	981	9,321	1,506	7,815	518.9%
Other	9,614	9,112	-	-	9,614	9,112	502	5.5%
Total General Revenues	58,437	52,301	7,453	981	65,890	53,282	12,608	23.7%
Total Revenue	105,275	92,709	254,644	252,998	359,919	345,707	14,212	4.1%
Expenses:								
General Government	7,504	7,678	-	-	7,504	7,678	(174)	-2.3%
Police	34,002	32,743	-	-	34,002	32,743	1,259	3.8%
Fire	23,686	23,265	-	-	23,686	23,265	421	1.8%
Public Works	16,096	15,040	-	-	16,096	15,040	1,056	7.0%
Planning	3,879	3,918	-	-	3,879	3,918	(39)	-1.0%
Recreation and Culture	11,360	11,137	-	-	11,360	11,137	223	2.0%
Community Development	9,725	9,378	-	-	9,725	9,378	347	3.7%
Interest on Long-Term Debt	1,495	1,575	-	-	1,495	1,575	(80)	-5.1%
Electric	-	-	148,470	139,069	148,470	139,069	9,401	6.8%
Water	-	-	18,403	18,715	18,403	18,715	(312)	-1.7%
Wastewater	-	-	24,553	23,807	24,553	23,807	746	3.1%
Storm Drainage	-	-	2,155	2,033	2,155	2,033	122	6.0%
Solid Waste	-	-	25,668	22,836	25,668	22,836	2,832	12.4%
Transportation	-	-	10,838	10,257	10,838	10,257	581	5.7%
Convention Center	-	-	1,409	1,317	1,409	1,317	92	7.0%
Total Expenses	107,747	104,734	231,496	218,034	339,243	322,768	16,475	5.1%
Increase in net position before transfers and special item	(2,472)	(12,025)	23,148	34,964	20,676	22,939	(2,263)	-9.9%
Transfers	4,767	5,440	(4,767)	(5,440)	-	-	-	0.0%
Special Item	-	(2,486)	-	-	-	(2,486)	2,486	0.0%
Change in net position	2,295	(9,071)	18,381	29,524	20,676	20,453	223	1.1%
Net position - beginning	204,139	185,110	425,594	374,188	629,733	559,298	70,435	12.6%
Restatement	-	28,100	-	21,882	-	49,982	(49,982)	
Net position-beginning, as restated	204,139	213,210	425,594	396,070	629,733	609,280	20,453	3.4%
Net position - ending	\$ 206,434	\$ 204,139	\$ 443,975	\$ 425,594	\$ 650,409	\$ 629,733	\$ 20,676	3.3%

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2019

Analysis of Statement of Activities and Changes in Net Position

Governmental Activities

Revenue Highlights

Total revenues for the governmental activities were \$105.3 million. The largest component of total revenue is taxes at \$56.4 million, making up 53.5% 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 14.3% from the prior year. The \$3.4 million increase is primarily the result of the economy continuing to improve, CARR fire recovery sales activity, and sales tax revenues from internet transactions continuing to increase.

Property taxes increased by 4.8% from the prior year. The \$.9 million increase is reflective of the rise in property values and the related re-assessment when properties are sold.

Transient Occupancy taxes increased by 33.8% from the prior year. The \$1.7 million increase is reflective of an improving tourism market and an increased need for temporary housing during and after the CARR fire.

Operating grants and contributions increased by \$7.2 million primarily due to an increase in operating grants for Public Works and Community Development.

Expense Highlights

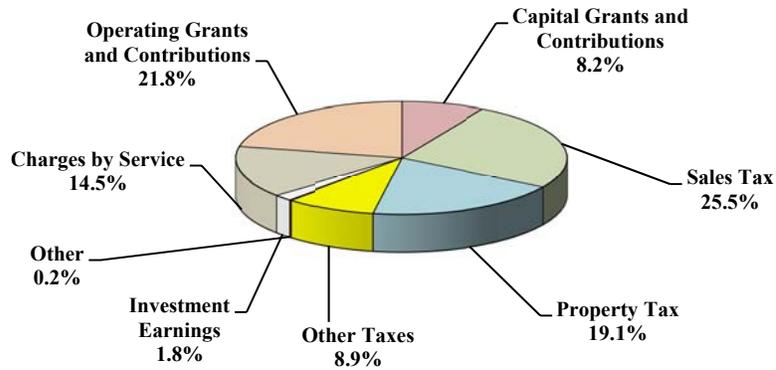
Functional expenses for the year totaled approximately \$107.7 million, an increase of \$3 million from the prior year. The increase was primarily associated with Police expenses.

The largest component of total expenses was for Public Safety (police and fire), representing \$57.7 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 \$16 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.

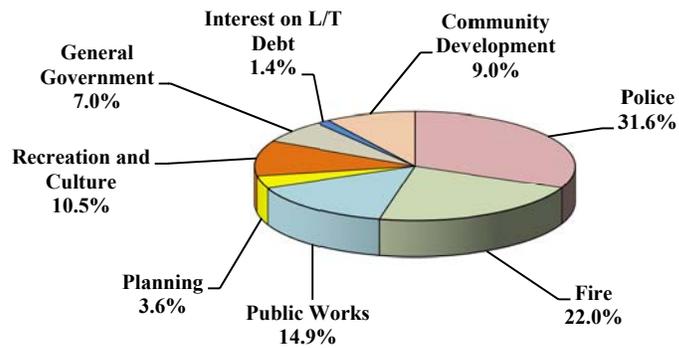
City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2019

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, 2019

Business-Type Activities

Business-type activities increased the City's net position by \$18.4 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 \$2.8 million primarily as a result of a reduction in power sales and Electric overall expenses increased \$9.4 million primarily as a result of the CARR Fire and snow storm damage repair.
- Expenditures exceed revenues for solid waste as a result of a significant increase in tonnage generated combined with an intentional draw down of reserves which supplemented lower rate increases in past years.
- Expenditures exceed revenues for the convention center as the operating transfer from the general fund is not shown as revenue.

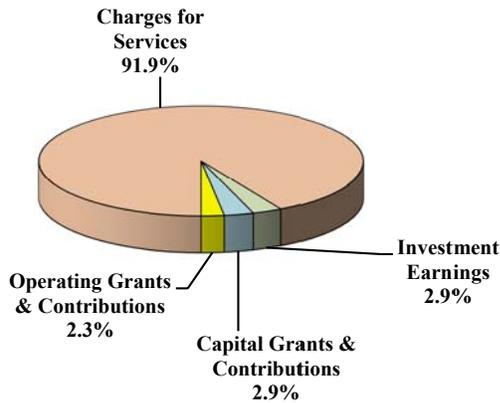
The following schedule shows business-type activities revenues and expenses.

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

	Revenue		Expense		Changes in Net Position	
	2019	2018	2019	2018	2019	2018
Electric	\$ 156,149	\$ 159,017	\$ 148,470	\$ 139,069	\$ 7,679	\$ 19,948
Water	\$ 23,302	23,107	\$ 18,404	18,715	4,898	4,392
Wastewater	\$ 30,078	28,664	\$ 24,553	23,807	5,525	4,857
Storm Drainage	\$ 1,520	1,398	\$ 2,155	2,033	(635)	(635)
Solid Waste	\$ 23,791	22,843	\$ 25,668	22,836	(1,877)	7
Transportation	\$ 12,100	16,744	\$ 10,838	10,257	1,262	6,487
Convention Center	\$ 252	245	\$ 1,409	1,317	(1,157)	(1,072)
Investment Earnings	\$ 7,453	981	\$ -	-	7,453	981
Transfers	\$ (4,767)	(5,440)	\$ -	-	(4,767)	(5,440)
Other	\$ -	-	\$ -	-	-	-
Total	\$ 249,878	\$ 247,559	\$ 231,497	\$ 218,034	\$ 18,381	\$ 29,525

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2019

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 (91.9%) 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	\$ 1,842	\$ 337	\$ 3,533	\$ 16,349	\$ 22,061
Major Funds					
Capital Projects	-	17,585	-	-	17,585
Other Governmental Funds	25	49,622	-	(342)	49,305
	<u>\$ 1,867</u>	<u>\$ 67,544</u>	<u>\$ 3,533</u>	<u>\$ 16,007</u>	<u>\$ 88,951</u>

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2019

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, 2019, the City's governmental funds reported total fund balance of \$88.9 million, a increase of \$26.2 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, \$1.87 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, \$67.54 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, \$3.53 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, \$16.01 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, 2019

General Fund

The General Fund is the chief operating fund of the City. At June 30, 2019, unassigned fund balance was \$16.69 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 17.6% of the total General Fund expenditures, while total fund balance represents 23.3% of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$3.4 million during the year ended June 30, 2019.

General Fund revenues increased \$7.1 million, and expenditures increased by \$17.4 million from FYE 2018 to 2019. The increase in revenue was primarily due to increases in property tax revenue of .82 million (4.3%), an increase in sales tax revenue of \$3.4 million (14.5%), and an increase in other taxes of \$1.9 million (26.1%). Tax rates were not changed during the year.

The \$17.4 million increase in expenditures is due to an increase in overall expenditures for police of \$.8 million and fire \$.5 million, an increase in public works expenditures of \$1.6 million, an increase in recreation and culture expenditures of \$.2 million and an increase in bond principle payments of \$15.1 million as a result of bonds being refunded. These were partially offset by a decrease in capital outlay expenditures of \$.8 million.

Other financing sources increased by \$13 million. The increase is due primarily to bond proceeds and premium received on new debt in the amount of \$14.5 million offset by a decrease in net transfers of \$.4 million and a decrease 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, 2019, the restricted fund balance was \$17.6 million. Both restricted fund balance and total fund balance represent 189.6% of the total Capital Project Funds expenditures.

The fund balance of the City's Capital Project Fund increased \$15.2 million during the year ended June 30, 2019 largely as a result of the issuance of new debt. .

Capital Project Fund revenues increased \$6 million and expenditures decreased \$.85 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, 2019

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)

	<u>Net Position</u> <u>July 1, 2018</u>	<u>Changes in</u> <u>Net Position</u>	<u>Net Position</u> <u>June 30, 2019</u>
Electric Utility	\$ 127,847	4,648	\$ 132,495
Water Utility	\$ 91,215	6,112	\$ 97,327
Wastewater Utility	\$ 132,566	6,578	\$ 139,144
Solid Waste Collection/Disposal	\$ 21,955	(351)	\$ 21,604

Net Position - Restricted and Unrestricted
Major Proprietary Funds as of June 30, 2019
(in thousands)

	<u>Net</u> <u>Investment in</u> <u>Capital Assets</u>	<u>Restricted Net</u> <u>Position</u>	<u>Unrestricted</u> <u>Net Position</u>	<u>Total Net</u> <u>Position</u>
Electric Utility	\$ 63,956	-	68,539	\$ 132,495
Water Utility	\$ 63,471	-	33,856	\$ 97,327
Wastewater Utility	\$ 110,615	6,846	21,683	\$ 139,144
Solid Waste Collection/Disposal	\$ 18,936	-	2,668	\$ 21,604

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, 2019, was the second year of the two-year budget process. Differences between the original General Fund budget and the amended General Fund budget expenditures are shown below:

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2019

General Fund Original and Amended Budget
(in thousands)

	<u>Original</u>	<u>Amended</u>	<u>Increase (Decrease)</u>
General Government	\$ 6,623	\$ 7,283	\$ 660
Public Safety:			
Police	\$ 30,882	\$ 33,518	\$ 2,636
Fire Safety	\$ 20,415	\$ 21,782	\$ 1,367
Public Works	\$ 10,380	\$ 10,604	\$ 224
Planning	\$ 4,075	\$ 4,333	\$ 258
Recreation and culture	\$ 5,457	\$ 5,794	\$ 337
Principal payments	\$ 1,799	\$ 1,916	\$ 117
Interest payments and bond costs	\$ 1,225	\$ 1,228	\$ 3
Total Expenditures	<u>\$ 80,856</u>	<u>\$ 86,458</u>	<u>\$ 5,602</u>

As shown in the previous table, the General Fund's original budget was amended up by \$5.6 million or approximately 6.9%. The reasons for this increase are as follows:

- The Police budget increased by \$2.6 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 \$1.4 million due to overtime and transfers from the rolling stock fund for equipment purchases.
- The Public Works budget increased by \$.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, 2019, totaled \$843 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 decrease in the City's investment in capital assets for the current year was \$14.5 million (a 2.35% decrease for governmental activities and a 1.27% decrease for business-type activities).

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2019

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

- Developers added an estimated \$2.5 million of water, wastewater, electric, storm drainage improvements, streets, sidewalks and traffic signals.
- Electric Utility added \$2.9 million on system repairs due to the CARR Fire and a snowstorm, \$3.9 million on substation improvements, and \$1.7 million on vehicles.
- The City added \$2.7 million on Quartz Hill Road Improvements.
- Water Utility added \$.6 million on the Buckeye Water Plant Improvements.
- Wastewater added \$8.2 million on sewer line replacement projects.
- Solid Waste added \$1.3 million on Transfer Station Improvements.
- Electric Utility deleted a \$4.6 million Catalyst on Unit 5 at the Power Plant.

Changes in capital assets consist of the following:

Changes in Capital Assets - Governmental Activities
(in thousands)

	Balance June 30, 2018	Additions	Deletions	Transfers	Balance July 1, 2019
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 33,063	\$ 56	\$ -	\$ 313	\$ 33,432
Construction in process	12,667	5,289	(10)	(9,999)	7,947
Total capital assets, not being depreciated	<u>45,730</u>	<u>5,345</u>	<u>(10)</u>	<u>(9,686)</u>	<u>41,379</u>
Capital assets, being depreciated:					
Buildings	63,652	105	-	24	63,781
Improvements other than buildings	99,386	444	(247)	950	100,533
Infrastructure	312,685	696	-	7,902	321,283
Automotive equipment	13,858	1,457	(610)	223	14,928
Furnishings and equipment	10,776	360	(221)	101	11,016
Assets under capital lease:					
Furnishings and equipment	-	-	-	-	-
Automotive equipment	565	-	-	-	565
Total capital assets, being depreciated	<u>500,922</u>	<u>3,062</u>	<u>(1,078)</u>	<u>9,200</u>	<u>512,106</u>
Less accumulated depreciation for:					
Buildings	(32,081)	(2,011)	-	3	(34,089)
Improvements other than buildings	(60,777)	(3,217)	247	(3)	(63,750)
Infrastructure	(106,817)	(8,850)	-	-	(115,667)
Automotive equipment	(10,889)	(780)	561	(134)	(11,242)
Furnishings and equipment	(8,639)	(527)	217	-	(8,949)
Assets under capital lease:					
Furnishings and equipment	-	-	-	-	-
Automotive equipment	(120)	(38)	-	-	(158)
Total accumulated depreciation	<u>(219,323)</u>	<u>(15,423)</u>	<u>1,025</u>	<u>(134)</u>	<u>(233,855)</u>
Total capital assets, being depreciated, net	<u>281,599</u>	<u>(12,362)</u>	<u>(53)</u>	<u>9,066</u>	<u>278,251</u>
Governmental activities capital assets, net	<u>\$ 327,329</u>	<u>\$ (7,017)</u>	<u>\$ (63)</u>	<u>\$ (620)</u>	<u>\$ 319,630</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, 2019

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

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

	Balance June 30, 2018	Additions	Deletions	Transfers	Balance July 1, 2019
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 20,075	\$ 215	\$ -	\$ 94	\$ 20,384
Construction in process	25,583	18,459	-	(24,920)	19,122
Total capital assets, not being depreciated	45,658	18,674	-	(24,826)	39,506
Capital assets, being depreciated:					
Utility plants	820,169	7,504	(7,509)	15,084	835,248
Buildings	76,707	-	(93)	1,226	77,840
Improvements other than buildings	44,303	424	(392)	8,872	53,207
Automotive equipment	45,766	2,103	(4,393)	(223)	43,253
Furnishings and equipment	29,579	625	(1,421)	353	29,136
Assets under capital lease:		-	-	-	
Furnishings and equipment	-	-	-	-	-
Total capital assets, being depreciated	1,016,524	10,656	(13,808)	25,312	1,038,684
Less accumulated depreciation for:					
Utility plants	(419,167)	(21,932)	2,570	-	(438,528)
Buildings	(41,671)	(2,146)	86	-	(43,731)
Improvements other than buildings	(27,567)	(1,408)	81	-	(28,894)
Automotive equipment	(25,164)	(3,318)	4,067	134	(24,281)
Furnishings and equipment	(17,953)	(2,329)	1,420	-	(18,862)
Assets under capital lease:		-	-	-	
Furnishings and equipment	-	-	-	-	-
Total accumulated depreciation	(531,522)	(31,133)	8,224	134	(554,296)
Total capital assets, being depreciated, net	485,002	(20,477)	(5,584)	25,446	484,388
Governmental activities capital assets, net	\$ 530,660	\$ (1,803)	\$ (5,584)	\$ 620	\$ 523,894

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, 2019

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 June 30, 2018	Additions/ Transfers	Reductions	Balance June 30, 2019
Governmental Activities:				
Capital leases payable	\$ 177	\$ -	\$ 117	\$ 60
Lease revenue bonds	29,441	24,085	20,174	33,352
Total Government Activities	<u>29,618</u>	<u>24,085</u>	<u>20,291</u>	<u>33,412</u>
Business-Type Activities				
State loan payable	75,716	-	5,393	70,323
Revenue bonds	134,804	-	8,631	126,173
Total Business-Type Activities	<u>210,520</u>	<u>-</u>	<u>14,024</u>	<u>196,496</u>
Total outstanding long-term debt	<u>\$ 240,138</u>	<u>\$ 24,085</u>	<u>\$ 34,315</u>	<u>\$ 229,908</u>

The City's total debt decreased by \$10.2 million (net of bond premiums and discounts excluding deferred charges) during the fiscal year ending June 30, 2019. The City made \$16.6 million in regular scheduled debt payments. The City borrowed \$24.1 million in Revenue Bonds which in part refunded \$17.6 million in Lease Revenue Bonds. The new Bonds included \$10 million for traffic improvement projects.

Currently, the City's legal debt margin is \$334 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 90-96 of this report.

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2019

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 16.2% in 2010 to 4.6% in 2019.
- 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, 2019

- Overall tax revenue for the City's General Fund increased by \$6.1 million during the year. This was primarily due to increases in sales taxes, property taxes and transient occupancy taxes. Taxable sales within the City for the calendar year 2018 increased by 8.92%. Tax rates were not changed. The City expects sales tax revenue will increase by 2.9% in fiscal year 2019-20. It is expected property tax revenue will increase by 4.0% in fiscal year 2019-20.
- Building activity in the City continues to recover from the economic downturn and the City is anticipating that it will continue to improve during the fiscal year 2019-20.
- The economy is expected to continue to recover in fiscal year 2019-20.

All of these factors were considered in preparing the City's budget for the 2019-20 fiscal year.

During the current fiscal year, fund balance in the General Fund increased by \$3.4 million to \$22.1 million. The City anticipates decreasing the General Fund balance \$1.4 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 Electric, Water, Wastewater, and Solid Waste rates will increase either as approved by City Council or at rates proposed to 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, 2019

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Current assets:			
Cash and investments	\$ 43,966,151	\$ 195,752,406	\$ 239,718,557
Receivables:			
Interest	4,127,822	1,097,860	5,225,682
Accounts, net	1,499,070	23,563,316	25,062,386
Taxes	5,918,314	-	5,918,314
Intergovernmental	8,571,232	1,939,606	10,510,838
Notes	42,531,802	150,126	42,681,928
Special assessments	417,831	-	417,831
Other	489,652	-	489,652
Inventories	405,743	9,920,483	10,326,226
Prepaid items	1,540,780	802,723	2,343,503
Asset held for sale	281,474	-	281,474
Total current assets	<u>109,749,871</u>	<u>233,226,520</u>	<u>342,976,391</u>
Noncurrent assets:			
Internal balances	15,509,602	(15,509,602)	-
Restricted assets:			
Cash and investments	9,875,715	16,087,928	25,963,643
Interest receivable	13,569	749	14,318
Power acquisition costs, net	-	341,488	341,488
Prepaid costs	79,498	-	79,498
Long-term receivable	178,459	-	178,459
Capital assets:			
Land and construction in progress	41,379,291	39,506,157	80,885,448
Other capital assets, net of depreciation	278,250,971	484,388,145	762,639,116
Investment in JPA	-	2,772,802	2,772,802
Storage base gas	-	13,570,000	13,570,000
Total noncurrent assets	<u>345,287,105</u>	<u>541,157,667</u>	<u>886,444,772</u>
Total assets	<u>455,036,976</u>	<u>774,384,187</u>	<u>1,229,421,163</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	370,362	9,455,198	9,825,560
Deferred outflows related to other post employment benefits	4,540,596	3,393,513	7,934,109
Deferred outflows related to pensions	34,648,476	19,490,259	54,138,735
Total deferred outflows of resources	<u>39,559,434</u>	<u>32,338,970</u>	<u>71,898,404</u>

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Statement of Net Position (Continued)
June 30, 2019

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	1,524,793	4,826,616	6,351,409
Accrued liabilities	2,967,973	1,997,966	4,965,939
Intergovernmental payable	636,332	5,994,596	6,630,928
Accrued interest payable	153,891	1,043,208	1,197,099
Unearned revenue	1,476,393	2,834,188	4,310,581
Deposits	184,317	10,344,889	10,529,206
Accounts payable from restricted assets	24,623	-	24,623
Landfill closing costs, due within one year	-	170,000	170,000
Claims and judgements payable, due within one year	4,663,340	-	4,663,340
Compensated absences, due within one year	3,846,546	2,142,261	5,988,807
Long-term debt, due within one year	2,090,136	14,499,586	16,589,722
Total current liabilities	<u>17,568,344</u>	<u>43,853,310</u>	<u>61,421,654</u>
Noncurrent liabilities:			
Landfill closing costs, due in more than one year	-	2,150,135	2,150,135
Claims and judgements payable, due in more than one year	12,757,390	-	12,757,390
Accrued compensated absences, due in more than one year	7,678,312	4,727,195	12,405,507
Long-term debt, due in more than one year	34,531,300	198,907,950	233,439,250
Aggregate other post employment benefits liability	18,200,177	14,108,874	32,309,051
Aggregate net pension liability	190,963,130	98,924,731	289,887,861
Total noncurrent liabilities	<u>264,130,309</u>	<u>318,818,885</u>	<u>582,949,194</u>
Total liabilities	<u>281,698,653</u>	<u>362,672,195</u>	<u>644,370,848</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to other post employment benefits	175	128	303
Deferred inflows related to pensions	6,463,750	75,853	6,539,603
Total deferred inflows of resources	<u>6,463,925</u>	<u>75,981</u>	<u>6,539,906</u>
NET POSITION			
Net investment in capital assets	296,238,160	320,934,467	617,172,627
Restricted for:			
Capital outlay	-	10,072,298	10,072,298
Debt service	532,293	-	532,293
Housing	15,325,692	-	15,325,692
Community development	31,113,784	-	31,113,784
Public works	13,239,775	-	13,239,775
Public safety	2,534,289	-	2,534,289
Community services	4,474,353	-	4,474,353
Other	324,338	-	324,338
Unrestricted (deficit)	<u>(157,348,852)</u>	<u>112,968,216</u>	<u>(44,380,636)</u>
Total net position	<u>\$ 206,433,832</u>	<u>\$ 443,974,981</u>	<u>\$ 650,408,813</u>

(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, 2019

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	\$ 7,503,465	\$ 6,332,966	\$ 249,759	\$ -	\$ 6,582,725
Police	34,001,886	1,467,739	2,618,515	-	4,086,254
Fire	23,685,713	800,962	73,414	203,155	1,077,531
Public works	16,096,332	1,375,532	5,832,803	7,283,855	14,492,190
Planning	3,879,239	3,031,727	72,559	-	3,104,286
Recreation and culture	11,360,417	2,221,171	279,365	1,131,238	3,631,774
Community development	9,724,970	65,336	13,798,176	-	13,863,512
Interest on long-term debt	1,495,440	-	-	-	-
Total Governmental Activities	107,747,462	15,295,433	22,924,591	8,618,248	46,838,272
Business-Type Activities:					
Electric	148,470,304	155,200,165	8,767	939,855	156,148,787
Water	18,403,516	22,486,899	543,546	271,722	23,302,167
Wastewater	24,553,202	29,145,722	657,024	275,022	30,077,768
Storm drainage	2,155,137	1,243,437	-	276,540	1,519,977
Solid waste	25,668,200	23,639,052	104,496	47,577	23,791,125
Transportation	10,837,593	2,006,964	4,489,630	5,603,129	12,099,723
Convention center	1,408,622	251,932	-	-	251,932
Total business-type activities	231,496,574	233,974,171	5,803,463	7,413,845	247,191,479
Total Primary Government	\$ 339,244,036	\$ 249,269,604	\$ 28,728,054	\$ 16,032,093	\$ 294,029,751

(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, 2019

Functions / Programs	Net (Expenses) Revenues and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary Government:			
Governmental activities:			
General government	\$ (920,740)	\$ -	\$ (920,740)
Police	(29,915,632)	-	(29,915,632)
Fire	(22,608,182)	-	(22,608,182)
Public works	(1,604,142)	-	(1,604,142)
Planning	(774,953)	-	(774,953)
Recreation and culture	(7,728,643)	-	(7,728,643)
Community development	4,138,542	-	4,138,542
Interest on long-term debt	(1,495,440)	-	(1,495,440)
Total Governmental Activities	(60,909,190)	-	(60,909,190)
Business-Type Activities:			
Electric	-	7,678,483	7,678,483
Water	-	4,898,651	4,898,651
Wastewater	-	5,524,566	5,524,566
Storm drainage	-	(635,160)	(635,160)
Solid waste	-	(1,877,075)	(1,877,075)
Transportation	-	1,262,130	1,262,130
Convention center	-	(1,156,690)	(1,156,690)
Total business-type activities	-	15,694,905	15,694,905
Total Primary Government	(60,909,190)	15,694,905	(45,214,285)
General Revenues and Transfers:			
Taxes:			
Property taxes, levied for general purpose	20,075,405	-	20,075,405
Transient occupancy taxes	6,916,257	-	6,916,257
Sales taxes	26,879,606	-	26,879,606
Motor vehicle taxes	43,852	-	43,852
Franchise taxes	1,138,077	-	1,138,077
Other taxes	1,317,172	-	1,317,172
Total taxes	56,370,369	-	56,370,369
Investment income (loss)	1,868,151	7,452,940	9,321,091
Other	190,920	-	190,920
Gain on sale of assets	7,303	-	7,303
Transfers	4,767,308	(4,767,308)	-
Total General Revenues and Transfers	63,204,051	2,685,632	65,889,683
Change in Net Position	2,294,861	18,380,537	20,675,398
Net Position:			
Beginning of Year	204,138,971	425,594,444	629,733,415
End of Year	\$ 206,433,832	\$ 443,974,981	\$ 650,408,813

(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, 2019

	General Fund	General Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 15,584,756	\$ 5,548,003	\$ 6,278,184	\$ 27,410,943
Accounts receivable, net	1,385,524	-	65,148	1,450,672
Intergovernmental receivable	814,940	5,650,747	2,101,376	8,567,063
Interest receivable	88,532	13,369	3,945,428	4,047,329
Taxes receivable	5,918,314	-	178,459	6,096,773
Other receivable	466,494	-	23,158	489,652
Due from other funds	1,187,692	-	-	1,187,692
Prepaid items	740,306	-	24,616	764,922
Inventories	192,662	-	-	192,662
Restricted assets:				
Cash and investments	909,003	8,867,341	99,371	9,875,715
Interest receivable	-	13,569	-	13,569
Assets held for Resale	-	-	281,474	281,474
Special assessments receivable	-	-	417,831	417,831
Notes receivable	-	-	42,531,802	42,531,802
Total assets	\$ 27,288,223	\$ 20,093,029	\$ 55,946,847	\$ 103,328,099

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Balance Sheet (Continued)
Governmental Funds
June 30, 2019

	General Fund	General Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
LIABILITIES				
Accounts payable	\$ 357,085.00	\$ 381,818	\$ 233,244	\$ 972,147
Accrued liabilities	2,447,492	50,045	73,705	2,571,242
Intergovernmental payable	94,092	-	9,258	103,350
Due to other funds	-	-	123,633	123,633
Accounts payable from restricted assets	-	-	24,623	24,623
Unearned revenue	873,655	81,658	514,562	1,469,875
Deposits	84,128	-	99,371	183,499
Advances from other funds	-	-	420,694	420,694
Total Liabilities	3,856,452	513,521	1,499,090	5,869,063
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	1,369,953	1,994,575	5,143,218	8,507,746
Total Deferred Inflows of Resources:	1,369,953	1,994,575	5,143,218	8,507,746
Fund Balances:				
Nonspendable	1,841,971	-	24,616	1,866,587
Restricted	337,243	17,584,933	49,622,348	67,544,524
Assigned	3,533,413	-	-	3,533,413
Unassigned (deficit)	16,349,191	-	(342,425)	16,006,766
Total Fund Balances	22,061,818	17,584,933	49,304,539	88,951,290
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 27,288,223	\$ 20,093,029	\$ 55,946,847	\$ 103,328,099

(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, 2019

Fund balances governmental funds	\$ 88,951,290
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.	533,413,688
Accumulated depreciation has not been included in the governmental fund financial statements.	(219,334,047)
Bond insurance issuance costs.	79,498
Deferred charges have not been included as financial resources in governmental fund activity.	370,362
Deferred outflows related to pensions and OPEB have not been included in governmental fund activity.	34,813,841
Long-term debt that has not been included in the governmental fund activity.	(36,621,436)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.	(153,891)
The net other post employment benefit obligation has not been reported in the governmental funds.	(15,473,576)
Net pension liability is not due and payable in the current period and therefore is not reported in the fund financial statements.	(170,886,281)
Revenue reported as unavailable revenue in the governmental funds is recorded as revenue in the statement of activities.	8,507,749
Deferred inflows related to pensions and OPEB have not been included in governmental fund activity.	(6,119,558)
Internal service fund net position included in the governmental activities on the statement of activities.	(736,524)
Accrued vacation and other leave not reported in governmental funds, but recorded as expense in the Statement of Activities.	(10,377,283)
Net position of governmental activities	<u><u>\$ 206,433,832</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, 2019

	General Fund	General Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 19,934,029	\$ -	-	\$ 19,934,029
Sales and use taxes	26,605,286	-	272,517	26,877,803
Other taxes	9,371,505	-	-	9,371,505
Special assessments	10,125	-	564,979	575,104
Licenses and permits	1,728,981	-	48,351	1,777,332
Intergovernmental revenues	2,456,354	8,883,194	20,253,899	31,593,447
Charges for services	2,648,589	-	1,363,194	4,011,783
Fines, forfeitures, and penalties	1,888,616	-	116,797	2,005,413
Use of money and property	7,965,018	-	60	7,965,078
Interest revenue	406,532	107,379	820,055	1,333,966
Other	1,314,595	2,777,477	159,454	4,251,526
Total revenues	74,329,630	11,768,050	23,599,306	109,696,986
EXPENDITURES:				
Current:				
General government	5,912,657	263,210	-	6,175,867
Community development	-	-	9,479,314	9,479,314
Public safety:				
Police	30,752,106	-	130,091	30,882,197
Fire	21,588,347	-	-	21,588,347
Public works	6,905,568	285,037	595,014	7,785,619
Planning	3,718,793	-	-	3,718,793
Recreation and culture	5,353,388	170,182	2,145,094	7,668,664
Capital outlay	1,835,685	4,861,934	200,000	6,897,619
Debt service:				
Principal	16,981,342	3,310,000	-	20,291,342
Interest and fiscal charges	1,467,636	160,475	1,566	1,629,677
Bond issuance costs	-	223,905	-	223,905
Total expenditures	94,515,522	9,274,743	12,551,079	116,341,344
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(20,185,892)</u>	<u>2,493,307</u>	<u>11,048,227</u>	<u>(6,644,358)</u>
OTHER FINANCING SOURCES (USES):				
Sale of assets	196,303	-	-	196,303
Long-term debt issued	12,462,563	11,533,791	-	23,996,354
Premium on bonds issued	2,005,645	1,266,957	-	3,272,602
Transfers in	12,745,904	65,010	854,285	13,665,199
Transfers out	(3,845,843)	(117,134)	(4,311,070)	(8,274,047)
Total other financing sources (uses)	23,564,572	12,748,624	(3,456,785)	32,856,411
NET CHANGE IN FUND BALANCES	3,378,680	15,241,931	7,591,442	26,212,053
Fund Balances:				
Beginning of Year	18,683,138	2,343,002	41,713,097	62,739,237
End of Year	<u>\$ 22,061,818</u>	<u>\$ 17,584,933</u>	<u>\$ 49,304,539</u>	<u>\$ 88,951,290</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, 2019

Net Change in Fund Balances - Total Governmental Funds	\$ 26,212,053
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.	6,897,619
Transfer of capital assets to Governmental Fund from Enterprise Fund.	(623,844)
In the Statement of Activities, donated assets are reported as a capital contribution.	1,151,420
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.	(14,267,379)
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	(13,271)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(4,790,580)
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.	836,696
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.	20,291,342
Proceeds from debt are a financing source in the governmental funds, but a liability in the Statement of Net Position	(23,996,354)
In the Statement of Activities, premiums, discounts and deferred gain/loss of refundings are capitalized whereas in the governmental funds, an expenditure is reported	(3,272,602)
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.	191,238
Compensated absences in the Statement of Activities is reported as an expense but is not reported in the governmental funds.	(124,515)
In the Statement of Activities, pension expense that does not require the use of current financial resources is not reported as revenue or expenditure.	(5,967,791)
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.	
Net income (loss) before transfers and contributions - Internal Service Funds	(724,490)
Less: Portion allocated to Business Activities	495,319
Change in Net Position of Governmental Activities	<u><u>\$ 2,294,861</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, 2019

	Enterprise Funds			
	Electric Utility	Water Utility	Waste Water Utility	Solid Waste Collection/ Disposal
ASSETS				
Current assets:				
Cash and investments	\$ 96,834,275	\$38,995,863	\$ 26,391,128	\$ 26,754,514
Accounts receivable, net	15,527,297	2,536,072	2,817,845	2,165,703
Intergovernmental receivable	164,326	-	-	-
Interest receivable	500,230	222,285	192,118	138,864
Interfund receivable	67,649	-	45,000	-
Prepaid items	514,321	53,827	68,265	141,385
Inventories	9,040,541	730,300	33,998	-
Total current assets	122,648,639	42,538,347	29,548,354	29,200,466
Noncurrent assets:				
Restricted assets:				
Cash and investments	3,574	1,966,855	10,894,410	-
Interest receivable	749	-	-	-
Total restricted assets	4,323	1,966,855	10,894,410	-
Capital assets:				
Land	5,230,379	508,799	3,122,155	1,697,818
Construction in progress	4,889,454	739,111	10,594,843	715,112
Other capital assets, net	184,529,286	62,853,784	165,639,427	16,523,238
Capital assets	194,649,119	64,101,694	179,356,425	18,936,168
Other assets:				
Power acquisition costs, net	341,488	-	-	-
Advances to other funds	543,018	-	437,794	-
Investment in JPA	2,772,802	-	-	-
Storage base gas	13,570,000	-	-	-
Note receivable	150,126	-	-	-
Total other assets	17,377,434	-	437,794	-
Total noncurrent assets	212,030,876	66,068,549	190,688,629	18,936,168
Total assets	334,679,515	108,606,896	220,236,983	48,136,634
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	9,229,694	188,348	-	-
Deferred outflows related to other post employment benefits	2,146,921	265,625	327,893	564,145
Deferred outflows related to pensions	12,168,352	1,624,075	2,114,244	3,089,094
Total deferred outflows of resources	23,544,967	2,078,048	2,442,137	3,653,239

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2019

	Enterprise Funds		Governmental Activities
	Non-Major Enterprise Funds	Total	Internal Service Funds
ASSETS			
Current assets:			
Cash and investments	\$ 6,776,626	\$ 195,752,406	\$ 16,555,208
Accounts receivable, net	516,399	23,563,316	48,397
Intergovernmental receivable	1,775,280	1,939,606	4,170
Interest receivable	44,363	1,097,860	80,493
Interfund receivable	-	112,649	84,518
Prepaid items	24,925	802,723	775,858
Inventories	115,644	9,920,483	213,081
Total current assets	9,253,237	233,189,043	17,761,725
Noncurrent assets:			
Restricted assets:			
Cash and investments	3,223,089	16,087,928	-
Interest receivable	-	749	-
Total restricted assets	3,223,089	16,088,677	-
Capital assets:			
Land	9,824,850	20,384,001	202,336
Construction in progress	2,183,636	19,122,156	-
Other capital assets, net	54,842,410	484,388,145	5,348,285
Capital assets	66,850,896	523,894,302	5,550,621
Other assets:			
Power acquisition costs, net	-	341,488	-
Advances to other funds	-	980,812	3,760,091
Investment in JPA	-	2,772,802	-
Storage base gas	-	13,570,000	-
Note receivable	-	150,126	-
Total other assets	-	17,815,228	3,760,091
Total noncurrent assets	70,073,985	557,798,207	9,310,712
Total assets	79,327,222	790,987,250	27,072,437
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	37,156	9,455,198	-
Deferred outflows related to other post employment benefits	88,929	3,393,513	633,410
Deferred outflows related to pensions	494,494	19,490,259	3,741,821
Total deferred outflows of resources	620,579	32,338,970	4,375,231

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2019

	Enterprise Funds			
	Electric Utility	Water Utility	Waste Water Utility	Solid Waste Collection/ Disposal
LIABILITIES				
Current liabilities (payable from current assets):				
Accounts payable	2,078,189	101,662	1,107,842	432,382
Accrued liabilities	1,193,390	170,430	234,742	330,778
Accrued interest payable	480,491	8,726	523,121	-
Claims and judgements payable	-	-	-	-
Intergovernmental payable	4,555,770	467,621	869	104,596
Due to other funds	-	-	-	-
Interfund payables	-	-	-	-
Unearned revenue	25,060	-	-	136,859
Deposits	3,515,297	1,672	-	6,753,451
Accrued compensated absences, due with in one year	1,342,095	167,997	186,916	389,964
Landfill closure costs, due with in one year	-	-	-	170,000
Long-term debt, due with in one year	8,223,080	684,770	-	-
State loan, due with in one year	-	-	5,378,638	-
Total current liabilities	<u>21,413,372</u>	<u>1,602,878</u>	<u>7,432,128</u>	<u>8,318,030</u>
Long-term liabilities:				
Accrued compensated absences, due in more than one year	3,007,993	320,053	348,835	899,808
Landfill closure costs, due in more than one year	-	-	-	2,150,135
Advances from other funds	-	-	-	-
Claims and judgements, due in more than one year	-	-	-	-
Long-term debt, due in more than one year	131,702,609	2,103,034	-	-
State loan, due in more than one year	-	-	63,362,447	-
Aggregate net OPEB liability	8,677,593	1,065,093	1,375,376	2,559,844
Aggregate net pension liability	61,203,714	8,155,788	10,851,659	16,176,856
Total long-term liabilities	<u>204,591,909</u>	<u>11,643,968</u>	<u>75,938,317</u>	<u>21,786,643</u>
Total liabilities	<u>226,005,281</u>	<u>13,246,846</u>	<u>83,370,445</u>	<u>30,104,673</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to other post employment benefits	80.00	10	12	22
Deferred inflows related to pensions	(276,306)	111,359	164,635	81,142
Total deferred inflows of resources	<u>(276,226)</u>	<u>111,369</u>	<u>164,647</u>	<u>81,164</u>
NET POSITION				
Net investment in capital assets	63,956,699	63,470,877	110,615,340	18,936,168
Restricted for:				
Capital projects	-	-	6,846,287	-
Unrestricted	68,538,728	33,855,852	21,682,401	2,667,868
Total net position	<u>\$ 132,495,427</u>	<u>\$ 97,326,729</u>	<u>\$ 139,144,028</u>	<u>\$ 21,604,036</u>

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2019

	Enterprise Funds		Governmental
	Non-Major	Total	Activities
	Enterprise Funds		Internal Service Funds
LIABILITIES			
Current liabilities (payable from current assets):			
Accounts payable	1,106,541	4,826,616	552,646
Accrued liabilities	68,626	1,997,966	396,731
Accrued interest payable	30,870	1,043,208	-
Claims and judgements payable	-	-	4,663,340
Intergovernmental payable	865,740	5,994,596	532,982
Due to other funds	1,064,059	1,064,059	-
Interfund payables	129,518	129,518	67,649
Unearned revenue	2,672,269	2,834,188	6,518
Deposits	74,469	10,344,889	818
Accrued compensated absences, due with in one year	55,289	2,142,261	362,329
Landfill closure costs, due with in one year	-	170,000	-
Long-term debt, due with in one year	69,596	8,977,446	-
State loan, due with in one year	143,502	5,522,140	-
Total current liabilities	<u>6,280,479</u>	<u>45,046,887</u>	<u>6,583,013</u>
Long-term liabilities:			
Accrued compensated absences, due in more than one year	150,506	4,727,195	785,246
Landfill closure costs, due in more than one year	-	2,150,135	-
Advances from other funds	4,010,972	4,010,972	309,237
Claims and judgements, due in more than one year	-	-	12,757,390
Long-term debt, due in more than one year	301,410	134,107,053	-
State loan, due in more than one year	1,438,450	64,800,897	-
Aggregate net OPEB liability	430,968	14,108,874	2,726,601
Aggregate net pension liability	2,536,714	98,924,731	20,076,849
Total long-term liabilities	<u>8,869,020</u>	<u>322,829,857</u>	<u>36,655,323</u>
Total liabilities	<u>15,149,499</u>	<u>367,876,744</u>	<u>43,238,336</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to other post employment benefits	4	128	25
Deferred inflows related to pensions	(4,977)	75,853	344,342
Total deferred inflows of resources	<u>(4,973)</u>	<u>75,981</u>	<u>344,367</u>
NET POSITION			
Net investment in capital assets	63,955,383	320,934,467	5,550,621
Restricted for:			
Capital projects	3,226,011	10,072,298	-
Unrestricted	(2,378,119)	124,366,730	(17,685,656)
Total net position	<u>\$ 64,803,275</u>	<u>\$ 455,373,495</u>	<u>\$ (12,135,035)</u>
<i>Net position reconciliation to statement of net position:</i>			
Net position of proprietary funds		\$ 455,373,495	
Less business-type portion of the Internal Service Fund		(11,398,514)	
Net position of business-type activities		<u>\$ 443,974,981</u>	

See accompanying Notes to the Basic Financial Statements.

(Concluded)

City of Redding
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Enterprise Funds			
	Electric Utility	Water Utility	Waste Water Utility	Solid Waste Collection/ Disposal
OPERATING REVENUES:				
User fees and charges	\$ 120,419,927	\$ 22,328,646	\$ 29,123,927	\$ 22,419,695
Wholesale sales	27,569,952	-	-	-
Rental charges	138,000	-	-	-
Other operating revenue	7,183,932	17,384	1,942	1,221,761
Total operating revenues	155,311,811	22,346,030	29,125,869	23,641,456
OPERATING EXPENSES:				
Cost of power, water, and transportation	50,422,780	735,259	-	-
Maintenance, operations, and administration	73,372,597	14,142,089	15,519,367	22,375,428
Depreciation and amortization	14,110,637	3,504,227	7,345,254	2,389,281
Total operating expenses	137,906,014	18,381,575	22,864,621	24,764,709
OPERATING INCOME (LOSS)	17,405,797	3,964,455	6,261,248	(1,123,253)
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	3,560,859	1,364,769	1,434,691	879,332
Interest expense	(5,727,151)	(131,046)	(1,787,581)	-
Intergovernmental revenues	-	-	-	155,040
Gain (loss) on disposal of assets	(4,918,338)	8,629	-	(399,024)
Other non-operating revenues (expenses)	(111,468)	689,062	676,878	1,880
Total nonoperating revenues (expenses)	(7,196,098)	1,931,414	323,988	637,228
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	10,209,699	5,895,869	6,585,236	(486,025)
Capital contributions	939,855	271,722	275,022	123,346
Transfers in	6,500	11,573	11,573	11,572
Transfers out	(6,507,724)	(67,708)	(294,038)	-
Change in net position	4,648,330	6,111,456	6,577,793	(351,107)
NET POSITION:				
Beginning of year	127,847,097	91,215,273	132,566,235	21,955,143
End of year	\$ 132,495,427	\$ 97,326,729	\$ 139,144,028	\$ 21,604,036

(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, 2019

	Enterprise Funds		Governmental
	Non-Major	Total	Activities
	Enterprise Funds		Internal Service Funds
OPERATING REVENUES:			
User fees and charges	\$ 2,755,578	\$ 197,047,773	\$ 58,784,702
Wholesale sales	-	27,569,952	-
Rental charges	1,686,281	1,824,281	-
Other operating revenue	674,078	9,099,097	9,474
Total operating revenues	<u>5,115,937</u>	<u>235,541,103</u>	<u>58,794,176</u>
OPERATING EXPENSES:			
Cost of power, water, and transportation	3,743,296	54,901,335	-
Maintenance, operations, and administration	6,674,277	132,083,758	59,027,861
Depreciation and amortization	3,885,488	31,234,887	1,155,904
Total operating expenses	<u>14,303,061</u>	<u>218,219,980</u>	<u>60,183,765</u>
OPERATING INCOME (LOSS)	<u>(9,187,124)</u>	<u>17,321,123</u>	<u>(1,389,589)</u>
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	213,285	7,452,936	544,139
Interest expense	(90,058)	(7,735,836)	(7,155)
Intergovernmental revenues	5,652,211	5,807,251	5,663
Gain (loss) on disposal of assets	(9,949)	(5,318,682)	48,966
Other non-operating revenues (expenses)	598,324	1,854,676	73,486
Total nonoperating revenues (expenses)	<u>6,363,813</u>	<u>2,060,345</u>	<u>665,099</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>(2,823,311)</u>	<u>19,381,468</u>	<u>(724,490)</u>
Capital contributions	3,326,907	4,936,852	1,338,697
Transfers in	1,590,787	1,632,005	101,784
Transfers out	(205,000)	(7,074,470)	(50,471)
Change in net position	<u>1,889,383</u>	<u>18,875,855</u>	<u>665,520</u>
NET POSITION:			
Beginning of year	62,913,892	436,497,640	(12,800,555)
End of year	<u>\$ 64,803,275</u>	<u>\$ 455,373,495</u>	<u>\$ (12,135,035)</u>
Change in net position reconciliation to statement of activities:			
Change in net position of proprietary funds		\$ 18,875,855	
Add Internal Service Funds income - business-type activity		<u>(495,318)</u>	
Change in net position of business-type activities		<u>\$ 18,380,537</u>	

(Concluded)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Enterprise Funds		
	Electric Utility	Water Utility	Waste Water Utility
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 150,621,180	\$ 22,424,209	\$ 29,066,754
Cash paid to suppliers	(92,812,057)	(10,182,391)	(10,626,381)
Cash paid to employees	(29,637,255)	(4,074,556)	(4,761,997)
Other income received	7,183,932	17,384	1,942
Net cash provided (used) by operating activities	35,355,800	8,184,646	13,680,318
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Intergovernmental revenue received	296,292	-	-
Advances from other funds	-	-	-
Repayment of advances from other funds	-	-	-
Advances to other funds	(270,595)	-	-
Repayment of advances to other funds	56,270	-	45,000
Transfers in	6,500	-	-
Transfers out	(6,507,724)	-	(1,000)
Net cash provided (used) by noncapital financing activities	(6,419,257)	-	44,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grant received	-	-	-
Proceeds from sale of assets	119,420	11,909	-
Purchase of capital assets	(12,483,647)	(1,681,155)	(8,766,420)
Interest paid	(6,311,170)	(134,702)	(1,795,021)
Principal paid on long-term debt	(6,470,000)	(570,000)	(6,779,799)
Cash collected for future capital outlay	23,899	543,937	664,328
Net cash provided (used) by capital and related financing activities	(25,121,498)	(1,830,011)	(16,676,912)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment revenue received	4,959,920	1,288,209	1,393,696
Rents received	-	145,125	12,550
Net cash provided (used) by investing activities	4,959,920	1,433,334	1,406,246
Net increase (decrease) in cash and cash equivalents	8,774,965	7,787,969	(1,546,348)
CASH AND CASH EQUIVALENTS:			
Beginning of year	88,062,884	33,174,749	38,831,886
End of year	<u>\$ 96,837,849</u>	<u>\$ 40,962,718</u>	<u>\$ 37,285,538</u>
Reconciliation to statement of net position:			
Cash and cash equivalents	\$ 96,834,275	\$ 38,995,863	\$ 26,391,128
Restricted cash and cash equivalents	3,574	1,966,855	10,894,410
	<u>\$ 96,837,849</u>	<u>\$ 40,962,718</u>	<u>\$ 37,285,538</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, 2019

	Enterprise Funds		Governmental	
	Solid Waste Collection/ Disposal	Non-Major Enterprise Funds	Internal Service Funds	
		Total		
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 26,240,497	\$ 4,749,073	\$ 233,101,713	\$ 58,815,078
Cash paid to suppliers	(16,080,583)	(7,898,718)	(137,600,130)	(49,221,352)
Cash paid to employees	(8,280,751)	(1,394,323)	(48,148,882)	(9,188,563)
Other income received	1,221,761	389,881	8,814,900	-
Net cash provided (used) by operating activities	3,100,924	(4,154,087)	56,167,601	405,163
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental revenue received	152,073	6,387,881	6,836,246	6,763
Advances from other funds	-	1,074,013	1,074,013	270,595
Repayment of advances from other funds	-	(1,567,559)	(1,567,559)	208,803
Advances to other funds	-	-	(270,595)	(2,167)
Repayment of advances to other funds	-	(75,580)	25,690	(56,270)
Transfers in	-	1,175,448	1,181,948	2,500
Transfers out	-	(205,000)	(6,713,724)	(6,000)
Net cash provided (used) by noncapital financing activities	152,073	6,789,203	566,019	424,224
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital grant received	-	3,078,352	3,078,352	-
Proceeds from sale of assets	119,158	14,034	264,521	14,185
Purchase of capital assets	(1,702,988)	(4,403,296)	(29,037,506)	(274,012)
Interest paid	-	(79,933)	(8,320,826)	(7,152)
Principal paid on long-term debt	-	(204,209)	(14,024,008)	-
Cash collected for future capital outlay	-	190,454	1,422,618	72,513
Net cash provided (used) by capital and related financing activities	(1,583,830)	(1,404,598)	(46,616,849)	(194,466)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment revenue received	843,747	199,378	8,684,950	525,054
Rents received	1,880	18,708	178,263	-
Net cash provided (used) by investing activities	845,627	218,086	8,863,213	525,054
Net increase (decrease) in cash and cash equivalents	2,514,794	1,448,604	18,979,984	1,159,975
CASH AND CASH EQUIVALENTS:				
Beginning of year	24,239,720	8,551,111	192,860,350	15,395,233
End of year	\$ 26,754,514	\$ 9,999,715	\$ 211,840,334	\$ 16,555,208
Reconciliation to statement of net position:				
Cash and cash equivalents	\$ 26,754,514	\$ 6,776,626	\$ 195,752,406	\$ 16,555,208
Restricted cash and cash equivalents	-	3,223,089	16,087,928	-
	\$ 26,754,514	\$ 9,999,715	\$ 211,840,334	\$ 16,555,208

(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, 2019

	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)	\$ 17,405,797	\$ 3,964,455	\$ 6,261,248
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Other non-operating revenue and expense	-	-	-
Depreciation and amortization	14,110,637	3,504,227	7,345,254
Other post employment benefits	(445,966)	(55,561)	(69,045)
Pension expense	2,267,104	266,551	335,944
(Increase) decrease in accounts receivable	2,493,301	95,563	(57,173)
(Increase) decrease in inventories	(1,876,658)	28,814	14,821
(Increase) decrease in prepaid items	153,827	1,853	1,164
(Increase) decrease in investment in JPA	(777,277)	-	-
(Increase) decrease in deposits	3,250,000	-	-
Increase (decrease) in accounts payable	(1,482,568)	(23,039)	(192,837)
Increase (decrease) in accrued liabilities	24,351	(39,474)	(469)
Increase (decrease) in claims and judgements payable	-	-	-
Increase (decrease) in deposits liability	7,213	1,672	-
Increase (decrease) in intergovernmental payable	139,881	443,187	(9,406)
Increase (decrease) in unearned revenue	(10,930)	-	-
Increase (decrease) in accrued compensated absences	97,088	(3,602)	50,817
Increase (decrease) in accrued landfill closure costs	-	-	-
Increase (decrease) in claims and judgements payable long-term	-	-	-
Total adjustments	<u>17,950,003</u>	<u>4,220,191</u>	<u>7,419,070</u>
Net cash provided (used) by operating activities	<u><u>\$ 35,355,800</u></u>	<u><u>\$ 8,184,646</u></u>	<u><u>\$ 13,680,318</u></u>

**SCHEDULE OF NONCASH CAPITAL AND
RELATED FINANCING ACTIVITIES:**

Plant contributed from developers	\$ 939,855	\$ 271,722	\$ 275,022
Non-cash change in deposits	-	-	-
Equipment transfers	-	56,135	293,038
Total non-cash capital and related financing activities	<u><u>\$ 939,855</u></u>	<u><u>\$ 327,857</u></u>	<u><u>\$ 568,060</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, 2019

	Enterprise Funds		Governmental	
	Solid Waste Collection/ Disposal	Non-Major Enterprise Funds	Internal Service Funds	
		Total		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET				
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (1,123,253)	\$ (9,187,124)	\$ 17,321,123	\$ (1,389,589)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Other non-operating revenue and expense	-	389,162	389,162	973
Depreciation and amortization	2,389,281	3,885,488	31,234,887	1,155,904
Other post employment benefits	(121,078)	(17,951)	(709,601)	(137,457)
Pension expense	575,848	93,754	3,539,201	676,311
(Increase) decrease in accounts receivable	(127,295)	(367,144)	2,037,252	20,094
(Increase) decrease in inventories	-	3,806	(1,829,217)	(10,592)
(Increase) decrease in prepaid items	(5,819)	543	151,568	(273,293)
(Increase) decrease in investment in JPA	-	-	(777,277)	-
(Increase) decrease in deposits	-	-	3,250,000	-
Increase (decrease) in accounts payable	(47,230)	152,541	(1,593,133)	266,936
Increase (decrease) in accrued liabilities	22,280	1,931	8,619	5,539
Increase (decrease) in claims and judgements payable	-	-	-	357,730
Increase (decrease) in deposits liability	1,442,905	1,000	1,452,790	808
Increase (decrease) in intergovernmental payable	16,385	862,755	1,452,802	22,480
Increase (decrease) in unearned revenue	-	-	(10,930)	-
Increase (decrease) in accrued compensated absences	28,956	27,152	200,411	107,789
Increase (decrease) in accrued landfill closure costs	49,944	-	49,944	-
Increase (decrease) in claims and judgements payable long-term	-	-	-	(398,470)
Total adjustments	<u>4,224,177</u>	<u>5,033,037</u>	<u>38,846,478</u>	<u>1,794,752</u>
Net cash provided (used) by operating activities	<u>\$ 3,100,924</u>	<u>\$ (4,154,087)</u>	<u>\$ 56,167,601</u>	<u>\$ 405,163</u>
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Plant contributed from developers	\$ 123,346	\$ 1,098,286	\$ 2,708,231	\$ -
Non-cash change in deposits	(123,346)	-	(123,346)	1,338,697
Equipment transfers	-	415,339	764,512	79,778
Total non-cash capital and related financing activities	<u>\$ -</u>	<u>\$ 1,513,625</u>	<u>\$ 3,349,397</u>	<u>\$ 1,418,475</u>
				<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, 2019

	Agency Funds	Successor Agency Private-Purpose Trust Fund
ASSETS		
Cash and investments:		
Cash with trustee	\$ 4,443,376	\$ 5,556,859
Bond reserves	-	6,792,142
Interest receivable	26,147	51,190
Accounts receivable, net	70,431	-
Intergovernmental receivable	-	26,103
Prepaid costs	-	10,894
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	\$ 4,539,954	12,901,928
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	-	109,553
Total deferred outflows of resources		109,553
LIABILITIES		
Accounts payable	\$ -	1,883
Accrued interest payable	-	403,363
Intergovernmental payable	-	1,220
Unearned revenue	-	4,270,066
Deposits payable	4,539,954	-
Long-term debt	-	24,796,266
Total liabilities	\$ 4,539,954	29,472,798
NET POSITION		
Held in trust		(16,461,317)
Total net position		\$ (16,461,317)

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, 2019

	Successor Agency Private-Purpose Trust Fund
ADDITIONS:	
Property taxes	\$ 5,095,839
Investment revenue	204,238
Total additions	5,300,077
DEDUCTIONS:	
Administrative costs	250,000
Payment on Recognized Obligation Payment Schedule	1,279,269
Total deductions	1,529,269
Net change in net position	3,770,808
NET POSITION:	
Beginning of period	(20,232,125)
End of period	\$ (16,461,317)

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, 2019

Note 1 – Summary of Significant Accounting Policies	67
A. Reporting Entity	67
B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	68
C. Cash and Investments	72
D. General Receivables and Property Taxes Receivable	73
E. Inventories	73
F. Capital Assets	73
G. Pensions	74
H. Vacation and Sick Pay	75
I. Unearned Revenue	75
J. Long-Term Obligations	75
K. Net Position	76
L. Fund Balances	76
M. Spending Policy	77
N. Use of Estimates	77
O. Implementation of New GASB Pronouncements for the Year Ended June 30, 2019	77
P. Upcoming Governmental Accounting Standards Implementation	78
Note 2 – Cash and Investments	79
A. Demand Deposits	80
B. Investments	81
C. Investments in Local Agency Investment Fund	81
D. Risk Disclosures	82
Note 3 – Interfund Activities	84
A. Due From and Due To Other Funds	84
B. Interfund Receivable and Payable	84
C. Advances To and From Other Funds	85
D. Transfer In and Out	86
Note 4 – Capital Assets	87
A. Governmental Activities	87
B. Business-Type Activities	88
Note 5 – Power Acquisition Costs	89
Note 6 – Unavailable Revenue	89
Note 7 – Long-Term Debt	90
Note 8 – Leases	97
Note 9 – Pledged Revenue	98
Note 10 – Compensated Absences	100

City of Redding
Index to Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 11 – Interest Cost Capitalized	100
Note 12 – Self-Insurance	101
Note 13 – Individual Fund Disclosures	102
Note 14 – Joint Ventures	103
A. M-S-R Public Power Agency	103
B. M-S-R Energy Authority	105
C. Transmission Agency of Northern California	106
D. Balancing Authority of Northern California	107
E. Contingent Liability.....	108
Note 15 – Postclosure Care Costs	108
Note 16 – Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA) Grant Information	109
Note 17 – Retirement Plans	110
Note 18 – Other Postemployment Healthcare Benefits	130
Note 19 – Fund Balances	138
Note 20 – Commitments and Contingencies	139
Note 21 – Successor Agency Trust for Assets of the Former Redevelopment Agency	142
Note 22 – Subsequent Events / Carr Fire Update	145

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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 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, 2019

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, 2019

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:

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

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, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018
PARS:	
Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019

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, 2019

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, then 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, 2019

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, 2019. 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. 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 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. 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, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

O. Implementation of New GASB Pronouncements for the Year Ended June 30, 2019 (Continued)

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. 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. 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, 2021.

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.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Upcoming Governmental Accounting Standards Implementation (Continued)

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.

GASB Statement No. 91 - In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement is effective for the City’s fiscal year ending June 30, 2022.

Note 2 – Cash and Investments

At June 30, 2019, 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	Statement of Net Position	Total
Cash and investments	\$ 43,966,151	\$ 195,752,406	\$ 239,718,557	\$ 10,000,235	\$ 249,718,792
Restricted cash and investments	\$ 9,875,715	\$ 16,087,928	\$ 25,963,643	\$ 6,792,142	\$ 32,755,785

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Cash and Investments (Continued)

At June 30, 2019, 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, 2019:

	Fair Value		Total	Measurement Input
	Unrestricted	Restricted		
Deposits	\$ 44,819,730	\$ 99,371	\$ 44,919,101	N/A
Medium Term Corporate Notes	11,976,591	-	11,976,591	Level 2
Federal Agency Bonds	138,294,047	-	138,294,047	Level 2
Mutual Funds	1,152,600	9,680,242	10,832,842	Level 1
Local Agency Investment Fund	53,475,824	22,976,172	76,451,996	Uncategorized
Total Investments	204,899,062	32,656,414	237,555,476	
Total Cash and Investments	\$ 249,718,792	\$ 32,755,785	\$ 282,474,577	

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, 2019, the carrying amount of the City's deposits was \$44,919,101 of which \$99,371 was restricted and \$44,819,730 was unrestricted. The bank balance was \$46,225,605. Of the bank balance, \$3,521,908 was covered by Federal depository insurance, and \$42,703,697 was covered by collateral held in the pledging bank's trust department.

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, 2019

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, 2019 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, 2019, the City had \$76,451,996 invested in LAIF, which had invested 1.49% 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, 2019, 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, 2019.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019, 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	\$ 11,976,591	\$ 8,642,472	\$ 3,334,119	\$ -	\$ -
Federal Agency Bonds	138,294,047	24,004,345	32,052,497	80,235,385	2,001,820
Investment in State Treasurer's Investment Pool	53,475,824	53,475,824	-	-	-
Mutual Funds	1,152,600	1,152,600	-	-	-
Total	<u>\$ 204,899,062</u>	<u>\$ 87,275,241</u>	<u>\$ 35,386,616</u>	<u>\$ 80,235,385</u>	<u>\$ 2,001,820</u>

Restricted: Investment Type	Investments Maturities (in Years)			
	Fair Value	Less Than 1	1-5	More Than 5
Investment in State Treasurer's Investment Pool	\$ 22,976,172	\$ 22,976,172	\$ -	\$ -
Mutual Funds	9,680,242	9,680,242	-	-
Total	<u>\$ 32,656,414</u>	<u>\$ 32,656,414</u>	<u>\$ -</u>	<u>\$ -</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019, 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:

Issuer	Investment Type	Amount
Federal Farm Credit Bank	Federal Agency Securities	\$ 36,352,005
Federal Home Loan Bank	Federal Agency Securities	\$ 32,460,055
Federal Home Loan Mortgage Corporation	Federal Agency Securities	\$ 35,417,640
Federal National Mortgage Association	Federal Agency Securities	\$ 31,561,597

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019.

Note 3 – Interfund Activities

A. Due From and Due To Other Funds

At June 30, 2019, 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	\$ 123,633	\$ 123,633
Enterprise funds:		
Nonmajor Enterprise Funds	1,064,059	1,064,059
Total	\$ 1,187,692	\$ 1,187,692

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, 2019, interfund receivable and payable balances are as follows:

Interfund Payable	Interfund Receivable			Total
	Electric Utility Fund	Wastewater Utility Fund	Internal Service Funds	
Enterprise Funds:				
Internal Service Funds	\$ 67,649	\$ -	\$ -	\$ 67,649
Nonmajor: Enterprise funds	-	45,000	84,518	129,518
Total	\$ 67,649	\$ 45,000	\$ 84,518	\$ 197,167

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, 2019

Note 3 – Interfund Activities (Continued)

C. Advances To and From Other Funds

At June 30, 2019, 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	-	437,794	3,573,178	4,010,972
Internal Service Funds	309,237	-	-	309,237
Total	\$ 543,018	\$ 437,794	\$ 3,760,091	\$ 4,740,903

- 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; all of which is classified as long term.
- 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 \$106,290.
- c) The Electric Utility Fund advanced \$270,595 to the Information Technology division to prepay a five year financial transparency software contract. At year end the remaining balance is \$270,595. Of this amount \$202,947 is classified as long term.
- d) 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 \$482,794, is to be repaid including interest at the City’s average earnings on its pooled cash accounts. Of this amount, \$437,794 is classified as long-term at year-end.
- e) 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; all of which is classified as long term.
- f) In recent years the General Fund has advanced \$8,917,054 to the Airport Fund to finance improvements and operating expenses. The balance was transferred to the Risk Management Fund during the 2009-2010 fiscal year. The Airport Fund has repaid \$7,267,670 to date. At year end the balance was \$1,649,384; all of which is classified as long term.
- g) 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 \$1,074,110.
- 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, \$699,025 is classified as long-term at year-end.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 3 – Interfund Activities (Continued)

- i) The Risk Management Fund advanced funds to the Airport Fund to acquire property. There was a balance of \$129,293 at year-end; all of which is classified as long term.
- j) The Risk Management Fund advanced \$35,000 to the Airports Fund to acquire a replacement engine for an Aircraft Rescue and Firefighting truck. At year-end the balance was \$28,228, of this amount \$21,366 is classified as long term.

D. Transfer In and Out

The following operating transfers were made during the fiscal year ended June 30, 2019:

<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>Solid Waste</i>	<i>Water Fund</i>	<i>Waste-water</i>	<i>Nonmajor Enterprise Funds</i>	<i>Internal Service Funds</i>	
Governmental Funds:										
Major Funds:										
General Fund	\$ 1,744,600	\$ 65,010	\$ 854,285	\$ 4,000	\$ -	\$ -	\$ -	\$ 1,175,448	\$ 2,500	\$ 3,845,843
General Capital Projects Fund	117,134	-	-	-	-	-	-	-	-	117,134
Nonmajor Governmental Funds	4,311,070	-	-	-	-	-	-	-	-	4,311,070
Enterprise Funds:										
Major Enterprise Funds:										
Electric	6,363,600	-	-	-	-	-	-	54,593	89,531	6,507,724
Solid Waste	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	67,708	-	67,708
Wastewater	1,000	-	-	-	-	-	-	293,038	-	294,038
Storm Drains	-	-	-	-	-	-	-	-	-	-
Nonmajor Enterprise Funds	205,000	-	-	-	-	-	-	-	-	205,000
Internal Service Funds	3,500	-	-	2,500	11,572	11,573	11,573	-	9,753	50,471
Total	\$ 12,745,904	\$ 65,010	\$ 854,285	\$ 6,500	\$ 11,572	\$ 11,573	\$ 11,573	\$ 1,590,787	\$ 101,784	\$ 15,398,988

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 such as street maintenance and public safety. 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 an electric charging station to RABA as part of the Transportation Electrification Program.
- Funds transferred for used vehicles purchased internally per City policy between General Fund, Electric, Water, Wastewater, Storm Drain, and Internal Service Funds.
- The Communications Fund transferred a fire alarm system to the Building Maintenance Fund.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 4 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for the year ended June 30, 2019 consisted of the following:

	Balance July 1, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Total Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 33,062,863	\$ 56,316	\$ -	\$ 312,662	\$ 33,431,841
Construction in process	12,666,846	5,289,058	(9,704)	(9,998,750)	7,947,450
Total capital assets, not being depreciated	<u>45,729,709</u>	<u>5,345,374</u>	<u>(9,704)</u>	<u>(9,686,088)</u>	<u>41,379,291</u>
Capital assets, being depreciated:					
Buildings	63,652,526	104,603	-	24,096	63,781,225
Improvements other than buildings	99,386,557	443,780	(246,827)	949,680	100,533,190
Infrastructure	312,685,023	695,819	-	7,901,598	321,282,440
Automotive equipment	13,857,811	1,456,732	(610,232)	223,434	14,927,745
Furnishings and equipment	10,775,331	360,340	(220,598)	100,839	11,015,912
Assets under capital lease:					
Automotive equipment	565,048	-	-	-	565,048
Total capital assets, being depreciated	<u>500,922,296</u>	<u>3,061,274</u>	<u>(1,077,657)</u>	<u>9,199,647</u>	<u>512,105,560</u>
Accumulated depreciation:					
Buildings	(32,081,754)	(2,010,618)	-	2,966	(34,089,406)
Improvements other than buildings	(60,777,282)	(3,216,796)	246,827	(2,966)	(63,750,217)
Infrastructure	(106,816,534)	(8,850,327)	-	-	(115,666,861)
Automotive equipment	(10,888,556)	(780,579)	561,417	(133,903)	(11,241,621)
Furnishings and equipment	(8,639,262)	(527,293)	217,029	-	(8,949,526)
Assets under capital lease:					
Automotive equipment	(119,288)	(37,670)	-	-	(156,958)
Total accumulated depreciation	<u>(219,322,676)</u>	<u>(15,423,283)</u>	<u>1,025,273</u>	<u>(133,903)</u>	<u>(233,854,589)</u>
Total capital assets, being depreciated, net	<u>281,599,620</u>	<u>(12,362,009)</u>	<u>(52,384)</u>	<u>9,065,744</u>	<u>278,250,971</u>
Total governmental activities	<u><u>\$ 327,329,329</u></u>	<u><u>\$ (7,016,635)</u></u>	<u><u>\$ (62,088)</u></u>	<u><u>\$ (620,344)</u></u>	<u><u>\$ 319,630,262</u></u>

Depreciation expense was charged to governmental activities as follows:

Program	Depreciation
General government	\$ 1,620,533
Police	718,885
Fire	409,062
Public works	9,065,885
Recreation and culture	3,605,598
Community development	3,320
Total	<u><u>\$ 15,423,283</u></u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 4 – Capital Assets (Continued)

B. Business-Type Activities

Summary of changes in capital assets for the year ended June 30, 2019 consisted of the following:

	Balance July 1, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 20,074,959	\$ 214,995	\$ -	\$ 94,047	\$ 20,384,001
Construction in progress	25,583,098	18,458,695	-	(24,919,637)	19,122,156
Total capital assets, not being depreciated	<u>45,658,057</u>	<u>18,673,690</u>	<u>-</u>	<u>(24,825,590)</u>	<u>39,506,157</u>
Capital assets, being depreciated:					
Utility plants	820,169,501	7,504,102	(7,509,422)	15,084,142	835,248,323
Buildings	76,706,759	-	(93,381)	1,226,346	77,839,724
Improvements other than buildings	44,303,005	423,777	(391,576)	8,872,403	53,207,609
Automotive equipment	45,765,506	2,103,371	(4,392,743)	(223,434)	43,252,700
Furnishings and equipment	29,578,886	625,038	(1,420,444)	352,574	29,136,054
Total capital assets, being depreciated	<u>1,016,523,657</u>	<u>10,656,288</u>	<u>(13,807,566)</u>	<u>25,312,031</u>	<u>1,038,684,410</u>
Less accumulated depreciation for:					
Utility plants	(419,166,431)	(21,931,916)	2,570,244	-	(438,528,103)
Buildings	(41,670,056)	(2,146,395)	85,847	-	(43,730,604)
Improvements other than buildings	(27,567,271)	(1,407,320)	80,798	-	(28,893,793)
Automotive equipment	(25,164,911)	(3,318,173)	4,067,034	133,903	(24,282,147)
Furnishings and equipment	(17,953,044)	(2,329,014)	1,420,440	-	(18,861,618)
Total accumulated depreciation	<u>(531,521,713)</u>	<u>(31,132,818)</u>	<u>8,224,363</u>	<u>133,903</u>	<u>(554,296,265)</u>
Total capital assets, being depreciated, net	<u>485,001,944</u>	<u>(20,476,530)</u>	<u>(5,583,203)</u>	<u>25,445,934</u>	<u>484,388,145</u>
Total business-type activities	<u><u>\$ 530,660,001</u></u>	<u><u>\$ (1,802,840)</u></u>	<u><u>\$ (5,583,203)</u></u>	<u><u>\$ 620,344</u></u>	<u><u>\$ 523,894,302</u></u>

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

Program	Depreciation
Electric	\$ 14,008,568
Water	3,504,227
Wastewater	7,345,254
Storm drainage	867,511
Solid waste	2,389,281
Airport	1,609,931
RABA	1,327,849
Convention center	80,197
Total	<u>\$ 31,132,818</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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>(3,128,826)</u>
Power Acquisition Cost, Net	<u><u>\$ 341,488</u></u>

For the year ended June 30, 2019, amortization expense was \$102,068.

Note 6 – Unavailable Revenue

On the fund financial statements, unavailable revenue consisted of the following as of June 30, 2019:

	General Fund	General Capital Projects Fund	Non Major Governmental Funds	Total
Unavailable revenues:				
Sales tax	\$ 1,803	\$ -	\$ -	\$ 1,803
Property taxes	650,745	-	410,855	1,061,600
Grant revenue	380,162	1,994,575	-	2,374,737
Shasta Area Safety				
Communications Agency rents	337,243	-	-	337,243
Housing loans - principal and interest	-	-	4,687,344	4,687,344
HUD funds	-	-	45,019	45,019
Total	<u><u>\$ 1,369,953</u></u>	<u><u>\$ 1,994,575</u></u>	<u><u>\$ 5,143,218</u></u>	<u><u>\$ 8,507,746</u></u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 7 – Long-Term Debt

Summary of changes in long-term debt for the year ended June 30, 2019, is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within One Year	Due in more than One Year
Governmental Activities:						
Long-term debt:						
Revenue bonds	\$ 29,441,151	\$ 24,085,000	\$ (20,173,904)	\$ 33,352,247	\$ 1,904,630	\$ 31,447,617
Capital lease payable	177,017	-	(117,438)	59,579	59,579	-
Long-term debt before unamortized amounts	29,618,168	24,085,000	(20,291,342)	33,411,826	1,964,209	31,447,617
Bond premium	154,812	3,272,602	(165,721)	3,261,693	130,904	3,130,789
Bond discount	(178,386)	-	126,303	(52,083)	(4,977)	(47,106)
Total governmental activities long-term debt	29,594,594	27,357,602	(20,330,760)	36,621,436	2,090,136	34,531,300
Business-type activities:						
Long-term debt:						
Revenue bonds	134,803,848	-	(8,631,096)	126,172,752	7,450,369	118,722,383
State loans payable	75,715,948	-	(5,392,912)	70,323,036	5,522,140	64,800,896
Long-term debt before unamortized amounts	210,519,796	-	(14,024,008)	196,495,788	12,972,509	183,523,279
Bond premium	18,441,341	-	(1,527,847)	16,913,494	1,527,850	15,385,643
Bond discount	(2,518)	-	772	(1,746)	(774)	(972)
Total business-type activities long-term debt	228,958,619	-	(15,551,083)	213,407,536	14,499,586	198,907,950
Total long-term debt	\$ 258,553,213	\$ 27,357,602	\$ (35,881,843)	\$ 250,028,972	\$ 16,589,722	\$ 233,439,250

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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>	\$	- \$ 36,710,000
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>		- 51,880,000
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>		- 34,555,000

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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>	-	2,655,000
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>	7,522,247	372,752

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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.	1,745,000	-
2019 Lease Revenue Bond, Series A:		
Issued to refinance the 2004 Capital Project Series A & B, 2004 Civic Center Refunding Series C, and the 2007 Capital Projects Series A and to finance acquisition and construction of capital projects within the City of Redding. Payable from the revenues generated pursuant to the Facilities Lease between the Redding Joint Powers Financing Authority (Authority) and the City of Redding whereby the City has transferred title to its Civic Center and leases it back from the Authority.		
Serial Bonds interest of 5.0%, payable on April 1 and October 1; maturities payable on April 1 from \$695,000 to \$1,575,000; final payment on April 1, 2037. Original issue: \$24,085,000. Term Bonds bear interest at (1) 3.125% maturity payable on April 1, 2039 in the amount of \$1,200,000; and (2) bear interest at 3.25% maturity payable on April 1, 2044 in the amount of \$3,355,000.	24,085,000	-
Total Revenue Bonds:	\$ 33,352,247	\$ 126,172,752

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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.	\$ -	\$ 210,954
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.	-	268,169
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.	-	921,652
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.	-	181,176
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.	-	4,185,143
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.	-	2,203,978
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.	-	2,812,344
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.	-	11,430,355

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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.	-	5,368,058
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.	-	13,447,199
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.	-	6,860,298
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.	-	4,624,301
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.	-	6,290,818
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.	-	795,783
Mary Street		
The total loan agreement is \$3,365,560. Annual installments of \$106,915, including interest at 2.7% payable April 16, maturity April 16, 2031.	-	1,083,545
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.	-	9,639,263
Total State Loans	\$ -	\$ 70,323,036

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 7 – Long-Term Debt (Continued)

	Governmental Activities	Business-type Activities
Capital Lease Payable:		
The capital leases payable from governmental activities were \$117,438 for fiscal year ended June 30, 2019. The purpose of the lease is to purchase a Pumper Enforcer (Fire Engine).	\$ 59,579	\$ -
Total Capital Lease Payable	\$ 59,579	\$ -
Summary of Outstanding Debt:		
Total outstanding debt	\$ 33,411,826	\$ 196,495,788
Add: Bond Premium	3,261,693	16,913,494
Less: Bond Discount	(52,083)	(1,746)
Total Outstanding Debt, Net of Premiums and Discounts	\$ 36,621,436	\$ 213,407,536

Current year amortization expense for bond premiums and discounts was \$39,418 for the governmental activities and \$1,527,073 for the business-type activities.

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

	Original Amount	2018-19 Additions	2018-19 Deletions	Total Amortization	Net
Governmental Activities	\$ 594,266	\$ -	\$ 491,061	\$ 23,707	\$ 79,498
Business-Type Activities	79,777	-	-	79,777	-
Total	\$ 674,043	\$ -	\$ 491,061	\$ 103,484	\$ 79,498

Current year amortization expense recorded in the governmental activities was \$4,064 and in the business-type activities was \$0.

The annual requirements to amortize all debt outstanding as of June 30, 2019, 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
2020	1,964,209	1,397,801	12,972,509	7,786,579	14,936,718	9,184,380
2021	1,853,967	1,502,669	13,470,665	7,285,862	15,324,632	8,788,531
2022	1,954,753	1,412,696	13,995,720	6,769,346	15,950,473	8,182,042
2023	2,034,112	1,317,802	15,980,950	6,233,995	18,015,062	7,551,797
2024	1,639,784	1,218,554	14,738,059	5,617,460	16,377,843	6,836,014
2025-2029	6,590,000	4,977,708	82,626,882	18,480,223	89,216,882	23,457,931
2030-2034	6,745,001	3,325,757	39,061,604	3,655,244	45,806,605	6,981,001
2035-2039	5,665,000	1,662,577	3,649,399	131,662	9,314,399	1,794,239
2040-2044	4,965,000	564,394	-	-	4,965,000	564,394
Total	\$ 33,411,826	\$ 17,379,958	\$ 196,495,788	\$ 55,960,371	\$ 229,907,614	\$ 73,340,329

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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
2020	60,160
Total minimum lease payments	60,160
Less amount representing interest	(581)
Present value of minimum lease payments	\$ 59,579

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	\$ 60,160
Total debt service	\$ 60,160

Assets acquired with the above leases were as follows:

	Government Activities
Asset:	
Automotive equipment	\$ 565,048
Less: Accumulated depreciation	(156,958)
Net capital assets	\$ 408,090

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019

Note 9 – Pledged Revenue (Continued)

Estimated % of Pledged Revenue Required for Debt Service	Estimated % of Pledged Revenue Plus Reserves Required for Debt Service	Remaining Principal & Interest	Current Year Principal & Interest Paid	Current Year Pledged Revenue Available	Reserve Balance
7%		\$ 2,925,800	\$ 704,700	\$ 9,522,513	\$ -
10%		-	1,601,250	15,718,071	-
7%		4,460,667	1,115,167	15,718,071	-
2%		2,453,446	272,605	15,718,071	-
2%		3,196,768	319,677	15,718,071	-
8%		13,289,670	1,208,152	15,718,071	-
4%	3%	6,241,252	567,387	15,718,071	567,387
7%	7%	16,214,918	1,158,208	15,718,071	1,158,208
4%	3%	7,350,073	565,390	15,718,071	565,390
2%	2%	5,643,621	376,241	15,718,071	376,241
1%	1%	1,282,979	106,915	15,718,071	106,915
0%	0%	942,253	78,521	15,718,071	78,521
5%	5%	11,421,763	761,451	15,718,071	761,451
3%	3%	7,545,538	443,855	15,718,071	443,855
7%	2%	49,770,625	2,363,170	33,337,572	96,916,465
17%	4%	69,135,000	5,670,500	33,337,572	96,916,465
14%	4%	48,258,750	4,747,500	33,337,572	96,916,465

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019 were as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within One Year	Due in More Than One Year
Governmental activities	\$ 11,292,554	\$ 5,127,734	\$ (4,895,430)	\$ 11,524,858	\$ 3,846,546	\$ 7,678,312
Business-type activities	6,669,045	3,964,719	(3,764,308)	6,869,456	2,142,261	4,727,195
Total	<u>\$ 17,961,599</u>	<u>\$ 9,092,453</u>	<u>\$ (8,659,738)</u>	<u>\$ 18,394,314</u>	<u>\$ 5,988,807</u>	<u>\$ 12,405,507</u>

Note 11 – Interest Cost Capitalized

Details of interest cost in proprietary funds at June 30, 2019, are as follows:

Interest cost charged to operations	\$ 7,735,836
Interest cost capitalized	<u>-</u>
Total interest cost incurred	<u>\$ 7,735,836</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2018 and prior at June 30, 2019, 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, 2019, has been included in the Risk Management Fund's claims payable amount as of June 30, 2019.

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, 2019.

Property Insurance is administered as a co-insurance plan. The City is self-insured for claims up to \$250,000. An insurance company co-insures claims over \$250,000. 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, 2019.

In prior years, the self insurance deductible for the City was \$25,000 for per claim, however, with the recent floods and fires, the amount that the City is responsible for before our insurance co-insures has increased to \$250,000 per incident.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 12 – Self-Insurance (Continued)

The following is a reconciliation of changes in claims liability amounts for fiscal years ended June 30, 2019:

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						
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
2019	15,630,900	2,615,587	(2,340,137)	15,906,350	3,630,440	12,275,910
General Liability						
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
2019	1,703,870	356,503	(633,503)	1,426,870	945,390	481,480
Health and Dental						
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)
2019	126,700	22,333,475	(22,372,665)	87,510	87,510	- (1)
Total						
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
2019	17,461,470	25,305,565	(25,346,305)	17,420,730	4,663,340	12,757,390

(1) These claims are dental claims only.

Note 13 – Individual Fund Disclosures

The following fund reported a deficit fund balance as of June 30, 2019:

Parking Special Revenue Fund - The deficit of \$342,156 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 \$199,227 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 \$3,252,358 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 \$2,943,609 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 \$4,223,787 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, 2019

Note 13 – Individual Fund Disclosures (Continued)

Risk Management Fund – The deficit of \$3,887,411 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, 2019

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, 2018 is as follows (in thousands):

Total Assets & Deferred Outflows	<u>\$ 84,727</u>	Total revenues	\$ 85,175
		Total expenses	<u>(62,198)</u>
Total liabilities & Deferred Inflows	\$ 147,115		
Total members' deficit	<u>(62,388)</u>	Net income	22,977
Total liabilities & members' deficit	<u>\$ 84,727</u>	Members' deficit, January 1, 2018	(82,065)
		Member distributions	<u>(3,300)</u>
		Members' deficit, December 31, 2018	<u>\$ (62,388)</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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 \$99 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.

On June 13, 2018, bonds in the amount of \$98,850,000, the 2018R bonds, were issued with an average interest rate of 4.71% to refund; \$88,000,000 of the outstanding 2008L bonds with an average interest rate of 5.00%, and \$30,595,000 and \$14,685,000 of the outstanding variable interest rate 2008M and 2008N bonds, respectively. The net proceeds of the 2018R bonds plus \$33,257,000 of restricted funds on hand were used to prepay the outstanding debt service requirements on the old bonds.

The cash flow requirements on the old bonds prior to the current refunding was \$150,475,000 from 2018 through 2022. The cash flow requirements on the new bonds are \$110,992,000 from 2018 through 2022. The current refund resulted in an economic gain of \$5,147,000.

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 \$9.4 million at December 31, 2018. 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, 2019, 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, 2018, the City's unrecognized share of member's deficit of the M-S-R Energy Authority was \$100,455,918.

The long term debt of the M-S-R Energy Authority totaled \$899,780,000 at December 31, 2018. The M-S-R Energy Authority did not make any principal payments in 2018.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2018, is as follows (in thousands):

Total assets	<u>\$ 904,901</u>
Total liabilities	<u>\$ 904,901</u>
Total net position	<u>\$ -</u>
Total liabilities and net position	<u>\$ 904,901</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, 2019.

The debt of the Transmission Agency of Northern California is comprised entirely of revenue bonds totaling \$191,845,000. These bonds are secured by a pledge and assignment of the net electric revenues of the Agency and are supported by take-and-pay commitments of the participants.

Summarized financial information of TANC as of and for the year ended June 30, 2019, is as follows (in thousands):

Total assets & deferred outflows	<u>\$ 352,659</u>
Total liabilities & deferred inflows	\$ 318,157
Total net position	<u>34,502</u>
Total liabilities and net position	<u>\$ 352,659</u>
Net increase (decrease) in net position	<u>\$ 10,357</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2018, is as follows (in thousands):

Total current assets	<u>\$ 3,993,582</u>
Total current liabilities	3,993,582
Total net position	<u>-</u>
Total liabilities and net position	<u>\$ 3,993,582</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, 2019

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	\$ 98,850,000	15.000%	\$ 14,827,500
TANC (2)			
Bonds (2009A)	17,925,000	9.0076%	1,614,612
Bonds (2016A)	<u>173,920,000</u>	8.3912%	<u>14,594,010</u>
TANC subtotal	<u>191,845,000</u>		<u>16,208,622</u>
Total	<u>\$ 290,695,000</u>		<u>\$ 31,036,122</u>

(1) As of December 31, 2018

(2) As of June 30, 2019

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 \$2,320,135 as of June 30, 2019, 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, 2019. 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, 2019, were as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within One Year	Due in More Than One Year
Postclosure care liability	<u>\$ 2,270,191</u>	<u>\$ 546,983</u>	<u>\$ 497,039</u>	<u>\$ 2,320,135</u>	<u>\$ 170,000</u>	<u>\$ 2,150,135</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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 2018-19, RABA received or accrued an additional \$0 in PTMISEA funding. During the fiscal year RABA incurred \$575,942 in qualifying expenditures and earned \$59,765 in interest income. The June 30, 2019 ending balance in unspent PTMISEA funding was \$2,241,434.

Other Proposition 1B Funds

In fiscal year 2018-19 RABA received \$0 in non PTMISEA Proposition 1B funds. During the fiscal year RABA incurred \$19,754 in qualifying expenditures and earned \$10,118 in interest. The June 30, 2019 balance of non PTMISEA Proposition 1B funds was \$418,340.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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)	\$ 43,834,774	\$ 116,729,176	\$ 10,322,331	\$ 170,886,281
Internal Service Funds:				
Equipment	2,978,815	-	619,344	3,598,159
Information Systems	3,974,690	-	902,807	4,877,497
General Support Services	3,017,701	-	664,649	3,682,350
Risk Management	1,520,397	-	425,902	1,946,299
Municipal Utilities Support	4,882,961	-	1,089,583	5,972,544
Total Internal Service Funds	16,374,564	-	3,702,285	20,076,849
Total Governmental Activities	60,209,338	116,729,176	14,024,616	190,963,130
Enterprise funds:				
Electric Utility	48,754,369	-	12,449,345	61,203,714
Water Utility	6,712,809	-	1,442,979	8,155,788
Wastewater Utility	8,968,694	-	1,882,965	10,851,659
Solid Waste Utility	13,436,881	-	2,739,975	16,176,856
Airport	1,241,710	-	129,053	1,370,763
Storm Drainage Utility	946,488	-	219,463	1,165,951
Total Enterprise funds	80,060,951	-	18,863,780	98,924,731
Total	\$ 140,270,289	\$ 116,729,176	\$ 32,888,396	\$ 289,887,861

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)	\$ 3,771,236	\$ 9,775,655	\$ 1,921,656	\$ 15,468,547
Internal Service Funds:				
Equipment	259,197	-	117,785	376,982
Information Systems	353,422	-	162,527	515,949
General Support Services	263,754	-	123,970	387,724
Risk Management	133,211	-	76,428	209,639
Municipal Utilities Support	427,805	-	204,141	631,946
Total Internal Service Funds	1,437,389	-	684,851	1,620,350
Total Governmental Activities	5,208,625	9,775,655	2,606,507	17,088,897
Enterprise funds:				
Electric Utility	4,265,831	-	2,311,520	6,577,351
Water Utility	584,143	-	283,968	868,111
Wastewater Utility	776,731	-	350,522	1,127,253
Solid Waste Utility	1,173,787	-	511,773	1,685,560
Airport	107,362	-	22,677	130,039
Storm Drainage Utility	82,614	-	41,752	124,366
Total Enterprise funds	6,990,468	-	3,522,212	10,512,680
Total	\$ 12,199,093	\$ 9,775,655	\$ 6,128,719	\$ 27,601,577

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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)	\$ 484,075	\$ 512,003	\$ 379,732	\$ 1,375,810
Internal Service Funds:				
Equipment	6,995	-	24,070	31,065
Information Systems	(35,330)	-	29,942	(5,388)
General Support Services	21,069	-	26,502	47,571
Risk Management	11,541	-	17,017	28,558
Municipal Utilities Support	(8,388)	-	39,977	31,589
Total Internal Service Funds	(4,113)	-	137,508	1,620,350
Total Governmental Activities	479,962	512,003	517,240	2,996,160
Enterprise funds:				
Electric Utility	(173,550)	-	538,826	365,276
Water Utility	48,778	-	46,012	94,790
Wastewater Utility	135,773	-	78,039	213,812
Solid Waste Utility	27,323	-	100,950	128,273
Airport	15,881	-	11,783	27,664
Storm Drainage Utility	3,049	-	6,148	9,197
Total Enterprise funds	57,254	-	781,758	839,012
Total	\$ 537,216	\$ 512,003	\$ 1,298,998	\$ 3,835,172

Changes of Assumptions

	Miscellaneous Plan	Safety Plan	PARS Plan	Total
Governmental Activities (minus Internal Service Funds)	\$ 2,780,231	\$ 9,290,821	\$ 482,784	\$ 12,553,836
Internal Service Funds:				
Equipment	228,980	-	32,546	261,526
Information Systems	257,327	-	25,480	282,807
General Support Services	201,082	-	31,710	232,792
Risk Management	77,627	-	11,346	88,973
Municipal Utilities Support	381,211	-	58,468	439,679
Total Internal Service Funds	1,146,227	-	159,550	1,620,350
Total Governmental Activities	3,926,458	9,290,821	642,334	14,174,186
Enterprise funds:				
Electric Utility	3,936,794	-	614,940	4,551,734
Water Utility	463,397	-	96,174	559,571
Wastewater Utility	565,913	-	97,235	663,148
Solid Waste Utility	983,846	-	133,772	1,117,618
Airport	89,792	-	6,507	96,299
Storm Drainage Utility	69,618	-	13,506	83,124
Total Enterprise funds	6,109,360	-	962,134	7,071,494
Total	\$ 10,035,818	\$ 9,290,821	\$ 1,604,468	\$ 21,245,680

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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)	\$ 83,708	\$ 965,953	\$ 458,801	\$ 1,508,462
Internal Service Funds:				
Equipment	6,409	-	27,277	33,686
Information Systems	8,124	-	23,604	31,728
General Support Services	6,424	-	28,564	34,988
Risk Management	2,435	-	9,460	11,895
Municipal Utilities Support	11,255	-	56,857	68,112
Total Internal Service Funds	<u>34,647</u>	<u>-</u>	<u>145,762</u>	<u>1,620,350</u>
Total Governmental Activities	<u>118,355</u>	<u>965,953</u>	<u>604,563</u>	<u>3,128,812</u>
Enterprise funds:				
Electric Utility	115,973	-	558,018	673,991
Water Utility	13,580	-	88,023	101,603
Wastewater Utility	17,160	-	92,871	110,031
Solid Waste Utility	29,491	-	128,152	157,643
Airport	2,689	-	3,858	6,547
Storm Drainage Utility	2,117	-	15,141	17,258
Total Enterprise funds	<u>181,010</u>	<u>-</u>	<u>886,063</u>	<u>1,067,073</u>
Total	<u>\$ 299,365</u>	<u>\$ 965,953</u>	<u>\$ 1,490,626</u>	<u>\$ 4,195,885</u>

Total Deferred Outflows

	Miscellaneous Plan	Safety Plan	PARS Plan	Total
Governmental Activities (minus Internal Service Funds)	\$ 7,119,250	\$ 20,544,432	\$ 3,242,973	\$ 30,906,655
Internal Service Funds:				
Equipment	501,581	-	201,678	703,259
Information Systems	583,543	-	241,553	825,096
General Support Services	492,329	-	210,746	703,075
Risk Management	224,814	-	114,251	339,065
Municipal Utilities Support	811,883	-	359,443	1,171,326
Total Internal Service Funds	<u>2,614,150</u>	<u>-</u>	<u>1,127,671</u>	<u>3,741,821</u>
Total Governmental Activities	<u>9,733,400</u>	<u>20,544,432</u>	<u>4,370,644</u>	<u>34,648,476</u>
Enterprise funds:				
Electric Utility	8,145,048	-	4,023,304	12,168,352
Water Utility	1,109,898	-	514,177	1,624,075
Wastewater Utility	1,495,577	-	618,667	2,114,244
Solid Waste Utility	2,214,447	-	874,647	3,089,094
Airport	215,724	-	44,825	260,549
Storm Drainage Utility	157,398	-	76,547	233,945
Total Enterprise funds	<u>13,338,092</u>	<u>-</u>	<u>6,152,167</u>	<u>19,490,259</u>
Total	<u>\$ 23,071,492</u>	<u>\$ 20,544,432</u>	<u>\$ 10,522,811</u>	<u>\$ 54,138,735</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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)	\$ 640,149	\$ 1,378,827	\$ 392	\$ 2,019,368
Internal Service Funds:				
Equipment	40,414	-	68	40,482
Information Systems	41,383	-	50	41,433
General Support Services	42,732	-	(23)	42,709
Risk Management	16,962	-	(174)	16,788
Municipal Utilities Support	66,235	-	310	66,545
Total Internal Service Funds	<u>207,726</u>	<u>-</u>	<u>231</u>	<u>207,957</u>
Total Governmental Activities	<u>847,875</u>	<u>1,378,827</u>	<u>623</u>	<u>2,227,325</u>
Enterprise funds:				
Electric Utility	587,679	-	(1,205)	586,474
Water Utility	95,358	-	594	95,952
Wastewater Utility	139,125	-	(68)	139,057
Solid Waste Utility	174,352	-	149	174,501
Airport	19,765	-	(183)	19,582
Storm Drainage Utility	12,633	-	90	12,723
Total Enterprise funds	<u>1,028,912</u>	<u>-</u>	<u>(623)</u>	<u>1,028,289</u>
Total	<u>\$ 1,876,787</u>	<u>\$ 1,378,827</u>	<u>\$ -</u>	<u>\$ 3,255,614</u>

Differences between Expected and Actual Experience

	Miscellaneous Plan	Safety Plan	PARS Plan	Total
Governmental Activities (minus Internal Service Funds)	\$ 423,706	\$ 982,178	\$ -	\$ 1,405,884
Internal Service Funds:				
Equipment	33,532	-	-	33,532
Information Systems	35,290	-	-	35,290
General Support Services	30,081	-	-	30,081
Risk Management	11,798	-	-	11,798
Municipal Utilities Support	54,689	-	-	54,689
Total Internal Service Funds	<u>165,390</u>	<u>-</u>	<u>-</u>	<u>165,390</u>
Total Governmental Activities	<u>589,096</u>	<u>982,178</u>	<u>-</u>	<u>1,571,274</u>
Enterprise funds:				
Electric Utility	566,811	-	-	566,811
Water Utility	69,272	-	-	69,272
Wastewater Utility	88,104	-	-	88,104
Solid Waste Utility	144,354	-	-	144,354
Airport	13,774	-	-	13,774
Storm Drainage Utility	10,276	-	-	10,276
Total Enterprise funds	<u>892,591</u>	<u>-</u>	<u>-</u>	<u>892,591</u>
Total	<u>\$ 1,481,687</u>	<u>\$ 982,178</u>	<u>\$ -</u>	<u>\$ 2,463,865</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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	\$ -	\$ 267,036	\$ 2,694,156
Internal Service Funds:				
Equipment	(66,350)	-	16,424	(49,926)
Information Systems	62,759	-	30,272	93,031
General Support Services	(50,004)	-	17,208	(32,796)
Risk Management	36,647	-	14,143	50,790
Municipal Utilities Support	(115,192)	-	25,088	(90,104)
Total Internal Service Funds	(132,140)	-	103,135	(29,005)
Total Governmental Activities	2,294,980	-	370,171	2,665,151
Enterprise funds:				
Electric Utility	(1,730,354)	-	300,763	(1,429,591)
Water Utility	(85,673)	-	31,808	(53,865)
Wastewater Utility	(105,265)	-	42,739	(62,526)
Solid Waste Utility	(306,128)	-	68,415	(237,713)
Airport	(41,545)	-	2,283	(39,262)
Storm Drainage Utility	(26,015)	-	3,945	(22,070)
Total Enterprise funds	(2,294,980)	-	449,953	(1,845,027)
Total	\$ -	\$ -	\$ 820,124	\$ 820,124

Total Pension-related Deferred Inflows

	Miscellaneous Plan	Safety Plan	PARS Plan	Total
Governmental Activities (minus Internal Service Funds)	\$ 3,490,975	\$ 2,361,005	\$ 267,428	\$ 6,119,408
Internal Service Funds:				
Equipment	7,596	-	16,492	24,088
Information Systems	139,432	-	30,322	169,754
General Support Services	22,809	-	17,185	39,994
Risk Management	65,407	-	13,969	79,376
Municipal Utilities Support	5,732	-	25,398	31,130
Total Internal Service Funds	240,976	-	103,366	344,342
Total Governmental Activities	3,731,951	2,361,005	370,794	6,463,750
Enterprise funds:				
Electric Utility	(575,864)	-	299,558	(276,306)
Water Utility	78,957	-	32,402	111,359
Wastewater Utility	121,964	-	42,671	164,635
Solid Waste Utility	12,578	-	68,564	81,142
Airport	(8,006)	-	2,100	(5,906)
Storm Drainage Utility	(3,106)	-	4,035	929
Total Enterprise funds	(373,477)	-	449,330	75,853
Total	\$ 3,358,474	\$ 2,361,005	\$ 820,124	\$ 6,539,603

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019

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 January 1, 2013	On or after 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	9.177%	9.177%

	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	20.617%	20.617%	20.617%

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 17 – Retirement Plans (Continued)

B. CalPERS (Continued)

a. Net Pension Liability

Employees Covered by Benefit Terms

At June 30, 2017 (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	758	271
Inactive employees entitled to but not yet receiving benefits	250	69
Active Employees	<u>591</u>	<u>174</u>
Total	<u><u>1,599</u></u>	<u><u>514</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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 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, 2019

Note 17 – Retirement Plans (Continued)

B. CalPERS (Continued)

a. Net Pension Liability (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
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	

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

All other actuarial assumptions used in the June 30, 2017 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.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	77.00%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Infrastructure and Forestland	0.0%	0.00%	0.00%
Liquidity	1.0%	0.00%	-0.92%

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, 2019

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, 2017	\$ 429,899,969	\$ 287,670,899	\$ 142,229,070
Changes in the year:			
Service costs	7,260,648	-	7,260,648
Interest on the total pension liability	30,024,355	-	30,024,355
Changes of benefit terms	-	-	-
Differences between actual and expected experience	414,506	-	414,506
Change in assumptions	(2,598,628)	-	(2,598,628)
Plan to Plan Resource Movement	-	(702)	702
Contributions - employer	-	10,902,871	(10,902,871)
Contribution - employee	-	3,149,996	(3,149,996)
Net investment income	-	24,307,041	(24,307,041)
Benefit Payments, including refunds of employee contributions	(22,850,231)	(22,850,231)	-
Administrative expense	-	(448,271)	448,271
Other Miscellaneous Income/(Expense)	-	(851,273)	851,273
Net changes	<u>12,250,650</u>	<u>14,209,431</u>	<u>(1,958,781)</u>
Balance at June 30, 2018	<u>\$ 442,150,619</u>	<u>\$ 301,880,330</u>	<u>\$ 140,270,289</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2017	\$ 298,503,626	\$ 182,665,149	\$ 115,838,477
Changes in the year:			
Service costs	5,621,256	-	5,621,256
Interest on the total pension liability	21,033,750	-	21,033,750
Changes of benefit terms	-	-	-
Differences between actual and expected experience	1,287,937	-	1,287,937
Change in assumptions	(1,265,088)	-	(1,265,088)
Plan to Plan Resource Movement	-	(452)	452
Contributions - employer	-	9,016,294	(9,016,294)
Contribution - employee	-	2,086,601	(2,086,601)
Net investment income	-	15,509,897	(15,509,897)
Benefit Payments, including refunds of employee contributions	(14,317,530)	(14,317,530)	-
Administrative expense	-	(284,643)	284,643
Other Miscellaneous Income/(Expense)	-	(540,541)	540,541
Net changes	12,360,325	11,469,626	890,699
Balance at June 30, 2018	<u>\$ 310,863,951</u>	<u>\$ 194,134,775</u>	<u>\$ 116,729,176</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	196,031,465	160,125,358
Current Discount Rate	7.15%	7.15%
Net Pension Liability	140,270,289	116,729,176
1% Increase	8.15%	8.15%
Net Pension Liability	93,793,954	81,221,370

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019, the City recognized pension expense of \$32,088,709. At June 30, 2019, 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	\$ 12,199,093	\$ -
Changes of Assumptions	10,035,818	(1,876,787)
Difference between Expected and Actual Experience	299,365	(1,481,687)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	537,216	-
Total	<u>\$ 23,071,492</u>	<u>\$ (3,358,474)</u>

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions made after Measurement Date	\$ 9,775,655	\$ -
Changes of Assumptions	9,290,821	(1,378,827)
Difference between Expected and Actual Experience	965,953	(982,178)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	512,003	-
Total	<u>\$ 20,544,432</u>	<u>\$ (2,361,005)</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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 2017-18 measurement period expense.

The expected average remaining service lifetime (“EARSLS”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSLS for the miscellaneous plan and safety plan for the 2017-18 measurement is 3.6 and 4.0 years, which was obtained by dividing the total service years of 5,743 and 2,060 (the sum of remaining service lifetimes of the active employees) by 1,599 and 514 (the total number of participants: active, inactive and retired), respectively.

The \$12,199,093 and \$9,775,655 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, 2019 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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
2019	\$ 8,715,614	\$ 5,391,030
2020	3,042,498	4,270,697
2021	(3,409,124)	(727,130)
2022	(835,063)	(526,825)
2023	-	-
Thereafter	-	-
Total	<u>\$ 7,513,925</u>	<u>\$ 8,407,772</u>

d. Payable to the Pension Plan

At June 30, 2019, The City reported a payable of \$ -0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019, 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, 2019

Note 17 – Retirement Plans (Continued)

C. PARS (Continued)

a. General Information about the Pension Plans (Continued)

Employees Covered

At July 1, 2018, the following employees were covered by the benefit terms for each Plan:

	Tier I	Tier II	Tier III	Tier IV	Tier V	Tier VI	Total
Inactive employees or beneficiaries currently receiving benefits	85	181	9	80	44	8	407
Inactive employees entitled to but not yet receiving benefits	6	8	-	3	-	-	17
Active Employees	49	130	3	75	32	18	307
Total	<u>140</u>	<u>319</u>	<u>12</u>	<u>158</u>	<u>76</u>	<u>26</u>	<u>731</u>

b. Net Pension Liability

The City’s total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. There 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, 2018 actuarial valuation were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.50%
Projected Salary Increase	Graded rates based on years of services, 3.85% after 22 years of service.
Investment Rate of Return	7.00%
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, 2019

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, 2019.

<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%	0.71%	0.71%
US Core Fixed Income	Barclays Aggregate	36.35%	1.83%	1.73%
US Equity Market	Russell 3000	45.14%	4.71%	3.52%
Foreign Developed Equity	MSCI EAFE NR	10.15%	6.06%	4.55%
Emerging Markets Equity	MSCI EM NR	4.15%	8.23%	5.43%
US REITs	FTSE NAREIT Equity REIT	1.77%	5.05%	3.42%
Assumed Inflation - Mean			2.21%	2.20%
Assumed Inflation - Standard Deviation			1.65%	1.65%
Portfolio Real Mean Return			3.85%	3.37%
Portfolio Nominal Mean Return			6.07%	5.64%
Portfolio Standard Deviation				9.68%
Long-Term Expected Rate of Return				7.00%

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2017	\$ 78,596,709	\$ 45,533,763	\$ 33,062,946
Changes in the year:			
Service costs	1,441,164	-	1,441,164
Interest on the total pension liability	5,468,051	-	5,468,051
Changes of benefit terms	-	-	-
Effect of economic/demographic gains or losses	2,071,932	-	2,071,932
Differences between actual and expected experience	-	-	-
Change in assumptions	456,118	-	456,118
Contributions - employer	-	6,648,630	(6,648,630)
Contribution - employer (paid by member)	-	92,709	(92,709)
Net investment income	-	3,208,975	(3,208,975)
Administrative expenses	-	(338,499)	338,499
Benefit Payments, including refunds of employee contributions	(4,138,653)	(4,138,653)	-
Net changes	<u>5,298,612</u>	<u>5,473,162</u>	<u>(174,550)</u>
Balance at June 30, 2018	<u>\$ 83,895,321</u>	<u>\$ 51,006,925</u>	<u>\$ 32,888,396</u>

Sensitivity Analysis

The following presents the net pension liability of the City of Redding Retirement Enhancement Plan, calculated using the discount rate of 7.0%, 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 (6.0%) or 1 percentage point higher (8.0%) than the current rate.

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
Total Pension Liability	\$ 93,916,989	\$ 83,895,321	\$ 75,477,024
Fiduciary net position	51,006,925	51,006,925	51,006,925
Net pension liability	42,910,064	32,888,396	24,470,099

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019, the City recognized pension expense of \$5,016,702. At June 30, 2019, 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	\$ 6,128,719	\$ -
Changes of Assumptions	1,604,468	-
Difference between Expected and Actual Experience	1,490,626	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,298,998	(820,124)
Total	<u>\$ 10,522,811</u>	<u>\$ (820,124)</u>

The amounts above are net of outflow and inflows recognized in the 2017-18 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 2017-18 measurement is 3.4 years, which was obtained by dividing the total service years of 2,520 (the sum of remaining service lifetimes of the active employees) by 733 (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, 2019

Note 17 – Retirement Plans (Continued)

D. PARS (Continued)

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

The \$6,128,719 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, 2019 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflow and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2019	\$ 2,285,460
2020	1,240,080
2021	36,235
2022	12,193
2023	-
Thereafter	-
Total	<u>\$ 3,573,968</u>

e. Payable to the Pension Plan

At June 30, 2019, The City reported a payable of \$ -0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019:

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)	\$ 15,473,576
Internal Service Funds:	
Equipment	535,733
Information Systems	612,541
General Support Services	542,965
Risk Management	261,414
Municipal Utilities Support	773,948
Total Internal Service Funds	2,726,601
Total Governmental Activities	18,200,177
Enterprise funds:	
Electric Utility	8,677,593
Water Utility	1,065,093
Wastewater Utility	1,375,376
Solid Waste Utility	2,559,844
Airport	246,448
Storm Drainage Utility	184,520
Total Enterprise funds	14,108,874
Total	\$ 32,309,051

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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)	\$ 1,699,433
Internal Service Funds:	
Equipment	57,312
Information Systems	56,735
General Support Services	50,230
Risk Management	20,888
Municipal Utilities Support	82,816
Total Internal Service Funds	267,981
Total Governmental Activities	1,967,414
Enterprise funds:	
Electric Utility	933,636
Water Utility	112,341
Wastewater Utility	147,867
Solid Waste Utility	243,047
Airport	22,985
Storm Drainage Utility	17,318
Total Enterprise funds	1,477,194
Total	\$ 3,444,608

Changes of Assumptions

OPEB	
Governmental Activities	
(minus Internal Service Funds)	\$ 2,207,753
Internal Service Funds:	
Equipment	74,691
Information Systems	77,133
General Support Services	70,852
Risk Management	23,173
Municipal Utilities Support	119,580
Total Internal Service Funds	365,429
Total Governmental Activities	2,573,182
Enterprise funds:	
Electric Utility	1,213,285
Water Utility	153,284
Wastewater Utility	180,026
Solid Waste Utility	321,098
Airport	25,678
Storm Drainage Utility	22,948
Total Enterprise funds	1,916,319
Total	\$ 4,489,501

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 18 – Other Postemployment Healthcare Benefits (Continued)

Deferred Outflows of Resources (Continued)

Total Deferred Outflows

	OPEB
Governmental Activities	
(minus Internal Service Funds)	\$ 3,907,186
Internal Service Funds:	
Equipment	132,003
Information Systems	133,868
General Support Services	121,082
Risk Management	44,061
Municipal Utilities Support	202,396
Total Internal Service Funds	633,410
Total Governmental Activities	4,540,596
Enterprise funds:	
Electric Utility	2,146,921
Water Utility	265,625
Wastewater Utility	327,893
Solid Waste Utility	564,145
Airport	48,663
Storm Drainage Utility	40,266
Total Enterprise funds	3,393,513
Total	\$ 7,934,109

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 18 – Other Postemployment Healthcare Benefits (Continued)

Deferred Inflows of Resources

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

Differences between Expected and Actual Experience

OPEB	
Governmental Activities	
(minus Internal Service Funds)	\$ 150
Internal Service Funds:	
Equipment	5
Information Systems	5
General Support Services	5
Risk Management	2
Municipal Utilities Support	8
Total Internal Service Funds	25
Total Governmental Activities	175
Enterprise funds:	
Electric Utility	80
Water Utility	10
Wastewater Utility	12
Solid Waste Utility	22
Airport	2
Storm Drainage Utility	2
Total Enterprise funds	128
Total	\$ 303

Total Deferred Inflows

OPEB	
Governmental Activities	
(minus Internal Service Funds)	\$ 150
Internal Service Funds:	
Equipment	5
Information Systems	5
General Support Services	5
Risk Management	2
Municipal Utilities Support	8
Total Internal Service Funds	25
Total Governmental Activities	175
Enterprise funds:	
Electric Utility	80
Water Utility	10
Wastewater Utility	12
Solid Waste Utility	22
Airport	2
Storm Drainage Utility	2
Total Enterprise funds	128
Total	\$ 303

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 18 – Other Postemployment Healthcare Benefits (Continued)

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	<u>724</u>
Total	<u><u>1,090</u></u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 18 – Other Postemployment Healthcare Benefits (Continued)

Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2018, 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, 2018
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, 2019

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, 2017	\$ 33,329,998	\$ 51,000	\$ 33,278,998
Changes in the year:			
Service costs	(185,353)	-	(185,353)
Interest on the total pension liability	1,124,094	-	1,124,094
Changes of benefit terms	-	-	-
Effect of economic/demographic gains or losses	-	-	-
Differences between actual and expected experience	-	-	-
Change in assumptions	1,582,262	-	1,582,262
Contributions - employer	-	3,490,701	(3,490,701)
Contribution - employer (paid by employer)	-	-	-
Net investment income	-	376	(376)
Administrative expenses	-	(127)	127
Benefit Payments, including refunds of employee contributions	(3,490,701)	(3,490,701)	-
Net changes	(969,698)	249	(969,947)
Balance at June 30, 2018	<u>\$ 32,360,300</u>	<u>\$ 51,249</u>	<u>\$ 32,309,051</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	\$ 25,618,389	\$ 32,309,051	\$ 36,061,413

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	\$ 34,887,772	\$ 32,309,051	\$ 26,771,196

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019, the City recognized OPEB expense of \$1,760,550. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions made after Measurement Date	\$ 3,444,608	\$ -
Changes of Assumptions	4,489,501	-
Difference between Expected and Actual Experience	-	(303)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-
Total	<u>\$ 7,934,109</u>	<u>\$ (303)</u>

The \$3,444,608 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, 2019 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. 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>
2019	\$ 821,684
2020	821,684
2021	821,684
2022	821,683
2023	821,759
Thereafter	<u>380,704</u>
Total	<u>\$ 4,489,198</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 19 – Fund Balances

Fund balance as of June 30, 2019, 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	\$ 932,968	\$ -	\$ 24,616	\$ 957,584
Contractually nonspendable	909,003	-	-	909,003
Total nonspendable	<u>1,841,971</u>	<u>-</u>	<u>24,616</u>	<u>1,866,587</u>
Restricted fund balance:				
Fiscal agent reserves	-	-	-	-
Capital projects	-	17,584,933	-	17,584,933
Assessment District debt service	-	-	195,050	195,050
Special Revenue:				
Community development	-	-	31,113,784	31,113,784
Housing	-	-	15,325,692	15,325,692
Landscape maintenance	-	-	324,338	324,338
Library	-	-	765,316	765,316
Local transportation	-	-	1,746,904	1,746,904
Police asset seizure	-	-	151,264	151,264
Total restricted	<u>-</u>	<u>17,584,933</u>	<u>49,622,348</u>	<u>67,207,281</u>
Assigned fund balance:				
Operations & Maintenance				
Police	17,273	-	-	17,273
Public works	205,060	-	-	205,060
Other	242,678	-	-	242,678
Capital Projects				
Police	166,002	-	-	166,002
Public works	365,295	-	-	365,295
Other	32,083	-	-	32,083
Vehicles & Equipment				
Police	159,034	-	-	159,034
Rolling stock	657,822	-	-	657,822
Future expenditures	1,379,000	-	-	1,379,000
Future capital projects	309,166	-	-	309,166
Total assigned	<u>3,533,413</u>	<u>-</u>	<u>-</u>	<u>3,533,413</u>
Unassigned:				
General Fund	16,686,434	-	-	16,686,434
Special Revenue	-	-	(342,425)	(342,425)
Total Unassigned	<u>16,686,434</u>	<u>-</u>	<u>(342,425)</u>	<u>16,344,009</u>
Total fund balances	<u>\$ 22,061,818</u>	<u>\$ 17,584,933</u>	<u>\$ 49,304,539</u>	<u>\$ 88,951,290</u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 20 – Commitments and Contingencies

A. Construction Commitments

A number of construction contracts existed at June 30, 2019. The unexpended authorized amount of \$29,111,894 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.

With expected GTN rate reductions to be implemented in 2020 and the sale of the GTN capacity rights, the City realizes a small net revenue from this asset.

- 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.

	2020	2021	2022	2023	2024	2025
Purchase Cost \$ (million)	\$ 9.7	\$ 7.0	\$ 7.3	\$ 7.5	\$ 7.0	\$ 6.5
% Natural Gas Hedge **	58%	62%	63%	63%	56%	50%

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

- 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 170,000 MWh per year. The twenty-year contract with an option to extend five years has an \$11,450,000 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). Currently, the WIC is approximately \$1.01 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, 2019

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. Through the end of 2016, Reclamation had allocated 26.1% of CVP capital costs to the power users over the previous 10 years; however the CVPIA collections had averaged 48% 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. On November 6, 2019, the Federal Circuit issued an opinion where they reversed the judgment of the Court of Federal Claims and remanded for future proceedings consistent with the opinion.
- 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, 2019

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, 2019, was \$4,763,654.

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, 2019

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.

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

Long-term debt consisted of the following as of June 30, 2019:

Market Street Tax Allocation Bonds, Series 2003:	\$ 1,805,000
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.	
Canby-Hilltop-Cypress Tax Allocation Bonds, Series B:	2,130,000
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.	
Canby-Hilltop-Cypress Tax Allocation Bonds, Series A 2003:	9,450,000
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.	
SHASTEC Tax Allocation Bonds, Series 2006:	11,285,000
Interest from 4.0% to 5.0% payable March 1 and September 1; maturities are payable September 1 in annual redemptions from \$245,000 to \$5,585,000; final payment September 1, 2036. Original issue: \$15,000,000. Proceeds from the Series 2006 Bonds are used to finance various capital improvements within the SHASTEC Redevelopment Area.	
Total Bonds Outstanding	<u>\$ 24,670,000</u>
Discount on Market Street Tax Allocation Bonds, Series 2003	(10,675)
Discount on Canby-Hilltop-Cypress Tax Allocation Bonds, Series B	(5,248)
Premium on Canby-Hilltop-Cypress Tax Allocation Bonds, Series A 2003	15,714
Discount on SHASTEC Tax Allocation Bonds, Series 2006	<u>(37,851)</u>
Total Discount/Premium	<u>(38,060)</u>
Total Long-Term Bonded Debt	<u><u>\$ 24,631,940</u></u>

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

Note payable to the City of Redding Electric Fund:	\$ 164,326
<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, 2019, is \$8,105 along with \$156,221 of simple interest calculated at the LAIF quarterly interest rate.</p>	
Total Notes Payable Outstanding	\$ 164,326
Total Long-Term Debt, net	\$ 24,796,266

Annual requirements to amortize long-term bonds outstanding as of June 30, 2019, are set forth below:

Fiscal Year	Principal	Interest	Total
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	2,685,000	511,125	3,196,125
2025-2029	2,810,000	1,911,213	4,721,213
2030-2034	3,605,000	1,126,125	4,731,125
2035-2039	2,630,000	201,500	2,831,500
Total	\$ 24,670,000	\$ 7,326,842	\$ 31,996,842

City of Redding
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 22 – Subsequent Events / Carr Fire Update

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.

Following the fire, the City set out to track and accumulate the fire suppression, response, and repair costs and has been working with the California Governor's Office of Emergency Services (Cal OES) to file the appropriate claims seeking reimbursement from them and the Federal Emergency Management Agency (FEMA). Through June 30, 2019, the City received \$193,928 in reimbursement from FEMA and Cal OES on approved claims totaling \$202,757. City staff continues to diligently compile and submit claims for reimbursement. As of November 15, 2019, the City has received approval on projects totaling \$3.2 million and has received over \$1.1 million in reimbursement since July 1, 2019. The total projected eligible project costs are expected to be approximately \$14.4 million which includes approximately \$8.6 million in Redding Electric Utility costs. Of this projected total, the City expects to receive approximately \$11.1 million from FEMA and approximately \$2.5 million from Cal OES. The City expects to receive the majority of the reimbursement in fiscal year ending June 30, 2020, with only a few projects extending beyond that date.

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**REQUIRED SUPPLEMENTARY
INFORMATION (UNAUDITED)**

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City of Redding
Required Supplementary Information
Budgetary Information
For the Year Ended June 30, 2019

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, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 19,763,460	\$ 20,161,460	\$ 19,934,029	\$ (227,431)
Sales and use taxes	24,085,360	24,560,360	25,319,127	758,767
Other taxes	7,457,590	7,631,590	9,292,406	1,660,816
Licenses and permits	1,245,990	1,334,990	1,729,185	394,195
Intergovernmental revenues	1,284,470	4,105,150	2,472,875	(1,632,275)
Charges for services	1,940,310	2,994,940	2,756,669	(238,271)
Fines, forfeitures, and penalties	520,300	1,607,790	1,888,616	280,826
Use of money and property	7,967,260	7,967,260	8,154,018	186,758
Interest revenue	120,000	12,000	187,818	175,818
Other revenue	962,380	1,396,420	1,365,486	(30,934)
Total revenues	65,347,120	71,771,960	73,100,229	1,328,269
EXPENDITURES:				
Current:				
General government:				
City Attorney	644,850	637,960	628,968	8,992
City Clerk	834,410	874,220	802,489	71,731
City Manager	2,004,515	2,657,475	1,915,918	741,557
City Treasurer	670,780	666,400	574,865	91,535
Finance	1,324,190	1,313,740	1,296,982	16,758
Personnel	501,900	494,920	365,505	129,415
Purchasing	642,310	638,570	592,338	46,232
Public safety:				
Police	30,881,710	33,517,500	31,672,163	1,845,337
Fire safety	20,415,390	21,781,580	21,687,500	94,080
Public works	10,379,793	10,604,093	8,429,378	2,174,715
Planning	4,074,640	4,332,890	3,767,903	564,987
Recreation and culture	5,457,590	5,794,370	5,436,508	357,862
Principal payments	1,798,900	1,916,330	16,981,342	(15,065,012)
Interest and fiscal charges	1,224,730	1,227,620	1,398,221	(170,601)
Total expenditures	80,855,708	86,457,668	95,550,080	(9,092,412)
REVENUES OVER (UNDER) EXPENDITURES	(15,508,588)	(14,685,708)	(22,449,851)	(7,764,143)
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	-	75,000	-	(75,000)
Long-term debt issued	-	-	12,462,563	12,462,563
Premium on bonds issued	-	-	2,005,645	2,005,645
Transfers in	12,402,510	15,649,330	13,511,984	(2,137,346)
Transfers out	(2,726,890)	(4,782,060)	(4,742,353)	39,707
Total other financing sources (uses)	9,675,620	10,942,270	23,237,839	12,295,569
CHANGE IN FUND BALANCE	(5,832,968)	(3,743,438)	787,988	4,531,426
BUDGETARY FUND BALANCES:				
Beginning of year	18,683,138	18,683,138	18,683,138	-
End of year	<u>\$ 12,850,170</u>	<u>\$ 14,939,700</u>	<u>\$ 19,471,126</u>	<u>\$ 4,531,426</u>

(Continued)

City of Redding
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
General Fund (Continued)
For the Year Ended June 30, 2019

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

Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 22,061,818
1. The City budgets for taxes on a cash basis.	(1,365,222)
2. The City budgets for grants on a cash basis.	156,141
3. Timing difference due to GASB #33.	(47,906)
4. The City does not budget for accounts payable adjustments.	(629,285)
5. The City does not budget for benefit accruals.	(26,024)
6. Financial statement only adjustment for GASB #31.	(196,494)
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.	(198,706)
8. The City does not budget for special assessments.	(10,125)
9. Encumbrances are not included in the Statement of Revenues, Expenditures and Changes in Fund Balance.	(1,388,924)
10. The City does not budget for developer's fees that are prepaid.	111,016
11. The City budgeted for prepaid expenditures.	945,137
12. The City does not budget for interest on deposits held in trust.	(9,715)
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	69,415
Budgetary Fund Balance	\$ 19,471,126

(Concluded)

City of Redding
Required Supplementary Information
Schedules of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2019

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

Measurement Period	2018	2017
TOTAL PENSION LIABILITY:		
Service Costs	\$ 7,260,648	\$ 7,191,855
Interest	30,024,355	29,157,632
Difference Between Expected and Actual Experience	414,506	(3,221,954)
Changes of Assumptions	(2,598,628)	23,416,908
Benefit Payments, Including Refunds of Employee Contributions	(22,850,231)	(21,305,301)
Net Change in Total Pension Liability	12,250,650	35,239,140
Total Pension Liability - Beginning	429,899,969	394,660,829
Total Pension Liability - Ending (a)	\$ 442,150,619	\$ 429,899,969
PLAN FIDUCIARY NET POSITION:		
Contributions - Employer	\$ 10,902,871	\$ 10,045,335
Contributions - Employee	3,149,996	3,177,532
Net Investment Income	24,307,041	29,710,153
Benefit Payments, Including Refunds of Employee Contributions	(22,850,231)	(21,305,301)
Plan to Plan Resource Movement	(702)	(145)
Administrative Expense	(448,271)	(393,376)
Other Miscellaneous Income/(Expense) ¹	(851,273)	-
Net Change in Fiduciary Net Position	14,209,431	21,234,198
Plan Fiduciary Net Position - Beginning ²	287,670,899	266,436,701
Plan Fiduciary Net Position - Ending (b)	\$ 301,880,330	\$ 287,670,899
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 140,270,289	\$ 142,229,070
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.28%	66.92%
Covered Payroll	\$ 43,633,688	\$ 42,409,809
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	321.47%	335.37%

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

¹During Fiscal Year 2017-18, as a result of Governmental Accounting Standard Board Statement (GASB No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expenses as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

²Includes any beginning of year adjustment.

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, 2019

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

Measurement Period	2016	2015	2014
TOTAL PENSION LIABILITY:			
Service Costs	\$ 6,259,646	\$ 6,164,984	\$ 6,465,244
Interest	28,527,904	27,466,002	26,335,482
Difference Between Expected and Actual Experience	(705,952)	(551,120)	-
Changes of Assumptions	-	(6,578,864)	-
Benefit Payments, Including Refunds of Employee Contributions	(19,821,373)	(18,361,188)	(16,894,132)
Net Change in Total Pension Liability	14,260,225	8,139,814	15,906,594
Total Pension Liability - Beginning	380,400,604	372,260,790	356,354,196
Total Pension Liability - Ending (a)	\$ 394,660,829	\$ 380,400,604	\$ 372,260,790
PLAN FIDUCIARY NET POSITION:			
Contributions - Employer	\$ 8,742,083	7,771,417	7,140,089
Contributions - Employee	2,849,237	2,892,519	2,924,099
Net Investment Income	1,432,535	6,167,183	41,359,309
Benefit Payments, Including Refunds of Employee Contributions	(19,821,373)	(18,361,188)	(16,894,132)
Plan to Plan Resource Movement	(1,256)	20,221	-
Administrative Expense	(166,624)	(307,951)	-
Other Miscellaneous Income/(Expense) ¹	-	-	-
Net Change in Fiduciary Net Position	(6,965,398)	(1,817,799)	34,529,365
Plan Fiduciary Net Position - Beginning ²	273,402,099	275,219,898	240,690,533
Plan Fiduciary Net Position - Ending (b)	\$ 266,436,701	\$ 273,402,099	\$ 275,219,898
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 128,224,128	\$ 106,998,505	\$ 97,040,892
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.51%	71.87%	73.93%
Covered Payroll ¹	\$ 41,323,256	\$ 40,294,018	\$ 40,286,914
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	310.30%	265.54%	240.87%

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

¹During Fiscal Year 2017-18, as a result of Governmental Accounting Standard Board Statement (GASB No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expenses as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

⁴Includes any beginning of year adjustment.

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, 2019

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution ²	\$ 12,199,093	\$ 10,902,871	\$ 10,045,335
Contributions in Relations to the Actuarially Determined Contribution ²	(12,199,093)	(10,902,871)	(10,045,335)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ³	\$ 42,337,411	\$ 43,633,688	\$ 42,409,809
Contributions as a Percentage of Covered-Employee Payroll ³	28.81%	24.99%	23.69%

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.

³ Includes one year's payroll growth using 2.75 percent payroll assumption for fiscal year ended June 30, 2018; 3.00 percent payroll assumption for fiscal years ended June 30, 2014-17.

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, 2019

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution ²	\$ 8,742,083	\$ 7,771,417	\$ 7,140,089
Contributions in Relations to the Actuarially Determined Contribution ²	(8,742,083)	(7,771,417)	(7,140,089)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ³	\$ 41,323,256	\$ 40,294,018	\$ 40,286,914
Contributions as a Percentage of Covered-Employee Payroll ³	21.16%	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.

³ Includes one year's payroll growth using 2.75 percent payroll assumption for fiscal year ended June 30, 2018; 3.00 percent payroll assumption for fiscal years ended June 30, 2014-17.

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, 2019

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

Measurement Period	2018	2017
TOTAL PENSION LIABILITY:		
Service Costs	\$ 5,621,256	\$ 5,567,053
Interest	21,033,750	20,189,512
Difference Between Expected and Actual Experience	1,287,937	(1,169,833)
Changes of Assumptions	(1,265,088)	17,369,797
Benefit Payments, Including Refunds of Employee Contributions	(14,317,530)	(13,680,425)
Net Change in Total Pension Liability	12,360,325	28,276,104
Total Pension Liability - Beginning	298,503,626	270,227,522
Total Pension Liability - Ending (a)	\$ 310,863,951	\$ 298,503,626
PLAN FIDUCIARY NET POSITION:		
Contributions - Employer	\$ 9,016,294	\$ 8,645,061
Contributions - Employee	2,086,601	1,955,068
Net Investment Income	15,509,897	18,500,188
Benefit Payments, Including Refunds of Employee Contributions	(14,317,530)	(13,680,425)
Plan to Plan Resource Movement	(452)	-
Administrative Expense	(284,643)	(247,291)
Other Miscellaneous Income/(Expense)	(540,541)	-
Net Change in Fiduciary Net Position	11,469,626	15,172,601
Plan Fiduciary Net Position - Beginning ²	182,665,149	167,492,548
Plan Fiduciary Net Position - Ending (b)	\$ 194,134,775	\$ 182,665,149
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 116,729,176	\$ 115,838,477
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 62.45%	 61.19%
Covered Payroll	\$ 18,109,134	\$ 17,705,784
 Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	 644.59%	 654.24%

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

¹During Fiscal Year 2017-18, as a result of Governmental Accounting Standard Board Statement (GASB No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expenses as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

²Includes any beginning of year adjustment.

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, 2019

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

Measurement Period	2016	2015	2014
TOTAL PENSION LIABILITY:			
Service Costs	\$ 4,868,242	\$ 4,702,492	\$ 4,982,595
Interest	19,492,841	18,712,421	18,027,294
Difference Between Expected and Actual Experience	(610,852)	(1,889,558)	-
Changes of Assumptions	-	(4,730,135)	-
Benefit Payments, Including Refunds of Employee Contributions	(13,015,636)	(12,355,104)	(11,659,397)
Net Change in Total Pension Liability	10,734,595	4,440,116	11,350,492
Total Pension Liability - Beginning	259,492,927	255,052,811	243,702,319
Total Pension Liability - Ending (a)	\$ 270,227,522	\$ 259,492,927	\$ 255,052,811
PLAN FIDUCIARY NET POSITION:			
Contributions - Employer	\$ 7,839,435	7,466,754	6,761,771
Contributions - Employee	1,620,695	1,570,703	1,517,735
Net Investment Income	828,855	3,715,343	25,448,647
Benefit Payments, Including Refunds of Employee Contributions	(13,015,636)	(12,355,104)	(11,659,397)
Plan to Plan Resource Movement	1,256	193,399	-
Administrative Expense	(103,802)	(191,504)	-
Other Miscellaneous Income/(Expense)	-	-	-
Net Change in Fiduciary Net Position	(2,829,197)	399,591	22,068,756
Plan Fiduciary Net Position - Beginning ²	170,321,745	169,922,154	147,853,398
Plan Fiduciary Net Position - Ending (b)	\$ 167,492,548	\$ 170,321,745	\$ 169,922,154
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 102,734,974	\$ 89,171,182	\$ 85,130,657
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.98%	65.64%	66.62%
Covered Payroll ¹	\$ 17,313,615	\$ 16,601,913	\$ 16,800,737
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	593.38%	537.11%	506.71%

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

¹During Fiscal Year 2017-18, as a result of Governmental Accounting Standard Board Statement (GASB No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expenses as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

²Includes any beginning of year adjustment.

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, 2019

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

	2019	2018	2017
Actuarially Determined Contribution ²	\$ 9,775,655	\$ 9,016,294	\$ 8,645,061
Contributions in Relations to the Actuarially Determined Contribution ²	(9,775,655)	(9,016,294)	(8,645,061)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll ³	\$ 17,873,814	\$ 18,109,134	\$ 17,705,784
Contributions as a Percentage of Covered Payroll ³	54.69%	49.79%	48.83%

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.

³ Includes one year's payroll growth using 2.75 percent payroll assumption for fiscal year ended June 30, 2018; 3.00 percent payroll assumption for fiscal years ended June 30, 2014-17.

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, 2019

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

	2016	2015	2014
Actuarially Determined Contribution ²	\$ 7,839,435	\$ 7,466,754	\$ 6,761,771
Contributions in Relations to the Actuarially Determined Contribution ²	(7,839,435)	(7,466,754)	(6,761,771)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll ³	\$ 17,313,615	\$ 16,601,913	\$ 16,800,737
Contributions as a Percentage of Covered Payroll ³	45.28%	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.

³ Includes one year's payroll growth using 2.75 percent payroll assumption for fiscal year ended June 30, 2018; 3.00 percent payroll assumption for fiscal years ended June 30, 2014-17.

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, 2019

Public Agency Retirement System - Miscellaneous Plan (PARS)¹

Measurement Period	2018	2017
TOTAL PENSION LIABILITY:		
Service Costs	\$ 1,441,162	\$ 1,258,689
Interest	5,468,051	5,387,397
Effect of economic/demographic gains or losses	2,071,932	-
Changes of Assumptions	456,118	3,255,582
Benefit Payments, Including Refunds of Employee Contributions	(4,138,653)	(3,689,765)
Net Change in Total Pension Liability	\$ 5,298,610	\$ 6,211,903
Total Pension Liability - Beginning	78,596,710	72,384,807
Total Pension Liability - Ending (a)	\$ 83,895,320	\$ 78,596,710
PLAN FIDUCIARY NET POSITION:		
Contributions - Employer	6,648,630	4,816,795
Contributions - Employee	92,709	-
Net Investment Income ²	3,208,975	4,418,967
Benefit Payments, Including Refunds of Employee Contributions	(4,138,653)	(3,689,765)
Administrative Expenses	(338,499)	(301,577)
Net Change in Fiduciary Net Position	5,473,162	5,244,420
Plan Fiduciary Net Position - Beginning	45,533,763	40,289,343
Plan Fiduciary Net Position - Ending (b)	\$ 51,006,925	\$ 45,533,763
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 32,888,395	\$ 33,062,947
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.80%	57.93%
Covered Payroll	\$ 27,974,321	\$ 29,767,561
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	117.57%	111.07%

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, 2019

Public Agency Retirement System - Miscellaneous Plan (PARS)¹

Measurement Period	2016	2015	2014
TOTAL PENSION LIABILITY:			
Service Costs	\$ 1,170,873	\$ 1,478,671	\$ 1,432,128
Interest	5,162,353	4,941,220	4,689,105
Effect of economic/demographic gains or losses	92,895	-	-
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(3,343,227)	(2,990,408)	(2,628,633)
Net Change in Total Pension Liability	\$ 3,082,894	\$ 3,429,483	\$ 3,492,600
Total Pension Liability - Beginning	69,301,913	65,872,430	62,379,830
Total Pension Liability - Ending (a)	\$ 72,384,807	\$ 69,301,913	\$ 65,872,430
PLAN FIDUCIARY NET POSITION:			
Contributions - Employer	5,020,997	5,760,375	6,042,892
Contributions - Employee	-	-	-
Net Investment Income ²	643,326	998,681	3,990,007
Benefit Payments, Including Refunds of Employee Contributions	(3,343,227)	(2,990,408)	(2,628,633)
Administrative Expenses	(269,745)	(258,434)	-
Net Change in Fiduciary Net Position	2,051,351	3,510,214	7,404,266
Plan Fiduciary Net Position - Beginning	38,237,992	34,727,778	27,323,592
Plan Fiduciary Net Position - Ending (b)	\$ 40,289,343	\$ 38,237,992	\$ 34,727,858
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 32,095,464	\$ 31,063,921	\$ 31,144,572
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	55.66%	55.18%	52.72%
Covered Payroll	\$ 30,964,750	\$ 32,136,389	\$ 34,029,125
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	103.65%	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, 2019

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

	2019	2018	2017
Actuarially Determined Contribution ²	\$ 6,128,719	\$ 6,648,630	\$ 4,816,795
Contributions in Relations to the Actuarially Determined Contribution ²	(6,128,719)	(6,648,630)	(4,816,795)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll ³	\$ 24,102,496	\$ 27,974,321	\$ 29,767,881
Contributions as a Percentage of Covered Payroll ³	25.43%	23.77%	16.18%

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, 2019

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

	2016	2015	2014
Actuarially Determined Contribution ²	\$ 5,020,997	\$ 5,760,375	\$ 6,042,892
Contributions in Relations to the Actuarially Determined Contribution ²	(5,020,997)	(5,760,375)	(6,042,892)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ³	\$ 29,834,685	\$ 34,838,650	\$ 33,451,518
Contributions as a Percentage of Covered Payroll ³	16.83%	16.53%	18.06%

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, 2019

Other Postemployment Benefits (OPEB)

Measurement Period	2018	2017
TOTAL OPEB LIABILITY:		
Service Costs	\$ (185,353)	\$ (744,002)
Interest	1,124,094	852,000
Changes of Assumptions	1,582,262	4,331,000
Benefit Payments, Including Refunds of Employee Contributions	(3,490,701)	(3,480,000)
Net Change in Total OPEB Liability	\$ (969,698)	\$ 958,998
Total OPEB Liability - Beginning	33,329,998	32,371,000
Total OPEB Liability - Ending (a)	\$ 32,360,300	\$ 33,329,998
PLAN FIDUCIARY NET POSITION:		
Contributions - Employer	3,490,701	3,480,000
Net Investment Income	376	-
Benefit Payments, Including Refunds of Employee Contributions	(3,490,701)	(3,480,000)
Administrative Expenses	(127)	-
Net Change in Fiduciary Net Position	\$ 249	\$ -
Plan Fiduciary Net Position - Beginning	51,000	51,000
Plan Fiduciary Net Position - Ending (b)	\$ 51,249	\$ 51,000
Plan Net OPEB Liability/(Asset) - Ending (a) - (b)	\$ 32,309,051	\$ 33,278,998
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.16%	0.15%
Covered-Employee Payroll	\$ 58,314,156	\$ 58,084,647
Plan Net OPEB Liability/(Asset) as a Percentage of Covered-Employee Payroll	55.41%	57.29%

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, 2019

Other Postemployment Benefits (OPEB)

	2019	2018	2017
Actuarially Determined Contribution ²	\$ 3,444,608	\$ 3,490,701	\$ 3,480,000
Contributions in Relations to the Actuarially Determined Contribution ²	(3,444,608)	(3,490,701)	(3,480,000)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee Payroll	\$ 57,452,344	\$ 58,314,156	\$ 58,084,647
Contributions as a Percentage of Covered-employee Payroll	6.00%	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, 6/30/18 and 6/30/19.

Notes to Schedules:

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, 2019

	Special Revenue				General Special Revenue
	Parking	Street Maintenance	Community Development	Housing	
ASSETS					
Cash and investments	\$ 80,283	\$ 78,687	\$ 1,970,141	\$ 2,428,075	\$ -
Interest receivable, unrestricted	230	4,313	1,944,035	1,990,646	-
Accounts receivable, net	402	-	-	45,019	-
Intergovernmental receivable	-	1,707,969	383,631	9,776	-
Taxes receivable	-	-	-	178,459	-
Other receivable	-	-	21,192	1,966	-
Restricted cash and investments	-	-	-	99,371	-
Prepaid items	269	-	24,347	-	-
Assets held for resale	-	-	107,474	174,000	-
Special assessments receivable	-	-	-	-	-
Notes receivable	-	-	29,203,382	13,328,420	-
Total assets	\$ 81,184	\$ 1,790,969	\$ 33,654,202	\$ 18,255,732	\$ -
LIABILITIES					
Accounts payable	\$ 410	\$ -	\$ 22,032	\$ 7,269	\$ -
Accrued liabilities	2,236	-	16,567	47,023	-
Intergovernmental payable	-	-	7,743	639	-
Due to other funds	-	44,065	-	79,568	-
Accounts payable from restricted assets	-	-	-	24,623	-
Unearned revenue	-	-	-	408,913	-
Deposits	-	-	-	99,371	-
Advances from other funds	420,694	-	-	-	-
Total liabilities	423,340	44,065	46,342	667,406	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	2,469,729	2,262,634	-
Total deferred inflows of resources:	-	-	2,469,729	2,262,634	-
FUND BALANCES					
Nonspendable	269	-	24,347	-	-
Restricted	-	1,746,904	31,113,784	15,325,692	-
Unassigned (deficit)	(342,425)	-	-	-	-
Total fund balances	(342,156)	1,746,904	31,138,131	15,325,692	-
Total liabilities, deferred inflows of resources and fund balances	\$ 81,184	\$ 1,790,969	\$ 33,654,202	\$ 18,255,732	\$ -

(Continued)

City of Redding
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2019

	Special Revenue			Debt Service	Total Non-Major Governmental Funds
	Landscape Maintenance Districts	Library	Asset Seizure	1915 Act Assessment District Bonds	
ASSETS					
Cash and investments	\$ 299,399	\$ 1,077,074	\$ 150,479	\$ 194,046	\$ 6,278,184
Interest receivable, unrestricted	1,720	2,695	785	1,004	3,945,428
Accounts receivable, net	19,527	200	-	-	65,148
Intergovernmental receivable	-	-	-	-	2,101,376
Taxes receivable	-	-	-	-	178,459
Other receivable	-	-	-	-	23,158
Restricted cash and investments	-	-	-	-	99,371
Prepaid items	-	-	-	-	24,616
Assets held for resale	-	-	-	-	281,474
Special assessments receivable	10,543	-	-	407,288	417,831
Notes receivable	-	-	-	-	42,531,802
Total assets	\$ 331,189	\$ 1,079,969	\$ 151,264	\$ 602,338	\$ 55,946,847
LIABILITIES					
Accounts payable	\$ 145	\$ 203,388	\$ -	\$ -	\$ 233,244
Accrued liabilities	3,139	4,740	-	-	73,705
Intergovernmental payable	-	876	-	-	9,258
Due to other funds	-	-	-	-	123,633
Accounts payable from restricted assets	-	-	-	-	24,623
Unearned revenue	-	105,649	-	-	514,562
Deposits	-	-	-	-	99,371
Advances from other funds	-	-	-	-	420,694
Total liabilities	3,284	314,653	-	-	1,499,090
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	3,567	-	-	407,288	5,143,218
Total deferred inflows of resources:	3,567	-	-	407,288	5,143,218
FUND BALANCES					
Nonspendable	-	-	-	-	24,616
Restricted	324,338	765,316	151,264	195,050	49,622,348
Unassigned (deficit)	-	-	-	-	(342,425)
Total fund balances	324,338	765,316	151,264	195,050	49,304,539
Total liabilities, deferred inflows of resources and fund balances	\$ 331,189	\$ 1,079,969	\$ 151,264	\$ 602,338	\$ 55,946,847

(Concluded)

City of Redding
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue				General Special Revenue
	Parking	Street Maintenance	Community Development	Housing	
REVENUES:					
Sales tax revenue	\$ -	\$ -	\$ -	\$ -	\$ 272,517.00
Special assessments	-	-	-	-	-
Licenses, fees and permits	48,351	-	-	-	-
Intergovernmental revenues	-	5,757,098	5,957,114	8,482,821	-
Charges for services	-	-	-	-	-
Fines, forfeitures and penalties	24,778	-	-	-	-
Use of money and property	-	-	-	60	-
Interest revenue	2,389	23,854	642,372	101,712	-
Other revenues	-	-	3,252	62,024	-
Total revenues	<u>75,518</u>	<u>5,780,952</u>	<u>6,602,738</u>	<u>8,646,617</u>	<u>272,517</u>
EXPENDITURES:					
Current:					
Community development	-	-	747,252	8,732,062	-
Public safety	-	-	-	-	-
Public works	83,833	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Interest and fiscal charges	-	-	1,566	-	-
Total expenditures	<u>83,833</u>	<u>-</u>	<u>748,818</u>	<u>8,732,062</u>	<u>-</u>
REVENUE OVER (UNDER) EXPENDITURE	<u>(8,315)</u>	<u>5,780,952</u>	<u>5,853,920</u>	<u>(85,445)</u>	<u>272,517</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	10,530	-	-	-	-
Transfers out	-	(4,038,553)	-	-	(272,517)
Total other financing sources (uses)	<u>10,530</u>	<u>(4,038,553)</u>	<u>-</u>	<u>-</u>	<u>(272,517)</u>
Net change in fund balances	<u>2,215</u>	<u>1,742,399</u>	<u>5,853,920</u>	<u>(85,445)</u>	<u>-</u>
FUND BALANCES:					
Beginning of year	(344,371)	4,505	25,284,211	15,411,137	-
End of year	<u>\$ (342,156)</u>	<u>\$ 1,746,904</u>	<u>\$ 31,138,131</u>	<u>\$ 15,325,692</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, 2019

	Special Revenue			Debt Service	Non-Major Governmental Funds
	Landscape Maintenance Districts	Library	Asset Seizure	1915 Act Assessment District Bonds	
REVENUES:					
Sales tax revenue	\$ -	\$ -	\$ -	\$ -	\$ 272,517.00
Special assessments	564,979	-	-	-	564,979
Licenses, fees and permits	-	-	-	-	48,351
Intergovernmental revenues	-	56,866	-	-	20,253,899
Charges for services	-	1,363,194	-	-	1,363,194
Fines, forfeitures and penalties	591	91,428	-	-	116,797
Use of money and property	-	-	-	-	60
Interest revenue	7,828	27,029	8,254	6,617	820,055
Other revenues	19,527	6,897	67,754	-	159,454
Total revenues	<u>592,925</u>	<u>1,545,414</u>	<u>76,008</u>	<u>6,617</u>	<u>23,599,306</u>
EXPENDITURES:					
Current:					
Community development	-	-	-	-	9,479,314
Public safety	-	-	130,091	-	130,091
Public works	511,181	-	-	-	595,014
Recreation and culture	-	2,145,094	-	-	2,145,094
Capital outlay	-	200,000	-	-	200,000
Debt service:					
Interest and fiscal charges	-	-	-	-	1,566
Total expenditures	<u>511,181</u>	<u>2,345,094</u>	<u>130,091</u>	<u>-</u>	<u>12,551,079</u>
REVENUE OVER (UNDER) EXPENDITURE	<u>81,744</u>	<u>(799,680)</u>	<u>(54,083)</u>	<u>6,617</u>	<u>11,048,227</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	843,755	-	-	854,285
Transfers out	-	-	-	-	(4,311,070)
Total other financing sources (uses)	<u>-</u>	<u>843,755</u>	<u>-</u>	<u>-</u>	<u>(3,456,785)</u>
Net change in fund balances	<u>81,744</u>	<u>44,075</u>	<u>(54,083)</u>	<u>6,617</u>	<u>7,591,442</u>
FUND BALANCES:					
Beginning of year	242,594	721,241	205,347	188,433	41,713,097
End of year	<u>\$ 324,338</u>	<u>\$ 765,316</u>	<u>\$ 151,264</u>	<u>\$ 195,050</u>	<u>\$ 49,304,539</u>

(Concluded)

City of Redding
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Parking Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	\$ 30,000	\$ 30,000	\$ 48,351	\$ 18,351
Fines, forfeitures and penalties	16,000	16,000	24,778	8,778
Interest revenue	800	800	1,056	256
Total revenues	46,800	46,800	74,185	27,385
EXPENDITURES:				
Current:				
Public works	93,860	93,860	84,270	9,590
Total expenditures	93,860	93,860	84,270	9,590
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(47,060)	(47,060)	(10,085)	(36,975)
OTHER FINANCING SOURCES (USES):				
Transfers in	47,060	47,060	10,530	(36,530)
Total other financing sources (uses)	47,060	47,060	10,530	(36,530)
Net change in fund balance	-	-	445	(445)
FUND BALANCE:				
Beginning of year	(344,371)	(344,371)	(344,371)	-
End of year	\$ (344,371)	\$ (344,371)	\$ (343,926)	\$ (445)

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	\$ (342,156)
1. Financial statement only adjustment per GASB #31.	(1,333)
2. The City does not budget for accounts payable adjustments.	(437)
Budgetary Fund Balance	\$ (343,926)

City of Redding
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Street Maintenance Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenue	\$ 5,481,590	\$ 5,481,590	\$ 4,244,090	\$ (1,237,500)
Interest revenues	20,000	20,000	23,925	3,925
Total revenues	<u>5,501,590</u>	<u>5,501,590</u>	<u>4,268,015</u>	<u>(1,233,575)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>5,501,590</u>	<u>5,501,590</u>	<u>4,268,015</u>	<u>(1,233,575)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(5,444,770)	(5,444,770)	(4,038,553)	1,406,217
Total other financing sources (uses)	<u>(5,444,770)</u>	<u>(5,444,770)</u>	<u>(4,038,553)</u>	<u>1,406,217</u>
Net change in fund balance	56,820	56,820	229,462	172,642
FUND BALANCE:				
Beginning of year	4,505	4,505	4,505	-
End of year	<u>\$ 61,325</u>	<u>\$ 61,325</u>	<u>\$ 233,967</u>	<u>\$ 172,642</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	\$ 1,746,904
1. Financial statement only adjustment per GASB #31.	71
2. The City does not budget for revenue accruals.	<u>(1,513,008)</u>
Budgetary Fund Balance	<u>\$ 233,967</u>

City of Redding
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Community Development Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
REVENUES:				
Intergovernmental	\$ 1,227,800	\$ 7,810,030	\$ 5,950,312	\$ (1,859,718)
Interest revenue	83,740	643,290	646,384	3,094
Use of money and property	369,000	1,233,650	1,510,540	276,890
Other revenues	-	3,400	3,394	(6)
Total revenues	1,680,540	9,690,370	8,110,630	(1,579,740)
EXPENDITURES:				
Current:				
Community development	2,466,210	17,193,940	7,483,562	9,710,378
Total expenditures	2,466,210	17,193,940	7,483,562	9,710,378
EXCESS (DEFICIENCY) OF REVENUES OVER				
(UNDER) EXPENDITURES				
	(785,670)	(7,503,570)	627,068	8,130,638
Net change in fund balance	(785,670)	(7,503,570)	627,068	8,130,638
FUND BALANCE:				
Beginning of year	25,284,211	25,284,211	25,284,211	-
End of year	<u>\$ 24,498,541</u>	<u>\$ 17,780,641</u>	<u>\$ 25,911,279</u>	<u>\$ 8,130,638</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	\$ 31,138,131
1. Financial statement only adjustment per GASB #31.	(20,972)
2. The City does not budget for accounts payable and accrued liability adjustments.	(2,447)
3. The City budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.	(6,572,145)
4. The City budgets for and records loan payments received in the revenue accounts, but adjusts the actual payment to loans receivable.	1,510,540
5. The City budgets for grants on a cash basis.	(6,802)
6. The City budgets for interest income on notes receivable, trust fund assets, and rolling stock on a cash basis	23,289
7. The City does not budget for benefit accrual on a cash basis.	(133)
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.	(53,903)
9. The City does not budget for Allowance for uncollectable loans	1,358
10. The City did not budget for the foreclosure purchase - Lakeview	(107,474)
11. The City does not budget for unearned revenue.	1,837
Budgetary Fund Balance	<u><u>\$ 25,911,279</u></u>

City of Redding
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Housing Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 8,436,700.00	\$ 8,558,210.00	\$ 8,558,204.00	\$ (6.00)
Use of money and property	111,410	111,410	111,743	333
Interest	34,910	48,640	77,373	28,733
Taxes and special assessments	28,000	58,920	62,024	3,104
Total revenues	8,611,020	8,777,180	8,809,344	32,164
EXPENDITURES:				
Current:				
Community development	9,735,860	9,911,060	8,930,063	980,997
Total expenditures	9,735,860	9,911,060	8,930,063	980,997
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,124,840)	(1,133,880)	(120,719)	(1,013,161)
Net change in fund balance	(1,124,840)	(1,133,880)	(120,719)	(1,013,161)
FUND BALANCE:				
Beginning of year	15,411,137	15,411,137	15,411,137	-
End of year	<u>\$ 14,286,297</u>	<u>\$ 14,277,257</u>	<u>\$ 15,290,418</u>	<u>\$ (1,013,161)</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	\$ 15,325,692
1. Financial statement only adjustment per GASB #31.	(24,352)
2. The City does not budget for accounts payable or intergovernmental payable adjustments.	17,452
3. The City budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to disbursement to loans receivable.	(40,283)
3. The City budgets for and records loans payments received in the revenue accounts, but adjusts the actual disbursement to loans receivable.	111,683
4. The City budgets for grants on a cash basis.	(4,642)
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.	(1,163)
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.	
8. The City does not budget for interest accruals.	14
9. The City did not budget for the foreclosure purchase of Asset Held for Sale - La Villa Way	(174,000)
10. The City does not budget for unearned revenue.	80,025
Budgetary Fund Balance	<u>\$ 15,290,418</u>

City of Redding
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
General Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
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
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Library Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 88,370	\$ 88,368	\$ (2)
Charges for services	1,355,140	1,355,140	1,363,193	8,053
Fines, forfeitures and penalties	90,600	90,600	91,428	828
Interest revenue	3,000	3,000	2,504	(496)
Other revenue	-	5,100	6,897	1,797
Total revenues	<u>1,448,740</u>	<u>1,542,210</u>	<u>1,552,390</u>	<u>10,180</u>
EXPENDITURES:				
Current:				
Recreation and culture	2,678,870	2,776,240	2,579,015	197,225
Total expenditures	<u>2,678,870</u>	<u>2,776,240</u>	<u>2,579,015</u>	<u>197,225</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,230,130)</u>	<u>(1,234,030)</u>	<u>(1,026,625)</u>	<u>(207,405)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	850,520	854,420	847,655	(6,765)
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	<u>800,520</u>	<u>804,420</u>	<u>797,655</u>	<u>(6,765)</u>
Net change in fund balance	<u>(429,610)</u>	<u>(429,610)</u>	<u>(228,970)</u>	<u>200,640</u>
FUND BALANCE:				
Beginning of year	721,241	721,241	721,241	-
End of year	<u>\$ 291,631</u>	<u>\$ 291,631</u>	<u>\$ 492,271</u>	<u>\$ 200,640</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	\$ 765,316
1. Financial statement only adjustment per GASB #31.	(17,020)
2. The City does not budget for accounts payable adjustments.	(26,735)
3. The City budgets for grants on a cash basis.	31,502
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.	(53,606)
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.	(207,186)
Budgetary Fund Balance	<u>\$ 492,271</u>

City of Redding
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
General Capital Projects Fund - Major Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ -	\$ 6,342,850	\$ 5,253,262	\$ (1,089,588)
Investment revenue	30,000	30,000	51,619	21,619
Other	1,615,170	1,751,430	2,828,695	1,077,265
Total revenues	1,645,170	8,124,280	8,133,576	9,296
EXPENDITURES:				
Current:				
General government	2,013,780	2,663,780	312,020	2,351,760
Public works	44,137,910	45,515,650	12,066,165	33,449,485
Recreation and culture	1,597,980	6,975,380	1,935,755	5,039,625
Debt Service:				
Principal retirement	750,000	3,310,000	3,310,000	-
Interest and fiscal charges	132,400	160,480	160,475	5
Total expenditures	48,632,070	58,625,290	17,784,415	40,840,875
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(46,986,900)	(50,501,010)	(9,650,839)	40,850,171
OTHER FINANCING SOURCES (USES):				
Long-term debt issued	-	2,565,000	11,533,791	8,968,791
Premium on bonds issued	-	-	1,266,957	1,266,957
Transfers in	205,010	215,010	215,010	-
Transfers out	(267,140)	(267,140)	(267,134)	6
Total other financing sources (uses)	(62,130)	2,512,870	12,748,624	10,235,754
Net change in fund balance	(47,049,030)	(47,988,140)	3,097,785	51,085,925
FUND BALANCE:				
Beginning of year	2,343,002	2,343,002	2,343,002	-
End of year	<u>\$ (44,706,028)</u>	<u>\$ (45,645,138)</u>	<u>\$ 5,440,787</u>	<u>\$ 51,085,925</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	\$ 17,584,933
1. Financial statement only adjustment per GASB #31.	(57,725)
2. The City does not budget for accounts payable adjustments.	(767,335)
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.	(7,966,243)
4. The City does not budget for the transfer of developer fees and interest on those fees to the related enterprise funds.	35,475
5. The City budgets for grants on a cash basis.	(3,580,380)
6. The City did not budget for revenue from the Agency Fund.	(31,843)
8. The City did not budget for bond issuance costs.	223,905
Budgetary Fund Balance	<u>\$ 5,440,787</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, 2019

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
ASSETS					
Current assets:					
Cash and investments	\$ 300	\$ 1,810,483	\$ 4,272,495	\$ 693,348	\$ 6,776,626
Accounts receivable, net	426,612	54,773	35,014	-	516,399
Interest receivable	89	25,430	18,832	12	44,363
Intergovernmental receivable	232,541	11,391	1,531,348	-	1,775,280
Prepaid items	10,992	9,723	-	4,210	24,925
Inventories	-	23,656	91,988	-	115,644
Total current assets	670,534	1,935,456	5,949,677	697,570	9,253,237
Non-current assets:					
Restricted assets:					
Cash and investments	-	3,223,089	-	-	3,223,089
Total restricted assets	-	3,223,089	-	-	3,223,089
Capital assets:					
Land	6,186,580	909,184	2,540,656	188,430	9,824,850
Construction in progress	1,803,966	30,251	340,339	9,080	2,183,636
Other capital assets, net	32,310,855	12,593,559	8,945,958	992,038	54,842,410
Capital assets	40,301,401	13,532,994	11,826,953	1,189,548	66,850,896
Total non-current assets	40,301,401	16,756,083	11,826,953	1,189,548	70,073,985
Total assets	40,971,935	18,691,539	17,776,630	1,887,118	79,327,222
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	27,063	-	-	10,093	37,156
Deferred outflows related to other post employment benefits	48,663	40,266	-	-	88,929
Deferred outflows related to pensions	260,549	233,945	-	-	494,494
Total deferred outflows of resources	336,275	274,211	-	10,093	620,579

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City of Redding
Combining Statement of Net Position (Continued)
Nonmajor Enterprise Funds
June 30, 2019

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
LIABILITIES					
Current liabilities:					
Accounts payable	50,112	79,355	878,362	98,712	1,106,541
Accrued liabilities	30,376	24,086	12,589	1,575	68,626
Accrued interest payable	29,486	-	-	1,384	30,870
Intergovernmental payables	225	-	865,515	-	865,740
Due to other funds	954,000	-	110,059	-	1,064,059
Interfund payables	51,863	-	-	77,655	129,518
Unearned revenue	12,495	-	2,659,774	-	2,672,269
Deposits payable	71,469	-	3,000	-	74,469
Compensated absences, due within one year	14,370	40,919	-	-	55,289
Long-term debt, due within one year	42,588	-	-	27,008	69,596
State loan, due within one year	143,502	-	-	-	143,502
Total current liabilities	1,400,486	144,360	4,529,299	206,334	6,280,479
Long-term liabilities:					
Compensated absences, due in more than one year	45,972	104,534	-	-	150,506
Advances from other funds	2,237,837	-	-	1,773,135	4,010,972
Long-term debt, due in more than one year	184,441	-	-	116,969	301,410
State loan, due in more than one year	1,438,450	-	-	-	1,438,450
Aggregate net OPEB liability	246,448	184,520	-	-	430,968
Aggregate net pension liability	1,370,763	1,165,951	-	-	2,536,714
Total long-term liabilities	5,523,911	1,455,005	-	1,890,104	8,869,020
Total liabilities	6,924,397	1,599,365	4,529,299	2,096,438	15,149,499
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to other post employment benefits	2	2	-	-	4
Deferred inflows related to pensions	(5,906)	929	-	-	(4,977)
Total deferred inflows of resources	(5,904)	931	-	-	(4,973)
NET POSITION					
Net investment in capital assets	37,965,648	13,532,994	11,826,953	629,788	63,955,383
Restricted for capital projects	-	3,226,011	-	-	3,226,011
Unrestricted (deficit)	(3,575,931)	606,449	1,420,378	(829,015)	(2,378,119)
Total net position	\$ 34,389,717	\$ 17,365,454	\$ 13,247,331	\$ (199,227)	\$ 64,803,275

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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, 2019

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
OPERATING REVENUES:					
User fees and charges	\$ 179,413	\$ 1,218,297	\$ 1,357,868	\$ -	\$ 2,755,578
Rental fees	1,434,349	-	-	251,932	1,686,281
Other operating revenue	673,359	719	-	-	674,078
Total operating revenues	2,287,121	1,219,016	1,357,868	251,932	5,115,937
OPERATING EXPENSES:					
Cost of power, water, and transportation	-	843	3,742,453	-	3,743,296
Maintenance, operations, and administration	2,002,604	1,302,841	2,062,491	1,306,341	6,674,277
Depreciation and amortization	1,609,931	867,511	1,327,849	80,197	3,885,488
Total operating expenses	3,612,535	2,171,195	7,132,793	1,386,538	14,303,061
Operating (loss)	(1,325,414)	(952,179)	(5,774,925)	(1,134,606)	(9,187,124)
NONOPERATING REVENUE (EXPENSES):					
Interest revenue	313	169,262	21,037	22,673	213,285
Interest expense	(78,678)	-	(1,474)	(9,906)	(90,058)
Intergovernmental revenues	466,908	11,391	5,173,912	-	5,652,211
Gain on disposal of assets	3,000	-	(5,415)	(7,534)	(9,949)
Other non-operating revenues (expenses)	566,586	13,030	18,708	-	598,324
Total nonoperating revenues (expenses)	958,129	193,683	5,206,768	5,233	6,363,813
(Loss) before operating transfers and capital contributions	(367,285)	(758,496)	(568,157)	(1,129,373)	(2,823,311)
Capital contributions	1,608,498	1,098,286	620,123		3,326,907
Transfers in	-	360,746	54,593	1,175,448	1,590,787
Transfers out	(205,000)	-	-	-	(205,000)
Change in net position	1,036,213	700,536	106,559	46,075	1,889,383
NET POSITION:					
Beginning of year	33,353,504	16,664,918	13,140,772	(245,302)	62,913,892
End of year	<u>\$ 34,389,717</u>	<u>\$ 17,365,454</u>	<u>\$ 13,247,331</u>	<u>\$ (199,227)</u>	<u>\$ 64,803,275</u>

City of Redding
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2019

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 1,885,674	\$ 1,220,951	\$ 1,390,516	251,932	\$ 4,749,073
Cash paid to suppliers	(1,290,686)	(532,785)	(4,807,935)	(1,267,312)	(7,898,718)
Cash paid to employees	(679,978)	(681,147)	-	(33,198)	(1,394,323)
Other operating revenue	389,162	719	-	-	389,881
Net cash provided (used) by operating activities	304,172	7,738	(3,417,419)	(1,048,578)	(4,154,087)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Intergovernmental revenue received	373,960	-	6,013,921	-	6,387,881
Advances from other funds	963,954	-	110,059	-	1,074,013
Repayment of advances from other funds	(1,461,760)	-	(105,799)	-	(1,567,559)
Transfers in	-	-	-	1,175,448	1,175,448
Transfers out	(205,000)	-	-	-	(205,000)
Net cash provided (used) by noncapital financing activities	(328,846)	-	6,018,181	1,099,868	6,789,203
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital grants received	3,747,293	-	(668,941)	-	3,078,352
Proceeds from sale of assets	6,734	-	7,300	-	14,034
Purchases of capital assets	(3,655,882)	(30,251)	(619,789)	(97,374)	(4,403,296)
Interest paid	(72,586)	-	(1,474)	(5,873)	(79,933)
Principal paid on long-term debt	(178,559)	-	-	(25,650)	(204,209)
Cash collected for future capital outlay	177,424	13,030	-	-	190,454
Net cash provided (used) by capital and related financing activities	24,424	(17,221)	(1,282,904)	(128,897)	(1,404,598)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment revenue received	250	163,614	12,844	22,670	199,378
Rents received	-	-	18,708	-	18,708
Net cash provided (used) by investing activities	250	163,614	31,552	22,670	218,086
Net increase (decrease) in cash and cash equivalents	-	154,131	1,349,410	(54,937)	1,448,604
CASH AND CASH EQUIVALENTS:					
Beginning of year	300	4,879,441	2,923,085	748,285	8,551,111
End of year	<u>\$ 300</u>	<u>\$ 5,033,572</u>	<u>\$ 4,272,495</u>	<u>\$ 693,348</u>	<u>\$ 9,999,715</u>
Reconciliation to statement of net position:					
Cash and cash equivalents	\$ 300	\$ 1,810,483	\$ 4,272,495	\$ 693,348	\$ 6,776,626
Restricted cash and cash equivalents	-	3,223,089	-	-	3,223,089
	<u>\$ 300</u>	<u>\$ 5,033,572</u>	<u>\$ 4,272,495</u>	<u>\$ 693,348</u>	<u>\$ 9,999,715</u>

(Continued)

City of Redding
Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
For the Year Ended June 30, 2019

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating (loss)	\$ (1,325,414)	\$ (952,179)	\$ (5,774,925)	\$ (1,134,606)	\$ (9,187,124)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:					
Other non-operating revenue and expense	389,162	-	-	-	389,162
Depreciation and amortization	1,609,931	867,511	1,327,849	80,197	3,885,488
Other post employment benefits	(9,381)	(8,570)	-	-	(17,951)
Pension expense	52,135	41,619	-	-	93,754
Accounts receivable	(402,447)	2,654	32,649	-	(367,144)
Inventories	-	1,187	2,619	-	3,806
Prepaid items	(1,517)	1,235	-	825	543
Accounts payable	3,066	16,446	127,888	5,141	152,541
Accrued liabilities	(3,377)	1,472	3,971	(135)	1,931
Deposits payable	1,000	-	-	-	1,000
Intergovernmental payable	225	-	862,530	-	862,755
Accrued compensated absences	(9,211)	36,363	-	-	27,152
Net cash provided (used) by operating activities	\$ 304,172	\$ 7,738	\$ (3,417,419)	\$ (1,048,578)	\$ (4,154,087)
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Plant contributed from developers	\$ -	\$ 1,098,286	\$ -	\$ -	\$ 1,098,286
Transfer of capital assets	-	360,746	54,593	-	415,339
Total non-cash capital and related financing activities	\$ -	\$ 1,459,032	\$ 54,593	\$ -	\$ 1,513,625
					<i>(Concluded)</i>

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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, 2019

	<u>Equipment</u>	<u>Information Systems</u>	<u>General Support Services</u>
ASSETS			
Current assets:			
Cash and investments	\$ 663,220	\$ 1,530,058	\$ 763,066
Interest receivable	2,958	7,268	3,403
Accounts receivable, net	92	-	-
Prepaid items	33,428	266,629	38,579
Intergovernmental receivable	-	4,170	-
Inventories	213,081	-	-
Interfund receivable	-	-	-
Total current assets	<u>912,779</u>	<u>1,808,125</u>	<u>805,048</u>
Non-current assets:			
Capital assets:			
Nondepreciable	-	91,526	110,810
Depreciable, net	4,901,820	178,882	82,508
Capital assets, net	<u>4,901,820</u>	<u>270,408</u>	<u>193,318</u>
Other assets:			
Advances to other funds	-	-	-
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>4,901,820</u>	<u>270,408</u>	<u>193,318</u>
Total assets	<u>5,814,599</u>	<u>2,078,533</u>	<u>998,366</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to other post employment benefit:	132,003	133,868	121,082
Deferred outflows related to pensions	703,259	825,096	703,075
Total deferred outflows of resources	<u>835,262</u>	<u>958,964</u>	<u>824,157</u>
LIABILITIES			
Current liabilities:			
Accounts payable	31,006	27,115	154,822
Intergovernmental payable	-	-	35,744
Accrued liabilities	68,755	67,194	96,365
Claims and judgements payable	-	-	-
Intefund payable	-	67,649	-
Unearned revenue	6,518	-	-
Deposits	-	-	818
Compensated absences - current	66,501	44,472	65,055
Total current liabilities	<u>172,780</u>	<u>206,430</u>	<u>352,804</u>
Long-term liabilities:			
Advances from other funds	-	309,237	-
Compensated absences	146,966	114,391	148,014
Claims and judgements	-	-	-
Aggregate net OPEB liability	535,733	612,541	542,965
Aggregate net pension liability	3,598,159	4,877,497	3,682,350
Total long-term liabilities	<u>4,280,858</u>	<u>5,913,666</u>	<u>4,373,329</u>
Total liabilities	<u>4,453,638</u>	<u>6,120,096</u>	<u>4,726,133</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to other post employment benefit:	5	5	5
Deferred inflows related to pensions	24,088	169,754	39,994
Total deferred inflows of resources	<u>24,093</u>	<u>169,759</u>	<u>39,999</u>
NET POSITION			
Investment in capital assets	4,901,820	270,408	193,318
Unrestricted (deficit)	(2,729,690)	(3,522,766)	(3,136,927)
Total net position	<u>\$ 2,172,130</u>	<u>\$ (3,252,358)</u>	<u>\$ (2,943,609)</u>

(Continued)

City of Redding
Combining Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2019

	Risk Management	Municipal Utilities Support	Total
ASSETS			
Current assets:			
Cash and investments	\$ 12,036,380	\$ 1,562,484	\$ 16,555,208
Interest receivable	59,774	7,090	80,493
Accounts receivable, net	48,305	-	48,397
Prepaid items	396,686	40,536	775,858
Intergovernmental receivable	-	-	4,170
Inventories	-	-	213,081
Interfund receivable	84,518	-	84,518
Total current assets	12,625,663	1,610,110	17,761,725
Non-current assets:			
Capital assets:			
Nondepreciable	-	-	202,336
Depreciable, net	-	185,075	5,348,285
Capital assets, net	-	185,075	5,550,621
Other assets:			
Advances to other funds	3,760,091	-	3,760,091
Total other assets	3,760,091	-	3,760,091
Total non-current assets	3,760,091	185,075	9,310,712
Total assets	16,385,754	1,795,185	27,072,437
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to other post employment benefit:	44,061	202,396	633,410
Deferred outflows related to pensions	339,065	1,171,326	3,741,821
Total deferred outflows of resources	383,126	1,373,722	4,375,231
LIABILITIES			
Current liabilities:			
Accounts payable	328,458	11,245	552,646
Intergovernmental payable	497,238	-	532,982
Accrued liabilities	44,656	119,761	396,731
Claims and judgements payable	4,663,340	-	4,663,340
Interfund payable	-	-	67,649
Unearned revenue	-	-	6,518
Deposits	-	-	818
Compensated absences - current	20,366	165,935	362,329
Total current liabilities	5,554,058	296,941	6,583,013
Long-term liabilities:			
Advances from other funds	-	-	309,237
Compensated absences	57,752	318,123	785,246
Claims and judgements	12,757,390	-	12,757,390
Aggregate net OPEB liability	261,414	773,948	2,726,601
Aggregate net pension liability	1,946,299	5,972,544	20,076,849
Total long-term liabilities	15,022,855	7,064,615	36,655,323
Total liabilities	20,576,913	7,361,556	43,238,336
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to other post employment benefit:	2	8	25
Deferred inflows related to pensions	79,376	31,130	344,342
Total deferred inflows of resources	79,378	31,138	344,367
NET POSITION			
Investment in capital assets	-	185,075	5,550,621
Unrestricted (deficit)	(3,887,411)	(4,408,862)	(17,685,656)
Total net position	\$ (3,887,411)	\$ (4,223,787)	\$ (12,135,035)

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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, 2019

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
OPERATING REVENUES:						
User fees and charges	\$ 3,838,672	\$ 3,022,260	\$ 5,093,525	\$ 42,307,495	\$ 4,522,750	\$ 58,784,702
Other operating revenue	(3,681)	148	945	12,062	-	9,474
Total operating revenues	3,834,991	3,022,408	5,094,470	42,319,557	4,522,750	58,794,176
OPERATING EXPENSES:						
Maintenance, operations, and administration	3,850,597	2,573,501	5,216,730	43,181,348	4,205,685	59,027,861
Depreciation and amortization	888,340	194,208	33,726	-	39,630	1,155,904
Total operating expenses	4,738,937	2,767,709	5,250,456	43,181,348	4,245,315	60,183,765
OPERATING INCOME (LOSS)	(903,946)	254,699	(155,986)	(861,791)	277,435	(1,389,589)
NONOPERATING REVENUE (EXPENSES):						
Interest revenue	19,807	39,741	25,399	424,521	34,671	544,139
Interest expense	(1,422)	(1,882)	(1,342)	-	(2,509)	(7,155)
Intergovernmental revenues	5,663	-	-	-	-	5,663
Gain (loss) on disposal of capital assets	34,783	(2)	1,215	-	12,970	48,966
Other non-operating revenues(exp)	-	-	-	-	73,486	73,486
Total nonoperating expenses	58,831	37,857	25,272	424,521	118,618	665,099
Income (loss) before transfers and contributions	(845,115)	292,556	(130,714)	(437,270)	396,053	(724,490)
Capital contributions	1,338,697	-	-	-	-	1,338,697
Transfers in	89,531	-	12,253	-	-	101,784
Transfers out	(9,753)	-	(6,000)	-	(34,718)	(50,471)
Changes in net position	573,360	292,556	(124,461)	(437,270)	361,335	665,520
NET POSITION:						
Beginning of year	1,598,770	(3,544,914)	(2,819,148)	(3,450,141)	(4,585,122)	(12,800,555)
End of year	<u>\$ 2,172,130</u>	<u>\$ (3,252,358)</u>	<u>\$ (2,943,609)</u>	<u>\$ (3,887,411)</u>	<u>\$ (4,223,787)</u>	<u>\$ (12,135,035)</u>

City of Redding
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from other funds	\$ 3,838,153	\$ 3,022,408	\$ 5,097,877	\$ 42,332,490	\$ 4,524,150	\$ 58,815,078
Cash paid to suppliers	(2,062,703)	(756,890)	(3,167,907)	(42,333,096)	(900,756)	(49,221,352)
Cash paid to employees	(1,695,120)	(1,937,552)	(1,897,025)	(604,079)	(3,054,787)	(9,188,563)
Net cash provided (used) by operating activities	80,330	327,966	32,945	(604,685)	568,607	405,163
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Repayment of advances to other funds	-	(56,270)	-	-	-	(56,270)
Advances to other funds	-	-	-	(2,167)	-	(2,167)
Intergovernmental revenue received	12,181	(4,170)	-	(1,248)	-	6,763
Transfers in	-	-	2,500	-	-	2,500
Transfers out	-	-	(6,000)	-	-	(6,000)
Net cash provided (used) by noncapital financing activities	12,181	210,155	(3,500)	205,388	-	424,224
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from sale of assets	-	-	1,215	-	12,970	14,185
Purchase of capital assets	(50,911)	(151,410)	(6,794)	-	(64,897)	(274,012)
Interest Paid	(1,422)	(1,882)	(1,339)	-	(2,509)	(7,152)
Cash collected for future capital outlay	-	-	-	-	72,513	72,513
Net cash provided (used) by capital and related financing activities	(52,333)	(153,292)	(6,918)	-	18,077	(194,466)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment revenue received	19,714	36,510	24,699	413,529	30,602	525,054
Net cash provided (used) by investing activities	19,714	36,510	24,699	413,529	30,602	525,054
Net increase (decrease) in cash and cash equivalents	59,892	421,339	47,226	14,232	617,286	1,159,975
CASH AND CASH EQUIVALENTS:						
Beginning of year	603,328	1,108,719	715,840	12,022,148	945,198	15,395,233
End of year	<u>\$ 663,220</u>	<u>\$ 1,530,058</u>	<u>\$ 763,066</u>	<u>\$ 12,036,380</u>	<u>\$ 1,562,484</u>	<u>\$ 16,555,208</u>

(Continued)

City of Redding
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2019

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Operating income (loss)	\$ (903,946)	\$ 254,699	\$ (155,986)	\$ (861,791)	\$ 277,435	\$ (1,389,589)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Other non-operating revenue and expense	-	-	-	-	973	973
Depreciation and amortization	888,340	194,208	33,726	-	39,630	1,155,904
Other post employment benefits	(26,063)	(29,752)	(29,348)	(8,561)	(43,733)	(137,457)
Pension expense	125,115	158,080	125,474	47,495	220,147	676,311
(Increase) decrease in accounts receivable	3,162	-	2,599	12,933	1,400	20,094
(Increase) decrease in inventories	(10,592)	-	-	-	-	(10,592)
(Increase) decrease in prepaid items	624	(242,137)	(5,876)	(22,317)	(3,587)	(273,293)
Increase (decrease) in accounts payable	6,321	(32,501)	13,586	278,429	1,101	266,936
Increase (decrease) in accrued liabilities	(2,050)	9,740	11,331	(22,711)	9,229	5,539
Increase (decrease) in claims and judgements payable	-	-	-	357,730	-	357,730
Increase (decrease) in deposits	-	-	808	-	-	808
Increase (decrease) in intergovernmental payable	-	-	18,895	3,585	-	22,480
Increase (decrease) in accrued compensated absences	(581)	15,629	17,736	8,993	66,012	107,789
Increase (decrease) in claims and judgements long-term	-	-	-	(398,470)	-	(398,470)
Total adjustments	<u>984,276</u>	<u>73,267</u>	<u>188,931</u>	<u>257,106</u>	<u>290,199</u>	<u>1,794,752</u>
Net cash provided (used) by operating activities	<u>\$ 80,330</u>	<u>\$ 327,966</u>	<u>\$ 32,945</u>	<u>\$ (604,685)</u>	<u>\$ 568,607</u>	<u>\$ 405,163</u>
Schedule of noncash capital activities:						
Equipment contributed from customer	\$ 1,338,697	\$ -	\$ -	\$ -	\$ -	\$ 1,338,697
Transfer of capital assets	79,778	-	-	-	-	79,778
Total non-cash capital and related financing activities	<u>\$ 1,418,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,418,475</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, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<u>Special Deposits</u>				
Assets:				
Cash and investments	\$ 2,017,677	\$ 9,356,420	\$ 8,448,683	\$ 2,925,414
Accounts receivable	5,629	5,540,228	5,543,089	2,768
Interest receivable	15,334	3,093	-	18,427
Total assets	\$ 2,038,640	\$ 14,899,741	\$ 13,991,772	\$ 2,946,609
Liabilities:				
Deposits	\$ 2,038,640	\$ 14,899,741	\$ 13,991,772	\$ 2,946,609
Total liabilities	\$ 2,038,640	\$ 14,899,741	\$ 13,991,772	\$ 2,946,609
<u>IPSS</u>				
Assets:				
Cash and investments	\$ 1,951,688	\$ 974,814	\$ 1,408,540	\$ 1,517,962
Accounts receivable	-	610,708	543,045	67,663
Interest receivable	7,548	172	-	7,720
Total assets	\$ 1,959,236	\$ 1,585,694	\$ 1,951,585	\$ 1,593,345
Liabilities:				
Deposits	\$ 1,959,236	\$ 1,585,694	\$ 1,951,585	\$ 1,593,345
Total liabilities	\$ 1,959,236	\$ 1,585,694	\$ 1,951,585	\$ 1,593,345
<u>Enterprise Anderson Groundwater Fund</u>				
Assets:				
Cash and investments	\$ -	\$ 7,939	\$ 7,939	\$ -
Total assets	\$ -	\$ 7,939	\$ 7,939	\$ -
Liabilities:				
Deposits	\$ -	\$ 7,939	\$ 7,939	\$ -
Total liabilities	\$ -	\$ 7,939	\$ 7,939	\$ -
<u>Total</u>				
Assets:				
Cash and investments	\$ 3,969,365	\$ 10,339,173	\$ 9,865,162	\$ 4,443,376
Accounts receivable	5,629	6,150,936	6,086,134	70,431
Interest receivable	22,882	3,265	-	26,147
Total assets	\$ 3,997,876	\$ 16,493,374	\$ 15,951,296	\$ 4,539,954
Liabilities:				
Deposits	\$ 3,997,876	\$ 16,493,374	\$ 15,951,296	\$ 4,539,954
Total liabilities	\$ 3,997,876	\$ 16,493,374	\$ 15,951,296	\$ 4,539,954

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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, 2018, December 31, 2018, March 31, 2019, and June 30, 2019

	Cumulative Total June 30, 2018	For the Quarter Ended	
		September 30, 2018	December 31, 2018
Unexpended (over expended) passenger facility charges and interest, beginning of period	\$ -	\$ (445,953)	\$ (517,186)
Revenues:			
Passenger facility charges collected	3,705,265	43,170	45,066
Interest earned	19,779	-	-
Total passenger facility charge revenue	<u>3,725,044</u>	<u>43,170</u>	<u>45,066</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	44,800	
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	276,871	92,098
006-West Tie Down Apron Reconstruction	323,278	273,682	22,306
007-Aircraft Rescue and Fire Fighting Station Modifications	1,735	1,735	
009-Environmental Assessment Parallel Runway	32,690	187	
013-PFC Application/Administration Costs	150,000	54,870	
Total passenger facility charge revenue expenditures		<u>4,170,997</u>	<u>114,404</u>
Unexpended (over expended) passenger facility charges and interest, end of period	<u>\$ (445,953)</u>	<u>\$ (517,186)</u>	<u>\$ (515,729)</u>

(Continued)

City of Redding
Redding Municipal Airport

Schedule of Passenger Facility Charges Collected and Expended and Interest Collected (Continued)
For the quarters ended September 30, 2018, December 31, 2018, March 31, 2019, and June 30, 2019

	For the Quarter Ended		For the Year	Cumulative Total
	March 31, 2019	June 30, 2019	Ended June 30, 2019	
Unexpended (over expended) passenger facility charges and interest, beginning of period	\$ (515,729)	\$ (475,353)	\$ (445,953)	\$ -
<u>Revenues:</u>				
Passenger facility charges collected	40,854	48,333	177,424	3,882,689
Interest earned	-	-	-	19,779
Total passenger facility charge revenue	<u>40,854</u>	<u>48,333</u>	<u>177,424</u>	<u>3,902,468</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			-	44,800
003-ADA Passenger Loading Ramp			-	4,984
004-Airport Pavement Management System Study			-	4,735
005-T-Hangar Taxilane Reconstruction	476	176	118,620	395,491
006-West Tie Down Apron Reconstruction	2		40,047	313,729
007-Aircraft Rescue and Fire Fighting Station Modifications			-	1,735
009-Environmental Assessment Parallel Runway			-	187
013-PFC Application/Administration Costs			-	54,870
Total passenger facility charge revenue expenditures	<u>478</u>	<u>176</u>	<u>158,667</u>	<u>4,329,664</u>
Unexpended (over expended) passenger facility charges and interest, end of period	<u>\$ (475,353)</u>	<u>\$ (427,196)</u>	<u>\$ (427,196)</u>	<u>\$ (427,196)</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.

<u>INDEX</u>	<u>Page</u>
Financial Trends	210
<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, 2019
(accrual basis of accounting)

	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
Governmental activities					
Net investment in capital assets	\$ 288,328,860	\$ 303,837,954	\$ 303,499,470	\$ 301,401,234	\$ 299,220,582
Restricted	49,612,778	53,687,464	43,830,207	42,200,822	44,242,198
Unrestricted	5,025,229	1,588,034	17,269,063	18,461,336	12,404,054
Total governmental activities net position	\$ 342,966,867	\$ 359,113,452	\$ 364,598,740	\$ 362,063,392	\$ 355,866,834
Business-type activities					
Net investment in capital assets	\$ 267,709,679	\$ 266,569,610	\$ 263,727,224	\$ 270,149,380	\$ 276,768,127
Restricted	11,981,816	17,362,637	18,929,291	16,554,856	18,564,126
Unrestricted	78,797,442	81,074,227	95,705,374	97,572,863	103,748,759
Total business-type activities net position	\$ 358,488,937	\$ 365,006,474	\$ 378,361,889	\$ 384,277,099	\$ 399,081,012
Primary government					
Net investment in capital assets	\$ 556,038,539	\$ 570,407,564	\$ 567,226,694	\$ 571,550,614	\$ 575,988,709
Restricted	61,594,594	71,050,101	62,759,498	58,755,678	62,806,324
Unrestricted	83,822,671	82,662,261	112,974,437	116,034,199	116,152,813
Total primary government net position	\$ 701,455,804	\$ 724,119,926	\$ 742,960,629	\$ 746,340,491	\$ 754,947,846

Source: City of Redding Comprehensive Annual Financial Report

City of Redding
Net Position by Component (Continued)
Last Ten Fiscal Years Ended June 30, 2019
(accrual basis of accounting)

	Fiscal Year				
	2014-15	2015-16	2016-17	2017-18	2018-19
Governmental activities					
Net investment in capital assets	\$ 303,789,845	\$ 304,441,380	\$ 299,478,797	\$ 298,515,126	\$ 296,238,160
Restricted	44,242,198	43,495,762	42,760,454	41,076,874	48,523,623
Unrestricted	(150,344,065)	(146,838,910)	(157,129,728)	(135,453,029)	(138,327,951)
Total governmental activities net position	\$ 197,687,978	\$ 201,098,232	\$ 185,109,523	\$ 204,138,971	\$ 206,433,832
Business-type activities					
Net investment in capital assets	\$ 286,401,920	\$ 284,346,442	\$ 293,920,914	\$ 314,064,755	\$ 320,934,467
Restricted	18,326,176	15,155,154	14,068,393	12,204,596	10,072,298
Unrestricted	32,692,674	54,363,934	66,198,888	99,325,093	112,968,216
Total business-type activities net position	\$ 337,420,770	\$ 353,865,530	\$ 374,188,195	\$ 425,594,444	\$ 443,974,981
Primary government					
Net investment in capital assets	\$ 590,191,765	\$ 588,787,822	\$ 593,399,711	\$ 612,579,881	\$ 617,172,627
Restricted	62,568,374	58,650,916	56,828,847	53,281,470	58,595,921
Unrestricted	(117,651,391)	(92,474,976)	(90,930,840)	(36,127,936)	(25,359,735)
Total primary government net position	\$ 535,108,748	\$ 554,963,762	\$ 559,297,718	\$ 629,733,415	\$ 650,408,813

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				
	2009-10	2010-11	2011-12	2012-13	2013-14
Expenses					
Governmental Activities					
General government	\$ 6,383,391	\$ 5,278,782	\$ 7,217,464	\$ 7,296,724	\$ 6,917,771
Police	27,497,342	26,269,521	25,838,317	26,116,291	28,893,564
Fire	17,076,785	16,236,292	16,780,046	17,751,879	20,255,472
Public works	10,447,617	9,639,403	12,731,599	13,286,742	12,421,262
Planning	4,434,756	3,689,281	3,532,884	3,636,094	3,871,712
Recreation and culture	11,470,482	10,744,101	10,986,615	11,604,233	11,558,733
Community development	24,737,850	18,533,923	14,132,539	10,341,051	10,712,285
Pass throughs to other agencies	-	-	-	-	-
Interest on long-term debt	4,760,944	4,899,556	3,459,498	2,036,578	2,458,815
Total governmental activities expenses	106,809,167	95,290,859	94,678,962	92,069,592	97,089,614
Business-Type Activities					
Electric	161,100,955	165,227,316	159,456,608	156,080,538	150,171,628
Water	14,574,967	14,575,101	15,975,372	16,207,794	17,185,065
Wastewater	15,075,253	16,889,147	17,907,974	19,405,723	20,289,784
Storm drainage	2,354,882	2,492,302	2,255,283	2,324,951	2,102,618
Solid waste	18,497,103	18,876,936	19,953,480	20,484,434	22,870,947
Transportation	10,037,079	10,450,822	9,915,606	9,679,832	9,874,891
Convention center	3,131,705	2,457,085	1,642,316	1,176,913	1,275,954
Total business-type activities expenses	224,771,944	230,968,709	227,106,639	225,360,185	223,770,887
Total primary government expenses	\$ 331,581,111	\$ 326,259,568	\$ 321,785,601	\$ 317,429,777	\$ 320,860,501
Program Revenues					
Governmental Activities					
Charges for services:					
General government	\$ 5,211,415	\$ 5,605,847	\$ 6,128,583	\$ 5,904,251	\$ 5,967,284
Public works	939,201	811,949	717,929	557,062	577,312
Planning	1,415,218	1,060,499	1,282,262	1,337,696	1,748,627
Other activities	3,772,070	3,499,360	3,539,227	3,668,956	3,988,580
Operating grants and contributions	17,731,034	19,756,822	17,033,353	17,484,151	22,330,062
Capital grants and contributions	20,954,834	19,708,994	6,854,366	8,717,779	6,942,319
Total governmental activities program revenues	50,023,772	50,443,471	35,555,720	37,669,895	41,554,184
Program Revenues					
Business-type activities					
Charges for services:					
Electric	152,499,576	168,333,684	164,375,161	160,944,663	162,920,950
Water	13,968,396	14,653,288	15,886,937	16,734,627	18,667,027
Wastewater	18,287,784	19,503,467	21,113,321	21,355,779	22,731,807
Solid waste	17,614,327	18,395,742	19,161,513	18,800,831	19,681,867
Transportation	3,114,393	3,207,076	3,530,250	3,603,988	3,772,347
Other activities	2,115,383	1,844,432	1,519,081	1,549,792	1,513,033
Operating grants and contributions	5,319,012	5,181,927	4,450,939	4,170,108	4,159,414
Capital grants and contributions	10,685,872	9,368,813	13,337,075	10,196,914	7,476,968
Total business-type activities program revenues	223,604,743	240,488,429	243,374,277	237,356,702	240,923,413
Total primary government program revenues	\$ 273,628,515	\$ 290,931,900	\$ 278,929,997	\$ 275,026,597	\$ 282,477,597
Net (Expense) Revenue					
Governmental activities	\$ (56,785,395)	\$ (44,847,388)	\$ (59,123,242)	\$ (54,399,697)	\$ (55,535,430)
Business-type activities	(1,167,201)	9,519,720	16,267,638	11,996,517	17,152,526
Total primary government	\$ (57,952,596)	\$ (35,327,668)	\$ (42,855,604)	\$ (42,403,180)	\$ (38,382,904)

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

	Fiscal Year				
	2014-15	2015-16	2016-17	2017-18	2018-19
Expenses					
Governmental Activities					
General government	\$ 7,112,939	\$ 8,077,255	\$ 7,576,731	\$ 7,678,431	\$ 7,503,465
Police	34,476,947	30,751,887	32,114,904	32,742,710	34,001,886
Fire	20,558,967	20,467,167	22,299,466	23,264,792	23,685,713
Public works	7,261,903	14,954,615	16,211,855	15,039,604	16,096,332
Planning	3,933,284	4,013,885	4,290,932	3,918,206	3,879,239
Recreation and culture	9,366,789	10,791,830	11,219,774	11,137,417	11,360,417
Community development	9,503,654	9,991,686	10,241,866	9,377,682	9,724,970
Pass throughs to other agencies	-	-	-	-	-
Interest on long-term debt	1,840,755	1,720,036	1,623,654	1,575,210	1,495,440
Total governmental activities expenses	94,055,238	100,768,361	105,579,182	104,734,052	107,747,462
Business-Type Activities					
Electric	152,786,522	144,525,611	144,826,944	139,069,185	148,470,304
Water	16,921,142	17,023,112	17,810,721	18,714,649	18,403,516
Wastewater	22,541,672	23,872,035	23,748,358	23,807,419	24,553,202
Storm drainage	1,919,740	2,094,900	2,037,068	2,032,999	2,155,137
Solid waste	20,410,950	20,209,534	22,430,632	22,835,505	25,668,200
Transportation	9,569,808	9,948,552	10,114,207	10,256,990	10,837,593
Convention center	1,229,354	1,187,415	1,349,400	1,316,803	1,408,622
Total business-type activities expenses	225,379,188	218,861,159	222,317,330	218,033,550	231,496,574
Total primary government expenses	\$ 319,434,426	\$ 319,629,520	\$ 327,896,512	\$ 322,767,602	\$ 339,244,036
Program Revenues					
Governmental Activities					
Charges for services:					
General government	\$ 6,516,578	\$ 6,213,317	\$ 6,395,898	\$ 6,522,621	\$ 6,332,966
Public works	682,515	650,616	669,769	785,973	1,375,532
Planning	1,673,717	1,286,338	1,986,579	1,822,316	3,031,727
Other activities	4,167,614	4,743,501	4,804,529	4,921,877	4,555,208
Operating grants and contributions	18,014,648	18,663,414	16,491,007	15,293,829	22,924,591
Capital grants and contributions	5,505,363	18,960,524	6,040,837	11,061,017	8,618,248
Total governmental activities program revenues	36,560,435	50,517,710	36,388,619	40,407,633	46,838,272
Program Revenues					
Business-type activities					
Charges for services:					
Electric	163,301,368	158,275,732	165,157,048	158,286,134	155,200,165
Water	17,871,349	17,995,434	19,591,568	22,158,506	22,486,899
Wastewater	24,577,645	26,776,762	26,939,000	27,592,665	29,145,722
Solid waste	20,505,176	21,200,419	22,167,885	22,703,424	23,639,052
Transportation	3,790,418	3,717,047	3,814,776	5,463,971	2,006,964
Other activities	1,622,114	1,744,369	1,687,107	1,419,953	1,495,369
Operating grants and contributions	4,405,158	4,300,769	4,441,415	6,219,525	5,803,463
Capital grants and contributions	6,079,058	3,343,536	2,624,987	8,173,146	7,413,845
Total business-type activities program revenues	242,152,286	237,354,068	246,423,786	252,017,324	247,191,479
Total primary government program revenues	\$ 278,712,721	\$ 287,871,778	\$ 282,812,405	\$ 292,424,957	\$ 294,029,751
Net (Expense) Revenue					
Governmental activities	\$ (57,494,803)	\$ (50,250,651)	\$ (69,190,563)	\$ (64,326,419)	\$ (60,909,190)
Business-type activities	16,773,098	18,492,909	24,106,456	33,983,774	15,694,905
Total primary government	\$ (40,721,705)	\$ (31,757,742)	\$ (45,084,107)	\$ (30,342,645)	\$ (45,214,285)

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				
	2009-10	2010-11	2011-12	2012-13	2013-14
General Revenue and Other Changes in Net Position					
Governmental Activities					
Taxes					
Sales taxes	\$ 18,480,866	\$ 19,157,880	\$ 19,754,922	\$ 20,696,311	\$ 21,662,406
Property taxes	33,540,288	30,583,596	22,434,321	19,284,310	15,847,198
In lieu	-	-	-	-	-
Transient and occupancy taxes	3,497,627	3,635,090	3,869,713	4,099,953	4,074,333
Motor vehicle in-lieu taxes	268,465	293,986	283,588	38,845	37,663
Franchise taxes	888,406	911,180	930,731	896,297	915,623
Other taxes	931,504	935,173	895,591	988,154	1,068,561
Investment earnings	1,284,562	1,101,518	820,983	1,011	878,447
Gain on sale of property	76,085	122,183	133,561	299,492	43,617
Miscellaneous	100,000	100,000	911,518	143,637	144,036
Transfers	4,535,210	4,153,367	4,163,910	5,416,339	4,666,988
Special item	-	-	-	-	-
Extraordinary gain	-	-	10,409,692	-	-
Total governmental activities	63,603,013	60,993,973	64,608,530	51,864,349	49,338,872
Business-type activities					
Investment earnings (loss)	3,398,687	1,150,239	1,251,057	(667,664)	2,314,998
Transfers	(4,535,210)	(4,153,367)	(4,163,910)	(5,416,339)	(4,666,988)
Other items	315	945	630	2,696	3,377
Total business activities	(1,136,208)	(3,002,183)	(2,912,223)	(6,081,307)	(2,348,613)
Total primary government	\$ 62,466,805	\$ 57,991,790	\$ 61,696,307	\$ 45,783,042	\$ 46,990,259
Change in Net Position					
Governmental activities	\$ 6,817,618	\$ 16,146,585	\$ 5,485,288	\$ (2,535,348)	\$ (6,196,558)
Adjustments	-	-	-	-	-
Total governmental activities	6,817,618	16,146,585	5,485,288	(2,535,348)	(6,196,558)
Business-type activities	(2,303,409)	6,517,537	13,355,415	5,915,210	14,803,913
Adjustments - business activities	-	-	-	-	-
Total business activities	(2,303,409)	6,517,537	13,355,415	5,915,210	14,803,913
Total changes in net position - primary government	\$ 4,514,209	\$ 22,664,122	\$ 18,840,703	\$ 3,379,862	\$ 8,607,355

Source: City of Redding Comprehensive Annual Financial Report

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				
	2014-15	2015-16	2016-17	2017-18	2018-19
General Revenue and Other Changes in Net Position					
Governmental Activities					
Taxes					
Sales taxes	\$ 22,053,840	\$ 22,586,087	\$ 23,199,460	\$ 23,507,550	\$ 26,879,606
Property taxes	16,292,632	17,357,917	17,924,119	19,156,295	20,075,405
In lieu	-	-	-	-	-
Transient and occupancy taxes	4,458,110	4,616,654	4,778,285	5,168,477	6,916,257
Motor vehicle in-lieu taxes	(141)	36,761	40,422	47,718	43,852
Franchise taxes	972,438	1,005,928	1,088,088	1,131,066	1,138,077
Other taxes	1,112,392	1,103,021	1,189,035	1,134,113	1,317,172
Investment earnings	582,552	780,348	374,394	525,477	1,868,151
Gain on sale of property	48,699	1,401,277	166,278	1,464,193	7,303
Miscellaneous	142,599	203,979	152,135	166,647	190,920
Transfers	5,020,485	4,568,933	4,289,638	5,440,006	4,767,308
Special item	-	-	-	(2,485,800)	-
Extraordinary gain	-	-	-	-	-
Total governmental activities	50,683,606	53,660,905	53,201,854	55,255,742	63,204,051
Business-type activities					
Investment earnings (loss)	1,833,914	2,515,901	505,847	980,902	7,452,940
Transfers	(5,013,200)	(4,568,933)	(4,289,638)	(5,440,006)	(4,767,308)
Other items	2,361	4,883	-	-	-
Total business activities	(3,176,925)	(2,048,149)	(3,783,791)	(4,459,104)	2,685,632
Total primary government	\$ 47,506,681	\$ 51,612,756	\$ 49,418,063	\$ 50,796,638	\$ 65,889,683
Change in Net Position					
Governmental activities	\$ (6,811,197)	\$ 3,410,254	\$ (15,988,709)	\$ (9,070,677)	\$ 2,294,861
Adjustments	(151,367,658)	-	-	28,100,125	-
Total governmental activities	(158,178,855)	3,410,254	(15,988,709)	19,029,448	2,294,861
Business-type activities	13,596,173	16,444,760	20,322,665	29,524,670	18,380,537
Adjustments - business activities	(75,256,413)	-	-	21,881,579	-
Total business activities	(61,660,240)	16,444,760	20,322,665	51,406,249	18,380,537
Total changes in net position - primary government	\$ (219,839,095)	\$ 19,855,014	\$ 4,333,956	\$ 70,435,697	\$ 20,675,398

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)

	<u>Fiscal Year</u>
	<u>2009-10</u>
General Fund	
Reserved	\$ 3,795,073
Unreserved	7,470,433
Total general fund	<u>\$ 11,265,506</u>

All Other Governmental Funds	
Reserved	\$ 62,317,199
Unreserved, reported in:	
Special revenue funds	7,258,582
Capital projects funds	17,628,400
Unreserved, reported in:	
Special revenue funds	6,802,994
Capital projects funds	2,361,163
Debt service funds	(1,196,710)
Total all other governmental funds	<u>\$ 95,171,628</u>

	<u>Fiscal Year</u>				
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
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>

	<u>Fiscal Year</u>			
	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
General Fund				
Nonspendable	\$ 1,875,032	\$ 1,833,006	\$ 2,748,604	\$ 1,841,971
Restricted	756,897	757,254	762,753	-
Assigned	678,089	5,509,567	5,489,161	3,533,413
Unassigned	18,534,694	12,381,575	9,682,620	16,686,434
Total general fund	<u>\$ 21,844,712</u>	<u>\$ 20,481,402</u>	<u>\$ 18,683,138</u>	<u>\$ 22,061,818</u>
All Other Governmental Funds				
Nonspendable	\$ 20,521	\$ 18,429	\$ 20,291	\$ 24,616
Restricted	53,237,478	50,903,778	44,380,448	67,207,281
Unassigned	(307,291)	(344,254)	(344,640)	(342,425)
Total all other governmental funds	<u>\$ 52,950,708</u>	<u>\$ 50,577,953</u>	<u>\$ 44,056,099</u>	<u>\$ 66,889,472</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				
	2009-10	2010-11	2011-12	2012-13	2013-14
Revenues:					
Taxes	\$ 56,847,912	\$ 55,531,852	\$ 47,806,603	\$ 46,183,002	\$ 43,678,499
Licenses and permits	904,249	853,202	915,422	963,435	1,020,396
Intergovernmental revenues	30,291,860	41,308,531	22,835,959	21,275,544	23,367,310
Charges for services	3,218,326	2,697,345	2,765,973	3,055,935	3,423,766
Fines	1,395,523	1,046,207	1,500,026	923,777	1,050,533
Use of money and property	6,015,841	6,311,596	6,638,286	6,301,849	6,822,715
Interest revenue	1,007,459	1,001,286	740,063	141,842	642,330
Special assessments	796,878	751,326	761,787	614,387	562,559
Miscellaneous	3,045,835	3,048,462	2,587,503	4,167,895	2,786,993
Total revenues	103,523,883	112,549,807	86,551,622	83,627,666	83,355,101
Expenditures:					
General government	5,795,422	5,202,372	5,627,595	5,283,779	5,339,521
Community development	25,226,846	18,035,641	16,360,799	10,094,221	10,594,203
Public safety	42,179,779	41,483,662	40,629,153	41,319,683	44,050,576
Public works	5,031,215	4,456,262	4,089,781	5,075,245	5,143,666
Planning	4,172,970	3,485,319	3,106,140	3,214,827	3,593,044
Recreation and culture	6,889,257	6,372,869	6,273,179	6,843,716	7,036,366
Capital outlay	24,231,055	24,467,682	12,195,037	9,657,100	9,792,385
Debt service:					
Principal retirement	6,775,043	5,229,044	5,706,539	3,558,947	3,512,856
Interest and fiscal charges	4,781,807	4,698,793	3,348,200	2,007,629	1,924,737
Bond issuance costs	-	-	-	-	266,462
Total expenditures	125,083,394	113,431,644	97,336,423	87,055,147	91,253,816
Excess of revenues over (under) expenditures	(21,559,511)	(881,837)	(10,784,801)	(3,427,481)	(7,898,715)
Other Financing Sources (Uses)					
Sale of capital asset	1,804,652	169,672	187,120	299,492	41,909
Financing proceeds	-	-	-	-	565,048
Long-term debt issued	662,993	343,770	1,401,803	-	11,181,060
Bond discount	-	-	-	-	(80,666)
Premium on bonds issued	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	(5,925,272)
Transfers in	17,190,872	10,531,521	11,087,998	14,430,062	13,001,893
Transfers out	(12,692,996)	(6,178,154)	(6,804,428)	(8,865,598)	(8,192,253)
Total other financing sources (uses)	6,965,521	4,866,809	5,872,493	5,863,956	10,591,719
Special Item	-	-	-	-	-
Extraordinary Item	-	-	(31,594,910)	-	-
Net change in fund balances	\$ (14,593,990)	\$ 3,984,972	\$ (36,507,218)	\$ 2,436,475	\$ 2,693,004
Fund Balances (deficit), beginning of year, as originally stated	\$ 121,031,125	\$ 106,437,134	\$ 110,422,106	\$ 73,914,888	\$ 76,351,363
Prior period adjustment	-	-	-	-	-
Fund Balances (deficit), beginning of year, as restated	121,031,125	106,437,134	110,422,106	73,914,888	76,351,363
Fund balances (deficit), end of year	\$ 106,437,135	\$ 110,422,106	\$ 73,914,888	\$ 76,351,363	\$ 79,044,367
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				
	2014-15	2015-16	2016-17	2017-18	2018-19
Revenues:					
Taxes	\$ 45,125,212	\$ 47,889,908	\$ 48,385,407	\$ 50,114,315	\$ 56,183,337
Licenses and permits	1,142,654	1,321,422	1,319,041	1,304,712	1,777,332
Intergovernmental revenues	21,555,631	33,039,876	19,301,043	17,561,603	31,593,447
Charges for services	3,543,025	3,135,897	3,763,928	3,968,265	4,011,783
Fines	968,591	1,434,429	1,598,215	1,445,372	2,005,413
Use of money and property	6,979,312	7,774,752	7,905,927	7,903,045	7,965,078
Interest revenue	408,382	559,933	351,277	505,398	1,333,966
Special assessments	480,861	311,291	480,855	612,627	575,104
Miscellaneous	2,917,802	6,151,375	3,321,608	4,141,927	4,251,526
Total revenues	83,121,470	101,618,883	86,427,301	87,557,264	109,696,986
Expenditures:					
General government	5,335,175	5,531,550	6,170,131	6,061,390	6,175,867
Community development	9,391,315	9,833,058	9,988,629	9,208,634	9,479,314
Public safety	44,658,160	47,667,150	49,561,988	51,305,095	52,470,544
Public works	5,333,076	7,736,374	8,089,769	6,280,036	7,785,619
Planning	3,643,893	4,005,836	4,054,107	3,751,957	3,718,793
Recreation and culture	6,923,444	7,090,091	7,477,025	7,895,240	7,668,664
Capital outlay	16,601,544	16,012,801	6,902,183	11,354,447	6,897,619
Debt service:					
Principal retirement	3,721,171	2,785,484	2,532,744	2,657,496	20,291,342
Interest and fiscal charges	1,812,496	1,658,488	1,557,407	1,510,512	1,629,677
Bond issuance costs	450	-	-	-	223,905
Total expenditures	97,420,724	102,320,832	96,333,983	100,024,807	116,341,344
Excess of revenues over (under) expenditures	(14,299,254)	(701,949)	(9,906,682)	(12,467,543)	(6,644,358)
Other Financing Sources (Uses)					
Sale of capital asset	55,055	1,401,276	166,279	1,275,193	196,303
Financing proceeds	-	-	-	-	-
Long-term debt issued	-	-	-	-	23,996,354
Bond discount	-	-	-	-	-
Premium on bonds issued	-	-	-	-	3,272,602
Payment to refunding bond escrow agent	-	-	-	-	-
Transfers in	14,082,943	12,233,284	13,756,026	12,677,169	13,665,199
Transfers out	(9,069,743)	(7,950,559)	(7,751,688)	(7,307,089)	(8,274,047)
Total other financing sources (uses)	5,068,255	5,684,001	6,170,617	6,645,273	32,856,411
Special Item	-	-	-	(2,485,800)	-
Extraordinary Item	-	-	-	-	-
Net change in fund balances	\$ (9,230,999)	\$ 4,982,052	\$ (3,736,065)	\$ (8,308,070)	\$ 26,212,053
Fund Balances (deficit), beginning of year, as originally stated	\$ 79,044,367	\$ 69,813,368	\$ 74,795,420	\$ 71,059,355	\$ 62,739,237
Prior period adjustment	-	-	-	(12,048)	-
Fund Balances (deficit), beginning of year, as restated	79,044,367	69,813,368	74,795,420	71,047,307	62,739,237
Fund balances (deficit), end of year	\$ 69,813,368	\$ 74,795,420	\$ 71,059,355	\$ 62,739,237	\$ 88,951,290
Debt service as a percentage of noncapital expenditures	6%	7%	5%	5%	20%

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
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
2018-2019	19,934	6,916	26,878	2,455	56,183

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

Fiscal Year ended June 30,

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

Fiscal Year ended June 30,

<u>Type of Customer</u>	2015		2016	
	Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)
Residential	37,561	356,071	37,751	361,427
Commercial	5,034	338,292	5,025	332,232
Industrial	322	12,366	335	13,394
Other	915	43,087	928	42,358
Total	43,832	749,816	44,039	749,411

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,					
	2012		2013		2014	
	Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)
Residential	37,032	375,136	37,268	375,606	37,387	361,106
Commercial	5,002	333,200	5,022	338,257	5,011	336,507
Industrial	335	13,227	334	13,506	330	12,303
Other	912	44,379	927	46,756	934	45,923
Total	43,281	765,942	43,551	774,125	43,662	755,839

Type of Customer	Fiscal Year ended June 30,					
	2017		2018		2019	
	Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)	Base rate customers	Electricity Sold (MWHs)
Residential	38,015	366,354	38,088	368,829	38,058	356,741
Commercial	4,949	324,202	4,955	323,799	4,942	312,484
Industrial	336	13,226	326	12,626	334	12,372
Other	933	41,825	935	41,471	930	39,765
Total	44,233	745,607	44,304	746,725	44,264	721,362

**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
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
2019	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>	
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
2019	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 2018-19 and 2009-10

Utility Payer	June 30, 2019 Fiscal Year			June 30, 2010 Fiscal Year		
	Utilities Paid	Rank	Percentage of City Total Utilities Paid	Utilities Paid	Rank	Percentage of City Total Utilities Paid
Customer #1	\$5,249,141	1	4.36%	\$4,328,776	1	4.68%
Customer #2	1,724,261	2	1.43%	1,293,805	3	1.40%
Customer #3	1,646,768	3	1.37%	1,346,582	2	1.46%
Customer #4	1,614,199	4	1.34%			
Customer #5	1,436,966	5	1.19%	967,147	4	1.05%
Customer #6	958,046	6	0.80%			
Customer #7	832,497	7	0.69%	616,047	6	0.67%
Customer #8	696,057	8	0.58%			
Customer #9	664,795	9	0.55%	524,232	8	0.57%
Customer #10	551,806	10	0.46%			
Customer #11				672,801	5	0.73%
Customer #12				563,106	7	0.61%
Customer #13				522,602	9	0.57%
Customer #14				508,261	10	0.55%
Total	<u>\$15,374,536</u>		<u>12.77%</u>	<u>\$11,343,359</u>		<u>12.29%</u>

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	
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	
2019	36,562	-	-	-	60	

⁽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⁾
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	9.15%	3,400
2015	-	12,081	160,556	84,429	-	1,774	296,489	8.20%	3,254
2016	-	46,761	126,082	84,164	-	1,356	293,178	7.57%	3,201
2017	-	98,629	65,905	80,784	-	-	277,589	6.96%	3,024
2018	-	134,994	18,249	75,716	-	-	258,553	6.33%	2,817
2019	-	126,304	16,781	70,323	-	-	250,029	5.85%	2,724

⁽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, 2019

<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	\$ 36,561,857	100.000%	\$ 36,561,857
Capital leases	59,579	100.000%	59,579
Total direct debt	36,621,436		36,621,436
Overlapping:			
County of Shasta: (2)			
Bonds	27,277,940	50.937%	13,894,564
Notes	260,730	50.937%	132,808
Shasta County Schools: (2)			
Enterprise School District	24,948,938	99.039%	24,709,179
Shasta Union High School District	42,822,025	68.716%	29,425,583
Gateway School	29,862,589	40.756%	12,170,797
Redding School District	11,545,000	99.217%	11,454,603
Columbia School District	5,100,000	74.457%	3,797,307
Shasta College	63,810,000	51.103%	32,608,824
Cascade School	11,523,596	2.193%	252,712
Pacheco School	3,351,844	57.584%	1,930,126
Grant School	1,530,000	4.406%	67,412
Andersion Union High School District	10,845,000	17.612%	1,910,021
Grant School	3,300,000	1.361%	44,913
Total overlapping debt	236,177,662		132,398,849
Total direct and overlapping debt	\$ 272,799,098		\$ 169,020,285

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 2017-18.*

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

	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
Debt Limit	\$ 292,840	\$ 279,873	\$ 260,142	\$ 254,417	\$ 267,472
Total net debt applicable to limit	-	-	1,097	825	510
Legal debt margin	<u>\$ 292,840</u>	<u>\$ 279,873</u>	<u>\$ 259,045</u>	<u>\$ 253,592</u>	<u>\$ 266,962</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.42%	0.32%	0.19%

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				
	2014-15	2015-16	2016-17	2017-18	2018-19
Debt Limit	\$ 275,782	\$ 289,290	\$ 301,892	\$ 318,039	\$ 334,352
Total net debt applicable to limit	<u>123</u>	<u>92</u>	<u>63</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 275,659</u>	<u>\$ 289,198</u>	<u>\$ 301,829</u>	<u>\$ 318,039</u>	<u>\$ 334,352</u>
Total net debt applicable to the limit as a percentage of debt limit	0.04%	0.03%	0.02%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2018-19

Assessed Value (1)	<u>\$ 8,916,042</u>
Debt Limit - 3.75% of Total Assessed Value	\$ 334,352
Amount of Debt Applicable to the Limit	<u>-</u>
Legal Debt Margin	<u>\$ 334,352</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				
	2009-10	2010-11	2011-12	2012-13	2013-14
Operating Revenue	\$ 18,280,681	\$ 19,492,643	\$ 21,099,386	\$ 21,342,485	\$ 22,720,092
Other Revenue**	2,152	10,824	13,935	13,295	(86,499)
Interest Revenue	649,481	215,469	350,722	(241,696)	582,376
Adjusted Revenue	<u>18,932,314</u>	<u>19,718,936</u>	<u>21,464,043</u>	<u>21,114,084</u>	<u>23,215,969</u>
25% of Adjusted Revenue	4,733,079	4,929,734	5,366,011	5,278,521	5,803,992
Actual Connection Fees	<u>1,717,427</u>	<u>1,335,741</u>	<u>664,223</u>	<u>1,214,938</u>	<u>956,137</u>
Allowable Connection Fees	<u>1,717,427</u>	<u>1,335,741</u>	<u>664,223</u>	<u>1,214,938</u>	<u>956,137</u>
Total Revenue	<u>20,649,741</u>	<u>21,054,677</u>	<u>22,128,266</u>	<u>22,329,022</u>	<u>24,172,106</u>
Operating Expense	(14,214,867)	(15,275,899)	(16,093,343)	(17,188,977)	(18,451,474)
Add back In-Lieu	-	-	-	-	-
Add back Depreciation/Amortization	<u>4,361,325</u>	<u>4,896,408</u>	<u>5,141,880</u>	<u>5,572,955</u>	<u>5,924,400</u>
Net Operating Expense	<u>(9,853,542)</u>	<u>(10,379,491)</u>	<u>(10,951,463)</u>	<u>(11,616,022)</u>	<u>(12,527,074)</u>
Net Wastewater Revenues*	<u>\$ 10,796,199</u>	<u>\$ 10,675,186</u>	<u>\$ 11,176,803</u>	<u>\$ 10,713,000</u>	<u>\$ 11,645,032</u>
Total Debt Service***	<u>\$ 3,621,312</u>	<u>\$ 4,838,627</u>	<u>\$ 5,591,172</u>	<u>\$ 6,122,885</u>	<u>\$ 8,117,463</u>
Debt Coverage Ratio	<u>2.98</u>	<u>2.21</u>	<u>2.00</u>	<u>1.75</u>	<u>1.43</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
Wastewater Revenue Bond Coverage (Continued)
Last Ten Fiscal Years

	Fiscal Year Ending				
	2014-15	2015-16	2016-17	2017-18	2018-19
Operating Revenue	\$ 24,563,888	\$ 25,451,684	\$ 25,815,214	\$ 27,575,888	\$ 29,125,869
Other Revenue**	13,756	15,453	16,261	16,778	19,854
Interest Revenue	468,529	609,119	80,155	199,081	1,434,691
Adjusted Revenue	<u>25,046,173</u>	<u>26,076,256</u>	<u>25,911,630</u>	<u>27,791,747</u>	<u>30,580,414</u>
25% of Adjusted Revenue	6,261,543	6,519,064	6,477,908	6,947,937	7,645,104
Actual Connection Fees	<u>842,721</u>	<u>1,309,625</u>	<u>1,162,532</u>	<u>874,321</u>	<u>657,024</u>
Allowable Connection Fees	<u>842,721</u>	<u>1,309,625</u>	<u>1,162,532</u>	<u>874,321</u>	<u>657,024</u>
Total Revenue	<u>25,888,894</u>	<u>27,385,881</u>	<u>27,074,162</u>	<u>28,666,068</u>	<u>31,237,438</u>
Operating Expense	(20,045,882)	(21,561,048)	(21,645,196)	(21,888,127)	(22,864,621)
Add back In-Lieu	-	-	-	-	-
Add back Depreciation/Amortization	<u>6,886,048</u>	<u>7,026,394</u>	<u>7,018,740</u>	<u>7,289,864</u>	<u>7,345,254</u>
Net Operating Expense	<u>(13,159,834)</u>	<u>(14,534,654)</u>	<u>(14,626,456)</u>	<u>(14,598,263)</u>	<u>(15,519,367)</u>
Net Wastewater Revenues*	<u>\$ 12,729,060</u>	<u>\$ 12,851,227</u>	<u>\$ 12,447,706</u>	<u>\$ 14,067,805</u>	<u>\$ 15,718,071</u>
Total Debt Service	<u>\$ 8,131,564</u>	<u>\$ 8,129,964</u>	<u>\$ 8,569,619</u>	<u>\$ 8,573,419</u>	<u>\$ 8,574,819</u>
Debt Coverage Ratio	<u>1.57</u>	<u>1.58</u>	<u>1.45</u>	<u>1.64</u>	<u>1.83</u>

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

** Excludes capital grants.

City of Redding
Water Revenue Bond Coverage
Last Ten Fiscal Years

	Fiscal Year Ending				
	2009-10	2010-11	2011-12	2012-13	2013-14
Operating Revenue	\$ 13,748,499	\$ 14,427,814	\$ 15,655,601	\$ 16,497,288	\$ 18,423,339
Other Revenue**	219,897	225,474	231,336	237,340	172,996
Interest Revenue	479,524	199,863	205,711	(172,089)	411,799
Adjusted Revenue	<u>14,447,920</u>	<u>14,853,151</u>	<u>16,092,648</u>	<u>16,562,539</u>	<u>19,008,134</u>
25% of Adjusted Revenue	3,611,980	3,713,288	4,023,162	4,140,635	4,752,034
Actual Connection Fees	<u>1,294,343</u>	<u>1,018,718</u>	<u>602,128</u>	<u>1,389,868</u>	<u>753,633</u>
Allowable Connection Fees	<u>1,294,343</u>	<u>1,018,718</u>	<u>602,128</u>	<u>1,389,868</u>	<u>753,633</u>
Total Revenue	<u>15,742,263</u>	<u>15,871,869</u>	<u>16,694,776</u>	<u>17,952,407</u>	<u>19,761,767</u>
Operating Expense	(14,044,979)	(14,179,843)	(15,300,320)	(15,532,856)	(16,703,721)
Add back In-Lieu	-	-	-	-	-
Add back Depreciation/Amortization	<u>3,300,595</u>	<u>3,322,769</u>	<u>3,482,093</u>	<u>3,623,164</u>	<u>3,457,758</u>
Net Operating Expense	<u>(10,744,384)</u>	<u>(10,857,074)</u>	<u>(11,818,227)</u>	<u>(11,909,692)</u>	<u>(13,245,963)</u>
Net Water Revenues*	<u>\$ 4,997,879</u>	<u>\$ 5,014,795</u>	<u>\$ 4,876,549</u>	<u>\$ 6,042,715</u>	<u>\$ 6,515,804</u>
Total Debt Service***	<u>\$ 1,222,488</u>	<u>\$ 1,217,626</u>	<u>\$ 1,025,150</u>	<u>\$ 1,027,210</u>	<u>\$ 1,091,335</u>
Debt Coverage Ratio	<u>4.09</u>	<u>4.12</u>	<u>4.76</u>	<u>5.88</u>	<u>5.97</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
Water Revenue Bond Coverage (Continued)
Last Ten Fiscal Years

	Fiscal Year Ending				
	2014-15	2015-16	2016-17	2017-18	2018-19
Operating Revenue	\$ 17,646,476	\$ 16,860,160	\$ 18,549,702	\$ 22,017,718	\$ 22,346,030
Other Revenue**	224,874	149,471	137,769	141,212	145,516
Interest Revenue	330,137	439,975	77,297	122,970	1,364,769
Adjusted Revenue	<u>18,201,487</u>	<u>17,449,606</u>	<u>18,764,768</u>	<u>22,281,900</u>	<u>23,856,315</u>
25% of Adjusted Revenue	4,550,372	4,362,402	4,691,192	5,570,475	5,964,079
Actual Connection Fees	<u>662,463</u>	<u>985,803</u>	<u>961,572</u>	<u>775,752</u>	<u>543,546</u>
Allowable Connection Fees	<u>662,463</u>	<u>985,803</u>	<u>961,572</u>	<u>775,752</u>	<u>543,546</u>
Total Revenue	<u>18,863,950</u>	<u>18,435,409</u>	<u>19,726,340</u>	<u>23,057,652</u>	<u>24,399,861</u>
Operating Expense	(16,588,595)	(16,224,118)	(17,486,280)	(18,285,529)	(18,381,575)
Add back In-Lieu	-	-	-	-	-
Add back Depreciation/Amortization	<u>3,342,717</u>	<u>3,425,653</u>	<u>3,421,610</u>	<u>3,449,869</u>	<u>3,504,227</u>
Net Operating Expense	<u>(13,245,878)</u>	<u>(12,798,465)</u>	<u>(14,064,670)</u>	<u>(14,835,660)</u>	<u>(14,877,348)</u>
Net Water Revenues*	<u>\$ 5,618,072</u>	<u>\$ 5,636,944</u>	<u>\$ 5,661,670</u>	<u>\$ 8,221,992</u>	<u>\$ 9,522,513</u>
Total Debt Service	<u>\$ 764,100</u>	<u>\$ 768,100</u>	<u>\$ 770,500</u>	<u>\$ 711,900</u>	<u>\$ 704,700</u>
Debt Coverage Ratio	<u>7.35</u>	<u>7.34</u>	<u>7.35</u>	<u>11.55</u>	<u>13.51</u>

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

** Excludes capital grants.

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
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
2018-2019	155,311,811	121,974,239	96,916,465	130,254,037	12,781,170	10.19

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>
2009-2010	59.82	89,878	2,973,434	33,083	16.20
2010-2011	59.82	90,050	3,117,711	34,622	15.90
2011-2012	59.82	90,342	3,213,284	35,568	14.20
2012-2013	60.68	90,848	3,305,141	36,381	11.90
2013-2014	60.68	90,950	3,379,156	37,154	9.30
2014-2015	60.68	91,110	3,614,060	39,667	7.60
2015-2016	60.68	91,582	3,873,735	42,298	6.90
2016-2017	60.68	91,808	3,985,569	43,412	5.60
2017-2018	60.68	91,794	4,082,997	44,480	4.90
2018-2019	60.68	91,772	4,274,923	46,582	4.60

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>2019</u>			<u>2010</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	*	2,018	1	2.87%	1,924	1	2.64%
Mercy Medical Center		1,974	2	2.81%	1,600	2	2.20%
Shasta Regional Medical Center		820	3	1.17%	600	5	0.82%
City of Redding	**	777	4	1.11%	822	3	1.13%
Redding Rancheria		602	5	0.86%	310	8	0.43%
Shasta Union High School District		531	6	0.80%			
CA Transportation Department		514	7	0.73%			
Shasta Community College		452	8	0.64%	700	4	0.96%
Wal Mart		400	9	0.57%	400	7	0.55%
Shasta Community Health		398	10	0.57%			
Blue Shield of California					470	6	0.65%
United States Post Office					300	9	0.41%
Shasta Head Start					250	10	0.34%
Total		<u>8,486</u>			<u>7,376</u>		

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

** Full-time budgeted positions

In 2018-19 there were 771 full-time and 395 part-time/temporary positions filled.

In 2009-10 there were 822 full-time and 321 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, 2019									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	90	89	86	85	88	88	91	92	91	91
Police	150	141	141	130	131	131	135	135	136	136
Fire	80	70	70	75	85	85	85	85	76	76
Public Works	67	66	65	65	66	66	66	66	70	70
Planning	39	32	29	29	29	29	29	29	30	30
Recreation and Culture	25	23	20	21	21	21	21	21	22	22
Community Development	22	20	15	20	12	8	10	10	12	12
Electric	183	183	185	185	179	180	180	180	181	181
Water	28	28	28	28	27	27	28	28	29	29
Wastewater	32	32	33	33	34	34	36	36	36	36
Storm Drainage	5	5	5	5	5	5	5	5	5	5
Solid Waste	81	81	79	79	79	79	79	79	82	82
Transportation	7	7	7	7	6	7	7	7	7	7
Convention Center	13	13	10	-	-	-	-	-	-	-
	822	790	773	762	762	760	772	773	777	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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<i>Police</i>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	38	39	38	39	38	41	45	45	46	46
<i>Fire stations</i>	8	7	7	8	8	8	8	8	8	8
<i>Public works</i>										
Streets (miles)	464.0	464.0	464.0	465.0	465.0	468.0	468.7	469.1	442.3	455.8
Streetlights	7,568	7,575	7,581	8,013	8,025	8,051	8,086	8,204	8,376	8,446
<i>Recreation and culture</i>										
Maintained trails (miles)	62	62	63	66	66	67	68	39	39	39
Parks acreage (improved)	593	593	620	635	635	636	636	620	598	598
Parks acreage (unimproved)	487	487	487	487	487	487	487	460	443	443
<i>Electric</i>										
Transmission & Distribution system (miles)	705	710	710	793	798	798	812	812	815	818
<i>Water</i>										
Length of water mains	558	558.7	556	556	556	557	558	559	557	558
<i>Wastewater</i>										
Sewer lines (miles)	430	430.1	431.1	430.3	431.4	431.5	433.2	433.5	432.6	434
<i>Solid Waste</i>										
Collection trucks	32	32	32	32	32	36	38	37	38	39
<i>Storm Drainage</i>										
Length of system (miles) *	440.5	441	442	442	399	397	397	397	393	393
Catch basins*	10,253	10,553	10,593	10,711	7,068	6,594	6,590	6,594	6,593	6,646
<i>Transportation</i>										
Buses	17	16	16	16	18	18	20	20	18	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,				
	2010	2011	2012	2013	2014
Police					
Calls for service	84,236	85,336	87,069	91,501	91,917
Felony arrests	2,522	2,280	2,603	2,905	2,658
Misdemeanor arrests	5,551	4,838	4,462	7,596	4,010
Total arrests	8,073	7,118	7,065	10,501	6,668
Fire					
Fire, explosion	402	381	387	436	527 *
Rescue, emergency medical call	9,032	9,212	8,467	7,913	8,277 *
Fire safety inspections	4,590	3,762	2,195	2,972	3,452 *
Public Works					
Miles of roadway resurfaced	2.4	7.8	1.5	2.7	1.8
Miles of roadway slurry sealed	-	-	-	11.5	0.7
Planning					
Number of building permits issued	2,634	2,744	2,552	3,043	3,167
Recreation and Culture					
Recreation Division programs	2,800	2,800	2,800	2,800	2,800
Program participants	13,597	13,613	13,439	13,605	13,717
Redding Aquatic Center attendees	-	-	-	-	- **
Special events programs	-	-	-	-	- **
Special events attendance	-	-	-	-	- **
Community Development					
Number of households assisted (Rental Assistance)	1,470	1,471	1,599	1,450	1,485
Owner occupied loans made for rehabilitation/purchase	22	17	10	21	16
Rental loans/grants for rehabilitation/purchase	29	9	5	3	3
Electric					
Electric customers billed monthly	43,035	43,144	43,281	43,551	43,662
Average sustained outages per customer per year	0.43	0.31	0.29	0.62	0.26
System average retail rates	11.8	12.7	13.8	14.6	15.7
Water					
Water produced (acre ft.)	25,818	23,201	23,186	27,994	29,307
Wastewater					
Totals household equivalents served	41,523	41,431	41,710	40,598	41,988
Clear Creek dry flow	7.2	7.8	7.1	7.3	7.6
Stillwater dry flow	2.6	3.1	2.7	2.4	2.0
Storm Drains					
Percentage of inlets cleaned/maintained (annually)	1.4%	4.5%	4.3%	4.0%	4.0%
Solid Waste					
Total waste collected (tons)	78,868	77,793	75,875	75,126	75,527
Recyclables sales (tons)	8,447	8,180	8,026	7,705	7,385
Transportation					
Airport passenger movements/enplanements	57,105	51,088	33,638	26,785	24,951
RABA bus passengers	723,452	727,094	812,347	814,123	827,924

* 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,				
	2015	2016	2017	2018	2019
Police					
Calls for service	95,237	96,436	95,233	100,562	87,389
Felony arrests	2,237	2,259	2,245	2,526	2,209
Misdemeanor arrests	5,668	6,039	7,860	7,674	5,958
Total arrests	7,905	8,298	10,105	10,200	8,167
Fire					
Fire, explosion	466	476	418	485	495 *
Rescue, emergency medical call	8,334	8,131	8,502	8,907	8,569 *
Fire safety inspections	3,511	3,661	3,500	2,796	2,756 *
Public Works					
Miles of roadway resurfaced	1.4	7.0	4.0	5.0	1.4
Miles of roadway slurry sealed	26.1	18	-	-	13.5
Planning					
Number of building permits issued	3,575	3,813	4,107	4,223	4,123
Recreation and Culture					
Recreation Division programs	2,800	2,650	**1,073	929	841
Program participants	13,854	13,793	**12,887	12,917	12,586
RAC Attendees	-	-	22,626	22,193	12,899 ***
Special events programs	-	-	94	71	118 ***
Special events attendance	-	-	24,962	20,998	21,384 ***
Community Development					
Number of households assisted (Rental Assistance)	1,447	1,556	1,542	1,514	1,513
Owner occupied loans made for rehabilitation/purchase	20	17	17	12	6
Rental loans/grants for rehabilitation/purchase	3	1	1	5	9
Electric					
Electric customers billed monthly	43,832	44,039	44,233	44,304	44,264
Average sustained outages per customer per year	0.49	0.38	0.53	0.42	0.86
System average retail rates	16.6	16.7	16.8	16.7	16.5
Water					
Water produced (acre ft.)	21,514	20,411	21,674	25,656	24,053
Wastewater					
Totals household equivalents served	42,641	42,209	46,079	43,526	43,550
Clear Creek dry flow	5.7	5.7	5.9	5.9	5.3
Stillwater dry flow	1.9	1.9	2.1	2.3	2.1
Storm Drains					
Percentage of inlets cleaned/maintained (annually)	4.0%	4.0%	4.0%	4.0%	4.0%
Solid Waste					
Total waste collected (tons)	75,929	82,985	86,826	86,942	87,849
Recyclables sales (tons)	6,846	7,860	8,897	10,282	9,538
Transportation					
Airport passenger movements/enplanements	27,148	35,844	48,048	42,723	47,833
RABA bus passengers	742,712	664,367	679,527	659,562	575,978

* 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. United Express provides direct flights between Redding & San Francisco, CA (SFO) and Redding & Los Angeles, CA (LAX). 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.

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 97% occupied, with few vacancies. Last calendar year (2018), a total of approximately 67,966 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 2018 calendar year, over 86,000 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.

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 was incorporated and proceedings were initiated to acquire control of all properties of the Keswick Company through an exchange of stock. This was succeeded in 1908 by the Northern California Power Company Consolidated, which continued operation until October 3, 1919, when it was acquired by Pacific Gas and Electric Company (PG&E) under a merger authorized by the California Railroad Commission.

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

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

Distribution Service

The City's Electric Utility currently provides service to its customers in an area approximately 61 square miles in size, with 72 miles of 115-kV lines and 746 miles of overhead and underground 12-kV distribution lines. The City is proud of its record over the past five years of 99.992 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.

Design and right-of-way acquisition for distribution service to the Stillwater Business Park was completed in FY08. The Stillwater 115-kV line termination work was completed on August 15, 2008. The Stillwater 115-kV transmission project began construction in April 2012, and was completed on April 20, 2017. The City's current distribution system consists of eleven 115/12-kV distribution substations where power is transformed from 115-kV to 12-kV distribution voltage and connected to the service distribution transformers via the 12-kV distribution lines. The 12-kV distribution system is a very reliable radial-type system designed such that all customers can be served from another feeder if the normal source is experiencing a problem.

Power Supply

The City's retail power supply comes from a diverse portfolio. Redding typically receives about 35% of its power supply from Western in an average hydro year. FY 2018-19 was close to average with Western providing 34.5% 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 anticipated 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
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
2019	38,058	6,206	44,264

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

The total number of electric system customer accounts increased 1.3 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, 2019:

Workload and Performance Measures	2015/16	2016/17	2017/18	2018/19
Miles of Storm Drain Pipe	197	197	198	186
Miles of Channels/Ditches	200	200	200	200
Miles of Maintained Channels/Ditches	17	17	17	17
Number of Inlets	6,590	6,613	6,642	6,648
Number of Outfalls	1,389	1,379	1,386	1,332

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, 2019. 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					
	2014/15	2015/16	2016/17	2017/18	2018/19
Residential HEs	31,970	31,763	32,068	32,418	32,410
Commercial/Industrial HEs	10,668	10,446	14,011*	11,106	11,140
Total System HEs	42,638	42,209	46,079	43,524	43,550
Annual System Growth	2%	(1%)	9%	(5.8%)	(>1%)

*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, 2019, is shown below.

Average Dry Weather Daily Flows--Fiscal Years Ended June 30, 2019					
	2014/15	2015/16	2016/17	2017/18	2018/19
Clear Creek Plant	6.6	5.7	5.9	5.3	5.3
Stillwater Plant	2.0	1.9	2.1	2.1	2.1
Total Wastewater System	8.6	7.6	8.0	7.4	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 2018/19 per acre-foot for Project Water under this contract total \$49.39 (\$27.83 average water cost, \$21.26 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 2018/19 delivery from that contract was 6,140 acre-feet. Water charges under this contract total approximately \$74.00 per acre-foot (\$27.13 average water cost, \$21.26 average restoration, \$0.30 Trinity PUD fee and a \$25.31 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	2014/15	2015/16	2016/17	2017/18	2018/19
Number of customers/services	28,573	29,114	29,314	29,467	29,751
Number of new meter sets	197	163	159	153	106
Quantity of water produced (acre feet)	22,385	24,511	21,674	25,656	24,053
Percentage of days water quality met standards	100%	100%	100%	100%	100%
Number of service calls (Includes water quality)	4,025	2,239	3,747	2,278	4,633
Miles of water mains	557	559	559	559	559
Number of main and water service failures/disruptions per year	942	115	89	124	90
Miles of substandard mains	42	42	42	42	42
Customers/service connections per employee	1,143	1,040	1,047	1,016	1,026

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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