

Annual Comprehensive

FINANCIAL REPORT

Fiscal Year Ended June 30, 2022



CITY OF
REDDING
CALIFORNIA

**CITY OF REDDING
REDDING, CALIFORNIA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

**Prepared by:
FINANCE DEPARTMENT**

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Introductory Section



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City of Redding
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022

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CITY OF REDDING

777 Cypress Avenue, Redding, CA 96001
PO BOX 496071, Redding, CA 96049-6071
cityofredding.org

December 16, 2022

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 (City) hereby submits the Annual Comprehensive Financial Report for the year ended June 30, 2022. 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, 2022.

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 92,963 and encompasses approximately 60 square miles within the corporate limits. Extracting timber and the processing of wood by-products; along with agriculture, tourism, medical services, 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.

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.

REPORTING ENTITY AND ITS SERVICES

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 and from 2010 to 2020 grew by an average of .35 percent. During the last year the chart below shows the City’s population decreased .08 percent. 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 2022:

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	89,861	1.11%	177,223	0.85%
2020	93,611	0.35%	182,155	0.23%
2021	* 93,879	* 0.02%	* 182,020	* -0.01%
2022	92,963	-0.08%	180,531	-0.07%

Source: 1970-2020 data from U.S. Census; 2021-2022 estimates from the California State Department of Finance as of May 1 (January 1, 2022 report).

* Revised

The City’s population, over the next 10 years, is projected to increase by approximately 513 an increase of approximately .6%. The Redding area is expected to contribute approximately 48% 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 2022:

<u>Region</u>	<u>Median Home Price</u>
Shasta County	\$395,000
Sacramento	\$560,000
Los Angeles	\$860,230
Orange County	\$1,265,000
San Francisco	\$1,900,000

Source: California Association of Realtors

Industry and Employment - Extracting timber and the processing of wood by-products, together with agriculture, tourism, medical services, 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 2022 are listed in the following table:

<u>Employer</u>	<u>Product/Services</u>	<u>Employees</u>
Mercy Medical Center	Medical Facilities/Services	1,894
Shasta County (*)	County Services	1,835
City of Redding (**)	City Services	943
Shasta Regional Medical Center	Medical Facilities/Services	860
CA Transportation Department	Highways, Freeways, etc.	757
Redding Rancheria	Casino/Redding Rancheria	733
Shasta Union High School District	Education	493
Shasta Community Health	Medical Services	475
Shasta Community College (*)	Education	429
Wal Mart	Retail	413

(*) 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 4.0 percent on June 30, 2022. 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 2013 through June 2022:

Fiscal Year	Labor	Unemployment	
Ending June 30	Force	Number	Rate
2013	75,061	8,972	12.0%
2014	74,813	7,204	9.6%
2015	74,189	5,806	7.8%
2016	74,408	5,237	7.0%
2017	74,089	4,358	5.9%
2018	73,795	3,778	5.1%
2019	72,829	3,502	4.8%
2020	72,305	7,226	10.0%
2021	73,899	5,041	6.8%
2022	73,465	2,913	4.0%

Source: State Department of Employment

All numbers revised annually to source.

Construction Activity - For the calendar year ending December 2021, 5,350 building permits were issued, with a total permit valuation of \$166,234,829. This represents a 2% decrease in the number of permits from the previous calendar year. Permit activity had been increasing steadily over the past three years, likely as a result of increased construction for repairing widespread damage throughout the City caused by wildfire, snow, and hail events. As those reconstructions have begun to slow down the number of permits issued has seen a slight decrease. Multi-family permits have increased due to increased available grant funding for affordable housing. Commercial permits have steadily increased the last four years as well.

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:

	2018	2019	2020	2021
Single Family Units	114	223	205	152
Value Single Family*	\$28,703,596	\$65,182,744	\$59,870,685	\$43,241,115
Multi-Family Units	0	91	4	244
Multi-Family Permits**	0	7	1	3
Value Multi-dwellings***	\$0	\$9,220,325	\$518,276	\$38,036,402
Number of Permits	31	8	24	37
Value Business***	\$16,747,229	\$27,756,921	\$35,760,718	\$46,433,721
Total Permits***	4,043	5,146	6,769	5,350
Value Total all Permits***	\$86,442,448	\$157,668,086	\$169,693,251	\$166,234,829

* Value of new construction only.

** Includes hotel and apartment units - "R" occupancies.

*** Numbers Revised

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 127,300 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 \$2.6 billion in calendar year 2021, a 13.12% increase over the same period for 2020.

<u>Year</u>	<u>Taxable Transactions (in Thousands)</u>	<u>Taxable Transactions Percentage Increase (Decrease)</u>
2012	\$1,840,953	6.24%
2013	\$1,924,122	4.52%
2014	\$1,943,607	1.01%
2015	\$1,992,806	2.53%
2016	\$2,022,557	1.49%
2017	\$2,118,481	4.74%
2018	\$2,198,010	3.75%
2019 *	\$2,348,783	6.86%
2020 *	\$2,306,959	-1.78%
2021	\$2,609,629	13.12%

* Revised

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. Alaska Airlines provides air service from Redding Municipal Airport to Seattle, Washington. Avelo Airlines provides air service from Redding Municipal Airport to Burbank, California.

Redding Area Bus Authority (RABA) is the City's multi-bus transportation system and offers thirteen different fixed routes, rural service and demand response (curb-to-curb) services. RABA had a total ridership of 360,045 over the fiscal year which is an average total monthly ridership of approximately 30,004. Ridership over the past three fiscal years has declined following the onset of the Coronavirus pandemic.

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, 16 charter schools, 1 regional occupation programs and 12 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 10,135 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, 40-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 330,000 people in Shasta, Tehama, Trinity, Siskiyou, and Lassen counties. The two largest hospitals have a total of 492 beds and employ approximately 2,754 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. On August 4, 2020 Council Policy 412 was revised to change the minimum cash reserve balance from 5% to 10%. It is the policy of the City Council that all major funds except the Electric Utility maintain a minimum of 10% 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, 2021, provided no instances of material weaknesses in the internal control structure or significant violation of applicable laws and regulations.

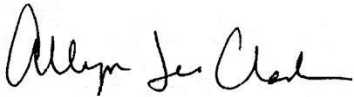
CERTIFICATE OF ACHIEVEMENT

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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. This was the 38th 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 Annual Comprehensive 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 Annual Comprehensive 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 Clark, 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**

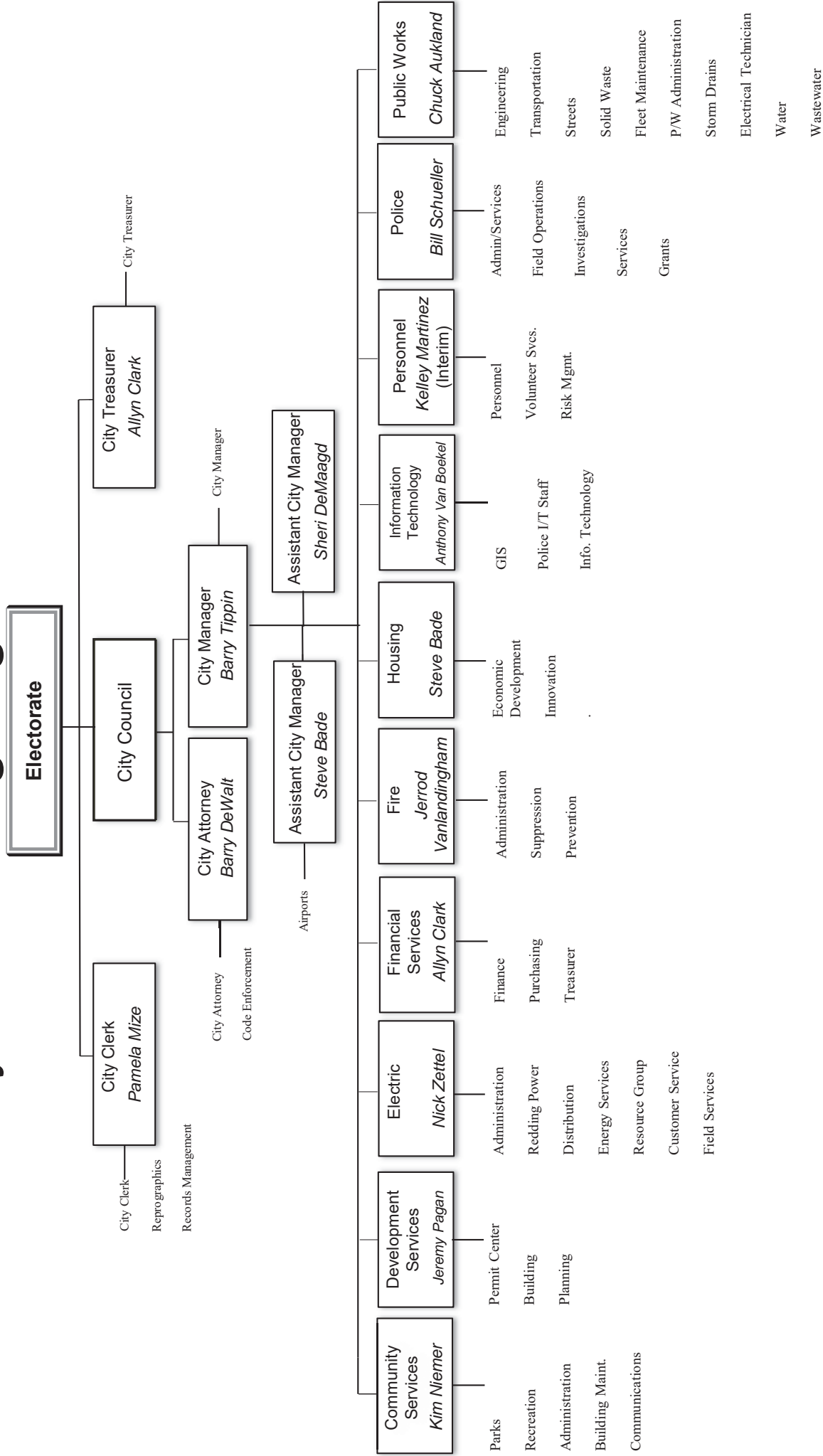
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

City of Redding Organization Chart



MUNICIPAL OFFICIALS

City Council

Mayor	Kristen Schreder
Vice Mayor.....	Mark Mezzano
Council Member.....	Michael Dacquisto
Council Member.....	Erin Resner
Council Member.....	Julie Winter

Administrative Personnel

City Manager.....	Barry Tippin
Assistant City Manager	Sheri DeMaagd
Assistant City Manager	Steve Bade
City Attorney.....	Barry DeWalt
City Clerk	Pamela Mize
City Treasurer.....	Allyn Feci Clark
Director of Community Services.....	Kim Niemer
Director of Development Services	Jeremy Pagan
Director of Electric.....	Nick Zettel
Director of Financial Services	Allyn Feci Clark
Director of Information Technology	Tony Van Boekel
Director of Personnel (Interim)	Kelly Martinez
Director of Public Works	Chuck Aukland
Fire Chief.....	Jerrod Vanlandingham
Police Chief.....	Bill Schueller

Financial Section



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INDEPENDENT AUDITORS' REPORT

2121 North California, Suite 290
Walnut Creek, California 94596



www.pungroup.cpa



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

Opinions

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, 2022, and the related notes to the basic financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, 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.

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, and revenues of the following opinion units as of June 30, 2022:

<u>Opinion Unit</u>	<u>Assets</u>	<u>Net Position</u>	<u>Revenue</u>
Business-type Activities	0.80%	1.31%	0.46%
Major Enterprise Fund:			
Electric Utility	1.99%	4.87%	0.75%

Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for investment in joint ventures, are based solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Implementation of New GASB Pronouncements

As discussed in Note 1 to the basic financial statements, the City implemented Governmental Accounting Standards Board (“GASB”) Statement No. 87, *Leases* during the year. Our opinion is not modified with respect to this matter.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary 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 Combining and Individual Non-major Fund Financial Statements and Budgetary Comparison Schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Passenger Facility Charges Collected and Expended and Interest Collected is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Guide for Public Agencies*, issued by the Federal Aviation Administration, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

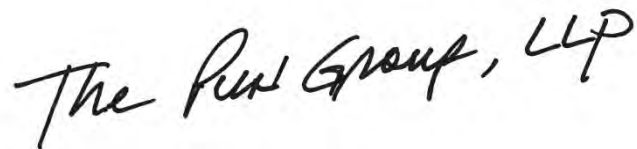
Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

To the Honorable Mayor and Members
of the City Council of the City of Redding
Redding, California
Page 4

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2022, on our consideration of 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 solely 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 effectiveness of City’s 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 City’s internal control over financial reporting and compliance.

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

Walnut Creek, California
December 16, 2022

City of Redding

Management's Discussion and Analysis

For the Year Ended June 30, 2022

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, 2022. 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 ix) and the financial statements (beginning on page 25).

USING THIS FINANCIAL REPORT/OVERVIEW OF REPORT

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

Government-Wide Financial Statements

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

Statement of Net Position: This statement presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as net position.

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

Over time, the change in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

The government-wide financial statements can be found on pages 27-31 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 35-41 of this report.

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

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

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 43-53 of this report.

Fiduciary Funds: The City maintains custodial 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 55-57 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 59-140 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, 2022

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 \$757 million (See Analysis of Statement of Activities and Changes in Net Position on page 12).

- \$687 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 charge on refunding.
- \$106 million is available for the City's ongoing obligations related to programs with external restrictions.
- (\$35.9) million represents the unrestricted deficit and is primarily the result of the City's unfunded pension and Other Postemployment Benefits (OPEB) obligations.
- The City's total debt decreased by \$16.9 million (net of bond premiums and discount and excluding deferred charges) during the year ending June 30, 2022. The City made \$14.6 million in regular scheduled debt payments.
- The City's total net position increased by \$34.1 million over the prior year.
- The \$20 million increase in net investment in capital assets represents the capital assets less accumulated depreciation/amortization, outstanding principal of capital debt, original issue premiums on outstanding capital debt, related deferred inflows, plus original issue discounts on outstanding capital debt, related deferred outflows.
- The \$2.4 million decrease in restricted net position represents the change in resources that are subject to external restrictions on their use.
- The \$16 million increase in unrestricted net position is the change in resources available to fund City programs to citizens and debt obligations to creditors.

Governmental Funds Financial Highlights

The City's governmental funds' combined ending fund balance of \$102.6 million was a decrease of \$6 million from the prior year ending fund balance of \$108.6 million. Amounts available for spending include Restricted, Assigned and Unassigned Fund Balances; these totaled \$99.4 million, or 96.9 percent of fund balance. Of this amount:

- \$74.0 million is restricted by law or externally imposed requirements.
- \$10.1 million is assigned or constrained by the City Council's "intent" to be used for specific purposes, but are neither restricted nor committed.
- \$15.2 million is unassigned fund balance.

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Total		Total	
	2022	2021	2022	2021	2022	2021	<i>Dollar Change</i>	<i>Percent Change</i>
Assets:								
Current and other assets	\$196,571	\$187,603	\$260,954	\$262,653	\$457,525	\$450,256	\$ 7,269	1.6%
Capital assets, net	348,337	337,191	531,217	534,816	879,554	872,007	7,547	0.9%
Total assets	544,908	524,794	792,171	797,469	1,337,079	1,322,263	14,816	1.1%
Deferred outflow of resources	41,582	37,973	35,871	32,654	77,453	70,627	6,826	9.7%
Liabilities:								
Current liabilities	44,670	33,104	50,078	48,525	94,748	81,629	13,119	16.1%
Long-term liabilities	225,073	278,250	258,105	306,660	483,178	584,910	(101,732)	-17.4%
Total liabilities	269,743	311,354	308,183	355,185	577,926	666,539	(88,613)	-13.3%
Deferred inflow of resources	45,380	1,943	34,025	1,264	79,405	3,207	76,198	2376.0%
Net position:								
Net investment in capital assets	317,743	307,598	368,787	358,579	686,530	666,177	20,353	3.1%
Restricted	99,800	99,523	6,782	9,433	106,582	108,956	(2,374)	-2.2%
Unrestricted	(146,176)	(157,650)	110,265	105,662	(35,911)	(51,988)	16,077	-30.9%
Total net position	\$271,367	\$249,471	\$485,834	\$473,674	\$757,201	\$723,145	\$ 34,056	4.7%

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 \$757.2 million at the close of the current fiscal year.

Analysis of Summary of Net Position

The City's total net position increased by 4.7% from a year ago, increasing from \$723.1 million to \$757.2 million. Net position from governmental activities increased by \$21.9 million or 8.8% and net position from business activities increased by \$12.2 million or 2.6%. The \$34.0 million increase in net position is primarily due to a decrease in long term liabilities. The negative unrestricted net position at June 30, 2022 is primarily the result of the City's unfunded pension and OPEB obligations.

The \$12.2 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 Wastewater 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 \$106.6 million represents resources that are subject to external restrictions as to how they may be used. The remaining unrestricted net position deficit of (\$35.9) million experienced a positive change of \$16.1 million, or (30.9%), from the prior year. This change means more

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

resources are available to 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.

Analysis of Statement of Activities and Changes in Net Position

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

	Governmental Activities		Business-Type Activities		Total		Total	
	2022	2021	2022	2021	2022	2021	<i>Dollar Change</i>	<i>Percent Change</i>
Revenues								
<i>Program revenues</i>								
Charges for services	\$ 18,951	\$ 19,302	\$251,057	\$246,883	\$270,008	\$266,185	\$ 3,823	1.4%
Operating grants and contributions	26,365	34,694	11,231	7,387	37,596	42,081	(4,485)	-10.7%
Capital grants and contributions	18,621	27,666	5,308	7,134	23,929	34,800	(10,871)	-31.2%
<i>Total program revenue</i>	63,937	81,662	267,596	261,404	331,533	343,066	(11,533)	-3.4%
<i>General revenue</i>								
Sales tax	31,846	31,159	-	-	31,846	31,159	687	2.2%
Property tax	24,231	22,778	-	-	24,231	22,778	1,453	6.4%
Investment earnings	(2,242)	341	(6,125)	457	(8,367)	798	(9,165)	-1148.5%
Other	15,639	12,611	-	8	15,639	12,619	3,020	23.9%
<i>Total general revenues</i>	69,474	66,889	(6,125)	465	63,349	67,354	(4,005)	-5.9%
Total revenue	133,411	148,551	261,471	261,869	394,882	410,420	(15,538)	-3.8%
Expenses:								
General government	7,445	7,305	-	-	7,445	7,305	140	1.9%
Police	36,227	38,538	-	-	36,227	38,538	(2,311)	-6.0%
Fire	24,061	27,417	-	-	24,061	27,417	(3,356)	-12.2%
Public works	17,139	12,782	-	-	17,139	12,782	4,357	34.1%
Planning	5,530	4,261	-	-	5,530	4,261	1,269	29.8%
Recreation and culture	12,086	11,436	-	-	12,086	11,436	650	5.7%
Community development	11,713	10,788	-	-	11,713	10,788	925	8.6%
Interest on long-term debt	1,448	1,501	-	-	1,448	1,501	(53)	-3.5%
Electric	-	-	158,141	158,676	158,141	158,676	(535)	-0.3%
Water	-	-	20,379	20,163	20,379	20,163	216	1.1%
Wastewater	-	-	24,957	25,097	24,957	25,097	(140)	-0.6%
Storm drain	-	-	2,024	2,530	2,024	2,530	(506)	-20.0%
Solid Waste	-	-	24,546	27,349	24,546	27,349	(2,803)	-10.2%
Transportation	-	-	13,907	11,187	13,907	11,187	2,720	24.3%
Convention center	-	-	1,222	873	1,222	873	349	40.0%
Total expenses	115,649	114,028	245,176	245,875	360,825	359,903	922	0.3%
Increase in net position before transfers and special item	17,762	34,523	16,295	15,994	34,057	50,517	(16,460)	-32.6%
Transfers	4,134	6,159	(4,134)	(6,159)	-	-	-	0.0%
Change in net position	21,896	40,682	12,161	9,835	34,057	50,517	(16,460)	-32.6%
Net position - beginning	249,471	208,789	473,674	463,839	723,145	672,628	50,517	7.5%
Net position - ending	\$271,367	\$249,471	\$485,835	\$473,674	\$757,202	\$723,145	\$34,057	4.7%

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

Governmental Activities

Revenue Highlights

Total revenues for the governmental activities were \$133.4 million. The largest component of total revenue is taxes at \$69.3 million, making up 52% 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 tax revenues. 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 increases by 2.2% from the prior year. The increase of \$0.7 million is the result of a dynamic economy that is still recovering from the impacts of COVID-19 while beginning to weather the impacts of high inflationary pressure. During fiscal year 2021-22 the average inflation was 7.16% with the latter half of the year being higher than the first half of the year. This has potentially two impacts on sales tax, one of which could help and one could hurt. The cost of goods is increasing which could have a positive impact on sales tax. While the negative impact of people not having as much discretionary income to spend on potential taxable goods could negatively impact sales tax. Additionally, The Fed has responded by increasing interest rates which could weaken the economy, which would further hurt sales tax as less people are employed and less disposable income is being spent.

Property taxes increased by 6.4% from the prior year. The \$1.5 million increase is reflective of the rise in property values and the related re-assessment when properties are sold.

Transient occupancy taxes increased by 32.8% from the prior year. The \$2 million increase is a result of the return of normal travel and additional people staying in local hotels relative to the prior fiscal year.

Operating grants and contributions decreased by \$8.3 million primarily due to a decrease in operating grant revenue for Community Development of \$6.5 million and Recreation and Culture of \$1.9 million.

Charges for services decreased by \$0.4 million primarily due to a decrease in Community Development fees of \$2 million related to project solar rebate and an increase in General Government fees of \$1 million related to late fees and an increase in planning fees of \$0.6 million.

Capital grants and contributions decreased by \$9 million primarily due to capital grants for Public Works.

Expense Highlights

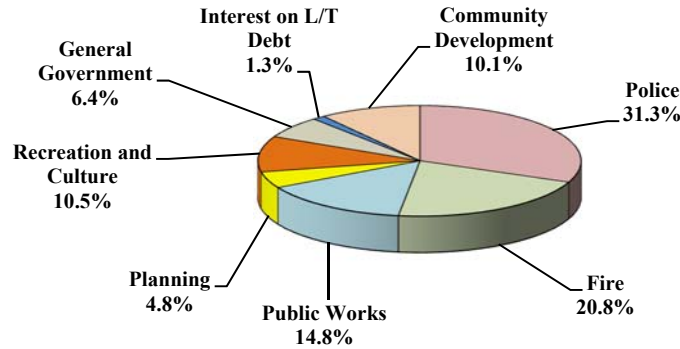
Functional expenses for the year totaled approximately \$115.6 million, an increase of \$1.6 million from the prior year. The increase is a result of an increases in Public Works streets maintenance projects and planning expenditures.

The largest component of total expenses was for public safety (police and fire), representing \$60.2 million or 52.1% of the total. A large portion of public safety costs are funded from general revenues, primarily taxes. In contrast, Public Works expenses, which total \$17.1 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.

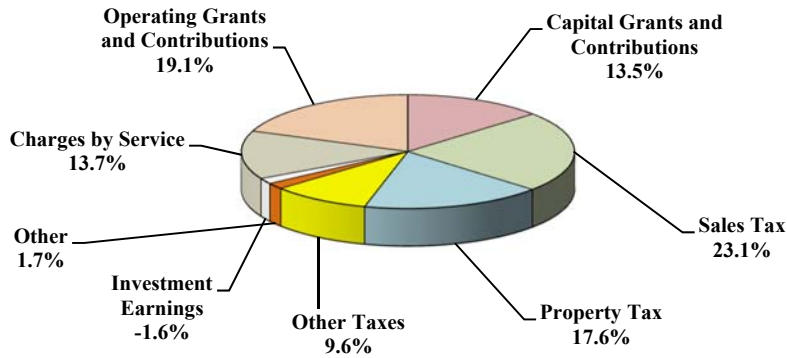
City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

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

Expense by Source - Governmental Activities



Revenues by Source - Governmental Activities



City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

Business-Type Activities

Business-type activities increased the City's net position by \$12.2 million. Key elements of this increase are as follows:

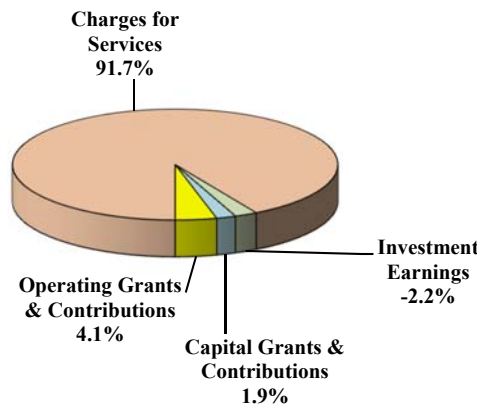
- Revenues exceed expenses for electric, water, wastewater, solid waste and storm drain as funds are being accumulated for current and future capital projects.
- Expenses exceed revenues for the convention center as the operating transfer from the general fund is not shown as revenue.

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	
	2022	2021	2022	2021	2022	2021
Electric	\$ 162,911	\$ 160,224	\$ 158,141	\$ 158,676	\$ 4,770	\$ 1,548
Water	26,820	28,401	20,379	20,163	6,441	8,238
Wastewater	34,011	32,920	24,958	25,097	9,053	7,823
Storm drainage	2,473	3,335	2,024	2,530	449	805
Solid waste	26,895	26,106	24,546	27,349	2,349	(1,243)
Transportation	14,291	10,155	13,907	11,187	384	(1,032)
Convention center	196	264	1,222	874	(1,026)	(610)
Investment earnings	(6,125)	457	-	-	(6,125)	457
Transfers	(4,134)	(6,159)	-	-	(4,134)	(6,159)
Other	-	8	-	-	-	8
Total	\$ 257,338	\$ 255,711	\$ 245,177	\$ 245,876	\$ 12,161	\$ 9,835

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 (91.7%) of the revenues of the business-type activities.

City of Redding
Management’s Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

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	\$ 3,224	\$ 141	\$ 10,118	\$ 15,242	\$ 28,725
Major funds					
Capital projects	-	1,712	-	-	1,712
Other governmental funds	<u>1</u>	<u>72,174</u>	<u>-</u>	<u>-</u>	<u>72,175</u>
	<u>\$ 3,225</u>	<u>\$ 74,027</u>	<u>\$ 10,118</u>	<u>\$ 15,242</u>	<u>\$ 102,612</u>

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 non-spendable portion is a useful measure of a government’s resources available for spending at the end of the fiscal year.

At June 30, 2022, the City’s governmental funds reported total fund balance of \$102.6 million, a decrease of \$6 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 20 – Fund Balances):

- Non-spendable Fund Balance, \$3.2 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. \$2 million for fire trucks is included in prepaid expenses for fire trucks ordered but not received at fiscal year ended June 30, 2022.
- Restricted Fund Balance, \$74.0 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, \$10.1 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, \$15.2 million represents the residual balance for the City’s governmental funds.

General Fund

The General Fund is the chief operating fund of the City. At June 30, 2022, unassigned fund balance was \$15 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 14.3% of the total General Fund expenditures, while total fund balance represents 26.9% of total General Fund expenditures.

The fund balance of the City’s General Fund decreased by \$1.8 million during the year ended June 30, 2022.

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

General Fund revenues increased \$6.7 million, and expenditures increased by \$19.4 million from fiscal year-end 2021 to 2022. The increase in revenue was primarily due to increases in property tax revenue of \$1.4 million (6.1%) and increases in sales tax revenues of \$0.8 million (2.6%) and increases in other tax revenue of 1.8 million (15.9%). Tax rates were not changed during the year. The increase is also contributed to late fees of \$1.4 million and grant revenue of \$1.4.

The \$19.4 million increase in expenditures is primarily due to an increase in expenditures for Public Safety of \$6.5 million, capital outlay of \$6 million and Public Works of \$3.8 million and General Government of \$1.8 million. The expenditures contributing to the increase are primarily due to increases in staffing costs and increased costs of goods affecting internal service fixed charges and operating materials.

Other financing sources increased by \$2.8 million. This is primarily due to an increase in net transfers of \$2.1 million and increase in gains on sale of assets of \$.5 million.

Capital Project Fund

The Capital Project Fund accounts for the financing and construction activities of the City. On June 30, 2022, the restricted fund balance was \$1.7 million. Restricted fund balance represents 9.6% of the total Capital Project Funds expenditures.

The fund balance of the City's Capital Project Fund decreased \$5.5 million during the year ended June 30, 2022 primarily due to an increase in capital outlay.

Capital Project Fund revenues decreased \$1.9 million and expenditures decreased \$1.0 million. The decrease in revenue was primarily due to a decrease in net investment earnings and the increase in expenditures was the result of decreased capital outlay for construction project activity.

Governmental Funds
Summary of Revenues, Expenditures, and Changes in Fund Balances
(in thousands)

	General Fund				Capital Projects Fund			
	2022	2021	Dollar Change	Percent Change	2022	2021	Dollar Change	Percent Change
Total revenue	\$ 91,020	\$ 84,328	\$ 6,692	7.9%	\$ 12,489	\$ 14,403	\$ (1,914)	-13.3%
Total expenditures	106,777	87,367	19,410	22.2%	17,840	18,854	(1,014)	-5.4%
Excess (deficiency) of revenues	(15,757)	(3,039)	(12,718)	418.5%	(5,351)	(4,451)	(900)	20.2%
Other financing sources (uses)	13,975	11,201	2,774	24.8%	(122)	(709)	587	-82.8%
Net change in fund balance	(1,782)	8,162	(9,944)	-121.8%	(5,473)	(5,160)	(313)	6.1%
Fund balance								
Beginning of year	30,507	22,345	8,162	36.5%	7,185	12,345	(5,160)	-41.8%
End of year	\$ 28,725	\$ 30,507	\$ (1,782)	-5.8%	\$ 1,712	\$ 7,185	\$ (5,473)	-76.2%

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

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>June 30, 2021</u>	<u>Changes in</u> <u>Net Position</u>	<u>Net Position</u> <u>June 30, 2022</u>
Electric Utility	\$ 133,516	\$ (3,143)	\$ 130,373
Water Utility	114,305	4,525	118,830
Wastewater Utility	153,635	7,733	161,368
Solid Waste Collection/Disposal	20,560	1,854	22,414

Net Position - Restricted and Unrestricted
Major Proprietary Funds as of June 30, 2022
(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	\$ 87,101	\$ -	\$ 43,273	\$ 130,374
Water Utility	69,930	3,419	45,482	118,831
Wastewater Utility	127,529	71	33,768	161,368
Solid Waste Collection/Disposal	19,721	-	2,693	22,414

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

City of Redding
Management’s Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

General Fund Budgetary Highlights

The City adopts two one-year budgets every other year. The fiscal year ending June 30, 2022, was the first year of the two-year budget process. Differences between the original General Fund budget and the amended General Fund budget expenditures are shown below:

General Fund Original and Amended Budget
(in thousands)

	Original	Amended	Increase (Decrease)
General government	\$ 8,110	\$ 15,788	\$ 7,678
Public safety:			
Police	38,087	46,346	8,259
Fire	23,767	26,764	2,997
Public works	18,430	20,015	1,585
Planning	6,736	17,316	10,580
Recreation and culture	9,597	13,094	3,497
Principal payments	1,685	1,742	57
Interest payments and bond costs	953	971	18
Total expenditures	\$ 107,365	\$ 142,036	\$ 34,671

As shown in the previous table, the General Fund’s original budget was amended to include increase of \$34.6 million or approximately 32.3%. The reasons for this increase are as follows:

- The Planning budget increased by \$10.6 million primarily due to \$2.5 million in ARPA grant funding, \$5 million budgeted for fire station design and review project, and \$1.7 million for the Stillwater completion project.
- The Police budget increased by \$8.3 million primarily due to grants and grant type agreements approved and received after the budget was originally adopted. Of these grants \$3.2 million are ARPA grants budgeted for park rangers and the police 8th beat. 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 General Government budget increased \$7.7 million primarily due to \$6.6 million in ARPA grant funding budgeted for project related to city broadband, the riverfront plan, utility assistance, non-profit assistance, and youth programs.
- The Recreation and Culture budget increased by \$3.5 million primarily due to \$3.1 million in ARPA grant funding budgeted for park upgrades and sport camp scholarships.
- The Fire budget increased by \$3 million primarily due to mutual aid provided to Cal Fire.
- The City does not include rolling stock appropriations in its original budget. It is a Council policy to maintain a rolling stock fund and equipment replacement fund separate from the General Fund from which departments, with the City Manager approval, can transfer funds to the General Fund and amend the adopted budget for the transfers. During the year departments’ budgets were increased by \$1.5 million due to rolling stock transfers and \$0.2 million due to equipment replacement transfers.

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

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, 2022, totaled \$879.6 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 City's total investment in capital assets for the current year increased by \$7.1 million. Investment in capital assets for governmental activities increased \$10.9 million or 3.2% and business-type activities decreased \$3.7 million or (0.7%).

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

- Developers added an estimated \$4.8 million of water, wastewater, electric, storm drainage improvements, parks, streets, sidewalks and traffic signals.
- Electric Utility added \$5.8 million on system improvements, \$1.8 million on vehicles, \$1.5 million on SB901 Tech Solutions, \$1.3 million on an emergency communications platform, \$1.3 million on a remote communication meter project, and \$0.5 million on mobile command center.
- The City added \$4.8 million on Girvan Road railroad crossing improvements, \$2.3 million on the South Bonnyview at I-5 and Bechelli project, \$2.0 million on West Street school safe improvements, \$1.5 million on Churn Creek Road at Margalia improvements, \$1.3 million on other Street improvements, and \$1.1 million on bike paths/lane improvements.
- Water Utility added \$1.5 million on water line replacement projects, \$0.4 million on the pump house replacement, and \$0.3 million in meters.
- Wastewater utility added \$1.9 million on Biosolid Pyrolysis, \$1.5 million on the Block 7 Sewer project, \$1.0 million on Biofilter improvements, and \$0.8 million on the Locust Lift Station improvements.
- Solid Waste added \$1.9 million on vehicles and heavy equipment.
- Fire added \$2.7 million in vehicles. Police added \$0.7 million in vehicles and \$1.0 million in Radio Communication Equipment.
- Parks added \$1.6 million in Caldwell Park improvements, \$1.2 million in City trail improvements, and \$0.8 million in Redding Aquatic Center Improvements.
- Community Development added \$0.2 million in Emergency Sleeping Cabins.
- The City deleted assets, net depreciation, of \$0.7 million in plant assets, and \$0.3 million in land due to property sales.

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

Changes in Capital Assets, net Depreciation
(in thousands)

	Balance June 30, 2022	Balance June 30, 2021	Dollar Change	Percent Change
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 36,207	\$ 36,322	\$ (115)	-0.3%
Construction in progress	43,134	32,413	10,721	33.1%
Capital assets, being depreciated				
Buildings	24,905	26,737	(1,832)	-6.9%
Improvements other than buildings	32,554	35,495	(2,941)	-8.3%
Infrastructure	202,404	199,967	2,437	1.2%
Automotive equipment	6,998	4,519	2,479	54.9%
Furnishings and equipment	1,795	1,739	56	3.2%
Assets under capital lease:				
Improvements	51	86	(35)	-40.7%
Automotive equipment	290	192	98	51.0%
Governmental activities capital assets, net	<u>\$ 348,338</u>	<u>\$ 337,470</u>	<u>\$ 10,868</u>	3.2%
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 20,394	\$ 20,127	\$ 267	1.3%
Construction in progress	34,488	36,015	(1,527)	-4.2%
Capital assets, being depreciated				
Utility plants	394,488	391,676	2,812	0.7%
Buildings	28,623	30,986	(2,363)	-7.6%
Improvements other than buildings	23,034	24,806	(1,772)	-7.1%
Automotive equipment	20,565	21,519	(954)	-4.4%
Furnishings and equipment	9,564	9,687	(123)	-1.3%
Assets under capital lease:				
Equipment	61	124	(63)	-50.8%
Business-type activities capital assets, net	<u>\$ 531,217</u>	<u>\$ 534,940</u>	<u>\$ (3,723)</u>	-0.7%
Total entity-wide capital assets	<u>\$ 879,555</u>	<u>\$ 872,410</u>	<u>\$ 7,145</u>	0.8%

See Note 6 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, 2022

Long Term Debt

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

Changes in Long Term Debt				
<i>(in thousands)</i>				
	Balance	Additions/		Balance
	June 30, 2021	Transfers	Reductions	June 30, 2022
Governmental activities:				
Leases payable	\$ 278	\$ 151	\$ 91	\$ 338
Lease revenue bonds	29,594	-	1,955	27,639
Total governmental activities	<u>29,872</u>	<u>151</u>	<u>2,046</u>	<u>27,977</u>
Business-type activities:				
State loan payable	1,212	-	84	1,128
Revenue bonds	158,316	-	12,555	145,761
Leases payable	124	-	59	65
Total business-type activities	<u>159,652</u>	<u>-</u>	<u>12,698</u>	<u>146,954</u>
Total outstanding long-term debt	<u>\$ 189,524</u>	<u>\$ 151</u>	<u>\$ 14,744</u>	<u>\$ 174,931</u>

The City’s total debt decreased by \$14.6 million (net of bond premiums and discounts excluding deferred charges) during the fiscal year ending June 30, 2022. The City made \$14.7 million in regular scheduled debt payments. The Police department increased lease obligations by \$0.15 million.

Currently, the City’s legal debt margin is \$276 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 10 on pages 91-95 of this report.

Deferred Outflows of Resources & Deferred Inflows of Resources

Deferred Outflows of Resources

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

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.

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

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.

Deferred inflows of resources are also impacted by the implementation of GASB 87 for lease reporting. Deferred inflows of resources related to leases represent the deferred revenue related to the present value of lease receivable.

Additional information pertaining to deferred outflows and inflows for pensions and OPEB can be found in notes 18 and 19.

Economic Factors and Next Year's Budgets and Rates

- The City of Redding has experienced a decrease in population since 2020 of less than one percent per year while the unemployment rate has decreased from 10% in 2020 to 4% in 2022.
- Inflationary trends in the region compare favorably to national indices.
- Overall tax revenue for the City's General Fund increased by \$4 million during the year. This was primarily due to the increases in sales tax (\$0.8 million), property tax (\$1.4 million), cannabis tax (\$0.3 million), and transient occupancy tax (\$2.3 million).
- The City's General Fund two most major tax revenue sources are sales tax and property tax. Sales tax revenue is budgeted to increase by 3.8% in fiscal year 2022-23. Property tax revenue is budgeted to increase by 5.8% in fiscal year 2022-23.
- Building activity in the City continues to have strong indications with year over year growth through fiscal year 2021-22.
- The future economic activity is uncertain at this time as many experts are predicting a recession in calendar year 2023. The duration and severity of the recession is uncertain as forecasts are from early to late 2023 with predictions from a moderate recession to a painful recession.

All of these factors were considered in preparing and updating the City's budget for the 2022-23 fiscal year.

City of Redding
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

During the current fiscal year fund balance in the General Fund decreased by \$1.8 million to \$28.7 million. The City of Redding has a City Council policy that requires major funds, including the General Fund, to prepare and maintain 10-year financial plans that maintain a minimum 10% cash reserve for all years of the plan. The City Council passed a 10-year Financial Plan on June 15, 2021 which maintains this standard for all years. The fund balance is different than cash, which is used as the basis of measurement for the City Council policy (see Note 1 for definitions of fund balance and cash). Any changes to fund balance associated with changes in cash will be analyzed and updated with future revisions to the City of Redding General Fund 10-year plan.

The Electric, Water, Wastewater, and Solid Waste rates will increase either as approved by City Council or at rates proposed to City Council. The current rates for Water, Wastewater and Solid Waste were adopted by City Council on February 4, 2020. The current Electric rates were adopted by City Council on December 7, 2021.

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

Basic Financial Statements



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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Redding
Statement of Net Position
June 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 79,884,498	\$ 192,862,156	\$ 272,746,654
Receivables:			
Interest	4,908,542	534,610	5,443,152
Accounts, net	2,075,214	24,580,829	26,656,043
Lease	295,144	688,245	983,389
Taxes	6,882,186	-	6,882,186
Intergovernmental	23,106,554	3,859,903	26,966,457
Notes	58,130,731	112,321	58,243,052
Special assessments	321,402	-	321,402
Other	711,463	-	711,463
Inventories	570,708	12,089,026	12,659,734
Prepaid items	2,295,472	1,395,777	3,691,249
Deposits	-	157,373	157,373
Total current assets	<u>179,181,914</u>	<u>236,280,240</u>	<u>415,462,154</u>
Noncurrent assets:			
Internal balances	13,033,225	(13,033,225)	-
Restricted assets:			
Cash and investments	2,592,214	10,822,509	13,414,723
Interest receivable	2,068	-	2,068
Power acquisition costs, net	-	35,284	35,284
Lease receivable, net	1,761,601	6,925,130	8,686,731
Capital assets:			
Land and construction in progress	79,341,431	54,882,301	134,223,732
Depreciable capital assets, net	268,995,988	476,334,965	745,330,953
Investment in JPA	-	6,353,828	6,353,828
Storage base gas	-	13,570,000	13,570,000
Total noncurrent assets	<u>365,726,527</u>	<u>555,890,792</u>	<u>921,617,319</u>
Total assets	<u>544,908,441</u>	<u>792,171,032</u>	<u>1,337,079,473</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding bonds or debt	212,906	7,347,590	7,560,496
Deferred outflows related to other post employment benefits	15,949,359	11,206,418	27,155,777
Deferred outflows related to pensions	25,420,205	17,317,227	42,737,432
Total deferred outflows of resources	<u>41,582,470</u>	<u>35,871,235</u>	<u>77,453,705</u>

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Statement of Net Position (Continued)
June 30, 2022

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	5,650,436	8,965,623	14,616,059
Accrued liabilities	1,629,900	1,071,314	2,701,214
Intergovernmental payable	1,094,455	6,280,147	7,374,602
Accrued interest payable	345,281	593,641	938,922
Unearned revenue	19,142,123	3,216,437	22,358,560
Deposits	279,943	9,496,888	9,776,831
Accounts payable from restricted assets	2,017,706	-	2,017,706
Landfill closing costs, due within one year	-	170,370	170,370
Claims and judgements payable, due within one year	7,151,039	-	7,151,039
Compensated absences, due within one year	5,093,888	3,223,756	8,317,644
Long-term debt, due within one year	2,265,598	17,059,746	19,325,344
Total current liabilities	<u>44,670,369</u>	<u>50,077,922</u>	<u>94,748,291</u>
Noncurrent liabilities:			
Intergovernmental payable, due in more than one year	292,252	-	292,252
Landfill closing costs, due in more than one year	-	2,413,590	2,413,590
Claims and judgements payable, due in more than one year	10,505,901	-	10,505,901
Accrued compensated absences, due in more than one year	8,658,255	5,833,511	14,491,766
Long-term debt, due in more than one year	28,541,969	153,088,908	181,630,877
Aggregate other post employment benefits liability	32,267,919	22,672,249	54,940,168
Aggregate net pension liability	144,807,180	74,096,688	218,903,868
Total noncurrent liabilities	<u>225,073,476</u>	<u>258,104,946</u>	<u>483,178,422</u>
Total liabilities	<u>269,743,845</u>	<u>308,182,868</u>	<u>577,926,713</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to other post employment benefits	1,180,665	829,564	2,010,229
Deferred inflows related to pensions	42,142,922	25,581,569	67,724,491
Deferred inflows related to leases	2,056,745	7,613,375	9,670,120
Total deferred inflows of resources	<u>45,380,332</u>	<u>34,024,508</u>	<u>79,404,840</u>
NET POSITION			
Net investment in capital assets	317,742,758	368,787,712	686,530,470
Restricted for:			
Capital outlay	-	6,782,510	6,782,510
Debt service	742,437	-	742,437
Housing	19,318,364	-	19,318,364
Community development	47,350,983	-	47,350,983
Public works	18,476,404	-	18,476,404
Public safety	1,799,477	-	1,799,477
Community services	11,089,507	-	11,089,507
Other	1,022,418	-	1,022,418
Total restricted	<u>99,799,590</u>	<u>6,782,510</u>	<u>106,582,100</u>
Unrestricted (deficit)	<u>(146,175,614)</u>	<u>110,264,669</u>	<u>(35,910,945)</u>
Total net position	<u>\$ 271,366,734</u>	<u>\$ 485,834,891</u>	<u>\$ 757,201,625</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, 2022

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	\$ 7,444,640	\$ 6,483,335	\$ 1,981,528	\$ -	\$ 8,464,863
Police	36,227,155	1,373,202	1,864,138	76,749	3,314,089
Fire	24,061,217	2,129,621	7,500	519,080	2,656,201
Public works	17,139,094	1,055,233	8,367,534	12,447,868	21,870,635
Planning	5,529,441	5,502,403	215,436	-	5,717,839
Recreation and culture	12,086,281	2,195,853	418,425	5,577,764	8,192,042
Community development	11,712,568	211,765	13,510,325	-	13,722,090
Interest on long-term debt	1,448,241	-	-	-	-
Total governmental activities	115,648,637	18,951,412	26,364,886	18,621,461	63,937,759
Business-type activities:					
Electric	158,141,420	159,904,815	1,153,694	1,852,157	162,910,666
Water	20,378,700	25,183,388	1,449,639	186,513	26,819,540
Wastewater	24,957,471	32,707,404	1,066,507	236,924	34,010,835
Storm drainage	2,024,016	2,204,401	-	268,274	2,472,675
Solid waste	24,546,239	26,844,590	40,867	10,000	26,895,457
Transportation	13,906,912	4,016,624	7,519,855	2,754,343	14,290,822
Convention center	1,221,786	196,171	-	-	196,171
Total business-type activities	245,176,544	251,057,393	11,230,562	5,308,211	267,596,166
Total primary government	\$ 360,825,181	\$ 270,008,805	\$ 37,595,448	\$ 23,929,672	\$ 331,533,925

(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, 2022

Functions / Programs	Net (Expenses) Revenues and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ 1,020,223	\$ -	\$ 1,020,223
Police	(32,913,066)	-	(32,913,066)
Fire	(21,405,016)	-	(21,405,016)
Public works	4,731,541	-	4,731,541
Planning	188,398	-	188,398
Recreation and culture	(3,894,239)	-	(3,894,239)
Community development	2,009,522	-	2,009,522
Interest on long-term debt	(1,448,241)	-	(1,448,241)
Total governmental activities	(51,710,878)	-	(51,710,878)
Business-type activities:			
Electric	-	4,769,246	4,769,246
Water	-	6,440,840	6,440,840
Wastewater	-	9,053,364	9,053,364
Storm drainage	-	448,659	448,659
Solid waste	-	2,349,218	2,349,218
Transportation	-	383,910	383,910
Convention center	-	(1,025,615)	(1,025,615)
Total business-type activities	-	22,419,622	22,419,622
Total primary government	(51,710,878)	22,419,622	(29,291,256)
General revenues and transfers:			
Taxes:			
Property taxes, levied for general purpose	24,231,038	-	24,231,038
Transient occupancy taxes	8,266,136	-	8,266,136
Sales taxes	31,845,575	-	31,845,575
Motor vehicle taxes	105,953	-	105,953
Franchise taxes	1,237,911	-	1,237,911
Other taxes	3,646,978	-	3,646,978
Total taxes	69,333,591	-	69,333,591
Investment income (loss)	(2,241,966)	(6,124,850)	(8,366,816)
Other	226,659	-	226,659
Gain on sale of assets	2,154,810	-	2,154,810
Transfers	4,134,065	(4,134,065)	-
Total general revenues and transfers	73,607,159	(10,258,915)	63,348,244
Changes in net position	21,896,281	12,160,707	34,056,988
Net position:			
Beginning of year	249,470,453	473,674,184	723,144,637
End of year	<u>\$ 271,366,734</u>	<u>\$ 485,834,891</u>	<u>\$ 757,201,625</u>

(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, 2022

	General Fund	General Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 43,115,805	\$ 3,504,429	\$ 14,489,689	\$ 61,109,923
Accounts receivable, net	1,955,609	5,000	37,780	1,998,389
Lease receivable	2,056,745	-	-	2,056,745
Intergovernmental receivable	884,886	19,719,039	2,502,629	23,106,554
Interest receivable	78,632	-	4,785,861	4,864,493
Taxes receivable	6,882,186	-	-	6,882,186
Other receivable	696,771	-	14,692	711,463
Due from other funds	1,786,544	-	-	1,786,544
Prepaid items	2,137,598	-	777	2,138,375
Inventories	179,264	-	-	179,264
Restricted assets:				
Cash and investments	907,492	1,536,249	148,473	2,592,214
Interest receivable	-	2,068	-	2,068
Interfund receivable	25,000	-	-	25,000
Advances to other funds	31,250	-	-	31,250
Special assessments receivable	-	-	321,402	321,402
Notes receivable	-	-	58,130,731	58,130,731
Total assets	60,737,782	24,766,785	80,432,034	165,936,601

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Balance Sheet (Continued)
Governmental Funds
June 30, 2022

	General Fund	General Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
LIABILITIES				
Accounts payable	4,498,779	533,510	139,902	5,172,191
Accrued liabilities	1,282,725	23,025	37,357	1,343,107
Intergovernmental payable	557,384	162,183	8,418	727,985
Due to other funds	-	-	60,037	60,037
Accounts payable from restricted assets	-	2,012,506	5,200	2,017,706
Unearned revenue	16,077,508	1,191,487	1,668,847	18,937,842
Deposits	131,470	-	148,473	279,943
Advances from other funds	5,760,767	-	420,694	6,181,461
Total liabilities	28,308,633	3,922,711	2,488,928	34,720,272
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	1,647,222	19,131,988	5,768,348	26,547,558
Leases	2,056,745	-	-	2,056,745
Total deferred inflows of resources:	3,703,967	19,131,988	5,768,348	28,604,303
Fund balances:				
Nonspendable	3,224,350	-	777	3,225,127
Restricted	141,236	1,712,086	72,173,981	74,027,303
Assigned	10,117,549	-	-	10,117,549
Unassigned	15,242,047	-	-	15,242,047
Total fund balances	28,725,182	1,712,086	72,174,758	102,612,026
Total liabilities, deferred inflows of resources and fund balances	\$ 60,737,782	\$ 24,766,785	\$ 80,432,034	\$ 165,936,601

(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, 2022

	<u>Statement of Net Position</u>	<u>Internal Service Funds</u>	<u>Net</u>
Fund balances governmental funds			\$ 102,612,026
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets (net) have not been included as financial resources in governmental fund activity.	\$ 348,337,419	\$ 8,063,747	340,273,672
Deferred charges have not been included as financial resources in governmental fund activity.	212,906	-	212,906
Deferred outflows related to pensions and OPEB have not been included in governmental fund activity.	41,369,564	5,943,888	35,425,676
Long-term debt that has not been included in the governmental fund activity.	(30,807,567)	-	(30,807,567)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.	(345,281)	-	(345,281)
The net other post employment benefit obligation has not been reported in the governmental funds.	(32,267,919)	(4,836,105)	(27,431,814)
Net pension liability is not due and payable in the current period and therefore is not reported in the fund financial statements.	(144,807,180)	(15,595,700)	(129,211,480)
Revenue reported as unavailable revenue in the governmental funds is recorded as revenue in the statement of activities.	26,547,558	-	26,547,558
Deferred inflows related to pensions and OPEB have not been included in governmental fund activity.	(43,323,587)	(5,531,714)	(37,791,873)
Internal service fund net position included in the governmental activities on the statement of activities.	-	(3,928,399)	3,928,399
Accrued vacation and other leave not reported in governmental funds, but recorded as expense in the Statement of Activities.	(13,752,143)	(1,706,655)	(12,045,488)
Net position of governmental activities			<u><u>\$ 271,366,734</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, 2022

	General Fund	General Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 24,196,056	\$ -	\$ -	\$ 24,196,056
Sales and use taxes	31,594,559	-	272,517	31,867,076
Other taxes	13,151,025	-	-	13,151,025
Special assessments	12,009	-	916,718	928,727
Licenses and permits	2,449,623	-	45,766	2,495,389
Intergovernmental revenues	4,357,614	7,847,034	21,118,161	33,322,809
Charges for services	5,697,087	-	1,660,488	7,357,575
Fines, forfeitures, and penalties	1,290,823	-	77,648	1,368,471
Use of money and property	8,349,455	-	-	8,349,455
Net investment earnings (loss)	(1,400,341)	(22,004)	(194,078)	(1,616,423)
Other	1,322,337	4,663,822	141,449	6,127,608
Total revenues	91,020,247	12,488,852	24,038,669	127,547,768
EXPENDITURES:				
Current:				
General government	8,780,522	709	-	8,781,231
Community development	-	-	12,106,454	12,106,454
Public safety:				
Police	38,735,356	-	56,048	38,791,404
Fire	25,884,481	-	-	25,884,481
Public works	9,089,981	745,558	880,663	10,716,202
Planning	5,843,580	-	-	5,843,580
Recreation and culture	5,724,530	433,961	2,533,696	8,692,187
Capital outlay	9,934,226	15,921,835	167,106	26,023,167
Debt service:				
Principal	1,741,918	270,000	34,631	2,046,549
Interest and fiscal charges	1,042,605	467,788	3,298	1,513,691
Total expenditures	106,777,199	17,839,851	15,781,896	140,398,946
Excess (deficiency) of revenues over (under) expenditures	(15,756,952)	(5,350,999)	8,256,773	(12,851,178)
OTHER FINANCING SOURCES (USES):				
Sale of assets	1,529,810	-	625,000	2,154,810
Long-term debt issued	151,196	-	-	151,196
Transfers in	14,374,184	-	937,161	15,311,345
Transfers out	(2,079,843)	(122,048)	(8,553,136)	(10,755,027)
Total other financing sources (uses)	13,975,347	(122,048)	(6,990,975)	6,862,324
NET CHANGE IN FUND BALANCES	(1,781,605)	(5,473,047)	1,265,798	(5,988,854)
Fund balances:				
Beginning of year	30,506,787	7,185,133	70,908,960	108,600,880
End of year	<u>\$ 28,725,182</u>	<u>\$ 1,712,086</u>	<u>\$ 72,174,758</u>	<u>\$ 102,612,026</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, 2022

Net change in fund balances - total governmental funds	\$ (5,988,854)
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.	26,023,167
In the Statement of Activities, donated assets are reported as a capital contribution.	2,122,564
Transfer of capital assets between governmental, enterprise, and internal service funds.	(422,253)
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, net of internal service funds of \$1,230,665 was not reported in the in governmental funds.	(15,495,759)
Disposal of capital assets is reported in the government-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	(307,893)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	4,546,732
In the Statement of Activities, the other post employment benefit expense that does not require the use of financial resources is not reported as revenue or expenditure.	(1,518,868)
Repayment of long-term liabilities was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
Principal payment of long-term debt	2,046,549
Amortization of bond premium	130,904
Amortization of bond discounts	(3,988)
Proceeds from debt are a financing source in the governmental funds, but a liability in the Statement of Net Position	(151,196)
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 and amortization of interest expense.	(28,907)
Compensated absences in the Statement of Activities is reported as an expense but is not reported in the governmental funds.	(1,216,390)
In the Statement of Activities, pension expense that does not require the use of current financial resources is not reported as revenue or expenditure.	12,929,495
Net income (loss) before transfers and contributions - internal service funds	(801,039)
Less: portion allocated to business activities	32,017
Change in net position of governmental activities	<u><u>\$ 21,896,281</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, 2022

	Enterprise Funds			
	Electric Utility	Water Utility	Wastewater Utility	Solid Waste Collection/ Disposal
ASSETS				
Current assets:				
Cash and investments	\$ 69,023,386	\$49,647,074	\$ 37,453,563	\$ 27,800,804
Accounts receivable, net	16,362,983	2,602,270	3,045,621	2,449,463
Lease receivable	-	97,832	-	-
Intergovernmental receivable	-	186,339	-	-
Interest receivable	183,192	144,995	109,055	74,364
Interfund receivable	67,649	-	-	-
Prepaid items	1,376,631	3,048	3,358	11,246
Inventories	10,948,854	1,004,091	21,681	-
Deposit	95,373	21,000	41,000	-
Total current assets	<u>98,058,068</u>	<u>53,706,649</u>	<u>40,674,278</u>	<u>30,335,877</u>
Noncurrent assets:				
Restricted assets:				
Cash and investments	643	3,768,543	3,931,611	-
Total restricted assets	<u>643</u>	<u>3,768,543</u>	<u>3,931,611</u>	<u>-</u>
Capital assets:				
Land	5,240,780	508,799	2,984,167	1,697,818
Construction in progress	14,045,467	5,220,883	11,189,433	478,415
Depreciable capital assets, net	175,525,825	64,550,124	166,434,775	17,553,713
Capital assets	<u>194,812,072</u>	<u>70,279,806</u>	<u>180,608,375</u>	<u>19,729,946</u>
Other assets:				
Power acquisition costs, net	35,284	-	-	-
Advances to other funds	6,007,110	-	-	-
Lease receivable, net current	-	412,369	-	-
Investment in JPA	6,353,828	-	-	-
Storage base gas	13,570,000	-	-	-
Note receivable	112,321	-	-	-
Total other assets	<u>26,078,543</u>	<u>412,369</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>220,891,258</u>	<u>74,460,718</u>	<u>184,539,986</u>	<u>19,729,946</u>
Total assets	<u>318,949,326</u>	<u>128,167,367</u>	<u>225,214,264</u>	<u>50,065,823</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	6,504,667	12,973	825,317	-
Deferred outflows related to other post employment benefits	7,309,734	757,754	1,045,702	1,759,613
Deferred outflows related to pensions	11,255,969	1,319,568	1,677,118	2,646,184
Total deferred outflows of resources	<u>25,070,370</u>	<u>2,090,295</u>	<u>3,548,137</u>	<u>4,405,797</u>

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2022

	Enterprise Funds		Governmental
	Non-Major	Total	Activities
	Enterprise Funds		Internal Service Funds
ASSETS			
Current assets:			
Cash and investments	\$ 8,937,329	\$ 192,862,156	\$ 18,774,575
Accounts receivable, net	120,492	24,580,829	76,825
Lease receivable	590,413	688,245	-
Intergovernmental receivable	3,673,564	3,859,903	-
Interest receivable	23,004	534,610	44,049
Interfund receivable	-	67,649	83,851
Prepaid items	1,494	1,395,777	157,097
Inventories	114,400	12,089,026	391,444
Deposit	-	157,373	-
Total current assets	<u>13,460,696</u>	<u>236,235,568</u>	<u>19,527,841</u>
Noncurrent assets:			
Restricted assets:			
Cash and investments	3,121,712	10,822,509	-
Total restricted assets	<u>3,121,712</u>	<u>10,822,509</u>	<u>-</u>
Capital assets:			
Land	9,962,746	20,394,310	110,810
Construction in progress	3,553,793	34,487,991	74,907
Depreciable capital assets, net	52,270,528	476,334,965	7,878,030
Capital assets	<u>65,787,067</u>	<u>531,217,266</u>	<u>8,063,747</u>
Other assets:			
Power acquisition costs, net	-	35,284	-
Advances to other funds	-	6,007,110	3,312,699
Lease receivable, net current	6,512,761	6,925,130	-
Investment in JPA	-	6,353,828	-
Storage base gas	-	13,570,000	-
Note receivable	-	112,321	-
Total other assets	<u>6,512,761</u>	<u>33,003,673</u>	<u>3,312,699</u>
Total noncurrent assets	<u>75,421,540</u>	<u>575,043,448</u>	<u>11,376,446</u>
Total assets	<u>88,882,236</u>	<u>811,279,016</u>	<u>30,904,287</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	4,633	7,347,590	-
Deferred outflows related to other post employment benefits	333,615	11,206,418	2,390,385
Deferred outflows related to pensions	418,388	17,317,227	3,553,503
Total deferred outflows of resources	<u>756,636</u>	<u>35,871,235</u>	<u>5,943,888</u>

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2022

	Enterprise Funds			
	Electric Utility	Water Utility	Wastewater Utility	Solid Waste Collection/ Disposal
LIABILITIES				
Current liabilities (payable from current assets):				
Accounts payable	4,529,590	768,164	931,051	1,033,088
Accrued liabilities	707,563	76,519	97,672	152,848
Accrued interest payable	393,544	2,318	176,958	-
Claims and judgements payable	-	-	-	-
Intergovernmental payable	5,399,301	4,189	25,659	40,651
Due to other funds	-	-	-	-
Interfund payables	-	-	-	-
Unearned revenue	-	20,465	-	140,959
Deposits	2,074,255	-	-	7,334,594
Accrued compensated absences, due with in one year	2,059,498	238,748	281,639	586,564
Landfill closure costs, due with in one year	-	-	-	170,370
Long-term debt, due with in one year	10,808,080	731,415	5,349,838	9,042
State loan, due with in one year	-	-	-	-
Total current liabilities	<u>25,971,831</u>	<u>1,841,818</u>	<u>6,862,817</u>	<u>9,468,116</u>
Long-term liabilities:				
Accrued compensated absences, due in more than one year	3,757,169	385,392	498,415	1,090,895
Landfill closure costs, due in more than one year	-	-	-	2,413,590
Advances from other funds	-	-	-	-
Claims and judgements, due in more than one year	-	-	-	-
Long-term debt, due in more than one year	103,408,368	2,248	48,555,121	-
State loan, due in more than one year	-	-	-	-
Aggregate net OPEB liability	14,788,676	1,533,050	2,115,611	3,559,958
Aggregate net pension liability	48,468,583	5,254,395	6,885,326	11,450,799
Total long-term liabilities	<u>170,422,796</u>	<u>7,175,085</u>	<u>58,054,473</u>	<u>18,515,242</u>
Total liabilities	<u>196,394,627</u>	<u>9,016,903</u>	<u>64,917,290</u>	<u>27,983,358</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to other post employment benefits	541,110	56,093	77,409	130,257
Deferred inflows related to pensions	16,710,369	1,843,695	2,399,121	3,943,632
Deferred inflows related to leases	-	510,201	-	-
Total deferred inflows of resources	<u>17,251,479</u>	<u>2,409,989</u>	<u>2,476,530</u>	<u>4,073,889</u>
NET POSITION				
Net investment in capital assets	87,100,934	69,929,983	127,528,733	19,720,904
Restricted for:				
Capital projects	-	3,419,120	71,635	-
Unrestricted (deficit)	43,272,656	45,481,667	33,768,213	2,693,469
Total net position (deficit)	<u>\$ 130,373,590</u>	<u>\$ 118,830,770</u>	<u>\$ 161,368,581</u>	<u>\$ 22,414,373</u>

(Continued)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2022

	Enterprise Funds		Governmental
	Non-Major	Total	Activities
	Enterprise Funds		Internal Service Funds
LIABILITIES			
Current liabilities (payable from current assets):			
Accounts payable	1,703,730	8,965,623	478,245
Accrued liabilities	36,712	1,071,314	286,793
Accrued interest payable	20,821	593,641	-
Claims and judgements payable	-	-	7,151,039
Intergovernmental payable	810,347	6,280,147	658,722
Due to other funds	1,726,507	1,726,507	-
Interfund payables	83,851	83,851	92,649
Unearned revenue	3,055,013	3,216,437	204,281
Deposits	88,039	9,496,888	-
Accrued compensated absences, due with in one year	57,307	3,223,756	598,359
Landfill closure costs, due with in one year	-	170,370	-
Long-term debt, due with in one year	75,888	16,974,263	-
State loan, due with in one year	85,483	85,483	-
Total current liabilities	<u>7,743,698</u>	<u>51,888,280</u>	<u>9,470,088</u>
Long-term liabilities:			
Accrued compensated absences, due in more than one year	101,640	5,833,511	1,108,296
Landfill closure costs, due in more than one year	-	2,413,590	-
Advances from other funds	3,125,787	3,125,787	43,811
Claims and judgements, due in more than one year	-	-	10,505,901
Long-term debt, due in more than one year	80,215	152,045,952	-
State loan, due in more than one year	1,042,956	1,042,956	-
Aggregate net OPEB liability	674,954	22,672,249	4,836,105
Aggregate net pension liability	2,037,585	74,096,688	15,595,700
Total long-term liabilities	<u>7,063,137</u>	<u>261,230,733</u>	<u>32,089,813</u>
Total liabilities	<u>14,806,835</u>	<u>313,119,013</u>	<u>41,559,901</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to other post employment benefits	24,695	829,564	176,949
Deferred inflows related to pensions	684,752	25,581,569	5,354,765
Deferred inflows related to leases	7,103,174	7,613,375	-
Total deferred inflows of resources	<u>7,812,621</u>	<u>34,024,508</u>	<u>5,531,714</u>
NET POSITION			
Net investment in capital assets	64,507,158	368,787,712	8,063,747
Restricted for:			
Capital projects	3,291,755	6,782,510	-
Unrestricted (deficit)	(779,497)	124,436,508	(18,307,187)
Total net position (deficit)	<u>\$ 67,019,416</u>	<u>\$ 500,006,730</u>	<u>\$ (10,243,440)</u>
<i>Net position reconciliation to statement of net position:</i>			
Net position of proprietary funds		\$ 500,006,730	
Less business-type portion of the internal service fund		(14,171,839)	
Net position of business-type activities		<u>\$ 485,834,891</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, 2022

	Enterprise Funds			
	Electric Utility	Water Utility	Wastewater Utility	Solid Waste Collection/ Disposal
OPERATING REVENUES:				
User fees and charges	\$ 123,439,749	\$ 24,730,653	\$ 32,688,109	\$ 25,578,674
Wholesale sales	30,351,930	257,437	-	-
Rental charges	138,000	-	-	-
Other operating revenue	5,856,359	21,387	1,626	1,264,036
Total operating revenues	159,786,038	25,009,477	32,689,735	26,842,710
OPERATING EXPENSES:				
Cost of power, water, and transportation	62,709,514	1,939,889	-	-
Maintenance, operations, and administration	76,350,195	14,274,265	15,852,694	22,540,591
Depreciation and amortization	14,213,295	3,928,806	7,530,265	2,787,403
Total operating expenses	153,273,004	20,142,960	23,382,959	25,327,994
OPERATING INCOME (LOSS)	6,513,034	4,866,517	9,306,776	1,514,716
NONOPERATING REVENUES (EXPENSES):				
Net investment earnings (loss)	(2,187,380)	(1,605,195)	(1,248,594)	(778,939)
Interest expense	(4,740,195)	(99,653)	(1,656,898)	(357)
Intergovernmental revenues	1,143,413	270,154	-	40,867
Gain (loss) on disposal of assets	(425,959)	(188,969)	10,600	90,573
Other non-operating revenues (expenses)	(120,749)	1,087,642	1,071,376	11,880
Total nonoperating revenues (expenses)	(6,330,870)	(536,021)	(1,823,516)	(635,976)
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	182,164	4,330,496	7,483,260	878,740
Capital contributions	2,139,110	460,621	249,724	975,691
Transfers in	-	4,000	-	-
Transfers out	(5,464,000)	(269,685)	-	-
Change in net position	(3,142,726)	4,525,432	7,732,984	1,854,431
NET POSITION:				
Beginning of year	133,516,316	114,305,338	153,635,597	20,559,942
End of year	\$ 130,373,590	\$ 118,830,770	\$ 161,368,581	\$ 22,414,373

(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, 2022

	Enterprise Funds		Governmental
	Non-Major	Total	Activities
	Enterprise Funds		Internal Service Funds
OPERATING REVENUES:			
User fees and charges	\$ 3,711,322	\$ 210,148,507	\$ 75,101,741
Wholesale sales	-	30,609,367	-
Rental charges	-	138,000	-
Other operating revenue	2,867,246	10,010,654	80,571
Total operating revenues	6,578,568	250,906,528	75,182,312
OPERATING EXPENSES:			
Cost of power, water, and transportation	4,133,599	68,783,002	-
Maintenance, operations, and administration	8,528,665	137,546,410	74,170,534
Depreciation and amortization	4,443,998	32,903,767	1,230,665
Total operating expenses	17,106,262	239,233,179	75,401,199
OPERATING INCOME (LOSS)	(10,527,694)	11,673,349	(218,887)
NONOPERATING REVENUES (EXPENSES):			
Net investment earnings (loss)	(304,743)	(6,124,851)	(585,917)
Interest expense	(49,408)	(6,546,511)	(4,105)
Intergovernmental revenues	6,356,253	7,810,687	1,244
Gain (loss) on disposal of assets	23,202	(490,553)	5,659
Other non-operating revenues (expenses)	472,149	2,522,298	967
Total nonoperating revenues (expenses)	6,497,453	(2,828,930)	(582,152)
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(4,030,241)	8,844,419	(801,039)
Capital contributions	4,076,605	7,901,751	3,429,027
Transfers in	1,411,237	1,415,237	1,130
Transfers out	(235,000)	(5,968,685)	(4,000)
Change in net position	1,222,601	12,192,722	2,625,118
NET POSITION:			
Beginning of year	65,796,815	487,814,008	(12,868,558)
End of year	<u>\$ 67,019,416</u>	<u>\$ 500,006,730</u>	<u>\$ (10,243,440)</u>
Change in net position reconciliation to statement of activities:			
Change in net position of proprietary funds		\$ 12,192,722	
Add internal service funds income - business-type activity		(32,015)	
Change in net position of business-type activities		<u>\$ 12,160,707</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, 2022

	Enterprise Funds		
	Electric Utility	Water Utility	Wastewater Utility
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 155,655,638	\$ 25,548,287	\$ 32,814,182
Cash paid to suppliers	(100,680,916)	(13,693,411)	(12,615,253)
Cash paid to employees	(44,550,075)	(4,348,709)	(5,598,969)
Other income received	5,856,359	21,387	1,626
Net cash provided by (used in) operating activities	16,281,006	7,527,554	14,601,586
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Intergovernmental revenue received	1,143,413	270,154	12,800
Advances from other funds	-	-	-
Repayment of advances from other funds	-	-	-
Advances to other funds	(1,379,971)	(144,594)	-
Repayment of advances to other funds	89,332	-	-
Transfers in	-	4,000	-
Transfers out	(5,464,000)	(268,555)	-
Other revenue, contributions	-	-	-
Net cash provided by (used in) noncapital financing activities	(5,611,226)	(138,995)	12,800
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grant received	-	274,108	-
Proceeds from sale of assets	32,409	15,385	10,600
Purchase of capital assets	(14,138,755)	(3,367,107)	(5,886,565)
Interest paid	(5,330,570)	(56,679)	(2,371,905)
Principal paid on long-term debt	(7,455,000)	(700,584)	(4,374,324)
Cash collected for future capital outlay	73,586	913,775	1,058,681
Net cash provided by (used in) capital and related financing activities	(26,818,330)	(2,921,102)	(11,563,513)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net investment earnings (loss)	(2,143,757)	(1,659,265)	(1,279,426)
Rents received	-	173,867	12,695
Net cash (used in) investing activities	(2,143,757)	(1,485,398)	(1,266,731)
Net increase (decrease) in cash and cash equivalents	(18,292,307)	2,982,059	1,784,142
CASH AND CASH EQUIVALENTS:			
Beginning of year	87,316,336	50,433,558	39,601,032
End of year	\$ 69,024,029	\$ 53,415,617	\$ 41,385,174
Reconciliation to statement of net position:			
Cash and cash equivalents	\$ 69,023,386	\$ 49,647,074	\$ 37,453,563
Restricted cash and cash equivalents	643	3,768,543	3,931,611
	\$ 69,024,029	\$ 53,415,617	\$ 41,385,174

See accompanying Notes to the Basic Financial Statements.

(Continued)

City of Redding
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Funds		Governmental	
	Solid Waste Collection/ Disposal	Non-Major Enterprise Funds	Internal Service Funds	
		Total		
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 29,811,091	6,800,990	\$ 250,630,188	\$ 75,412,991
Cash paid to suppliers	(18,165,682)	(10,312,208)	(155,467,470)	(61,031,379)
Cash paid to employees	(9,977,666)	(1,668,202)	(66,143,621)	(11,958,225)
Other income received	1,264,036	36,878	7,180,286	-
Net cash provided by (used in) operating activities	2,931,779	(5,142,542)	36,199,383	2,423,387
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental revenue received	108,543	6,087,405	7,622,315	1,244
Advances from other funds	-	1,726,507	1,726,507	56,250
Repayment of advances from other funds	-	(1,886,876)	(1,886,876)	(92,693)
Advances to other funds	-	-	(1,524,565)	-
Repayment of advances to other funds	-	-	89,332	162,881
Transfers in	-	1,411,237	1,415,237	-
Transfers out	-	(235,000)	(5,967,555)	(4,000)
Other revenue, contributions	-	-	-	575
Net cash provided by (used in) noncapital financing activities	108,543	7,103,273	1,474,395	124,257
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital grant received	10,000	3,611,941	3,896,049	-
Proceeds from sale of assets	110,225	32,800	201,419	6,650
Purchase of capital assets	(2,369,295)	(3,378,450)	(29,140,172)	(175,298)
Interest paid	(357)	(41,539)	(7,801,050)	(4,105)
Principal paid on long-term debt	(9,192)	(158,372)	(12,697,472)	-
Cash collected for future capital outlay	-	404,428	2,450,470	-
Net cash provided by (used in) capital and related financing activities	(2,258,619)	470,808	(43,090,756)	(172,753)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Net investment earnings (loss)	(804,823)	(315,717)	(6,202,988)	(602,522)
Rents received	1,880	30,844	219,286	-
Net cash provided (used) by investing activities	(802,943)	(284,873)	(5,983,702)	(602,522)
Net increase (decrease) in cash and cash equivalents	(21,240)	2,146,666	(11,400,680)	1,772,369
CASH AND CASH EQUIVALENTS:				
Beginning of year	27,822,044	9,912,375	215,085,345	17,002,206
End of year	\$ 27,800,804	\$ 12,059,041	\$ 203,684,665	\$ 18,774,575
Reconciliation to statement of net position:				
Cash and cash equivalents	\$ 27,800,804	\$ 8,937,329	\$ 192,862,156	\$ 18,774,575
Restricted cash and cash equivalents	-	3,121,712	10,822,509	-
	\$ 27,800,804	\$ 12,059,041	\$ 203,684,665	\$ 18,774,575

See accompanying Notes to the Basic Financial Statements.

(Continued)

City of Redding
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Funds		
	Electric Utility	Water Utility	Wastewater Utility
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss) to net cash provided by (used in)	\$ 6,513,034	\$ 4,866,517	\$ 9,306,776
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Other non-operating revenue and expense			
Depreciation and amortization	14,213,295	3,928,806	7,530,265
(Increase) decrease in accounts receivable	1,725,959	560,197	126,073
(Increase) decrease in inventories	(1,411,702)	(94,442)	2,066
(Increase) decrease in prepaid items	305,475	52,048	58,084
(Increase) decrease in investment in JPA	(1,207,042)	-	-
(Increase) decrease in deposits	(95,373)	(250)	-
Increase (decrease) in accounts payable	(733,904)	6,095	(949,962)
Increase (decrease) in accrued liabilities	(1,327,783)	(178,663)	(215,765)
Increase (decrease) in claims and judgements payable	-	-	-
Increase (decrease) in deposits liability	1,057,096	-	-
Increase (decrease) in intergovernmental payable	2,213,489	(13,912)	21,433
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in accrued compensated absences	492,794	55,749	87,132
Other post employment benefits related items	735,482	(21,647)	(25,729)
Pension related items	(6,199,814)	(1,632,944)	(1,338,787)
Total adjustments	<u>9,767,972</u>	<u>2,661,037</u>	<u>5,294,810</u>
Net cash provided by (used in) operating activities	<u>\$ 16,281,006</u>	<u>\$ 7,527,554</u>	<u>\$ 14,601,586</u>
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Plant contributed from developers	\$ 2,139,110	\$ 285,788	\$ 249,724
Non-cash change in deposits	-	-	-
Transfer in of capital assets	-	265,685	-
Total non-cash capital and related financing activities	<u>\$ 2,139,110</u>	<u>\$ 551,473</u>	<u>\$ 249,724</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, 2022

	Enterprise Funds		Governmental	
	Solid Waste Collection/ Disposal	Non-Major Enterprise Funds	Total	
			Internal Service Funds	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss) to net cash provided by (used in)	\$ 1,514,716	\$ (10,527,694)	\$ 11,673,349	\$ (218,887)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Other non-operating revenue and expense	-	36,878	36,878	392
Depreciation and amortization	2,787,403	4,443,998	32,903,767	1,230,665
(Increase) decrease in accounts receivable	75,637	211,351	2,699,217	36,930
(Increase) decrease in inventories	-	(9,660)	(1,513,738)	(92,369)
(Increase) decrease in prepaid items	112,090	21,332	549,029	627,203
(Increase) decrease in investment in JPA	-	-	(1,207,042)	-
(Increase) decrease in deposits	-	-	(95,623)	-
Increase (decrease) in accounts payable	(43,392)	730,739	(990,424)	(101,925)
Increase (decrease) in accrued liabilities	(309,150)	(68,384)	(2,099,745)	(307,825)
Increase (decrease) in claims and judgements payable	193,720	-	193,720	1,041,730
Increase (decrease) in deposits liability	939,248	11,070	2,007,414	(7)
Increase (decrease) in intergovernmental payable	(38,450)	147,877	2,330,437	19,745
Increase (decrease) in unearned revenue	-	(86)	(86)	193,756
Increase (decrease) in accrued compensated absences	26,860	1,966	664,501	274,409
Other post employment benefits related items	83,599	71,336	843,041	457,452
Pension related items	(2,410,502)	(213,265)	(11,795,312)	(737,882)
Total adjustments	<u>1,417,063</u>	<u>5,385,152</u>	<u>24,526,034</u>	<u>2,642,274</u>
Net cash provided by (used in) operating activities	<u>\$ 2,931,779</u>	<u>\$ (5,142,542)</u>	<u>\$ 36,199,383</u>	<u>\$ 2,423,387</u>
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Plant contributed from developers	\$ 975,691	\$ 788,510	\$ 4,438,823	\$ -
Non-cash change in deposits	(975,691)	-	(975,691)	3,429,027
Equipment transfers	-	268,555	534,240	1,130
Total non-cash capital and related financing activities	<u>\$ -</u>	<u>\$ 1,057,065</u>	<u>\$ 3,997,372</u>	<u>\$ 3,430,157</u>

(Concluded)

See accompanying Notes to the Basic Financial Statements.

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FIDUCIARY FUND FINANCIAL STATEMENTS

Custodial Funds

These funds are custodial in nature 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. This includes the Special Deposits Fund, Integrated Public Safety System (IPSS) Fund, and Enterprise Anderson Groundwater Fund. These funds use the economic resources measurement focus.

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
Fiduciary Funds
June 30, 2022

	Custodial Funds	Successor Agency Private-Purpose Trust Fund
ASSETS		
Cash and investments	\$ 8,225,701	\$ 4,200,197
Restricted cash and investments	-	6,755,004
Interest receivable	14,478	15,309
Accounts receivable, net	86,538	-
Intergovernmental receivable	151,853	23,202
Capital assets:		
Land	-	175,877
Construction in progress	2,380,119	-
Depreciable capital assets, net	117,888	-
Net capital assets	2,498,007	175,877
Total assets	10,976,577	11,169,589
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	-	30,517
Total deferred outflows of resources	-	30,517
LIABILITIES		
Accounts payable	45,436	-
Accrued liabilities	10,538	-
Accrued interest payable	-	239,778
Intergovernmental payable	144,595	-
Unearned revenue	-	2,601,952
Deposits payable	7,151,277	-
Long-term debt	-	14,605,200
Total liabilities	7,351,846	17,446,930
NET POSITION (DEFICIT)		
Restricted for:		
Individuals, organizations, and other governments	3,624,731	-
Held in trust	-	(6,246,824)
Total net position	\$ 3,624,731	\$ (6,246,824)

See accompanying Notes to the Basic Financial Statements.

City of Redding
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	Custodial Funds	Successor Agency Private-Purpose Trust Fund
ADDITIONS:		
Property taxes	\$ -	\$ 3,893,390
Intergovernmental revenues	1,231,694	-
User fees	94,820	-
Net investment earnings (loss)	(21,436)	49,404
Sale of property	-	377,328
Total additions	1,305,078	4,320,122
DEDUCTIONS:		
Administrative costs	962,921	250,000
Payment on recognized obligation payment schedule	-	1,159,427
Software maintenance and support	75,155	-
Project payments	335,739	-
Loss on property disposal	-	244,573
Depreciation	72,272	-
Total deductions	1,446,087	1,654,000
Net change in net position	(141,009)	2,666,122
NET POSITION:		
Beginning of period	3,765,740	(8,912,946)
End of period	\$ 3,624,731	\$ (6,246,824)

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
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For the Year Ended June 30, 2022

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City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

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
For the Year Ended June 30, 2022

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, 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 Counties, 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 a consumption of net assets that applies to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent an acquisition of net assets that applies 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 non-fiduciary 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
For the Year Ended June 30, 2022

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 non-major 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
For the Year Ended June 30, 2022

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
For the Year Ended June 30, 2022

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

The **Solid Waste 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 fiduciary net position and a statement of changes in fiduciary net position. The City's fiduciary funds represent custodial funds and a Private-purpose Trust Fund. Custodial funds report fiduciary activities that are not held in a trust or equivalent arrangement. These funds use the economic resources measurement focus.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

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 Custodial 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.

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
For the Year Ended June 30, 2022

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. “Right-to-use” assets are defined by the government as assets with an initial present value of more than \$15,000 and an estimated life in excess of one year. Such assets are recorded at present value.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

F. Capital Assets (Continued)

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	30-50
Utility plants	15-50
Buildings	10-30
Improvements other than buildings	5-40
Equipment, furnishings and vehicles	5-10
Assets under capital lease	4-30
System infrastructure	30
Right-to-use assets	Life of Lease

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. Leases

Lessee

The City has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in our financial statements with an initial, individual value of \$15,000 or more with a lease term greater than one year. Variable payments based on future performance or usage of the underlying assets are not included in the measurement of the lease liability.

At the commencement of a lease, the lease liability is measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the State has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

G. Leases (continued)

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

1. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
2. The lease term includes the non-cancelable period of the lease, plus any option periods that are reasonably certain to be exercised.
3. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise. The City monitors changes in circumstances that would require a remeasurement of a lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right-to-use along with other capital assets and lease liabilities are reported on the statement of net position as long-term debt.

Lessor

The City is a lessor for leases of buildings and land and recognizes leases receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance or usage of the underlying asset are not included in the measurement of the lease receivable.

At the commencement of a lease, the lease receivable is measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

1. The City uses an incremental borrowing rate (IBR) calculated by using the 5, 7, or 10-year Constant Maturities Treasury Bill Index plus a margin of 3% as instructed by one of our financial institutions at July 1, 2021 for existing leases or the current rate at the time a new lease is executed.
2. The lease term includes the non-cancelable period of the lease plus any option periods that are likely to be exercised.
3. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

H. 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 1). 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, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021
PARS:	
Valuation Date	June 30, 2020
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

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.

I. Other Postemployment Healthcare Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB 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 18). 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 OPEB reporting:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB 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.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

J. 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.

K. 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.

L. 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. Lease liabilities with a present value of more than \$15,000 are also included in long-term debt. 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.

M. 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 balance 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.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Net Position (continued)

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

N. 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 non-spendable 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.

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.

O. 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.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

P. 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.

Q. New Governmental Accounting Standards Implemented for the Year Ended June 30, 2022

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, 2022. 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. 87 - In June 2017, GASB issued Statement No. 87, *Leases* (GASB Statement No. 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. 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 also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Implementation of this Statement had a significant effect on the City's financial statements for fiscal year ended June 30, 2022.

GASB Statement No. 92 - In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Implementation of this Statement did not have a significant effect on the City's financial statements for fiscal year ended June 30, 2022.

GASB Statement No. 93 - In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2022, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2022.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. New Governmental Accounting Standards Implemented for the Year Ended June 30, 2022 (Continued)

GASB Statement No. 97 - In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2022.

R. 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. 91 - In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB Statement No. 91), 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, 2023, as amended by GASB 95.

GASB Statement No. 94 - In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Application of this statement is effective for the City's fiscal year ending June 30, 2023.

GASB Statement No. 96 - In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Application of this statement is effective for the City's fiscal year ending June 30, 2023.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

R. Upcoming Governmental Accounting Standards Implementation (Continued)

GASB Statement No. 99 - In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

GASB Statement No. 100 - In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Application of this statement is effective for the City’s fiscal year ending June 30, 2024.

GASB Statement No. 101 - In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Application of this statement is effective for the City’s fiscal year ending June 30, 2025.

Note 2 – Cash and Investments

At June 30, 2022, cash and investments are reported in the accompanying basic financial statements as follows:

	Government-Wide Statement of Net Position			Fiduciary Funds	
	Governmental Activities	Business-Type Activities	Total	Statement of Net Position	Total
Cash and investments	\$ 79,884,498	\$ 192,862,156	\$ 272,746,654	\$ 12,425,898	\$ 285,172,552
Restricted cash and investments	\$ 2,592,214	\$ 10,822,509	\$ 13,414,723	\$ 6,755,004	\$ 20,169,727

At June 30, 2022, 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, 2022:

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 2 – Cash and Investments (Continued)

	Fair Value		Total	Measurement Input
	Unrestricted	Restricted		
Deposits	\$ 57,380,873	\$ 148,473	\$ 57,529,346	N/A
Medium Term Corporate Notes	30,753,401	-	30,753,401	Level 2
Federal Agency Bonds	97,224,513	-	97,224,513	Level 2
Mutual Funds	2,647,079	2,369,273	5,016,352	Level 1
Local Agency Investment Fund	97,166,686	17,651,981	114,818,667	Uncategorized
Total investments	227,791,679	20,021,254	247,812,933	
Total cash and investments	<u>\$ 285,172,552</u>	<u>\$ 20,169,727</u>	<u>\$ 305,342,279</u>	

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, 2022, the carrying amount of the City’s deposits was \$57,529,346 of which \$148,473 was restricted and \$57,380,873 was unrestricted. The bank balance was \$63,532,224. Of the bank balance, \$2,358,532 was covered by Federal depository insurance, and \$61,173,692 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
For the Year Ended June 30, 2022

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, 2022 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, 2022, the City had \$114,818,667 invested in LAIF, which had invested 1.88% of the pool investment funds in Structured Notes (1.14%) and Asset-Back Securities (.74%). 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, 2022, 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, 2022.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 2 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

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, 2022, the City had the following investments and maturities:

Unrestricted:	Investments Maturities (in Years)				
	Fair Value	Less Than 1	1-2	3-4	5
Medium Term Corporate Notes	\$ 30,753,401	\$ 6,187,126	\$ 7,530,425	\$ 12,253,150	\$ 4,782,700
Federal Agency Bonds	97,224,513	-	12,804,391	57,586,987	26,833,135
Investment in State Treasurer's Investment Pool	97,166,686	97,166,686	-	-	-
Mutual Funds	2,647,079	2,647,079	-	-	-
Total	\$ 227,791,679	\$ 106,000,891	\$ 20,334,816	\$ 69,840,137	\$ 31,615,835

Restricted:	Investments Maturities (in Years)			
	Fair Value	Less Than 1	1-5	More Than 5
Investment in State Treasurer's Investment Pool	\$ 17,651,981	\$ 17,651,981	\$ -	\$ -
Mutual Funds	2,369,273	2,369,273	-	-
Total	\$ 20,021,254	\$ 20,021,254	\$ -	\$ -

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 year-end for each investment type.

As of June 30, 2022, 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.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 2 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

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	\$ 22,353,584
Federal National Mortgage Association	Federal Agency Securities	\$ 18,430,950
Federal Home Loan Mortgage Corporation	Federal Agency Securities	\$ 22,872,252

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, 2022.

Note 3 - Governmental Notes Receivable

Notes receivable represent loan agreements entered into between the City or Successor Housing Agency (the former RDA) and unrelated nongovernmental entities as part of the City's redevelopment activities, including single-family home buyer assistance, and real estate development and construction loans. At June 30, 2022, approximately \$43.04 million of notes receivable, net of \$0.20 million allowance for doubtful accounts, were reported in the Community Development non-major special revenue fund. At June 30, 2022, approximately \$15.29 million of notes receivable were reported in the Housing non-major special revenue fund. Business-type note receivable is \$0.11 million.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 3 - Governmental Notes Receivable (Continued)

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
General governmental activities:				
Community development fund loans				
Community Development Block Grant (CDBG)	\$ 2,237,306	\$ 631,417	\$ (44,826)	\$ 2,823,897
HOME Investment Program (HOME)	20,637,701	1,614,796	(366,025)	21,886,472
CalHome Program	1,710,558	93,632	(46,023)	1,758,167
Other California Programs (AHSC, IIG)	14,488,182	38,926	-	14,527,108
City Affordable Housing Loan Fund (AHLF)	1,999,999	41,598	-	2,041,597
Total community development fund loans	41,073,746	2,420,369	(456,874)	43,037,241
Allowance for bad debt	(191,734)	(5,675)	-	(197,410)
Community development fund notes receivable, net	40,882,012	2,414,694	(456,874)	42,839,831
Housing fund loans				
Low Mod Income Housing Asset Fund	14,717,378	784,230	(210,708)	15,290,900
Total housing fund loans	14,717,378	784,230	(210,708)	15,290,900
Allowance for bad debt	-	-	-	-
Housing fund loans receivable, net	14,717,378	784,230	(210,708)	15,290,900
Total governmental note receivable	55,599,390	3,198,924	(667,582)	58,130,731
Business-type activities:				
Electric utility loans				
Redding Rodeo note	133,368	-	(21,047)	112,321
Total business-type note receivable	133,368	-	(21,047)	112,321
Total note receivable	\$ 55,732,758	\$ 3,198,924	\$ (688,629)	\$ 58,243,052

Note 4 – Lease Receivable

Summary of changes in governmental activities leases receivable for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due within One Year	Due in more than One Year
Lease receivable						
Governmental-type activities	\$ 2,337,504	\$ -	\$ (280,759)	\$ 2,056,745	\$ 295,144	\$ 1,761,601
Business-type activities	7,839,907	463,071	(689,603)	7,613,375	688,245	6,925,130
Total lease receivable	\$ 10,177,411	\$ 463,071	\$ (970,362)	\$ 9,670,120	\$ 983,389	\$ 8,686,731

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 4 – Lease Receivable (Continued)

A portion of the City's property is leased to others. Such property includes special purpose facilities, office and commercial space, and land. Lease receivable consists of agreements with others for the right-to-use of the underlying assets at various locations owned by the City. The terms of the arrangements range from 2 to 25 years. The calculated interest rates used are based on the 5, 7, or 10-year Constant Maturities Treasury Bill Index plus a margin of 3%. It is City policy to recognize leases as a lease receivable when the present value meets or exceeds \$15,000. Lease revenues are recognized as operating revenues in proprietary funds and as charges for services in governmental funds. The City municipal airport holds the majority of the leases recognized, with a balance at June 30, 2022 of \$5,763,788.

Governmental-type activities

Lease receivable

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Deferred Inflows</u>
2023	\$ 295,144	\$ 58,893	\$ 354,037	\$ 295,144
2024	351,757	59,707	411,464	351,757
2025	307,731	52,073	359,804	307,731
2026	178,469	42,688	221,157	178,469
2027	165,550	35,334	200,884	165,550
2028-2032	599,396	87,987	687,383	599,396
2033-2037	118,365	18,168	136,533	118,365
2038-2042	39,105	3,015	42,120	39,105
2043-2047	1,228	22	1,250	1,228
Total	<u>\$ 2,056,745</u>	<u>\$ 357,887</u>	<u>\$ 2,414,632</u>	<u>\$ 2,056,745</u>

Business-type activities

Lease receivable

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Deferred Inflows</u>
2023	\$ 688,245	\$ 321,806	\$ 1,010,051	\$ 688,245
2024	795,294	290,587	1,085,881	795,294
2025	752,088	257,221	1,009,309	752,088
2026	675,599	226,110	901,709	675,599
2027	611,254	197,863	809,117	611,254
2028-2032	2,303,808	641,038	2,944,846	2,303,808
2033-2037	1,578,287	209,994	1,788,281	1,578,287
2038-2042	208,800	8,623	217,423	208,800
Total	<u>\$ 7,613,375</u>	<u>\$ 2,153,242</u>	<u>\$ 9,766,617</u>	<u>\$ 7,613,375</u>

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 5 – Interfund Activities

A. Due From and Due To Other Funds

At June 30, 2022, 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	\$ 60,037	\$ 60,037
Enterprise funds:		
Nonmajor enterprise funds	1,726,507	1,726,507
Total	\$ 1,786,544	\$ 1,786,544

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, 2022, interfund receivable and payable balances are as follows:

Interfund Payable	Interfund Receivable			Total
	General Fund	Electric Utility Fund	Internal Service Funds	
Enterprise funds:				
Nonmajor enterprise funds	\$ -	\$ -	\$ 83,851	\$ 83,851
Internal service funds	25,000	67,649	-	92,649
Total	\$ 25,000	\$ 67,649	\$ 83,851	\$ 176,500

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

C. Advances To and From Other Funds

At June 30, 2022, long-term advances consisted of the followings:

Advances from other funds	Advances to other funds			Total
	General Fund	Electric Utility	Internal Service Funds	
Governmental funds:				
General fund	\$ -	\$ 5,760,767	\$ -	\$ 5,760,767
Nonmajor: governmental funds	-	233,782	186,912	420,694
Enterprise funds:				
Nonmajor: enterprise funds	-	-	3,125,787	3,125,787
Internal service funds	31,250	12,561	-	43,811
Total	\$ 31,250	\$ 6,007,110	\$ 3,312,699	\$ 9,351,059

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 5 – Interfund Activities (Continued)

C. Advances To and From Other Funds (Continued)

- 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 \$233,782; 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 \$12,561 all of which is classified as long-term.
- c) The Electric Utility Fund advanced \$3,621,500 to the General Fund for the replacement of the Redding Soccer Park turf. The outstanding balance of the advance including accrued interest at the City's average earnings on its pooled cash is \$3,725,184; all of which is classified as long-term.
- d) The General Fund has advanced funds to the Parking Fund to cover operating expenditures. This balance has been transferred to the Risk Management Fund and had a balance of \$186,913 at year-end; all of which is classified as long-term.
- e) In recent years the General Fund has advanced \$8,917,054 to the Airport Fund to finance improvements and operating expenses. The balance was transferred to the Risk Management Fund during the 2009-2010 fiscal year. The Airport Fund has repaid \$7,342,640 to date. At year-end the balance was \$1,574,384. Of this amount \$1,549,384 is classified as long-term.
- f) In recent years the General Fund has advanced \$1,374,847 to the Convention Center Fund to finance improvements and operating expenses. The balance was transferred to the Risk Management Fund during the 2009-2010 fiscal year. The balance at year-end was \$850,247; of this amount \$791,395 is classified as long-term.
- g) The Risk Management Fund advanced funds to the Convention Center Fund to finance additional improvements. At year-end the balance was \$785,008; all of which is classified as long-term at year-end.
- h) The Electric Fund advanced funds of \$681,400 to the General Fund by paying for a portion of the Redding Police Department's share of the communication platform overhaul. An additional advance was taken in fiscal year 2021-22 in the amount of \$1,340,345. The outstanding balance of the advance including accrued interest at the City's average earnings on its pooled cash is \$2,035,583; all of which is classified as long term.
- i) The General Fund advanced funds of \$75,000 to Employer Services for software licensing. At year-end the balance was \$56,250; of which \$31,250 is classified as long-term.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 5 – Interfund Activities (Continued)

D. Internal Balance Summary

At June 30, 2022, the internal balance summary consisted of the followings:

	Governmental Funds				Proprietary Funds		
	General Fund	Special Revenue	Internal Service Funds	Total	Electric Utility	Nonmajor Enterprise	Total
Assets							
Due from other funds	\$ 1,786,544	\$ -	\$ -	\$ 1,786,544	\$ -	\$ -	\$ -
Interfund receivable	25,000	-	83,851	108,851	67,649	-	67,649
Advances to other funds	31,250	-	3,312,699	3,343,949	6,007,110	-	6,007,110
	<u>1,842,794</u>	<u>-</u>	<u>3,396,550</u>	<u>5,239,344</u>	<u>6,074,759</u>	<u>-</u>	<u>6,074,759</u>
Liabilities							
Due to other funds	-	60,037	-	60,037	-	1,726,507	1,726,507
Interfund payable	-	-	92,649	92,649	-	83,851	83,851
Advances from other funds	5,760,767	420,694	43,811	6,225,272	-	3,125,787	3,125,787
	<u>5,760,767</u>	<u>480,731</u>	<u>136,460</u>	<u>6,377,958</u>	<u>-</u>	<u>4,936,145</u>	<u>4,936,145</u>
Net difference				(1,138,614)			1,138,614
Business-type portion of the internal service funds				14,171,839			(14,171,839)
Statement of net assets internal balance				<u>\$ 13,033,225</u>			<u>\$ (13,033,225)</u>

E. Transfer In and Out

The following operating transfers were made during the fiscal year-ended June 30, 2022:

<i>Transfers Out</i>	<i>Transfers In</i>					
	General Fund	Nonmajor Governmental Funds	Water	Nonmajor Enterprise Funds	Internal Service Funds	Total
Governmental funds:						
Major funds:						
General fund	\$ -	\$ 937,161	\$ -	1,142,682	\$ -	\$ 2,079,843
General capital projects fund	122,048	-	-	-	-	122,048
Nonmajor governmental funds	8,553,136	-	-	-	-	8,553,136
Enterprise funds:						
Major enterprise funds:						
Electric	5,464,000	-	-	-	-	5,464,000
Water	-	-	-	268,555	1,130	269,685
Nonmajor enterprise funds	235,000	-	-	-	-	235,000
Internal service funds	-	-	4,000	-	-	4,000
Total	<u>\$ 14,374,184</u>	<u>\$ 937,161</u>	<u>\$ 4,000</u>	<u>\$ 1,411,237</u>	<u>\$ 1,130</u>	<u>\$ 16,727,712</u>

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 5 – Interfund Activities (Continued)

E. Transfer In and Out (Continued)

The reasons for these transfers are set forth below:

- a) The General Fund transferred a portion of the transient occupancy tax to the Convention Center per City policy.
- b) The General Fund transferred funds to the Library for operations.
- c) The Airports and Electric Enterprise Funds transfer funds to the General Fund in lieu of property tax.
- d) 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.
- e) The Electric Utility transferred electric vehicles to Internal Service Fund Fleet and Reprographics as well as an Enterprise Fund (Airport) as part of the Transportation Electrification Program.
- f) Funds transferred for used vehicles purchased internally per City policy between General Fund, Electric, Solid Waste, RABA and Internal Service Funds.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 6 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for the year ended June 30, 2022 consisted of the following:

	Balance July 1, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Total governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 36,321,785	\$ 106,568	\$ (307,893)	\$ 86,518	\$ 36,206,978
Construction in process	32,412,968	22,305,060	-	(11,583,575)	43,134,453
Total capital assets, not being depreciated	68,734,753	22,411,628	(307,893)	(11,497,057)	79,341,431
Capital assets, being depreciated:					
Buildings	64,653,179	-	-	211,911	64,865,090
Improvements other than buildings	105,879,889	-	-	788,780	106,668,669
Infrastructure	333,653,293	2,015,995	-	9,804,277	345,473,565
Automotive equipment	16,835,024	3,421,075	(320,739)	103,847	20,039,207
Furnishings and equipment	10,806,552	309,088	-	287,655	11,403,295
Assets under lease:					
Right-to-use improvements	86,028	-	-	-	86,028
Right-to-use automotive equipment	192,403	163,242	-	-	355,645
Total capital assets, being depreciated	532,106,368	5,909,400	(320,739)	11,196,470	548,891,499
Accumulated depreciation:					
Buildings	(37,916,085)	(2,038,457)	-	(5,671)	(39,960,213)
Improvements other than buildings	(70,384,597)	(3,730,332)	-	-	(74,114,929)
Infrastructure	(133,686,413)	(9,383,220)	-	-	(143,069,633)
Automotive equipment	(12,316,480)	(1,005,095)	319,748	(39,643)	(13,041,470)
Furnishings and equipment	(9,067,594)	(468,681)	-	(72,352)	(9,608,627)
Assets under lease:					
Right-to-use improvements	-	(34,981)	-	-	(34,981)
Right-to-use automotive equipment	-	(65,658)	-	-	(65,658)
Total accumulated depreciation/amortization	(263,371,169)	(16,726,424)	319,748	(117,666)	(279,895,511)
Total capital assets, being depreciated, net	268,735,199	(10,817,024)	(991)	11,078,804	268,995,988
Total governmental activities	\$ 337,469,952	\$ 11,594,604	\$ (308,884)	\$ (418,253)	\$ 348,337,419

Depreciation expense was charged to governmental activities as follows:

Program	Depreciation
General government	\$ 1,432,334
Police	423,852
Fire	144,799
Public works	9,374,645
Recreation and culture	4,108,215
Community development	11,914
Internal service funds	1,230,665
Total	<u>\$ 16,726,424</u>

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 6 – Capital Assets (Continued)

B. Business-Type Activities

Summary of changes in capital assets for the year ended June 30, 2022 consisted of the following:

	Balance July 1, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 20,127,247	\$ 251,824	\$ -	\$ 15,239	\$ 20,394,310
Construction in progress	36,015,055	14,698,916	-	(16,225,980)	34,487,991
Total capital assets, not being depreciated	56,142,302	14,950,740	-	(16,210,741)	54,882,301
Capital assets, being depreciated:					
Utility plants	872,325,968	9,222,525	(2,128,806)	16,940,358	896,360,045
Buildings	78,630,899	-	(157)	(178,175)	78,452,567
Improvements other than buildings	57,363,998	39,527	-	71,731	57,475,256
Automotive equipment	48,639,143	2,630,950	(1,490,294)	(40,773)	49,739,026
Furnishings and equipment	31,824,198	2,509,021	(135,614)	(281,813)	33,915,792
Assets under lease:					
Right-to-use equipment	124,056	-	-	-	124,056
Total capital assets, being depreciated	1,088,908,262	14,402,023	(3,754,871)	16,511,328	1,116,066,742
Less accumulated depreciation for:					
Utility plants	(480,649,907)	(22,689,826)	1,467,214	-	(501,872,519)
Buildings	(47,644,422)	(2,190,502)	157	5,671	(49,829,096)
Improvements other than buildings	(32,558,647)	(1,882,561)	-	-	(34,441,208)
Automotive equipment	(27,120,049)	(3,553,957)	1,459,914	39,643	(29,174,449)
Furnishings and equipment	(22,137,619)	(2,421,901)	135,614	72,352	(24,351,554)
Assets under lease:					
Right-to-use equipment	-	(62,951)	-	-	(62,951)
Total accumulated depreciation/amortization	(610,110,644)	(32,801,698)	3,062,899	117,666	(639,731,777)
Total capital assets, being depreciated, net	478,797,618	(18,399,675)	(691,972)	16,628,994	476,334,965
Total business-type activities	\$ 534,939,920	\$ (3,448,935)	\$ (691,972)	\$ 418,253	\$ 531,217,266

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

Program	Depreciation
Electric	\$ 14,111,226
Water	3,928,806
Wastewater	7,530,265
Storm drainage	1,084,859
Solid waste	2,787,403
Airport	1,786,913
RABA	1,496,477
Convention center	75,749
Total	<u>\$ 32,801,698</u>

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 7 – 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>(3,435,030)</u>
Power acquisition cost, net	<u><u>\$ 35,284</u></u>

For the year ended June 30, 2022, amortization expense was \$102,068.

Note 8 – Storage Base Gas

Redding Electric Utility (REU) entered into a natural gas lease agreement on August 28, 2009 with Gill Ranch Storage, LLC (GRS) in which GRS (Lessee) would provide firm natural gas storage service to REU (Lessor). The firm storage service is provided at the GRS facility in Madera County, California, near the City of Fresno. 2,250,000 Dth of natural gas was initially acquired by REU for GRS’ use as base gas under the lease at a total cost of \$11,850,000. Additionally, in order to effect the right to offset provisions per the lease contract between REU and GRS, REU paid GRS an amount equal to \$1,720,000. The total cost to REU to implement this lease agreement was \$13,570,000. The lease arrangement dictates that GRS shall make monthly payments to REU as rent for the base gas in an amount equal to \$100,000 per month. If REU does not purchase and deliver to GRS the base gas then GRS shall not be required to pay rent to REU. As of June 30, 2022, the lease agreement between Redding Electric Utility and Gill Ranch Storage, LLC continues to be in effect.

Note 9 – Unavailable Revenue

On the fund financial statements, unavailable revenue consisted of the following as of June 30, 2022:

	General Fund	General Capital Projects Fund	Nonmajor Governmental Funds	Total
Unavailable revenues:				
Sales tax	\$ 61,264	\$ -	\$ -	\$ 61,264
Property taxes	714,006	-	-	714,006
Grant revenue	730,719	19,131,988	478,152	20,340,859
Shasta Area Safety				
Communications Agency rents	141,233	-	-	141,233
Assessments	-	-	306,773	306,773
Housing loans - interest	-	-	4,948,433	4,948,433
HUD funds	-	-	34,990	34,990
Total	<u><u>\$ 1,647,222</u></u>	<u><u>\$ 19,131,988</u></u>	<u><u>\$ 5,768,348</u></u>	<u><u>\$ 26,547,558</u></u>

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 10 – Long-Term Debt

Summary of changes in long-term debt for the year ended June 30, 2022, is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due within One Year	Due in more than One Year
Governmental activities:						
Long-term debt:						
Leases	\$ 278,431	\$ 151,196	\$ (91,796)	\$ 337,831	\$ 104,228	\$ 233,603
Revenue bonds	29,593,649	-	(1,954,753)	27,638,896	2,034,111	25,604,785
Long-term debt before unamortized amounts	29,872,080	151,196	(2,046,549)	27,976,727	2,138,339	25,838,388
Bond premium	2,999,885	-	(130,904)	2,868,981	130,903	2,738,078
Bond discount	(42,129)	-	3,988	(38,141)	(3,644)	(34,497)
Total governmental activities long-term debt	<u>32,829,836</u>	<u>151,196</u>	<u>(2,173,465)</u>	<u>30,807,567</u>	<u>2,265,598</u>	<u>28,541,969</u>
Business-type activities:						
Long-term debt:						
Leases	124,056	-	(59,100)	64,956	60,571	4,385
Revenue bonds	158,316,350	-	(12,555,247)	145,761,103	14,690,888	131,070,215
State loans payable	1,211,564	-	(83,125)	1,128,439	85,483	1,042,956
Long-term debt before unamortized amounts	159,651,970	-	(12,697,472)	146,954,498	14,836,942	132,117,556
Bond premium	25,430,225	-	(2,236,069)	23,194,156	2,222,804	20,971,352
Bond discount	(200)	-	200	-	-	-
Total business-type activities long-term debt	<u>185,081,995</u>	<u>-</u>	<u>(14,933,341)</u>	<u>170,148,654</u>	<u>17,059,746</u>	<u>153,088,908</u>
Total long-term debt	<u>\$ 217,911,831</u>	<u>\$ 151,196</u>	<u>\$ (17,106,806)</u>	<u>\$ 200,956,221</u>	<u>\$ 19,325,344</u>	<u>\$ 181,630,877</u>

Current year amortization expense for bond premiums and discounts was \$126,916 for the governmental activities and \$2,235,869 for the business-type activities.

The annual requirements to amortize all debt outstanding as of June 30, 2022, excluding obligations associated with bond premiums (discounts) are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities		Government-Wide	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 2,138,339	\$ 1,339,342	\$ 14,836,942	\$ 7,183,047	\$ 16,975,281	\$ 8,522,389
2024	1,740,819	1,232,821	13,632,506	6,473,505	15,373,325	7,706,326
2025	1,629,488	1,149,675	14,225,397	5,796,343	15,854,885	6,946,018
2026	1,677,447	1,067,705	14,937,958	5,087,033	16,615,405	6,154,738
2027	1,095,632	981,578	15,680,590	4,342,149	16,776,222	5,323,727
2028-2032	6,255,000	3,998,220	61,507,103	9,962,743	67,762,103	13,960,963
2033-2037	6,740,002	2,298,867	12,134,002	912,430	18,874,004	3,211,297
2038-2042	4,600,000	938,428	-	-	4,600,000	938,428
2043-2047	2,100,000	107,539	-	-	2,100,000	107,539
Total	<u>\$ 27,976,727</u>	<u>\$ 13,114,175</u>	<u>\$ 146,954,498</u>	<u>\$ 39,757,250</u>	<u>\$ 174,931,225</u>	<u>\$ 52,871,425</u>

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 10 – Long-Term Debt (Continued)

Governmental activities	Issue Amount	Balance 06/30/2022	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
2013 Lease Revenue Bonds, Series B						
<i>Principal Payment</i>	\$ 9,046,060	\$ 6,508,896	\$ 359,111	\$ 379,783	\$ 235,000	\$ 245,000
<i>Bond Discount</i>	(120,916)	(38,141)	(3,645)	(2,184)	(1,678)	(1,678)
2013 Lease Revenue Bonds, Series C						
<i>Principal Payment</i>	2,135,000	1,475,000	100,000	105,000	110,000	120,000
2019 Lease Revenue Bonds, Series A						
<i>Principal Payment</i>	24,085,000	19,655,000	1,575,000	1,155,000	1,210,000	1,275,000
<i>Bond Premium</i>	3,272,602	2,868,981	130,904	130,904	130,904	130,904
Leases Payable						
<i>Principal Payment</i>	429,627	337,831	104,228	101,036	74,488	37,447
Total governmental activities	\$ 38,847,373	\$ 30,807,567	\$ 2,265,598	\$ 1,869,539	\$ 1,758,714	\$ 1,806,673
Business-type activities						
2013 California Airport Loan-Benton						
<i>Principal Payment</i>	\$ 350,000	\$ 211,539	\$ 20,274	\$ 21,013	\$ 21,782	\$ 22,578
2015 California Airport-Municipal						
<i>Principal Payment</i>	1,100,000	763,746	55,326	56,724	58,155	59,619
2018 California Airport Loan- Benton						
<i>Principal Payment</i>	190,000	153,154	9,883	10,167	10,459	10,760
2013 Lease Revenue Bonds, Series B						
<i>Principal Payment</i>	693,940	156,103	75,888	80,215	-	-
2020 Wastewater Revenue Bonds						
<i>Principal Payment</i>	52,420,000	43,060,000	4,570,000	3,680,000	3,865,000	4,060,000
<i>Bond Premium</i>	12,075,581	10,817,708	754,724	754,724	754,724	754,724
2018 Electric Systems Revenue Bonds, Series A						
<i>Principal Payment</i>	39,510,000	27,290,000	2,860,000	3,000,000	3,155,000	3,305,000
<i>Bond Premium</i>	6,232,541	3,957,252	525,067	525,067	525,067	525,067
2017 Electric Systems Revenue Bonds, Series A						
<i>Principal Payment</i>	55,785,000	41,830,000	4,380,000	4,600,000	4,830,000	5,075,000
<i>Bond Premium</i>	9,436,880	5,587,337	733,246	733,246	733,246	733,246
2015 Electric Systems Revenue Bonds, Series A						
<i>Principal Payment</i>	37,955,000	32,720,000	2,100,000	2,180,000	2,285,000	2,405,000
<i>Bond Premium</i>	4,195,346	2,831,859	209,767	209,767	209,767	209,767
2013 Water and Wastewater Revenue Bonds, Series A						
<i>Principal Payment</i>	14,730,000	705,000	705,000	-	-	-
Leases Payable						
<i>Principal Payment</i>	124,056	64,956	60,571	4,385	-	-
Total business-type activities	\$ 234,798,344	\$ 170,148,654	\$ 17,059,746	\$ 15,855,308	\$ 16,448,200	\$ 17,160,761

*Additional Information on the Bond Issues follows this note.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 10 – Long-Term Debt (Continued)

<u>FY 2026-27</u>	<u>FY 2028-32</u>	<u>FY 2033-37</u>	<u>FY 2038-42</u>	<u>FY 2043-47</u>	<u>Thereafter</u>	<u>Final Maturity</u>	<u>Interest Rate</u>
						2043	2-5%
\$ 255,000 (1,678)	\$ 1,485,000 (8,390)	\$ 1,405,002 (8,390)	\$ 1,450,000 (8,390)	\$ 695,000 (2,108)	\$ - -		
						2032	3.75-6.5%
125,000	735,000	180,000	-	-	-		
						2044	3.125-5%
695,000 130,904	4,035,000 654,520	5,155,000 654,520	3,150,000 654,520	1,405,000 250,901	- -		
						2027	3.890%
20,632	-	-	-	-	-		
<u>\$ 1,224,858</u>	<u>\$ 6,901,130</u>	<u>\$ 7,386,132</u>	<u>\$ 5,246,130</u>	<u>\$ 2,348,793</u>	<u>\$ -</u>		
\$ 23,404	\$ 102,488	\$ -	\$ -	\$ -	\$ -	2031	3.655%
61,117	329,309	143,496	-	-	-	2033	2.33%
11,069	60,308	40,508	-	-	-	2035	2.87%
-	-	-	-	-	-	2032	2-5.5%
4,260,000 754,724	18,720,000 3,773,620	3,905,000 3,270,468	- -	- -	- -	2036	5%
3,475,000 525,067	11,495,000 1,331,917	- -	- -	- -	- -	2030	4-5%
5,320,000 733,246	17,625,000 1,921,107	- -	- -	- -	- -	2030	3-5%
2,530,000 209,767	13,175,000 1,048,835	8,045,000 734,189	- -	- -	- -	2035	2-5%
-	-	-	-	-	-	2023	2-5%
-	-	-	-	-	-	2023	2.89%
<u>\$ 17,903,394</u>	<u>\$ 69,582,584</u>	<u>\$ 16,138,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 10 – Long-Term Debt (Continued)

2013 Lease Revenue Bonds, Series B and C

The 2013 Lease Revenue Bonds, Series B and Series C were 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 used to refinance the 1993 Lease Revenue Bonds for SHASCOM, Convention Center and the Municipal Airport.

The Bonds are payable from the operating revenues of the Redding Aquatic Center, Sports Complex, SHASCOM, Convention Center, and Municipal Airport Funds. The security for the bonds is the title to the City's existing police facility, its SHASCOM communications 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.

2019 Lease Revenue Bonds, Series A

The 2019 Lease Revenue Bonds, Series A were issued to refinance the 2004 Capital Projects Series A & B, 2004 Civic Center Refunding Series C, and the 2007 Capital Project Series A and to finance acquisition and construction of capital projects within the City of Redding. Payable from 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.

The Bonds are payable from 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.

2013 California Airport Loan (Benton)

The 2013 California Airport Loan (Benton) was to repay the California Highway Patrol Hangar at the Benton Airpark.

2015 California Airport Loan (Municipal)

The 2015 California Airport Loan (Municipal) was for the PV Solar Array lease purchase at the Redding Municipal Airport.

2018 California Airport Loan (Benton)

The 2018 California Airport Loan (Benton) was for the construction of a new hangar roof and other exterior improvements at the Benton Airpark.

2020 Wastewater Revenue Bonds

The 2020 Wastewater Revenue Bonds, Series A were issued to refinance twelve State Water Resource Control Board (SWRCB) loans, which were used to finance capital improvements to the City's wastewater system and cost of issues for the 2020 bonds.

The payments are payable from operating revenue of the Wastewater Utility Fund. The 2020 bonds are special obligations of the City payable solely from and secured by a pledge of and lien on net revenues of the wastewater system and all monies on deposit in the Wastewater Revenue Fund.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 10 – Long-Term Debt (Continued)

2018 Electric System Revenue Bonds

The 2018 Electric System Revenue Bonds, Series A were issued to prepay and refund a portion of the City's outstanding 2008 A Electric System Certificates of Participation Bonds and pay costs of issuance monies on deposit in the Electric Revenue Fund of the City.

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 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.

2017 Electric System Revenue Bonds

The 2017 Electric System Revenue Bonds, Series A were issued to prepay and refund a portion of the City's outstanding 2008 A Electric Systems Certificates of Participation Bonds and pay cost of issuance of the 2017 bonds.

The payments are payable from operating revenues of the Electric Utility Fund. The 2017 bonds are special obligation of the City payable solely from and secured 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.

2015 Electric System Revenue Bonds

The 2015 Electric System Revenue Bonds, Series A were issued to finance the cost of design, acquisition and construction of new administrative building for the Electric Utility of the City 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.

These payments are payable from operating revenues of the Electric Utility Fund.

2013 Water and Wastewater Revenue Bonds

The 2013 Water and Wastewater 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 Bonds were issued to refinance the 2002 Wastewater Revenue Bonds which were issued to refinance wastewater debt and wastewater's portion of the corporation yard debt.

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 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.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 11 – 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
Net Revenues	Water Utility	Bond	Refund prior debt issues.	2013	\$ 6,165,000
Net Revenues	Wastewater Utility	Bond	Refund prior debt issues. (SRF Loan)	2020	52,420,000
Net Revenues Plus Reserves	Electric Utility	Bond	Refund prior debt	2015	37,955,000
Net Revenues Plus Reserves	Electric Utility	Bond	Refund prior debt	2017	55,785,000
Net Revenues Plus Reserves	Electric Utility	Bond	Refund prior debt	2018	39,510,000

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 11 – Pledged Revenue (Continued)

Payments Amortized Thru	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
2023	9%		\$ 733,200	\$ 730,200	\$ 8,277,770	\$ -
2036	40%		55,598,500	6,720,500	16,659,823	-
2035	12%	2%	43,266,915	1,853,570	15,261,997	71,511,669
2030	39%	7%	51,776,000	5,971,250	15,261,997	71,511,669
2030	33%	6%	33,778,000	4,960,750	15,261,997	71,511,669

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 12 – 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, 2022 were as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due within One Year	Due in More Than One Year
Governmental activities	\$ 12,261,344	\$ 7,673,063	\$ (6,182,264)	\$ 13,752,143	\$ 5,093,888	\$ 8,658,255
Business-type activities	8,392,766	5,178,265	(4,513,764)	9,057,267	3,223,756	5,833,511
Total	<u>\$ 20,654,110</u>	<u>\$ 12,851,328</u>	<u>\$ (10,696,028)</u>	<u>\$ 22,809,410</u>	<u>\$ 8,317,644</u>	<u>\$ 14,491,766</u>

Note 13 – 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, 2021 and prior at June 30, 2022, 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, 2022, has been included in the Risk Management Fund’s claims payable amount as of June 30, 2022.

General Liability Insurance is self-administered and is self-insured up to \$750,000. Any claims from \$750,001 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, 2022.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 13 – Self-Insurance (Continued)

Property Insurance is administered as a co-insurance plan. The City is self-insured for claims up to \$250,000 for all Risk and \$500,000 for Wildfire. An insurance company co-insures claims over \$250,000 for all Risk and \$500,000 for Wildfire. 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, 2022.

The following is a reconciliation of changes in claims liability amounts for fiscal years ended June 30, 2022:

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						
2020	15,906,350	399,795	(2,739,855)	13,566,290	3,222,190	10,344,100
2021	13,566,290	2,024,198	(2,036,288)	13,554,200	3,325,620	10,228,580
2022	13,554,200	2,784,524	(3,053,554)	13,285,170	4,567,826	8,717,344
General Liability						
2020	1,426,870	1,555,907	(568,817)	2,413,960	2,188,880	225,080
2021	2,413,960	1,298,173	(750,213)	2,961,920	639,000	2,322,920
2022	2,961,920	2,479,008	(1,251,548)	4,189,380	2,400,823	1,788,557
Health and Dental						
2020	87,510	23,305,218	(23,281,738)	110,990	110,990	-
2021	110,990	24,386,443	(24,398,343)	99,090	99,090	-
	99,090	25,573,792	(25,490,492)	182,390	182,390	-
Total						
2020	17,420,730	25,260,920	(26,590,410)	16,091,240	5,522,060	10,569,180
2021	16,091,240	27,708,814	(27,184,844)	16,615,210	4,063,710	12,551,500
2022	16,615,210	30,837,324	(29,795,594)	17,656,940	7,151,039	10,505,901

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 14 – Individual Fund Disclosures

The following fund reported a deficit fund balance as of June 30, 2022:

Information Systems Fund – The deficit of \$2,532,805 in this fund 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 \$2,938,967 in this fund 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.

Risk Management Fund – The deficit of \$3,877,440 in this fund 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 \$5,309,035 in this fund 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 15 – 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.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 15 – Joint Ventures (Continued)

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

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 be 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%).

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.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 15 – Joint Ventures (Continued)

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

Summary audited financial information of the M-S-R Public Power Agency as of and for the year ended December 31, 2021 is as follows (in thousands):

Total assets and deferred outflows	\$ 79,588	Total revenues	\$ 86,361
		Total expenses	(58,186)
Total liabilities and deferred inflows	57,006		
Total members' deficit	22,582	Net income	28,175
Total liabilities and members' deficit	\$ 79,588	Members' deficit, January 1, 2021	(2,293)
		Member distributions	(3,300)
		Members' deficit, December 31, 2021	\$ 22,582

The debt of the Power Agency is comprised entirely of revenue bonds totaling \$26 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. Operating profits have caused the City to have equity in the Power Agency of \$3.4 million at December 31, 2021. 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, 2022, the City made no contributions to fund its share of prior operating deficits. If there were such contributions, they would be included in operating expenses.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 15 – Joint Ventures (Continued)

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, 2021, the City’s unrecognized share of member’s deficit of the M-S-R Energy Authority was \$118,408,933.

The long-term debt of the M-S-R Energy Authority totaled \$881,000,000 at December 31, 2021. The M-S-R Energy Authority did not make any principal payments in 2021.

Summarized financial information of M-S-R Energy Authority as of and for the year ended December 31, 2021, is as follows (in thousands):

Total assets and deferred outflows	\$ 894,989
Total liabilities and deferred inflows	\$ 894,989
Total net position	\$ -
Total liabilities and net position	\$ 894,989
Net increase (decrease) in net position	\$ -

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 equating to a \$6,353,828 member’s equity balance at June 30, 2022. 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.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 15 – Joint Ventures (Continued)

C. Transmission Agency of Northern California

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, 2022.

The debt of the Transmission Agency of Northern California is comprised entirely of revenue bonds totaling \$167,800,000. 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.

Investment in JPA \$ 6,353,828

Summarized financial information of TANC as of and for the year ended June 30, 2022, is as follows (in thousands):

Total assets and deferred outflows	<u>\$ 381,085</u>
Total liabilities and deferred inflows	302,014
Total net position	<u>79,071</u>
Total liabilities and net position	<u>\$ 381,085</u>
Net increase (decrease) in net position	<u>\$ 14,921</u>

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.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 15 – Joint Ventures (Continued)

D. Balancing Authority of Northern California

The member’s rights and expense-sharing is based on the participation percentages in most BANC activities. BANC member’s participation percentages are based on the member’s retail sales and stands at 69.2%, 16.9%, 7.7%, 4.9%, and 1.3% for SMUD, MID, Roseville, REU, and Shasta Lake 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, 2021, is as follows (in thousands):

Total current assets	\$ 7,096,513
Total current liabilities	7,096,513
Total net position	-
Total liabilities and net position	\$ 7,096,513
Net increase (decrease) in net position	\$ -

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

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	\$ 26,425,000	15.000%	\$ 3,963,750
TANC (2)			
Bonds (2016A)	167,800,000	8.3912%	14,080,434
TANC subtotal	167,800,000		14,080,434
Total	\$ 194,225,000		\$ 18,044,184

(1) As of December 31, 2021

(2) As of June 30, 2022

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

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 16 – Postclosure Care Costs

State and federal laws and regulations required the City to place a final cover on Benton Landfill, which closed in 1990. The City has completed the final cover and other closure items required. The City is also required under state and federal laws and regulations to perform certain maintenance and monitoring functions at the landfill site for the next 15 years. The remaining estimated liability for landfill postclosure care cost was \$2,583,690 as of June 30, 2022, 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, 2022. 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, 2022, were as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due within One Year	Due in More Than One Year
Postclosure care liability	\$ 2,390,240	\$ 327,853	\$ 134,133	\$ 2,583,960	\$ 170,370	\$ 2,413,590

Note 17 – 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 2021-22, RABA did not receive or accrue any additional PTMISEA funding. During the fiscal year RABA incurred \$816,392 in qualifying expenditures and earned \$4,598 in interest income. The June 30, 2022 ending balance in unspent PTMISEA funding was \$961,993 and is included in the Unearned Revenue balance.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 18 – 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)	\$ 30,241,994	\$ 94,663,754	\$ 4,305,732	\$ 129,211,480
Internal Service Funds:				
Equipment	2,444,024	-	256,591	2,700,615
Information Systems	3,068,945	-	257,468	3,326,413
General Support Services	3,494,968	-	347,877	3,842,845
Risk Management	779,081	-	66,022	845,103
Municipal Utilities Support	4,139,790	-	740,934	4,880,724
Total Internal Service Funds	<u>13,926,808</u>	<u>-</u>	<u>1,668,892</u>	<u>15,595,700</u>
Total Governmental Activities	<u>44,168,802</u>	<u>94,663,754</u>	<u>5,974,624</u>	<u>144,807,180</u>
Enterprise funds:				
Electric Utility	42,838,951	-	5,629,632	48,468,583
Water Utility	4,436,857	-	817,538	5,254,395
Wastewater Utility	5,922,597	-	962,729	6,885,326
Solid Waste Utility	10,148,036	-	1,302,763	11,450,799
Airport	1,181,792	-	861	1,182,653
Storm Drainage Utility	733,473	-	121,459	854,932
Total Enterprise funds	<u>65,261,706</u>	<u>-</u>	<u>8,834,982</u>	<u>74,096,688</u>
Total	<u>\$ 109,430,508</u>	<u>\$ 94,663,754</u>	<u>\$ 14,809,606</u>	<u>\$ 218,903,868</u>

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 18 – Retirement Plans (Continued)

A. Summary (Continued)

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)	\$ 4,633,233	\$ 12,958,225	\$ 2,788,038	\$ 20,379,496
Internal Service Funds:				
Equipment	374,437	-	166,147	540,584
Information Systems	470,179	-	166,715	636,894
General Support Services	535,448	-	225,256	760,704
Risk Management	119,359	-	42,750	162,109
Municipal Utilities Support	634,238	-	479,768	1,114,006
Total Internal Service Funds	<u>2,133,661</u>	<u>-</u>	<u>1,080,636</u>	<u>3,214,297</u>
Total Governmental Activities	<u>6,766,894</u>	<u>12,958,225</u>	<u>3,868,674</u>	<u>23,593,793</u>
Enterprise funds:				
Electric Utility	6,563,151	-	3,645,286	10,208,437
Water Utility	679,749	-	529,370	1,209,119
Wastewater Utility	907,373	-	623,384	1,530,757
Solid Waste Utility	1,554,732	-	843,562	2,398,294
Airport	181,057	-	558	181,615
Storm Drainage Utility	112,372	-	78,647	191,019
Total Enterprise funds	<u>9,998,434</u>	<u>-</u>	<u>5,720,807</u>	<u>15,719,241</u>
Total	<u>\$ 16,765,328</u>	<u>\$ 12,958,225</u>	<u>\$ 9,589,481</u>	<u>\$ 39,313,034</u>

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 18 – 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)	\$ 706,368	\$ 744,941	\$ 35,897	\$ 1,487,206
Internal Service Funds:				
Equipment	57,083	-	2,139	59,222
Information Systems	71,681	-	2,147	73,828
General Support Services	81,636	-	2,900	84,536
Risk Management	18,199	-	550	18,749
Municipal Utilities Support	96,694	-	6,177	102,871
Total Internal Service Funds	<u>325,293</u>	<u>-</u>	<u>13,913</u>	<u>339,206</u>
Total Governmental Activities	<u>1,031,661</u>	<u>744,941</u>	<u>49,810</u>	<u>1,826,412</u>
Enterprise funds:				
Electric Utility	1,000,598	-	46,934	1,047,532
Water Utility	103,633	-	6,816	110,449
Wastewater Utility	138,335	-	8,026	146,361
Solid Waste Utility	237,029	-	10,861	247,890
Airport	27,603	-	7	27,610
Storm Drainage Utility	17,131	-	1,013	18,144
Total Enterprise funds	<u>1,524,329</u>	<u>-</u>	<u>73,657</u>	<u>1,597,986</u>
Total	<u>\$ 2,555,990</u>	<u>\$ 744,941</u>	<u>\$ 123,467</u>	<u>\$ 3,424,398</u>

Total Deferred Outflows

	Miscellaneous Plan	Safety Plan	PARS Plan	Total
Governmental Activities (minus Internal Service Funds)	\$ 5,339,601	\$ 13,703,166	\$ 2,823,935	\$ 21,866,702
Internal Service Funds:				
Equipment	431,520	-	168,286	599,806
Information Systems	541,860	-	168,862	710,722
General Support Services	617,084	-	228,156	845,240
Risk Management	137,558	-	43,300	180,858
Municipal Utilities Support	730,932	-	485,945	1,216,877
Total Internal Service Funds	<u>2,458,954</u>	<u>-</u>	<u>1,094,549</u>	<u>3,553,503</u>
Total Governmental Activities	<u>7,798,555</u>	<u>13,703,166</u>	<u>3,918,484</u>	<u>25,420,205</u>
Enterprise funds:				
Electric Utility	7,563,749	-	3,692,220	11,255,969
Water Utility	783,382	-	536,186	1,319,568
Wastewater Utility	1,045,708	-	631,410	1,677,118
Solid Waste Utility	1,791,761	-	854,423	2,646,184
Airport	208,660	-	565	209,225
Storm Drainage Utility	129,503	-	79,660	209,163
Total Enterprise funds	<u>11,522,763</u>	<u>-</u>	<u>5,794,464</u>	<u>17,317,227</u>
Total	<u>\$ 19,321,318</u>	<u>\$ 13,703,166</u>	<u>\$ 9,712,948</u>	<u>\$ 42,737,432</u>

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 18 – 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:

Differences between Expected and Actual Experience

	Miscellaneous Plan	Safety Plan	PARS Plan	Total
Governmental Activities (minus Internal Service Funds)	\$ -	\$ 1,077,437	\$ -	\$ 1,077,437
Internal Service Funds:				
Equipment	-	-	-	-
Information Systems	-	-	-	-
General Support Services	-	-	-	-
Risk Management	-	-	-	-
Municipal Utilities Support	-	-	-	-
Total Internal Service Funds	-	-	-	-
Total Governmental Activities	-	1,077,437	-	1,077,437
Enterprise funds:				
Electric Utility	-	-	-	-
Water Utility	-	-	-	-
Wastewater Utility	-	-	-	-
Solid Waste Utility	-	-	-	-
Airport	-	-	-	-
Storm Drainage Utility	-	-	-	-
Total Enterprise funds	-	-	-	-
Total	\$ -	\$ 1,077,437	\$ -	\$ 1,077,437

Difference between Expected and Actual Experience

	Miscellaneous Plan	Safety Plan	PARS Plan	Total
Governmental Activities (minus Internal Service Funds)	\$ 9,881,478	\$ 23,754,345	\$ 2,074,897	\$ 35,710,720
Internal Service Funds:				
Equipment	798,576	-	123,649	922,225
Information Systems	1,002,768	-	124,072	1,126,840
General Support Services	1,141,971	-	167,639	1,309,610
Risk Management	254,562	-	31,815	286,377
Municipal Utilities Support	1,352,663	-	357,050	1,709,713
Total Internal Service Funds	4,550,540	-	804,225	5,354,765
Total Governmental Activities	14,432,018	23,754,345	2,879,122	41,065,485
Enterprise funds:				
Electric Utility	13,997,495	-	2,712,874	16,710,369
Water Utility	1,449,728	-	393,967	1,843,695
Wastewater Utility	1,935,190	-	463,931	2,399,121
Solid Waste Utility	3,315,841	-	627,791	3,943,632
Airport	386,147	-	415	386,562
Storm Drainage Utility	239,660	-	58,530	298,190
Total Enterprise funds	21,324,061	-	4,257,508	25,581,569
Total	\$ 35,756,079	\$ 23,754,345	\$ 7,136,630	\$ 66,647,054

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 18 – Retirement Plans (Continued)

A. Summary (Continued)

Deferred Inflows of Resources

Total Pension-related Deferred Inflows

	Miscellaneous Plan	Safety Plan	PARS Plan	Total
Governmental Activities (minus Internal Service Funds)	\$ 9,881,478	\$ 24,831,782	\$ 2,074,897	\$ 36,788,157
Internal Service Funds:				
Equipment	798,576	-	123,649	922,225
Information Systems	1,002,768	-	124,072	1,126,840
General Support Services	1,141,971	-	167,639	1,309,610
Risk Management	254,562	-	31,815	286,377
Municipal Utilities Support	1,352,663	-	357,050	1,709,713
Total Internal Service Funds	4,550,540	-	804,225	5,354,765
Total Governmental Activities	14,432,018	24,831,782	2,879,122	42,142,922
Enterprise funds:				
Electric Utility	13,997,495	-	2,712,874	16,710,369
Water Utility	1,449,728	-	393,967	1,843,695
Wastewater Utility	1,935,190	-	463,931	2,399,121
Solid Waste Utility	3,315,841	-	627,791	3,943,632
Airport	386,147	-	415	386,562
Storm Drainage Utility	239,660	-	58,530	298,190
Total Enterprise funds	21,324,061	-	4,257,508	25,581,569
Total	\$ 35,756,079	\$ 24,831,782	\$ 7,136,630	\$ 67,724,491

Pension Expense

The total pension expense related to all retirement plans is \$13,157,358. This is comprised of three parts CalPERS Miscellaneous Plan, CalPERS Safety Plan, and the PARS plan. The CalPERS Miscellaneous Plan pension expense was \$5,380,006, the CalPERS Safety Plan pension expense was \$6,574,057, and the PARS plan was \$1,203,295.

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.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 18 – Retirement Plans (Continued)

B. CalPERS (Continued)

General Information about the Pension Plans (continued)

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.

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, 2021, 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 contribution rates	7.00%	7.25%		
Required employer contribution rates	9.96%	9.96%		
	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 contribution rates	9.0%	9.0%	13.3%	
Required employer contribution rates	21.554%	21.554%	21.970%	

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 18 – Retirement Plans (Continued)

B. CalPERS (Continued)

a. Net Pension Liability

Employees Covered by Benefit Terms

At June 30, 2020 (actuarial valuation date), the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	861	307
Inactive employees entitled to but not yet receiving benefits	315	69
Active employees	605	192
Total	1,781	568

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, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 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
For the Year Ended June 30, 2022

Note 18 – Retirement Plans (Continued)

B. CalPERS (Continued)

a. Net Pension Liability (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Payroll Growth	2.75%	2.75%
Projected Salary Increase	Varies by Entry Age and Service	
Investment Rate of Return	7.00% 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 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter	

¹The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Preretirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2020 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
For the Year Ended June 30, 2022

Note 18 – 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.

Asset Class ¹	Current Target Allocation	Real Return Years 1-10 ²	Real Return Years 11+ ³
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	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%

¹In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

²An expected inflation of 2.0% used for this period

³An expected inflation of 2.92% used for this period

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 18 – 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, 2020 (Measurement date)	\$ 475,245,999	\$ 318,158,015	\$ 157,087,984
Changes in the year:			
Service costs	7,299,034	-	7,299,034
Interest on the total pension liability	33,378,172	-	33,378,172
Changes of benefit terms	-	-	-
Differences between actual and expected experience	1,706,144	-	1,706,144
Change in assumptions	-	-	-
Plan to plan resource movement	-	-	-
Contributions - employer	-	15,066,353	(15,066,353)
Contribution - employee	-	3,711,059	(3,711,059)
Net investment income	-	71,581,234	(71,581,234)
Benefit payments, including refunds of employee contributions	(27,548,141)	(27,548,141)	-
Administrative expense	-	(317,820)	317,820
Other miscellaneous income/(expense)	-	-	-
Net changes	14,835,209	62,492,685	(47,657,476)
Balance at June 30, 2021 (Measurement date)	<u>\$ 490,081,208</u>	<u>\$ 380,650,700</u>	<u>\$ 109,430,508</u>

²Net of administrative expenses

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 18 – 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, 2020 (Measurement date)	\$ 337,367,520	\$ 209,035,943	\$ 128,331,577
Changes in the year:			
Service costs	5,835,290	-	5,835,290
Interest on the total pension liability	23,600,338	-	23,600,338
Changes of benefit terms	-	-	-
Differences between actual and expected experience	(1,394,330)	-	(1,394,330)
Change in assumptions	-	-	-
Plan to plan resource movement	-	-	-
Contributions - employer	-	12,015,895	(12,015,895)
Contribution - employee	-	2,413,060	(2,413,060)
Net investment income	-	47,488,980	(47,488,980)
Benefit payments, including refunds of employee contributions	(17,632,371)	(17,632,371)	-
Administrative expense	-	(208,814)	208,814
Other miscellaneous income/(expense)	-	-	-
Net changes	<u>10,408,927</u>	<u>44,076,750</u>	<u>(33,667,823)</u>
Balance at June 30, 2021 (Measurement date)	<u>\$ 347,776,447</u>	<u>\$ 253,112,693</u>	<u>\$ 94,663,754</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	\$ 168,773,269	\$ 141,449,690
Current discount rate	7.15%	7.15%
Net pension liability	\$ 109,430,508	\$ 94,663,754
1% Increase	8.15%	8.15%
Net pension liability	\$ 59,840,471	\$ 56,232,817

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 18 – 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 Annual Comprehensive 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, 2021, the City recognized pension expense of \$11,954,063, which is comprised of \$5,380,006 of pension expense related to the CalPERS Miscellaneous plan and \$6,574,057 of pension expense related to the CalPERS Safety plan. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after measurement date	\$ 16,765,328	\$ -
Difference between expected and actual experience	2,555,990	-
Net difference between projected and actual earnings on pension plan investments	-	(35,756,079)
Total	<u>\$ 19,321,318</u>	<u>\$ (35,756,079)</u>

Safety Plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after measurement date	\$ 12,958,225	\$ -
Difference between expected and actual experience	744,941	(1,077,437)
Net difference between projected and actual earnings on pension plan investments	-	(23,754,345)
Total	<u>\$ 13,703,166</u>	<u>\$ (24,831,782)</u>

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 18 – 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 2020-21 measurement period expense.

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the miscellaneous plan and safety plan for the 2019-20 measurement is 3.5 and 4.1 years, which was obtained by dividing the total service years of 6,004 and 2,213 (the sum of remaining service lifetimes of the active employees) by 1,714 and 543 (the total number of participants: active, inactive and retired), respectively.

The \$16,765,328 and \$12,958,225 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, 2021 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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
2022	\$ (7,469,429)	\$ (5,654,203)
2023	(7,577,422)	(5,770,683)
2024	(8,308,544)	(5,997,965)
2025	(9,844,694)	(6,663,990)
2026	-	-
Thereafter	-	-
Total	\$ (33,200,089)	\$ (24,086,841)

d. Payable to the Pension Plan

At June 30, 2022, The City reported a payable of \$ -0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 18 – 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, 2021, 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	2.35%	1.70%	1.71%	2.08%	2.08%	1.31%
Required employer contribution rates	54.14%	45.87%	45.85%	39.57%	36.09%	46.52%

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 18 – Retirement Plans (Continued)

C. PARS (Continued)

a. General Information about the Pension Plans (Continued)

Employees Covered

At July 1, 2020, 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	100	205	10	93	45	11	464
Inactive employees entitled to but not yet receiving benefits	3	4	-	3	-	1	11
Active employees	43	101	2	60	27	12	245
Total	<u>146</u>	<u>310</u>	<u>12</u>	<u>156</u>	<u>72</u>	<u>24</u>	<u>720</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, 2020 actuarial valuation were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
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, 3.4% after 22 years of service.
Investment Rate of Return	7.00%
Mortality Rate Table	Pre-retirement/Post-retirement: Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans after June 30, 2017

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 18 – 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, 2022.

<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	0.63%	0.21%	0.20%
US Core Fixed Income	Barclays Aggregate	36.04%	1.95%	1.84%
US Equity Market	Russell 3000	47.97%	5.70%	4.10%
Foreign Developed Equity	MSCI EAFE NR	7.77%	6.99%	5.25%
Emerging Markets Equity	MSCI EM NR	5.55%	9.44%	5.97%
US REITs	FTSE NAREIT Equity REIT	2.04%	6.27%	4.11%
Assumed inflation - mean			2.35%	2.35%
Assumed inflation - standard deviation			1.25%	1.25%
Portfolio real mean return			4.63%	3.96%
Portfolio nominal mean return			6.98%	6.43%
Portfolio standard deviation				11.08%
Long-term expected rate of return				7.00%

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 18 – 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, 2020 (Measurement date)	\$ 88,742,201	\$ 59,697,789	\$ 29,044,412
Changes in the year:			
Service costs	934,480	-	934,480
Interest on the total pension liability	6,099,199	-	6,099,199
Changes of benefit terms	-	-	-
Effect of economic/demographic gains or losses	-	-	-
Differences between actual and expected experience	-	-	-
Change in assumptions	-	-	-
Contributions - employer	-	6,575,412	(6,575,412)
Contribution - employer (paid by member)	-	353,687	(353,687)
Net investment income	-	14,530,931	(14,530,931)
Administrative expenses	-	(191,545)	191,545
Benefit payments, including refunds of employee contributions	(5,178,122)	(5,178,122)	-
Net changes	1,855,557	16,090,363	(14,234,806)
Balance at June 30, 2021 (Measurement date)	<u>\$ 90,597,758</u>	<u>\$ 75,788,152</u>	<u>\$ 14,809,606</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	\$ 100,746,516	\$ 90,597,758	\$ 82,015,742
Fiduciary net position	75,788,152	75,788,152	75,788,152
Net pension liability	24,958,364	14,809,606	6,227,590

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 18 – 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 Annual Comprehensive 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, 2021, the City recognized pension expense of \$1,203,296. At June 30, 2022, 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	\$ 9,589,481	\$ -
Difference between expected and actual experience	123,467	-
Net difference between projected and actual earnings on pension plan investments	-	(7,136,630)
Total	\$ 9,712,948	\$ (7,136,630)

The amounts above are net of outflow and inflows recognized in the 2019-20 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 2019-20 measurement is 2.6 years, which was obtained by dividing the total service years of 1,889 (the sum of remaining service lifetimes of the active employees) by 727 (the total number of participants: active, inactive and retired).

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 18 – Retirement Plans (Continued)

C. PARS (Continued)

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

The \$9,589,481 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, 2022 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflow and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ended June 30	Amount
2022	\$ (1,542,094)
2023	(1,677,756)
2024	(1,733,628)
2025	(2,059,685)
Thereafter	-
Total	\$ (7,013,163)

e. Payable to the Pension Plan

At June 30, 2022, The City reported a payable of \$ -0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 19 – 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, 2022:

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)	\$ 27,431,814
Internal Service Funds:	
Equipment	795,713
Information Systems	1,037,017
General Support Services	1,216,435
Risk Management	294,520
Municipal Utilities Support	1,492,420
Total Internal Service Funds	4,836,105
Total Governmental Activities	32,267,919
Enterprise funds:	
Electric Utility	14,788,676
Water Utility	1,533,050
Wastewater Utility	2,115,611
Solid Waste Utility	3,559,958
Airport	444,359
Storm Drainage Utility	230,595
Total Enterprise funds	22,672,249
Total	\$ 54,940,168

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 19 – 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)	\$ 2,297,304
Internal Service Funds:	
Equipment	66,639
Information Systems	86,846
General Support Services	101,871
Risk Management	24,665
Municipal Utilities Support	124,984
Total Internal Service Funds	405,005
Total Governmental Activities	2,702,309
Enterprise funds:	
Electric Utility	1,238,492
Water Utility	128,387
Wastewater Utility	177,174
Solid Waste Utility	298,132
Airport	37,213
Storm Drainage Utility	19,311
Total Enterprise funds	1,898,709
Total	\$ 4,601,018

Difference between Projected and Actual Earnings on Pension Plan Investments

OPEB	
Governmental Activities (minus Internal Service Funds)	\$ 930
Internal Service Funds:	
Equipment	25
Information Systems	35
General Support Services	42
Risk Management	10
Municipal Utilities Support	51
Total Internal Service Funds	163
Total Governmental Activities	1,093
Enterprise funds:	
Electric Utility	501
Water Utility	52
Wastewater Utility	72
Solid Waste Utility	120
Airport	15
Storm Drainage Utility	8
Total Enterprise funds	768
Total	\$ 1,861

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 19 – Other Postemployment Healthcare Benefits (Continued)

Deferred Outflows of Resources (Continued)

Changes of Assumptions

	OPEB
Governmental Activities	
(minus Internal Service Funds)	\$ 4,552,673
Internal Service Funds:	
Equipment	132,059
Information Systems	172,107
General Support Services	201,883
Risk Management	48,879
Municipal Utilities Support	247,687
Total Internal Service Funds	802,615
Total Governmental Activities	5,355,288
Enterprise funds:	
Electric Utility	2,454,377
Water Utility	254,430
Wastewater Utility	351,114
Solid Waste Utility	590,823
Airport	73,747
Storm Drainage Utility	38,270
Total Enterprise funds	3,762,761
Total	\$ 9,118,049

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 19 – Other Postemployment Healthcare Benefits (Continued)

Deferred Outflows of Resources (Continued)

Differences between Expected and Actual Experience

	OPEB
Governmental Activities	
(minus Internal Service Funds)	\$ 6,708,066
Internal Service Funds:	
Equipment	194,581
Information Systems	253,588
General Support Services	297,463
Risk Management	72,021
Municipal Utilities Support	364,950
Total Internal Service Funds	1,182,603
Total Governmental Activities	7,890,669
Enterprise funds:	
Electric Utility	3,616,364
Water Utility	374,885
Wastewater Utility	517,342
Solid Waste Utility	870,538
Airport	108,662
Storm Drainage Utility	56,389
Total Enterprise funds	5,544,180
Total	\$ 13,434,849

Total Deferred Outflows

	OPEB
Governmental Activities	
(minus Internal Service Funds)	\$ 13,558,974
Internal Service Funds:	
Equipment	393,304
Information Systems	512,576
General Support Services	601,258
Risk Management	145,575
Municipal Utilities Support	737,672
Total Internal Service Funds	2,390,385
Total Governmental Activities	15,949,359
Enterprise funds:	
Electric Utility	7,309,734
Water Utility	757,754
Wastewater Utility	1,045,702
Solid Waste Utility	1,759,613
Airport	219,637
Storm Drainage Utility	113,978
Total Enterprise funds	11,206,418
Total	\$ 27,155,777

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 19 – Other Postemployment Healthcare Benefits (Continued)

Deferred Inflows of Resources

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

Changes in Assumptions

	OPEB
Governmental Activities (minus Internal Service Funds)	\$ 1,003,716
Internal Service Funds:	
Equipment	29,114
Information Systems	37,944
General Support Services	44,508
Risk Management	10,776
Municipal Utilities Support	54,607
Total Internal Service Funds	176,949
Total Governmental Activities	1,180,665
Enterprise funds:	
Electric Utility	541,110
Water Utility	56,093
Wastewater Utility	77,409
Solid Waste Utility	130,257
Airport	16,258
Storm Drainage Utility	8,437
Total Enterprise funds	829,564
Total	\$ 2,010,229

Total Deferred Inflows

	OPEB
Governmental Activities (minus Internal Service Funds)	\$ 1,003,716
Internal Service Funds:	
Equipment	29,114
Information Systems	37,944
General Support Services	44,508
Risk Management	10,776
Municipal Utilities Support	54,607
Total Internal Service Funds	176,949
Total Governmental Activities	1,180,665
Enterprise funds:	
Electric Utility	541,110
Water Utility	56,093
Wastewater Utility	77,409
Solid Waste Utility	130,257
Airport	16,258
Storm Drainage Utility	8,437
Total Enterprise funds	829,564
Total	\$ 2,010,229

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 19 – 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	396
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>762</u>
Total	<u><u>1,158</u></u>

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 19 – Other Postemployment Healthcare Benefits (Continued)

Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2021, and the actuarial valuation used to calculate the net OPEB liability was as of June 30, 2021.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Actuarial Assumptions:	
Discount Rate	2.16% at June 30, 2021 Bond Buyer 20-bond Index 2.21% at June 30, 2020 Bond Buyer 20-bond Index
General Inflation	2.50%
Expected Net Long-Term Rate of Return on Investments:	3.50% at June 30, 2021
Mortality Rate Table	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Salary Increases	2.75%
Medical Trend	Non-Medicare-6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare-5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076
Medical participation	Medicare- 100% actives and retirees assumed to be eligible and will participate in Medicare
Healthcare participation for future retirees	Single coverage: 60% pre-65, 20% post-65 2-Party and family coverage - 75% pre-65, 50% post-65
Healthcare participation for current retirees	30% for single and 70% for 2-party/family after age 65 for retirees currently under 65 100% for other retirees

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 19 – Other Postemployment Healthcare Benefits (Continued)

Net OPEB Liability (Continued)

Changes in Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at June 30, 2020 (Measurement date)	\$ 40,690,410	\$ 52,691	\$ 40,637,719
Changes in the year:			
Service costs	2,473,321	-	2,473,321
Interest on the total pension liability	913,626	-	913,626
Changes of benefit terms	-	-	-
Effect of economic/demographic gains or losses	-	-	-
Differences between actual and expected experience	12,995,166	-	12,995,166
Change in assumptions	1,566,528	-	1,566,528
Contributions - employer	-	3,646,314	(3,646,314)
Contributions - employer (paid by employer)	-	-	-
Net investment income	-	10	(10)
Administrative expenses	-	(132)	132
Benefit payments, including refunds of employee contributions	(3,646,314)	(3,646,314)	-
Net changes	<u>14,302,327</u>	<u>(122)</u>	<u>14,302,449</u>
Balance at June 30, 2021 (Measurement date)	<u>\$ 54,992,737</u>	<u>\$ 52,569</u>	<u>\$ 54,940,168</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 2.16%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current rate:

	<u>1% Decrease (1.16%)</u>	<u>Current Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Net OPEB Liability	\$ 56,861,129	\$ 54,940,168	\$ 52,538,599

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:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 50,969,824	\$ 54,940,168	\$ 59,046,865

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 19 – 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, 2022, the City recognized OPEB expense of \$7,530,447. At June 30, 2022, 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
OPEB contributions made after measurement date	\$ 4,601,018	\$ -
Changes of assumptions	9,118,049	2,010,229
Difference between expected and actual experience	13,434,849	-
Net difference between projected and actual earnings on OPEB plan investments	1,861	-
Total	\$ 27,155,777	\$ 2,010,229

The \$4,601,018 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, 2022 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflow and deferred inflow of resources related to OPEB will be recognized in future OPEB expense as follows:

Year Ended June 30	Amount
2023	\$ 4,145,341
2024	4,145,419
2025	3,660,632
2026	3,367,556
2027	2,047,937
Thereafter	3,177,645
Total	\$ 20,544,530

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 20 – Fund Balances

Fund balance as of June 30, 2022, 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	\$ 2,316,861	\$ -	\$ 777	\$ 2,317,638
Contractually nonspendable	907,489	-	-	907,489
Total nonspendable	<u>3,224,350</u>	<u>-</u>	<u>777</u>	<u>3,225,127</u>
Restricted fund balance:				
Fiscal agent reserves	3	-	-	3
Capital projects	-	1,712,086	-	1,712,086
Debt service	141,233	-	301,424	442,657
Special Revenue:				
Community development	-	-	44,476,511	44,476,511
Housing	-	-	16,857,625	16,857,625
Landscape maintenance	-	-	542,408	542,408
Library	-	-	1,009,560	1,009,560
Local transportation	-	-	8,768,110	8,768,110
Parking	-	-	196,753	196,753
Police asset seizure	-	-	21,590	21,590
Total restricted	<u>141,236</u>	<u>1,712,086</u>	<u>72,173,981</u>	<u>74,027,303</u>
Assigned fund balance:				
Operations and maintenance				
Police	339,509	-	-	339,509
Fire	224,655	-	-	224,655
Public works	2,077,292	-	-	2,077,292
Recreation and culture	32,898	-	-	32,898
Other	933,770	-	-	933,770
Capital Projects				
Public works	2,386,920	-	-	2,386,920
Recreation and culture	407,353	-	-	407,353
Other	804,684	-	-	804,684
Vehicles and equipment				
Police	171,009	-	-	171,009
Fire	127,978	-	-	127,978
Public works	192,653	-	-	192,653
Recreation and culture	89,028	-	-	89,028
Rolling stock	1,420,086	-	-	1,420,086
Future capital projects	909,714	-	-	909,714
Total assigned	<u>10,117,549</u>	<u>-</u>	<u>-</u>	<u>10,117,549</u>
Unassigned:				
General fund	<u>15,242,047</u>	<u>-</u>	<u>-</u>	<u>15,242,047</u>
Total unassigned	<u>15,242,047</u>	<u>-</u>	<u>-</u>	<u>15,242,047</u>
Total fund balances	<u><u>\$ 28,725,182</u></u>	<u><u>\$ 1,712,086</u></u>	<u><u>\$ 72,174,758</u></u>	<u><u>\$ 102,612,026</u></u>

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 21 – Net Investment in Capital Assets

Net Investment in Capital Assets as of June 30, 2022, consisted of the following:

	Governmental Activities	Business-Type Activities
Net investment in capital assets		
Capital assets, nondepreciable	\$ 79,341,431	\$ 54,882,301
Capital assets, depreciable	268,995,988	476,334,965
Deferred amount on refunding		
Current portion of long-term debt:		
Governmental	(2,265,598)	-
Electric Utility	-	(10,808,080)
Water Utility	-	(731,415)
Wastewater Utility	-	(5,349,838)
Solid Waste Utility	-	(9,042)
Airport	-	(131,921)
Convention Center	-	(29,450)
Long-term debt, excluding current portion:		
Governmental	(28,541,969)	-
Electric Utility	-	(103,408,368)
Water Utility	-	(2,248)
Wastewater Utility	-	(48,555,121)
Airport	-	(1,092,041)
Convention Center	-	(31,130)
Deferred gain/loss on refunding		
Governmental	212,906	-
Electric Utility	-	6,504,667
Water Utility	-	12,973
Wastewater Utility	-	825,317
Airport	-	4,633
Debt not used for capital assets		
Electric Utility	-	643
Water Utility	-	370,867
Net investment in capital assets	\$ 317,742,758	\$ 368,787,712

City of Redding
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

Note 22 – Commitments and Contingencies

A. Construction Commitments

A number of construction contracts existed at June 30, 2022. The unexpended authorized amount of \$68,168,670 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. REU has sold its delivery rights to the GTN through the remainder of the contract period ending October 31, 2023.

With GTN rate reductions implemented on an annual basis and the sale of the GTN capacity rights, REU realizes a small net revenue from this asset.

Beginning November 1, 2023, REU will permanently release its rights and will no longer have any ownership, fees, or revenue related to the GTN pipeline.

- ii) REU is contractually committed to purchase natural gas through fiscal year 2025. The following table provides on a fiscal year basis the approximate purchase dollar amount and the percentage these purchases cover of the minimum fuel requirements for the expected operating level of the Redding Power facility.

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Purchase Cost \$ (million)	\$ 12.3	\$ 10.9	\$ 11.3	\$ 6.0	\$ 2.7
% Natural Gas Hedge **	66%	71%	70%	55%	30%

** 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. Gill Ranch provides REU with monthly lease payments along 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 unless the lessee executes the option to purchase the gas. If the option is executed the purchase price shall be equal to the original cost of the gas escalated at a rate of 1.08% per annum.
- 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 \$11,850,000 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
For the Year Ended June 30, 2022

Note 22 – Commitments and Contingencies (Continued)

B. Redding Electric Utility (REU) (Continued)

- v) 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 2019, Reclamation estimates CVP capital costs to the power users over the previous 10 years is 34.07%; however, the CVPIA collections had averaged 45% 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. On September 20, 2022, the Court of Claims issued its Order of Judgement in which it collectively awarded Plaintiffs the sum of \$81,872,385. The City of Redding will participate in approximately 20% of that judgement. The period of time for Defendant to appeal will lapse on December 21, 2022. Absent an appeal, the case will conclude.

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, 2022, was \$6,517,133. The net position includes Net investment in capital assets of \$4,114,353 and Unrestricted of \$2,402,780.

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
For the Year Ended June 30, 2022

Note 23 – 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
For the Year Ended June 30, 2022

Note 23 – Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)

Long-term debt consisted of the following as of June 30, 2022:

Market Street Tax Allocation Bonds, Series 2003:

Interest from 2.0% to 5.679% payable March 1 and September 1; maturities are payable September 1 in annual redemptions from \$170,000 to \$400,000; final payment September 1, 2023. Original issue: \$5,185,000. Proceeds from the Series 2003 Bonds are used to finance various capital improvements within the Market Street Redevelopment Area. \$ 780,000

Canby-Hilltop-Cypress Tax Allocation Bonds, Series A 2003:

Interest from 2.0% to 5.0% payable March 1 and September 1; maturities are payable September 1 in annual redemptions from \$1,040,000 to \$2,055,000; final payment September 1, 2023. Original issue: \$28,935,000. Proceeds from the Series A 2003 Bonds are used to finance various capital improvements within the Canby-Hilltop-Cypress Redevelopment Area. 3,850,000

SHASTECC Tax Allocation Bonds, Series 2006:

Interest from 4.0% to 5.0% payable March 1 and September 1; maturities are payable September 1 in annual redemptions from \$245,000 to \$5,585,000; final payment September 1, 2036. Original issue: \$15,000,000. Proceeds from the Series 2006 Bonds are used to finance various capital improvements within the SHASTECC Redevelopment Area. 10,005,000

Total bonds outstanding 14,635,000

Discount on Market Street Tax Allocation Bonds, Series 2003 (2,973)

Premium on Canby-Hilltop-Cypress Tax Allocation Bonds, Series A 2003 4,377

Discount on SHASTECC Tax Allocation Bonds, Series 2006 (31,204)

Total discount/premium (29,800)

Total long-term bonded debt \$ 14,605,200

Annual requirements to amortize long-term bonds outstanding as of June 30, 2022, are set forth below:

Fiscal Year	Principal	Interest	Total
2022	\$ 2,905,000	\$ 650,660	\$ 3,555,660
2023	2,685,000	511,125	3,196,125
2024	510,000	432,750	942,750
2025	535,000	409,238	944,238
2026	560,000	384,600	944,600
2027-2031	3,260,000	1,469,250	4,729,250
2032-2036	4,180,000	543,000	4,723,000
2037-2041	-	-	-
Total	<u>\$ 14,635,000</u>	<u>\$ 4,400,623</u>	<u>\$ 19,035,623</u>

Required Supplementary Information (Unaudited)



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City of Redding
Required Supplementary Information
Budgetary Information (Unaudited)
For the Year Ended June 30, 2022

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 (Unaudited)
General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 23,889,930	\$ 23,889,930	\$ 24,196,056	\$ 306,126
Sales and use taxes	28,374,570	31,982,570	32,088,786	106,216
Other taxes	9,761,700	11,602,700	13,210,101	1,607,401
Licenses and permits	2,216,500	2,216,500	2,449,650	233,150
Intergovernmental revenues	1,615,270	20,447,240	19,042,750	(1,404,490)
Charges for services	3,289,660	5,765,270	5,755,503	(9,767)
Fines, forfeitures, and penalties	604,020	1,187,110	1,291,173	104,063
Use of money and property	8,554,080	8,554,080	8,174,198	(379,882)
Net investment earnings (loss)	118,010	118,010	107,861	(10,149)
Other revenue	383,850	956,190	1,388,793	432,603
Total revenues	78,807,590	106,719,600	107,704,871	985,271
EXPENDITURES:				
Current:				
General government:				
City Attorney	361,600	361,600	386,535	(24,935)
City Clerk	916,320	916,320	903,178	13,142
City Manager	3,327,910	10,993,490	4,927,375	6,066,115
City Treasurer	706,300	706,300	678,190	28,110
Finance	1,598,850	1,598,850	1,536,199	62,651
Personnel	567,870	580,470	575,779	4,691
Purchasing	631,350	631,350	586,418	44,932
Public safety:				
Police	38,087,050	46,346,050	41,112,649	5,233,401
Fire safety	23,766,710	26,763,760	26,450,839	312,921
Public works	18,429,937	20,014,447	16,527,614	3,486,833
Planning	6,736,330	17,316,070	7,780,204	9,535,866
Recreation and culture	9,596,655	13,094,285	7,800,078	5,294,207
Debt service:				
Principal payments	1,684,760	1,741,930	1,741,918	12
Interest and fiscal charges	953,420	970,950	966,933	4,017
Total expenditures	107,365,062	142,035,872	111,973,909	30,061,963
REVENUES OVER (UNDER) EXPENDITURES	(28,557,472)	(35,316,272)	(4,269,038)	31,047,234
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	-	-	1,392,536	1,392,536
Transfers in	13,755,240	22,744,470	17,532,159	(5,212,311)
Transfers out	(3,638,860)	(10,013,860)	(4,082,003)	5,931,857
Total other financing sources (uses)	10,116,380	12,730,610	14,842,692	2,112,082
CHANGE IN FUND BALANCE	(18,441,092)	(22,585,662)	10,573,654	33,159,316
BUDGETARY FUND BALANCES:				
Beginning of year	30,506,787	30,506,787	30,506,787	-
End of year	\$ 12,065,695	\$ 7,921,125	\$ 41,080,441	\$ 33,159,316

(Continued)

City of Redding
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual (Unaudited)
General Fund (Continued)
For the Year Ended June 30, 2022

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	\$ 28,725,182
1. The City budgets for taxes on a cash basis.	553,303
2. The City budgets for grants on a cash basis.	14,971,497
3. Timing difference due to GASB #33.	(16,324)
4. The City does not budget for accounts payable adjustments.	3,519,195
5. The City does not budget for benefit accruals.	(226,964)
6. Financial statement only adjustment for GASB #31.	1,598,301
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.	(484,327)
8. The City does not budget for special assessments.	(12,009)
9. The City does not budget for interest on the long-term advances.	39,626
10. Encumbrances are not included in the Statement of Revenues, Expenditures and Changes in Fund Balance.	(11,387,602)
10. The City did not budget for prepaid rent for the Housing Authority and the Agency	
11. The City does not budget for developer's fees that are prepaid.	31,818
11. The City budgeted for prepaid expenditures.	2,646,096
12. The City does not budget for interest on deposits held in trust.	(2,523)
13. The City Budgets for cash transfers to/from other funds as loans, but records the advances in advances receivable/payable on the balance sheet.	1,359,095
14. The City does not budget interest accrued at year-end	(78,632)
15. The City does not budget for CalFire lease of Cypress property that make loan payment	(175,258)
16. The City does not budget for interest expended on loan for CalPers UAL prepayment	36,045
17. The City budgets for Shascom payroll revenue on a cash basis	(16,078)
Budgetary fund balance	\$ 41,080,441

(Concluded)

City of Redding
Required Supplementary Information (Unaudited)
Schedules of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2022

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

Measurement Period	2021	2020
TOTAL PENSION LIABILITY:		
Service Costs	\$ 7,299,034	\$ 7,095,018
Interest	33,378,172	32,355,397
Difference Between Expected and Actual Experience	1,706,144	1,379,900
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(27,548,141)	(26,359,866)
Net Change in Total Pension Liability	14,835,209	14,470,449
Total Pension Liability - Beginning	475,245,999	460,775,550
Total Pension Liability - Ending (a)	\$ 490,081,208	\$ 475,245,999
PLAN FIDUCIARY NET POSITION:		
Contributions - Employer	\$ 15,066,353	\$ 13,743,592
Contributions - Employee	3,711,059	3,533,531
Net Investment Income	71,581,234	15,455,298
Benefit Payments, Including Refunds of Employee Contributions	(27,548,141)	(26,359,866)
Plan to Plan Resource Movement	-	-
Administrative Expense	(317,820)	(440,162)
Other Miscellaneous Income/(Expense) ¹	-	-
Net Change in Fiduciary Net Position	62,492,685	5,932,393
Plan Fiduciary Net Position - Beginning ²	318,158,015	312,225,622
Plan Fiduciary Net Position - Ending (b)	\$ 380,650,700	\$ 318,158,015
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 109,430,508	\$ 157,087,984
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.67%	66.95%
Covered Payroll	\$ 44,861,920	\$ 42,974,064
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	243.93%	365.54%

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 (Unaudited)
Schedules of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2022

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

2019	2018	2017	2016	2015	2014
			1,258,688		
\$ 7,333,947	\$ 7,260,646	\$ 7,191,855	\$ 6,259,646	\$ 6,164,984	\$ 6,465,244
31,319,926	30,024,355	29,157,632	28,527,904	27,466,002	26,335,482
4,475,575	414,506	(3,221,954)	(705,952)	(551,120)	-
-	(2,598,628)	23,416,908	-	(6,578,864)	-
(24,504,515)	(22,850,231)	(21,305,301)	(19,821,373)	(18,361,188)	(16,894,132)
18,624,933	12,250,648	78,596,709	14,260,225	8,139,814	15,906,594
442,150,617	429,899,969	394,660,829	380,400,604	372,260,790	356,354,196
\$ 460,775,550	\$ 442,150,617	\$ 473,257,538	\$ 394,660,829	\$ 380,400,604	\$ 372,260,790
\$ 12,199,094	\$ 10,902,871	\$ 10,045,335	\$ 8,742,083	\$ 7,771,417	\$ 7,140,089
3,132,551	3,149,996	3,177,532	2,849,237	2,892,519	2,924,099
19,732,888	24,307,041	29,710,153	1,432,535	6,167,183	41,359,309
(24,504,515)	(22,850,231)	(21,305,301)	(19,821,373)	(18,361,188)	(16,894,132)
-	(702)	(145)	(1,256)	20,221	-
(215,428)	(448,271)	(393,376)	(166,624)	(307,951)	-
702	(851,273)	-	-	-	-
10,345,292	14,209,431	21,234,198	(6,965,398)	(1,817,799)	34,529,365
301,880,330	287,670,899	266,436,701	273,402,099	275,219,898	240,690,533
\$ 312,225,622	\$ 301,880,330	\$ 287,670,899	\$ 296,204,582	\$ 303,236,784	\$ 310,058,548
\$ 148,549,928	\$ 140,270,287	\$ 185,586,639	\$ 98,456,247	\$ 77,163,820	\$ 62,202,242
67.76%	68.28%	66.92%	67.51%	71.87%	73.93%
\$ 43,942,160	\$ 43,633,688	\$ 42,409,809	\$ 41,323,256	\$ 40,294,018	\$ 40,286,914
338.06%	321.47%	335.37%	310.30%	265.54%	240.87%

City of Redding
Required Supplementary Information (Unaudited)
Schedule of Plan Contributions
For the Year Ended June 30, 2022

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

	2022	2021
Actuarially Determined Contribution ²	\$ 16,765,328	\$ 15,066,353
Contributions in Relations to the Actuarially Determined Contribution ²	(16,765,328)	(15,066,353)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Payroll ³	\$ 50,582,394	\$ 46,184,875
Contributions as a Percentage of Covered-Employee Payroll ³	33.14%	32.62%

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 (Unaudited)
Schedule of Plan Contributions
For the Year Ended June 30, 2022

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

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 13,743,592	\$ 12,199,094	\$ 10,902,871	\$ 10,045,335	\$ 8,742,083	\$ 7,771,417	\$ 7,140,089
<u>(13,743,592)</u>	<u>(12,199,094)</u>	<u>(10,902,871)</u>	<u>(10,045,335)</u>	<u>(8,742,083)</u>	<u>(7,771,417)</u>	<u>(7,140,089)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 42,974,064	\$ 43,942,160	\$ 43,633,688	\$ 42,409,809	\$ 41,323,256	\$ 40,294,018	\$ 40,286,914
31.98%	27.76%	24.99%	23.69%	21.16%	19.29%	17.72%

City of Redding
Required Supplementary Information (Unaudited)
Schedules of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2022

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

Measurement Period	2021	2020
TOTAL PENSION LIABILITY:		
Service Costs	\$ 5,835,290	\$ 5,609,745
Interest	23,600,338	22,885,014
Difference Between Expected and Actual Experience	(1,394,330)	198,438
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(17,632,371)	(16,785,010)
Net Change in Total Pension Liability	10,408,927	11,908,187
Total Pension Liability - Beginning	337,367,520	325,459,333
Total Pension Liability - Ending (a)	\$ 347,776,447	\$ 337,367,520
PLAN FIDUCIARY NET POSITION:		
Contributions - Employer	\$ 12,015,895	\$ 10,962,279
Contributions - Employee	2,413,060	2,206,742
Net Investment Income	47,488,980	10,081,863
Benefit Payments, Including Refunds of Employee Contributions	(17,632,371)	(16,785,010)
Plan to Plan Resource Movement	-	-
Administrative Expense	(208,814)	(285,977)
Other Miscellaneous Income/(Expense)	-	-
Net Change in Fiduciary Net Position	44,076,750	6,179,897
Plan Fiduciary Net Position - Beginning ²	209,035,943	202,856,046
Plan Fiduciary Net Position - Ending (b)	\$ 253,112,693	\$ 209,035,943
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 94,663,754	\$ 128,331,577
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.78%	61.96%
Covered Payroll	\$ 19,213,993	\$ 18,386,577
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	492.68%	697.96%

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 (Unaudited)
Schedules of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2022

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

2019	2018	2017	2016	2015	2014
\$ 5,654,637	\$ 5,621,256	\$ 5,567,053	\$ 1,258,688	\$ 4,702,492	\$ 4,982,595
22,052,183	21,033,750	20,189,512	19,492,841	18,712,421	18,027,294
2,573,209	1,287,937	(1,169,833)	(610,852)	(1,889,558)	-
-	(1,265,088)	17,369,797	-	(4,730,135)	-
(15,684,647)	(14,317,530)	(13,680,425)	(13,015,636)	(12,355,104)	(11,659,397)
14,595,382	12,360,325	28,276,104	7,125,041	4,440,116	11,350,492
310,863,951	298,503,626	270,227,522	259,492,927	255,052,811	243,702,319
\$ 325,459,333	\$ 310,863,951	\$ 78,596,709	\$ 266,617,968	\$ 259,492,927	\$ 255,052,811
\$ 9,775,655	\$ 9,016,294	\$ 8,645,061	\$ 7,839,435	\$ 7,466,754	\$ 6,761,771
1,983,768	2,086,601	1,955,068	1,620,695	1,570,703	1,517,735
12,784,582	15,509,897	18,500,188	828,855	3,715,343	25,448,647
(15,684,647)	(14,317,530)	(13,680,425)	(13,015,636)	(12,355,104)	(11,659,397)
-	(452)	-	1,256	193,399	-
(138,539)	(284,643)	(247,291)	(103,802)	(191,504)	-
452	(540,541)	-	-	-	-
8,721,271	11,469,626	15,172,601	(2,829,197)	399,591	22,068,756
194,134,775	182,665,149	167,492,548	170,321,745	169,922,154	147,853,398
\$ 202,856,046	\$ 194,134,775	\$ 182,665,149	\$ 167,492,548	\$ 170,321,745	\$ 169,922,154
\$ 122,603,287	\$ 116,729,176	\$ (104,068,440)	\$ 99,125,420	\$ 89,171,182	\$ 85,130,657
62.33%	62.45%	61.19%	61.98%	65.64%	66.62%
\$ 18,244,296	\$ 18,109,134	\$ 17,705,784	\$ 29,767,881	\$ 29,834,685	\$ 34,838,650
672.01%	644.59%	654.24%	593.38%	537.11%	506.71%

City of Redding
Required Supplementary Information (Unaudited)
Schedule of Plan Contributions
For the Year Ended June 30, 2022

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

	2022	2021
Actuarially Determined Contribution ²	\$ 12,958,225	\$ 12,015,895
Contributions in Relations to the Actuarially Determined Contribution ²	(12,958,225)	(12,015,895)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Payroll ³	\$ 21,536,663	\$ 19,383,450
Contributions as a Percentage of Covered Payroll ³	60.17%	61.99%

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 (Unaudited)
Schedule of Plan Contributions
For the Year Ended June 30, 2022

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

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 10,962,279	\$ 9,775,655	\$ 9,016,294	\$ 8,645,061	\$ 7,839,435	\$ 7,466,754	\$ 6,761,771
(10,962,279)	(9,775,655)	(9,016,294)	(8,645,061)	(7,839,435)	(7,466,754)	(6,761,771)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 18,386,577	\$ 18,244,296	\$ 18,109,134	\$ 17,705,784	\$ 17,313,615	\$ 16,601,913	\$ 16,800,737
59.62%	53.58%	49.79%	48.83%	45.28%	44.98%	40.25%

City of Redding
Required Supplementary Information (Unaudited)
Schedules of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2022

Public Agency Retirement System - Miscellaneous Plan (PARS)¹

Measurement Period	2021	2020
TOTAL PENSION LIABILITY:		
Service Costs	\$ 934,480	\$ 909,470
Interest	6,099,199	5,933,422
Effect of economic/demographic gains or losses	-	535,027
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(5,178,122)	(4,896,050)
Net Change in Total Pension Liability	\$ 1,855,557	\$ 2,481,869
Total Pension Liability - Beginning	88,742,201	86,260,332
Total Pension Liability - Ending (a)	\$ 90,597,758	\$ 88,742,201
PLAN FIDUCIARY NET POSITION:		
Contributions - Employer	\$ 6,575,412	\$ 6,888,868
Contributions - Employee	353,687	224,631
Net Investment Income ²	14,530,931	2,318,864
Benefit Payments, Including Refunds of Employee Contributions	(5,178,122)	(4,896,050)
Administrative Expenses	(191,545)	(324,596)
Net Change in Fiduciary Net Position	16,090,363	4,211,717
Plan Fiduciary Net Position - Beginning	59,697,789	55,486,072
Plan Fiduciary Net Position - Ending (b)	\$ 75,788,152	\$ 59,697,789
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 14,809,606	\$ 29,044,412
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.65%	67.27%
Covered Payroll	\$ 20,161,261	\$ 21,474,397
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	73.46%	135.25%

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 (Unaudited)
Schedules of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2022

Public Agency Retirement System - Miscellaneous Plan (PARS)

2019	2018	2017	2016	2015	2014
\$ 1,122,061	\$ 1,441,162	\$ 1,258,688	\$ 1,170,873	\$ 1,478,671	\$ 1,432,128
5,794,604	5,468,051	5,387,397	5,162,353	4,941,220	4,689,105
-	2,071,932	-	92,895	-	-
-	456,118	3,255,582	-	-	-
(4,551,652)	(4,138,653)	(3,689,765)	(3,343,227)	(2,990,408)	(2,628,633)
\$ 2,365,013	\$ 5,298,610	\$ 6,211,902	\$ 3,082,894	\$ 3,429,483	\$ 3,492,600
83,895,319	78,596,709	72,384,807	69,301,913	65,872,430	62,379,830
\$ 86,260,332	\$ 83,895,319	\$ 78,596,709	\$ 72,384,807	\$ 69,301,913	\$ 65,872,430
\$ 5,944,074	\$ 6,648,630	\$ 4,816,795	\$ 5,020,997	\$ 5,760,375	\$ 6,042,892
122,545	92,709	-	-	-	-
3,330,635	3,208,975	4,418,967	643,326	998,681	4,209,807
(4,551,652)	(4,138,653)	(3,689,765)	(3,343,227)	(2,990,408)	(2,628,633)
(366,455)	(338,499)	(301,577)	(269,745)	(258,434)	(219,880)
4,479,147	5,473,162	5,244,420	2,051,351	3,510,214	7,404,186
51,006,925	45,533,763	40,289,343	38,237,992	34,727,778	27,323,592
\$ 55,486,072	\$ 51,006,925	\$ 45,533,763	\$ 40,289,343	\$ 38,237,992	\$ 34,727,778
\$ 30,774,260	\$ 32,888,394	\$ 33,062,946	\$ 32,095,464	\$ 31,063,921	\$ 31,144,652
64.32%	60.80%	57.93%	55.66%	55.18%	52.72%
\$ 23,687,133	\$ 27,974,321	\$ 29,767,881	\$ 29,834,685	\$ 34,838,650	\$ 33,451,518
129.92%	117.57%	111.07%	107.58%	89.17%	93.10%

City of Redding
Required Supplementary Information (Unaudited)
Schedules of Public Agency Retirement Services Retirement Enhancement Plan Contributions All Tiers
For the Year Ended June 30, 2022

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

	2022	2021
Actuarially Determined Contribution ²	\$ 9,589,481	\$ 7,158,333
Contribution ²	(9,589,481)	(7,158,333)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Payroll ³	\$ 19,255,663	\$ 21,054,825
Contributions as a Percentage of Covered Payroll ³	49.80%	34.00%

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 (Unaudited)
Schedules of Public Agency Retirement Services Retirement Enhancement Plan Contributions All Tiers
For the Year Ended June 30, 2022

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

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 6,925,920	\$ 5,917,528	\$ 6,988,001	\$ 4,816,795	\$ 5,020,997	\$ 5,760,375	\$ 6,042,892
<u>(6,888,868)</u>	<u>(5,917,528)</u>	<u>(6,988,001)</u>	<u>1,258,688</u>	<u>(5,020,997)</u>	<u>(5,760,375)</u>	<u>(6,042,892)</u>
<u>\$ 37,052</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,075,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 21,474,397	\$ 23,687,133	\$ 27,974,321	\$ 29,767,881	\$ 29,834,685	\$ 34,838,650	\$ 33,451,518
32.25%	24.98%	24.98%	16.18%	16.83%	16.53%	18.06%

City of Redding
Required Supplementary Information (Unaudited)
Schedules of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2022

Other Postemployment Benefits (OPEB)

Measurement Period	2021	2020
TOTAL OPEB LIABILITY:		
Service Costs	\$ 2,473,321	\$ 2,266,201
Interest	913,626	1,532,174
Difference Between Expected and Actual Experience	12,995,166	-
Changes of Assumptions	1,566,528	(2,741,226)
Benefit Payments, Including Refunds of Employee Contributions	(3,646,314)	(3,753,880)
Net Change in Total OPEB Liability	\$ 14,302,327	\$ (2,696,731)
Total OPEB Liability - Beginning	40,690,410	43,387,141
Total OPEB Liability - Ending (a)	\$ 54,992,737	\$ 40,690,410
PLAN FIDUCIARY NET POSITION:		
Contributions - Employer	\$ 3,646,314	\$ 3,753,880
Net Investment Income	10	634
Benefit Payments, Including Refunds of Employee Contributions	(3,646,314)	(3,753,880)
Administrative Expenses	(132)	(131)
Net Change in Fiduciary Net Position	(122)	503
Plan Fiduciary Net Position - Beginning	52,691	52,188
Plan Fiduciary Net Position - Ending (b)	\$ 52,569	\$ 52,691
Plan Net OPEB Liability/(Asset) - Ending (a) - (b)	\$ 54,940,168	\$ 40,637,719
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.10%	0.13%
Covered-Employee Payroll	\$ 63,075,673	\$ 58,084,647
Plan Net OPEB Liability/(Asset) as a Percentage of Covered-Employee Payroll	87.10%	69.96%

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 (Unaudited)
Schedules of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2022

Other Postemployment Benefits (OPEB)

Measurement Period	2019	2018	2017
TOTAL OPEB LIABILITY:			
Service Costs	\$ (13,080)	\$ (185,355)	\$ (744,002)
Interest	1,185,185	1,124,094	852,000
Difference Between Expected and Actual Experience	3,574,842	-	-
Changes of Assumptions	9,724,504	1,582,262	4,331,000
Benefit Payments, Including Refunds of Employee Contributions	(3,444,608)	(3,490,701)	(3,480,000)
Net Change in Total OPEB Liability	\$ 11,026,843	\$ (969,700)	\$ 958,998
Total OPEB Liability - Beginning	32,360,298	33,329,998	32,371,000
Total OPEB Liability - Ending (a)	\$ 43,387,141	\$ 32,360,298	\$ 33,329,998
PLAN FIDUCIARY NET POSITION:			
Contributions - Employer	\$ 3,444,608	\$ 3,490,701	\$ 3,480,000
Net Investment Income	1,068	376	-
Benefit Payments, Including Refunds of Employee Contributions	(3,444,608)	(3,490,701)	(3,480,000)
Administrative Expenses	(129)	(127)	-
Net Change in Fiduciary Net Position	939	249	-
Plan Fiduciary Net Position - Beginning	51,249	51,000	51,000
Plan Fiduciary Net Position - Ending (b)	\$ 52,188	\$ 51,249	\$ 51,000
Plan Net OPEB Liability/(Asset) - Ending (a) - (b)	\$ 43,334,953	\$ 32,309,049	\$ 33,278,998
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.12%	0.16%	0.15%
Covered-Employee Payroll	\$ 57,452,344	\$ 58,314,156	\$ 58,084,647
Plan Net OPEB Liability/(Asset) as a Percentage of Covered-Employee Payroll	75.43%	55.41%	57.29%

City of Redding
Required Supplementary Information (Unaudited)
Schedule of Contributions-OPEB
For the Year Ended June 30, 2022

Other Postemployment Benefits (OPEB)

	2022	2021
Actuarially Determined Contribution ²	\$ 4,601,018	\$ 3,646,314
Contribution ²	(4,601,018)	(3,646,314)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-employee Payroll	\$ 69,040,537	\$ 63,073,360
Contributions as a Percentage of Covered-employee Payroll	6.66%	5.78%

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.

City of Redding
Required Supplementary Information (Unaudited)
Schedule of Contributions-OPEB
For the Year Ended June 30, 2022

Other Postemployment Benefits (OPEB)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 3,753,880	\$ 3,444,608	\$ 3,490,701	\$ 3,480,000
Contribution	(3,753,880)	(3,444,608)	(3,490,701)	(3,480,000)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee Payroll	\$ 60,225,532	\$ 57,452,344	\$ 58,314,156	\$ 58,084,647
Contributions as a Percentage of Covered-employee Payroll	6.23%	6.00%	5.99%	5.99%

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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, 2022

	Special Revenue				General Special Revenue
	Parking	Street Maintenance	Community Development	Housing	
ASSETS					
Cash and investments	\$ 641,816	\$ 7,048,404	\$ 1,594,878	\$ 3,093,404	\$ -
Interest receivable, unrestricted	1,717	25,138	2,385,774	2,369,910	-
Accounts receivable, net	-	-	50	37,730	-
Intergovernmental receivable	-	1,694,568	551,591	128,106	-
Other receivable	-	-	12,600	2,092	-
Restricted cash and investments	-	-	-	148,473	-
Prepaid items	269	-	508	-	-
Special assessments receivable	-	-	-	-	-
Notes receivable	-	-	42,839,831	15,290,900	-
Total assets	\$ 643,802	\$ 8,768,110	\$ 47,385,232	\$ 21,070,615	\$ -
LIABILITIES					
Accounts payable	\$ 24,217	\$ -	\$ 16,368	\$ 1,412	\$ -
Accrued liabilities	1,356	-	15,799	16,179	-
Intergovernmental payable	513	-	1,574	5,000	-
Due to other funds	-	-	-	60,037	-
Accounts payable from restricted assets	-	-	-	5,200	-
Unearned revenue	-	-	-	1,515,950	-
Deposits	-	-	-	148,473	-
Advances from other funds	420,694	-	-	-	-
Total liabilities	446,780	-	33,741	1,752,251	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	2,874,472	2,460,739	-
Total deferred inflows of resources:	-	-	2,874,472	2,460,739	-
FUND BALANCES					
Nonspendable	269	-	508	-	-
Restricted	196,753	8,768,110	44,476,511	16,857,625	-
Total fund balances	197,022	8,768,110	44,477,019	16,857,625	-
Total liabilities, deferred inflows of resources and fund balances	\$ 643,802	\$ 8,768,110	\$ 47,385,232	\$ 21,070,615	\$ -

(Continued)

City of Redding
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2022

	Special Revenue			Debt Service	Total Non-Major Governmental Funds
	Landscape Maintenance Districts	Library	Asset Seizure	1915 Act Assessment District Bonds	
ASSETS					
Cash and investments	\$ 532,581	\$ 1,255,061	\$ 22,914	\$ 300,631	\$ 14,489,689
Interest receivable, unrestricted	850	1,618	61	793	4,785,861
Accounts receivable, net	-	-	-	-	37,780
Intergovernmental receivable	65,481	62,883	-	-	2,502,629
Other receivable	-	-	-	-	14,692
Restricted cash and investments	-	-	-	-	148,473
Prepaid items	-	-	-	-	777
Special assessments receivable	21,625	-	-	299,777	321,402
Notes receivable	-	-	-	-	58,130,731
Total assets	<u>\$ 620,537</u>	<u>\$ 1,319,562</u>	<u>\$ 22,975</u>	<u>\$ 601,201</u>	<u>\$ 80,432,034</u>
LIABILITIES					
Accounts payable	\$ 3,172	\$ 94,494	\$ 239	\$ -	\$ 139,902
Accrued liabilities	2,480	1,543	-	-	37,357
Intergovernmental payable	-	185	1,146	-	8,418
Due to other funds	-	-	-	-	60,037
Accounts payable from restricted assets	-	-	-	-	5,200
Unearned revenue	-	152,897	-	-	1,668,847
Deposits	-	-	-	-	148,473
Advances from other funds	-	-	-	-	420,694
Total liabilities	<u>5,652</u>	<u>249,119</u>	<u>1,385</u>	<u>-</u>	<u>2,488,928</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	72,477	60,883	-	299,777	5,768,348
Total deferred inflows of resources:	<u>72,477</u>	<u>60,883</u>	<u>-</u>	<u>299,777</u>	<u>5,768,348</u>
FUND BALANCES					
Nonspendable	-	-	-	-	777
Restricted	542,408	1,009,560	21,590	301,424	72,173,981
Total fund balances	<u>542,408</u>	<u>1,009,560</u>	<u>21,590</u>	<u>301,424</u>	<u>72,174,758</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 620,537</u>	<u>\$ 1,319,562</u>	<u>\$ 22,975</u>	<u>\$ 601,201</u>	<u>\$ 80,432,034</u>

(Concluded)

City of Redding
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue				General Special Revenue
	Parking	Street Maintenance	Community Development	Housing	
REVENUES:					
Sales tax revenue	\$ -	\$ -	\$ -	\$ -	\$ 272,517
Special assessments	-	-	-	-	-
Licenses, fees and permits	45,766	-	-	-	-
Intergovernmental revenues	-	8,337,994	2,258,279	10,501,086	-
Charges for services	-	-	145,000	-	-
Fines, forfeitures and penalties	32,502	-	-	-	-
Net investment earnings (loss)	(19,530)	(204,040)	61,663	36,488	-
Other revenues	-	-	614	66,151	-
Total revenues	58,738	8,133,954	2,465,556	10,603,725	272,517
EXPENDITURES:					
Current:					
Community development	-	-	1,378,587	10,727,867	-
Public safety	-	-	-	-	-
Public works	189,985	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	150,488	16,618	-
Debt service:					
Principal retirement	34,631	-	-	-	-
Interest and fiscal charges	2,449	-	849	-	-
Total expenditures	227,065	-	1,529,924	10,744,485	-
REVENUE OVER (UNDER) EXPENDITURE	(168,327)	8,133,954	935,632	(140,760)	272,517
OTHER FINANCING SOURCES (USES):					
Sale of assets	-	-	-	625,000	-
Transfers in	-	-	-	-	-
Transfers out	-	(8,280,619)	-	-	(272,517)
Total other financing sources (uses)	-	(8,280,619)	-	625,000	(272,517)
Net change in fund balances	(168,327)	(146,665)	935,632	484,240	-
FUND BALANCES:					
Beginning of year	365,349	8,914,775	43,541,387	16,373,385	-
End of year	\$ 197,022	\$ 8,768,110	\$ 44,477,019	\$ 16,857,625	\$ -

(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, 2022

	Special Revenue			Debt Service	
	Landscape Maintenance Districts	Library	Asset Seizure	1915 Act Assessment District Bonds	Non-Major Governmental Funds
REVENUES:					
Sales tax revenue	\$ -	-	\$ -	\$ -	\$ 272,517
Special assessments	916,718	-	-	-	916,718
Licenses, fees and permits	-	-	-	-	45,766
Intergovernmental revenues	-	20,802	-	-	21,118,161
Charges for services	-	1,515,488	-	-	1,660,488
Fines, forfeitures and penalties	1,149	43,997	-	-	77,648
Net investment earnings (loss)	(16,910)	(41,766)	(446)	(9,537)	(194,078)
Other revenues	-	27,565	47,119	-	141,449
Total revenues	<u>900,957</u>	<u>1,566,086</u>	<u>46,673</u>	<u>(9,537)</u>	<u>24,038,669</u>
EXPENDITURES:					
Current:					
Community development	-	-	-	-	12,106,454
Public safety	-	-	56,048	-	56,048
Public works	690,678	-	-	-	880,663
Recreation and culture	-	2,533,696	-	-	2,533,696
Capital outlay	-	-	-	-	167,106
Debt service:	-	-	-	-	-
Principal retirement	-	-	-	-	34,631
Interest and fiscal charges	-	-	-	-	3,298
Total expenditures	<u>690,678</u>	<u>2,533,696</u>	<u>56,048</u>	<u>-</u>	<u>15,781,896</u>
REVENUE OVER (UNDER) EXPENDITURE	<u>210,279</u>	<u>(967,610)</u>	<u>(9,375)</u>	<u>(9,537)</u>	<u>8,256,773</u>
OTHER FINANCING SOURCES (USES):					
Sale of assets	-	-	-	-	625,000
Transfers in	-	937,161	-	-	937,161
Transfers out	-	-	-	-	(8,553,136)
Total other financing sources (uses)	<u>-</u>	<u>937,161</u>	<u>-</u>	<u>-</u>	<u>(6,990,975)</u>
Net change in fund balances	<u>210,279</u>	<u>(30,449)</u>	<u>(9,375)</u>	<u>(9,537)</u>	<u>1,265,798</u>
FUND BALANCES:					
Beginning of year	<u>332,129</u>	<u>1,040,009</u>	<u>30,965</u>	<u>310,961</u>	<u>70,908,960</u>
End of year	<u>\$ 542,408</u>	<u>\$ 1,009,560</u>	<u>\$ 21,590</u>	<u>\$ 301,424</u>	<u>\$ 72,174,758</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
REVENUES:				
Licenses and permits	\$ 36,000	\$ 36,000	\$ 45,766	\$ 9,766
Fines, forfeitures and penalties	30,000	30,000	32,606	2,606
Interest revenue	3,000	3,000	2,937	(63)
Total revenues	<u>69,000</u>	<u>69,000</u>	<u>81,309</u>	<u>12,309</u>
EXPENDITURES:				
Current:				
Public works	835,330	832,420	331,350	501,070
Total expenditures	<u>835,330</u>	<u>832,420</u>	<u>331,350</u>	<u>501,070</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(766,330)</u>	<u>(763,420)</u>	<u>(250,041)</u>	<u>(513,379)</u>
Net change in fund balance	(766,330)	(763,420)	(250,041)	(513,379)
FUND BALANCE:				
Beginning of year	365,349	365,349	365,349	-
End of year	<u>\$ (400,981)</u>	<u>\$ (398,071)</u>	<u>\$ 115,308</u>	<u>\$ (513,379)</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	\$ 197,022
1. Financial statement only adjustment per GASB #31.	24,185
2. The City does not budget for accounts payable adjustments.	18,971
3. The City budgets for interest on a cash basis	(1,717)
4. Encumbrances are not included in the Statement of Revenues, Expenditures and Changes in Fund Balance.	<u>(123,153)</u>
Budgetary fund balance	<u>\$ 115,308</u>

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, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 8,142,360	\$ 8,142,360	\$ 7,935,772	\$ (206,588)
Interest revenues	25,000	25,000	35,033	10,033
Total revenues	<u>8,167,360</u>	<u>8,167,360</u>	<u>7,970,805</u>	<u>(196,555)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>8,167,360</u>	<u>8,167,360</u>	<u>7,970,805</u>	<u>(196,555)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(7,705,200)	(7,705,200)	(8,280,619)	(575,419)
Total other financing sources (uses)	<u>(7,705,200)</u>	<u>(7,705,200)</u>	<u>(8,280,619)</u>	<u>(575,419)</u>
Net change in fund balance	462,160	462,160	(309,814)	(771,974)
FUND BALANCE:				
Beginning of year	<u>8,914,775</u>	<u>8,914,775</u>	<u>8,914,775</u>	<u>-</u>
End of year	<u>\$ 9,376,935</u>	<u>\$ 9,376,935</u>	<u>\$ 8,604,961</u>	<u>\$ (771,974)</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	\$ 8,768,110
1. Financial statement only adjustment per GASB #31.	264,210
2. The City budgets for grants and taxes on a cash basis	<u>(427,359)</u>
Budgetary fund balance	<u>\$ 8,604,961</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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
REVENUES:				
Intergovernmental	\$ 19,670,920	\$ 40,852,150	\$ 2,138,257	\$ (38,713,893)
Interest revenue	77,360	169,760	167,111	(2,649)
Use of money and property	334,950	463,620	427,212	(36,408)
Other revenues	125,000	125,800	145,800	20,000
Total revenues	20,208,230	41,611,330	2,878,380	(38,732,950)
EXPENDITURES:				
Current:				
Community development	3,113,760	43,536,220	3,963,551	39,572,669
Total expenditures	3,113,760	43,536,220	3,963,551	39,572,669
Net change in fund balance	17,094,470	(1,924,890)	(1,085,171)	839,719
FUND BALANCE:				
Beginning of year	43,541,387	43,541,387	43,541,387	-
End of year	<u>\$ 60,635,857</u>	<u>\$ 41,616,497</u>	<u>\$ 42,456,216</u>	<u>\$ 839,719</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	\$ 44,477,019
1. Financial statement only adjustment per GASB #31.	61,046
2. The City does not budget for accounts payable and accrued liability adjustments.	(727)
3. The City budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.	(2,420,392)
4. The City budgets for and records loan payments received in the revenue accounts, but adjusts the actual payment to loans receivable.	427,212
5. The City budgets for grants on a cash basis.	(120,022)
6. The City budgets for interest income on notes receivable, trust fund assets, and rolling stock on a cash basis	48,459
7. The City does not budget for benefit accrual on a cash basis.	494
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.	(18,676)
9. The City does not budget for allowance for uncollectable loans	5,675
10. The City does not budget for interest accruals.	(3,547)
11. The City does not budget for unearned revenue.	(325)
Budgetary fund balance	<u>\$ 42,456,216</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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
REVENUES:				
Intergovernmental revenue	\$ 10,070,340	\$ 13,807,750	\$ 10,397,649	\$ (3,410,101)
Use of money and property	114,500	114,500	210,568	96,068
Interest	32,270	32,270	78,692	46,422
Other revenues	26,000	36,750	66,273	29,523
Total revenues	10,243,110	13,991,270	10,753,182	(3,238,088)
EXPENDITURES:				
Current:				
Community development	11,038,500	14,905,752	10,922,545	3,983,207
Capital outlay	-	16,618	16,618	-
Total expenditures	11,038,500	14,922,370	10,939,163	3,983,207
Net change in fund balance	(795,390)	(931,100)	(185,981)	745,119
FUND BALANCE:				
Beginning of year	16,373,385	16,373,385	16,373,385	-
End of year	<u>\$ 15,577,995</u>	<u>\$ 15,442,285</u>	<u>\$ 16,187,404</u>	<u>\$ 745,119</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	\$ 16,857,625
1. Financial statement only adjustment per GASB #31.	44,431
2. The City does not budget for accounts payable or intergovernmental payable adjustments.	(5,353)
3. The City budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to disbursement to loans receivable.	(159,230)
4. The City budgets for and records loans payments received in the revenue accounts, but adjusts the actual disbursement to loans receivable.	210,679
5. The City budgets for grants on a cash basis.	(124,111)
6. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Fund Balance.	(41,421)
7. The City budgets for interest income on notes receivable on a cash basis.	29
8. The City does not budget for interest accruals.	(2,245)
9. The City budgets for housing loans as expenditures, but adjusts the disbursements to loans receivable.	(625,000)
10. The City does not budget for unearned revenue.	20,674
11. The City does not budget for refund receivables for Section 8	11,326
Budgetary fund balance	<u>\$ 16,187,404</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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
REVENUES:				
Sales tax	\$ 272,520	\$ 272,520	\$ 272,517	\$ (3)
Total revenues	<u>272,520</u>	<u>272,520</u>	<u>272,517</u>	<u>(3)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>272,520</u>	<u>272,520</u>	<u>272,517</u>	<u>(3)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(272,520)	(272,520)	(272,517)	3
Total other financing sources (uses)	<u>(272,520)</u>	<u>(272,520)</u>	<u>(272,517)</u>	<u>3</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, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 73,890	\$ 83,997	\$ 10,107
Charges for services	1,514,700	1,514,700	1,515,488	788
Fines, forfeitures and penalties	56,500	56,500	43,997	(12,503)
Interest revenue	3,000	3,000	(114)	(3,114)
Other revenue	3,600	22,820	27,565	4,745
Total revenues	<u>1,577,800</u>	<u>1,670,910</u>	<u>1,670,933</u>	<u>23</u>
EXPENDITURES:				
Current:				
Recreation and culture	2,604,050	2,697,160	2,554,800	142,360
Total expenditures	<u>2,604,050</u>	<u>2,697,160</u>	<u>2,554,800</u>	<u>142,360</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,026,250)</u>	<u>(1,026,250)</u>	<u>(883,867)</u>	<u>(142,383)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	934,430	934,430	937,161	2,731
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	<u>884,430</u>	<u>884,430</u>	<u>887,161</u>	<u>2,731</u>
Net change in fund balance	<u>(141,820)</u>	<u>(141,820)</u>	<u>3,294</u>	<u>145,114</u>
FUND BALANCE:				
Beginning of year	1,040,009	1,040,009	1,040,009	-
End of year	<u>\$ 898,189</u>	<u>\$ 898,189</u>	<u>\$ 1,043,303</u>	<u>\$ 145,114</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	\$ 1,009,560
1. Financial statement only adjustment per GASB #31.	46,803
2. The City does not budget for accounts payable adjustments.	67,956
3. The City budgets for grants on a cash basis.	63,195
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.	(53,533)
5. The City budgets for interest on a cash basis.	(1,618)
6. End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Fund Balance.	(89,060)
Budgetary fund balance	<u>\$ 1,043,303</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, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ -	\$ 29,348,970	\$ 7,379,500	\$ (21,969,470)
Investment revenue	-	-	11,174	11,174
Other	1,613,610	1,652,690	4,558,938	2,906,248
Total revenues	<u>1,613,610</u>	<u>31,001,660</u>	<u>11,949,612</u>	<u>(19,052,048)</u>
EXPENDITURES:				
Current:				
General government	450,580	450,580	92,537	358,043
Public works	38,099,950	67,658,870	25,768,632	41,890,238
Recreation and culture	12,569,850	17,081,400	6,405,973	10,675,427
Debt service:				
Principal retirement	270,000	270,000	270,000	-
Interest and fiscal charges	467,790	467,790	467,788	2
Total expenditures	<u>51,858,170</u>	<u>85,928,640</u>	<u>33,004,930</u>	<u>52,923,710</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(50,244,560)</u>	<u>(54,926,980)</u>	<u>(21,055,318)</u>	<u>33,871,662</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	150,780	150,780	150,780	-
Transfers out	(229,300)	(229,300)	(272,828)	(43,528)
Total other financing sources (uses)	<u>(78,520)</u>	<u>(78,520)</u>	<u>(122,048)</u>	<u>(43,528)</u>
Net change in fund balance	<u>(50,323,080)</u>	<u>(55,005,500)</u>	<u>(21,177,366)</u>	<u>33,828,134</u>
FUND BALANCE:				
Beginning of year	<u>7,185,133</u>	<u>7,185,133</u>	<u>7,185,133</u>	<u>-</u>
End of year	<u>\$ (43,137,947)</u>	<u>\$ (47,820,367)</u>	<u>\$ (13,992,233)</u>	<u>\$ 33,828,134</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	\$ 1,712,086
1. Financial statement only adjustment per GASB #31.	33,144
2. The City does not budget for accounts payable adjustments.	115,253
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.	(15,294,716)
4. The City does not budget for the transfer of developer fees and interest on those fees to the related enterprise funds.	73,619
5. The City budgets for grants on a cash basis.	(638,750)
6. The City did not budget for revenue from the Agency Fund.	7,131
Budgetary fund balance	<u>\$ (13,992,233)</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, 2022

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
ASSETS					
Current assets:					
Cash and investments	\$ -	\$ 5,362,333	\$ 2,894,109	\$ 680,887	\$ 8,937,329
Accounts receivable, net	59,295	54,372	6,825	-	120,492
Lease receivable	427,224	-	15,889	147,300	590,413
Interest receivable	35	18,683	4,280	6	23,004
Intergovernmental receivable	3,062,560	13,918	597,086	-	3,673,564
Prepaid items	-	-	-	1,494	1,494
Inventories	-	21,929	92,471	-	114,400
Total current assets	3,549,114	5,471,235	3,610,660	829,687	13,460,696
Non-current assets:					
Restricted assets:					
Cash and investments	-	3,121,712	-	-	3,121,712
Total restricted assets	-	3,121,712	-	-	3,121,712
Capital assets:					
Land	6,242,894	909,184	2,622,238	188,430	9,962,746
Construction in progress	2,530,174	149,970	873,649	-	3,553,793
Depreciable capital assets, net	28,543,296	14,648,518	8,303,510	775,204	52,270,528
Total capital assets	37,316,364	15,707,672	11,799,397	963,634	65,787,067
Other assets:					
Lease receivable, net current	5,336,564	-	97,142	1,079,055	6,512,761
Total other assets	5,336,564	-	97,142	1,079,055	6,512,761
Total non-current assets	42,652,928	18,829,384	11,896,539	2,042,689	75,421,540
Total assets	46,202,042	24,300,619	15,507,199	2,872,376	88,882,236
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	4,633	-	-	-	4,633
Deferred outflows related to other post employment benefits	219,637	113,978	-	-	333,615
Deferred outflows related to pensions	209,225	209,163	-	-	418,388
Total deferred outflows of resources	433,495	323,141	-	-	756,636

(Continued)

City of Redding
Combining Statement of Net Position (Continued)
Nonmajor Enterprise Funds
June 30, 2022

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
LIABILITIES					
Current liabilities:					
Accounts payable	998,280	103,642	516,078	85,730	1,703,730
Accrued liabilities	18,984	11,540	6,188	-	36,712
Accrued interest payable	20,208	-	-	613	20,821
Intergovernmental payables	2,583	-	807,764	-	810,347
Due to other funds	1,460,017	-	266,490	-	1,726,507
Interfund payables	25,000	-	-	58,851	83,851
Unearned revenue	19,272	2,000,000	1,035,741	-	3,055,013
Deposits payable	85,039	-	3,000	-	88,039
Compensated absences, due within one year	27,189	30,118	-	-	57,307
Long-term debt, due within one year	46,438	-	-	29,450	75,888
State loan, due within one year	85,483	-	-	-	85,483
Total current liabilities	2,788,493	2,145,300	2,635,261	174,644	7,743,698
Long-term liabilities:					
Compensated absences, due in more than one year	41,127	60,513	-	-	101,640
Advances from other funds	1,549,384	-	-	1,576,403	3,125,787
Long-term debt, due in more than one year	49,085	-	-	31,130	80,215
State loan, due in more than one year	1,042,956	-	-	-	1,042,956
Aggregate net OPEB liability	444,359	230,595	-	-	674,954
Aggregate net pension liability	1,182,653	854,932	-	-	2,037,585
Total long-term liabilities	4,309,564	1,146,040	-	1,607,533	7,063,137
Total liabilities	7,098,057	3,291,340	2,635,261	1,782,177	14,806,835
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to other post employment benefits					
	16,258	8,437	-	-	24,695
Deferred inflows related to pensions					
	386,562	298,190	-	-	684,752
Deferred inflows related to leases					
	5,763,788	-	113,031	1,226,355	7,103,174
Total deferred inflows of resources	6,166,608	306,627	113,031	1,226,355	7,812,621
NET POSITION					
Net investment in capital assets	36,097,035	15,707,672	11,799,397	903,054	64,507,158
Restricted for capital projects	-	3,291,755	-	-	3,291,755
Unrestricted (deficit)	(2,726,163)	2,026,366	959,510	(1,039,210)	(779,497)
Total net position	\$ 33,370,872	\$ 21,025,793	\$ 12,758,907	\$ (136,156)	\$ 67,019,416

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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, 2022

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
OPERATING REVENUES:					
User fees and charges	\$ 219,000	\$ 2,203,291	\$ 1,289,031	\$ -	\$ 3,711,322
Other operating revenue	2,671,075	-	-	196,171	2,867,246
Total operating revenues	2,890,075	2,203,291	1,289,031	196,171	6,578,568
OPERATING EXPENSES:					
Cost of power, water, and transportation	-	-	4,133,599	-	4,133,599
Maintenance, operations, and administration	3,909,882	956,323	2,498,068	1,164,392	8,528,665
Depreciation and amortization	1,786,913	1,084,859	1,496,477	75,749	4,443,998
Total operating expenses	5,696,795	2,041,182	8,128,144	1,240,141	17,106,262
Operating gain (loss)	(2,806,720)	162,109	(6,839,113)	(1,043,970)	(10,527,694)
NONOPERATING REVENUE (EXPENSES):					
Net investment earnings (loss)	97	(267,717)	(15,477)	(21,646)	(304,743)
Interest expense	(43,143)	-	(1,126)	(5,139)	(49,408)
Intergovernmental revenues	801,432	-	5,554,821	-	6,356,253
Gain (loss) on disposal of assets	-	11,756	11,446	-	23,202
Other non-operating revenues (expenses)	440,195	1,110	30,844	-	472,149
Total nonoperating revenues (expenses)	1,198,581	(254,851)	5,580,508	(26,785)	6,497,453
Gain (loss) before operating transfers and capital contributions	(1,608,139)	(92,742)	(1,258,605)	(1,070,755)	(4,030,241)
Capital contributions	1,914,455	788,510	1,373,640	-	4,076,605
Transfers in	225,000	268,555	-	917,682	1,411,237
Transfers out	(235,000)	-	-	-	(235,000)
Change in net position	296,316	964,323	115,035	(153,073)	1,222,601
NET POSITION:					
Beginning of year	33,074,556	20,061,470	12,643,872	16,917	65,796,815
End of year	<u>\$ 33,370,872</u>	<u>\$ 21,025,793</u>	<u>\$ 12,758,907</u>	<u>\$ (136,156)</u>	<u>\$ 67,019,416</u>

City of Redding
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2022

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 2,873,984	\$ 2,212,075	\$ 1,298,745	\$ 416,186	\$ 6,800,990
Cash paid to suppliers	(1,972,301)	(482,979)	(6,756,225)	(1,100,703)	(10,312,208)
Cash paid to employees	(894,170)	(741,962)	-	(32,070)	(1,668,202)
Other operating revenue	36,878	-	-	-	36,878
Net cash provided by (used in) operating activities	44,391	987,134	(5,457,480)	(716,587)	(5,142,542)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Intergovernmental revenue received	340,126	-	5,747,279	-	6,087,405
Advances from other funds	1,460,017	-	266,490	-	1,726,507
Repayment of advances from other funds	(1,618,896)	-	(130,099)	(137,881)	(1,886,876)
Transfers in	225,000	268,555	-	917,682	1,411,237
Transfers out	(235,000)	-	-	-	(235,000)
Net cash provided by non-capital financing activities	171,247	268,555	5,883,670	779,801	7,103,273
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital grants received	1,181,630	2,050,328	379,983	-	3,611,941
Proceeds from sale of assets	-	13,500	19,300	-	32,800
Purchases of capital assets	(1,634,425)	(418,525)	(1,325,500)	-	(3,378,450)
Interest paid	(37,367)	-	(1,126)	(3,046)	(41,539)
Principal paid on long-term debt	(129,171)	-	-	(29,201)	(158,372)
Cash collected for future capital outlay	403,318	1,110	-	-	404,428
Net cash provided by (used in) capital and related financing activities	(216,015)	1,646,413	(927,343)	(32,247)	470,808
CASH FLOWS FROM INVESTING ACTIVITIES:					
Net investment earnings (loss)	77	(276,442)	(17,704)	(21,648)	(315,717)
Rents received	-	-	30,844	-	30,844
Net cash provided by (used in) investing activities	77	(276,442)	13,140	(21,648)	(284,873)
Net increase (decrease) in cash and cash equivalents	(300)	2,625,660	(488,013)	9,319	2,146,666
CASH AND CASH EQUIVALENTS:					
Beginning of year	300	5,858,385	3,382,122	671,568	9,912,375
End of year	\$ -	\$ 8,484,045	\$ 2,894,109	\$ 680,887	\$ 12,059,041
Reconciliation to statement of net position:					
Cash and cash equivalents	\$ -	\$ 5,362,333	\$ 2,894,109	\$ 680,887	\$ 8,937,329
Restricted cash and cash equivalents	-	3,121,712	-	-	3,121,712
	\$ -	\$ 8,484,045	\$ 2,894,109	\$ 680,887	\$ 12,059,041

(Continued)

City of Redding
Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
For the Year Ended June 30, 2022

	Airport	Storm Drainage Utility	Redding Area Bus Authority	Convention Center	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss) to net cash provided by (used in)	\$ (2,806,720)	\$ 162,109	\$ (6,839,113)	\$ (1,043,970)	\$ (10,527,694)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:					
Other non-operating revenue and expense	36,878	-	-	-	36,878
Depreciation and amortization	1,786,913	1,084,859	1,496,477	75,749	4,443,998
(Increase) decrease in accounts receivable	(27,161)	8,784	9,713	220,015	211,351
(Increase) decrease in inventories	-	440	(10,100)	-	(9,660)
(Increase) decrease in prepaid items	9,247	9,708	-	2,377	21,332
(Increase) decrease in accounts payable	854,149	95,629	(249,557)	30,518	730,739
Increase (decrease) in accrued liabilities	(26,014)	(30,704)	(10,390)	(1,276)	(68,384)
Increase (decrease) in deposits liability	11,070	-	-	-	11,070
Increase (decrease) in intergovernmental payable	2,387	-	145,490	-	147,877
Increase (decrease) in unearned revenue	(86)	-	-	-	(86)
Increase (decrease) in accrued compensated absences	23,160	(21,194)	-	-	1,966
Accrued liabilities long-term					-
Other post employment benefits related items	88,722	(17,386)	-	-	71,336
Pension related items	91,846	(305,111)	-	-	(213,265)
Total adjustments	2,851,111	825,025	1,381,633	327,383	5,385,152
Net cash provided by (used) operating activities	\$ 44,391	\$ 987,134	\$ (5,457,480)	\$ (716,587)	\$ (5,142,542)
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Plant contributed from developers	\$ -	\$ 788,510	\$ -	\$ -	\$ 788,510
Transfer of capital assets	-	268,555	-	-	268,555
Total non-cash capital and related financing activities	\$ -	\$ 1,057,065	\$ -	\$ -	\$ 1,057,065

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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, 2022

	Equipment	Information Systems	General Support Services
ASSETS			
Current assets:			
Cash and investments	\$ 538,086	\$ 1,923,330	\$ 2,511,974
Interest receivable	1,445	5,083	5,664
Accounts receivable, net	2,066	-	1,732
Prepaid items	1,554	90,442	58,790
Inventories	391,444	-	-
Interfund receivable	-	-	-
Total current assets	<u>934,595</u>	<u>2,018,855</u>	<u>2,578,160</u>
Non-current assets:			
Capital assets:			
Land	-	-	110,810
Construction in progress	-	-	74,907
Depreciable capital assets, net	7,255,808	200,136	104,541
Capital assets, net	<u>7,255,808</u>	<u>200,136</u>	<u>290,258</u>
Other assets:			
Advances to other funds	-	-	-
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>7,255,808</u>	<u>200,136</u>	<u>290,258</u>
Total assets	<u>8,190,403</u>	<u>2,218,991</u>	<u>2,868,418</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to other post employment benefit:	393,304	512,576	601,258
Deferred outflows related to pensions	599,806	710,722	845,240
Total deferred outflows of resources	<u>993,110</u>	<u>1,223,298</u>	<u>1,446,498</u>
LIABILITIES			
Current liabilities:			
Accounts payable	59,129	9,391	246,705
Intergovernmental payable	-	-	20,617
Accrued liabilities	32,507	35,189	65,680
Claims and judgements payable	-	-	-
Interfund payable	-	67,649	25,000
Unearned revenue	6,518	-	-
Compensated absences - current	74,186	101,033	155,807
Total current liabilities	<u>172,340</u>	<u>213,262</u>	<u>513,809</u>
Long-term liabilities:			
Advances from other funds	-	12,561	31,250
Compensated absences	148,699	221,057	295,426
Claims and judgements	-	-	-
Aggregate net OPEB liability	795,713	1,037,017	1,216,435
Aggregate net pension liability	2,700,615	3,326,413	3,842,845
Total long-term liabilities	<u>3,645,027</u>	<u>4,597,048</u>	<u>5,385,956</u>
Total liabilities	<u>3,817,367</u>	<u>4,810,310</u>	<u>5,899,765</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to other post employment benefit:	29,114	37,944	44,508
Deferred inflows related to pensions	922,225	1,126,840	1,309,610
Total deferred inflows of resources	<u>951,339</u>	<u>1,164,784</u>	<u>1,354,118</u>
NET POSITION			
Investment in capital assets	7,255,808	200,136	290,258
Unrestricted (deficit)	(2,841,001)	(2,732,941)	(3,229,225)
Total net position	<u>\$ 4,414,807</u>	<u>\$ (2,532,805)</u>	<u>\$ (2,938,967)</u>

(Continued)

City of Redding
Combining Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2022

	Risk Management	Municipal Utilities Support	Total
ASSETS			
Current assets:			
Cash and investments	\$ 12,456,853	\$ 1,344,332	\$ 18,774,575
Interest receivable	28,610	3,247	44,049
Accounts receivable, net	73,027	-	76,825
Prepaid items	6,311	-	157,097
Inventories	-	-	391,444
Interfund receivable	83,851	-	83,851
Total current assets	<u>12,648,652</u>	<u>1,347,579</u>	<u>19,527,841</u>
Non-current assets:			
Capital assets:			
Land	-	-	110,810
Construction in progress	-	-	74,907
Other capital assets, net	-	317,545	7,878,030
Capital assets, net	<u>-</u>	<u>317,545</u>	<u>8,063,747</u>
Other assets:			
Advances to other funds	3,312,699	-	3,312,699
Total other assets	<u>3,312,699</u>	<u>-</u>	<u>3,312,699</u>
Total non-current assets	<u>3,312,699</u>	<u>317,545</u>	<u>11,376,446</u>
Total assets	<u>15,961,351</u>	<u>1,665,124</u>	<u>30,904,287</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to other post employment benefit:	145,575	737,672	2,390,385
Deferred outflows related to pensions	180,858	1,216,877	3,553,503
Total deferred outflows of resources	<u>326,433</u>	<u>1,954,549</u>	<u>5,943,888</u>
LIABILITIES			
Current liabilities:			
Accounts payable	145,060	17,960	478,245
Intergovernmental payable	638,105	-	658,722
Accrued liabilities	21,569	131,848	286,793
Claims and judgements payable	7,151,039	-	7,151,039
Interfund payable	-	-	92,649
Unearned revenue	197,763	-	204,281
Compensated absences - current	22,893	244,440	598,359
Total current liabilities	<u>8,176,429</u>	<u>394,248</u>	<u>9,470,088</u>
Long-term liabilities:			
Advances from other funds	-	-	43,811
Compensated absences	46,118	396,996	1,108,296
Claims and judgements	10,505,901	-	10,505,901
Aggregate net OPEB liability	294,520	1,492,420	4,836,105
Aggregate net pension liability	845,103	4,880,724	15,595,700
Total long-term liabilities	<u>11,691,642</u>	<u>6,770,140</u>	<u>32,089,813</u>
Total liabilities	<u>19,868,071</u>	<u>7,164,388</u>	<u>41,559,901</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to other post employment benefit:	10,776	54,607	176,949
Deferred inflows related to pensions	286,377	1,709,713	5,354,765
Total deferred inflows of resources	<u>297,153</u>	<u>1,764,320</u>	<u>5,531,714</u>
NET POSITION			
Investment in capital assets	-	317,545	8,063,747
Unrestricted (deficit)	(3,877,440)	(5,626,580)	(18,307,187)
Total net position	<u>\$ (3,877,440)</u>	<u>\$ (5,309,035)</u>	<u>\$ (10,243,440)</u>

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City of Redding
Combining Statement of Activities and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2022

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
OPERATING REVENUES:						
User fees and charges	\$ 4,495,454	\$ 4,076,402	\$ 8,193,414	\$ 53,295,381	\$ 5,041,090	\$ 75,101,741
Other operating revenue	6,232	35	801	73,503	-	80,571
Total operating revenues	4,501,686	4,076,437	8,194,215	53,368,884	5,041,090	75,182,312
OPERATING EXPENSES:						
Maintenance, operations, and administration	4,058,370	3,412,289	7,960,729	54,002,666	4,736,480	74,170,534
Depreciation and amortization	1,073,692	75,159	22,013	-	59,801	1,230,665
Total operating expenses	5,132,062	3,487,448	7,982,742	54,002,666	4,796,281	75,401,199
OPERATING INCOME (LOSS)	(630,376)	588,989	211,473	(633,782)	244,809	(218,887)
NONOPERATING REVENUE (EXPENSES):						
Net investment earnings (loss)	(16,329)	(58,693)	(77,832)	(391,522)	(41,541)	(585,917)
Interest expense	(802)	(982)	(1,039)	-	(1,282)	(4,105)
Intergovernmental revenues	-	-	-	1,244	-	1,244
Gain (loss) on disposal of capital assets	(991)	-	-	-	6,650	5,659
Other non-operating revenue (expense)	-	-	-	575	392	967
Total nonoperating expenses	(18,122)	(59,675)	(78,871)	(389,703)	(35,781)	(582,152)
Income (loss) before transfers and contributions	(648,498)	529,314	132,602	(1,023,485)	209,028	(801,039)
Capital contributions	3,421,075	-	-	-	7,952	3,429,027
Transfers in	-	-	1,130	-	-	1,130
Transfers out	-	-	(4,000)	-	-	(4,000)
Changes in net position	2,772,577	529,314	129,732	(1,023,485)	216,980	2,625,118
NET POSITION:						
Beginning of year	1,642,230	(3,062,119)	(3,068,699)	(2,853,955)	(5,526,015)	(12,868,558)
End of year	<u>\$ 4,414,807</u>	<u>\$ (2,532,805)</u>	<u>\$ (2,938,967)</u>	<u>\$ (3,877,440)</u>	<u>\$ (5,309,035)</u>	<u>\$ (10,243,440)</u>

City of Redding
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2022

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from other funds	\$ 4,501,808	\$ 4,076,437	\$ 8,192,542	\$ 53,601,114	\$ 5,041,090	\$ 75,412,991
Cash paid to suppliers	(1,964,456)	(1,025,769)	(5,216,743)	(51,840,193)	(984,218)	(61,031,379)
Cash paid to employees	(2,468,811)	(2,660,846)	(1,766,290)	(1,017,603)	(4,044,675)	(11,958,225)
Net cash provided by operating activities	68,541	389,822	1,209,509	743,318	12,197	2,423,387
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Repayment of advances from other funds	(3,362)	(89,331)	-	-	-	(92,693)
Advances from other funds	-	-	56,250	-	-	56,250
Repayment of advances to other funds	-	-	-	162,881	-	162,881
Intergovernmental revenue received	-	-	-	1,244	-	1,244
Transfers out	-	-	(4,000)	-	-	(4,000)
Other	-	-	-	575	-	575
Net cash provided by (used in) noncapital financing activities	(3,362)	(89,331)	52,250	164,700	-	124,257
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from sale of assets	-	-	-	-	6,650	6,650
Purchase of capital assets	-	(39,696)	(80,480)	-	(55,122)	(175,298)
Interest paid	(802)	(982)	(1,039)	-	(1,282)	(4,105)
Net cash (used in) capital and related financing activities	(802)	(40,678)	(81,519)	-	(49,754)	(172,753)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment revenue received	(16,924)	(60,728)	(81,388)	(400,856)	(42,626)	(602,522)
Net cash (used in) investing activities	(16,924)	(60,728)	(81,388)	(400,856)	(42,626)	(602,522)
Net increase (decrease) in cash and cash equivalents	47,453	199,085	1,098,852	507,162	(80,183)	1,772,369
CASH AND CASH EQUIVALENTS:						
Beginning of year	490,633	1,724,245	1,413,122	11,949,691	1,424,515	17,002,206
End of year	\$ 538,086	\$ 1,923,330	\$ 2,511,974	\$ 12,456,853	\$ 1,344,332	\$ 18,774,575

(Continued)

City of Redding
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2022

	Equipment	Information Systems	General Support Services	Risk Management	Municipal Utilities Support	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:						
Operating income (loss) to net cash provided by (used in)	\$ (630,376)	\$ 588,989	\$ 211,473	\$ (633,782)	\$ 244,809	\$ (218,887)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Other non-operating revenue and expense	-	-	-	-	392	392
Depreciation and amortization	1,073,692	75,159	22,013	-	59,801	1,230,665
(Increase) decrease in accounts receivable	122	-	(1,666)	38,474	-	36,930
(Increase) decrease in inventories	(92,369)	-	-	-	-	(92,369)
(Increase) decrease in prepaid items	28,810	86,656	(29,514)	504,684	36,567	627,203
Increase (decrease) in accounts payable	11,749	2,892	56,925	(167,089)	(6,402)	(101,925)
Increase (decrease) in accrued liabilities	(70,650)	(74,640)	(80,881)	(39,187)	(42,467)	(307,825)
Increase (decrease) in claims and judgements payable	-	-	-	1,041,730	-	1,041,730
Increase (decrease) in deposits	-	-	(7)	-	-	(7)
Increase (decrease) in intergovernmental payable	-	(565)	(16,843)	37,153	-	19,745
Increase (decrease) in unearned revenue	-	-	-	193,756	-	193,756
Increase (decrease) in accrued compensated absences	7,920	54,736	146,687	17,977	47,089	274,409
Other post employment benefits related items	20,830	47,367	233,342	25,208	130,705	457,452
Pension related items	(281,187)	(390,772)	667,980	(275,606)	(458,297)	(737,882)
Total adjustments	698,917	(199,167)	998,036	1,377,100	(232,612)	2,642,274
Net cash provided by operating activities	\$ 68,541	\$ 389,822	\$ 1,209,509	\$ 743,318	\$ 12,197	\$ 2,423,387
Schedule of noncash capital activities:						
Equipment contributed	\$ 3,421,075	\$ -	\$ -	\$ -	\$ 7,952	\$ 3,429,027
Transfer in of capital assets	1,130	-	-	-	-	1,130
Total non-cash capital and related financing activities	\$ 3,422,205	\$ -	\$ -	\$ -	\$ 7,952	\$ 3,430,157

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FIDUCIARY FUNDS - CUSTODIAL FUNDS

The Custodial 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.

City of Redding
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2022

	Special Deposits Fund	IPSS Fund	Enterprise Anderson Groundwater Fund	Total
ASSETS				
Cash and cash equivalents	\$ 7,162,858	\$ 1,062,843	\$ -	\$ 8,225,701
Accounts receivable	6,256	41,784	38,498	86,538
Intergovernmental receivable	-	-	151,853	151,853
Interest receivable	11,482	2,996	-	14,478
Capital assets				
Construction in progress	-	2,380,119	-	2,380,119
Depreciable capital assets, net	-	117,888	-	117,888
Total assets	<u>7,180,596</u>	<u>3,605,630</u>	<u>190,351</u>	<u>10,976,577</u>
LIABILITIES				
Deposits	7,151,277	-	-	7,151,277
Accounts payable	-	-	45,436	45,436
Accrued payroll	-	10,218	320	10,538
Intergovernmental payable	-	-	144,595	144,595
Total liabilities	<u>7,151,277</u>	<u>10,218</u>	<u>190,351</u>	<u>7,351,846</u>
NET POSITION				
Individuals, organizations, and other governments	29,319	3,595,412	-	3,624,731
Total net position	<u>\$ 29,319</u>	<u>\$ 3,595,412</u>	<u>\$ -</u>	<u>\$ 3,624,731</u>

City of Redding
Combining Statement Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2022

	Special Deposits Fund	IPSS Fund	Enterprise Anderson Groundwater Fund	Total
ADDITIONS				
Intergovernmental - fees	\$ -	\$ 894,100	\$ 46,071	\$ 940,171
Intergovernmental - grants	-	-	291,523	291,523
User fees	-	94,820	-	94,820
Investment income (loss)	10,192	(31,610)	(18)	(21,436)
Total additions	<u>10,192</u>	<u>957,310</u>	<u>337,576</u>	<u>1,305,078</u>
DEDUCTIONS				
Administration	-	960,559	2,362	962,921
Software maintenance and support	-	75,155	-	75,155
Project payments	-	-	335,739	335,739
Depreciation	-	72,272	-	72,272
Total deductions	<u>-</u>	<u>1,107,986</u>	<u>338,101</u>	<u>1,446,087</u>
Changes in net position	10,192	(150,676)	(525)	(141,009)
NET POSITION				
Beginning of year	<u>19,127</u>	<u>3,746,088</u>	<u>525</u>	<u>3,765,740</u>
End of year	<u>\$ 29,319</u>	<u>\$ 3,595,412</u>	<u>\$ -</u>	<u>\$ 3,624,731</u>

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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, 2021, December 31, 2021, March 31, 2022, and June 30, 2022

		Cumulative Total	For the Quarter Ended	
		June 30, 2021	September 30, 2021	December 31, 2021
Unexpended (over expended) passenger facility charges and interest, beginning of period	\$	-	\$ (168,268)	\$ (88,603)
	<u>Amount</u>			
	<u>Approved</u>			
<u>Revenues:</u>				
Passenger facility charges collected		4,140,977	79,665	89,287
Interest earned		19,779	-	-
Total passenger facility charge revenue	\$ 4,559,200	4,160,756	79,665	89,287
<u>Expenses:</u>				
	<u>Amount</u>			
	<u>Approved</u>			
<u>Project Number/Project Name</u>				
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	394,850	-	-
006-West Tie Down Apron Reconstruction	323,278	313,730	-	-
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		4,329,024	-	-
Unexpended (over expended) passenger facility charges and interest, end of period		\$ (168,268)	\$ (88,603)	\$ 684

(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, 2021, December 31, 2021, March 31, 2022, and June 30, 2022

	For the Quarter Ended		For the Year Ended	Cumulative Total June 30, 2022
	March 31, 2022	June 30, 2022	June 30, 2022	
Unexpended (over expended) passenger facility charges and interest, beginning of period	\$ 684	\$ 126,445	\$ (168,268)	\$ -
<u>Revenues:</u>				
Passenger facility charges collected	125,761	108,605	403,318	4,544,295
Interest earned	-	-	-	19,779
Total passenger facility charge revenue	<u>125,761</u>	<u>108,605</u>	<u>403,318</u>	<u>4,564,074</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	-	-	-	394,850
006-West Tie Down Apron Reconstruction	-	-	-	313,730
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>-</u>	<u>-</u>	<u>-</u>	<u>4,329,024</u>
Unexpended (over expended) passenger facility charges and interest, end of period	<u>\$ 126,445</u>	<u>\$ 235,050</u>	<u>\$ 235,050</u>	<u>\$ 235,050</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 annual comprehensive 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	206
<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	217
<p>These schedules contain information to help the reader assess the City's most significant local revenues sources.</p>	
Debt Capacity	224
<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	235
<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	239
<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, 2022
(accrual basis of accounting)

	Fiscal Year				
	2012-13	2013-14	2014-15	2015-16	2016-17
Governmental activities					
Net investment in capital assets	\$ 301,401,234	\$ 299,220,582	\$ 303,789,845	\$ 304,441,380	\$ 299,478,797
Restricted	42,200,822	44,242,198	44,242,198	43,495,762	42,760,454
Unrestricted	18,461,336	12,404,054	(150,344,065)	(146,838,910)	(157,129,728)
Total governmental activities net position	\$ 362,063,392	\$ 355,866,834	\$ 197,687,978	\$ 201,098,232	\$ 185,109,523
Business-type activities					
Net investment in capital assets	\$ 270,149,380	\$ 276,768,127	\$ 286,401,920	\$ 284,346,442	\$ 293,920,914
Restricted	16,554,856	18,564,126	18,326,176	15,155,154	14,068,393
Unrestricted	97,572,863	103,748,759	32,692,674	54,363,934	66,198,888
Total business-type activities net position	\$ 384,277,099	\$ 399,081,012	\$ 337,420,770	\$ 353,865,530	\$ 374,188,195
Primary government					
Net investment in capital assets	\$ 571,550,614	\$ 575,988,709	\$ 590,191,765	\$ 588,787,822	\$ 593,399,711
Restricted	58,755,678	62,806,324	62,568,374	58,650,916	56,828,847
Unrestricted	116,034,199	116,152,813	(117,651,391)	(92,474,976)	(90,930,840)
Total primary government net position	\$ 746,340,491	\$ 754,947,846	\$ 535,108,748	\$ 554,963,762	\$ 559,297,718

Source: City of Redding Annual Comprehensive Financial Report

City of Redding
Net Position by Component (Continued)
Last Ten Fiscal Years Ended June 30, 2022
(accrual basis of accounting)

	Fiscal Year				
	2017-18	2018-19	2019-20	2020-21	2021-22
Governmental activities					
Net investment in capital assets	\$ 298,515,126	\$ 296,238,160	\$ 293,561,715	\$ 307,597,872	\$ 317,742,758
Restricted	41,076,874	67,544,524	67,415,758	99,523,339	99,799,590
Unrestricted	(135,453,029)	(157,348,852)	(152,188,061)	(157,650,758)	(146,175,614)
Total governmental activities net position	\$ 204,138,971	\$ 206,433,832	\$ 208,789,412	\$ 249,470,453	\$ 271,366,734
Business-type activities					
Net investment in capital assets	\$ 314,064,755	\$ 320,934,467	\$ 327,301,815	\$ 358,579,485	\$ 368,787,712
Restricted	12,204,596	10,072,298	8,589,905	9,433,039	6,782,510
Unrestricted	99,325,093	112,968,216	127,947,134	105,661,660	110,264,669
Total business-type activities net position	\$ 425,594,444	\$ 443,974,981	\$ 463,838,854	\$ 473,674,184	\$ 485,834,891
Primary government					
Net investment in capital assets	\$ 612,579,881	\$ 617,172,627	\$ 620,863,530	\$ 666,177,357	\$ 686,530,470
Restricted	53,281,470	77,616,822	76,005,663	108,956,378	106,582,100
Unrestricted	(36,127,936)	(44,380,636)	(24,240,927)	(51,989,098)	(35,910,945)
Total primary government net position	\$ 629,733,415	\$ 650,408,813	\$ 672,628,266	\$ 723,144,637	\$ 757,201,625

Source: City of Redding Annual Comprehensive Financial Report

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

	Fiscal Year				
	2012-13	2013-14	2014-15	2015-16	2016-17
Expenses					
Governmental activities					
General government	\$ 7,296,724	\$ 6,917,771	\$ 7,112,939	\$ 8,077,255	\$ 7,576,731
Police	26,116,291	28,893,564	34,476,947	30,751,887	32,114,904
Fire	17,751,879	20,255,472	20,558,967	20,467,167	22,299,466
Public works	13,286,742	12,421,262	7,261,903	14,954,615	16,211,855
Planning	3,636,094	3,871,712	3,933,284	4,013,885	4,290,932
Recreation and culture	11,604,233	11,558,733	9,366,789	10,791,830	11,219,774
Community development	10,341,051	10,712,285	9,503,654	9,991,686	10,241,866
Interest on long-term debt	2,036,578	2,458,815	1,840,755	1,720,036	1,623,654
Total governmental activities expenses	<u>92,069,592</u>	<u>97,089,614</u>	<u>94,055,238</u>	<u>100,768,361</u>	<u>105,579,182</u>
Business-type activities					
Electric	156,080,538	150,171,628	152,786,522	144,525,611	144,826,944
Water	16,207,794	17,185,065	16,921,142	17,023,112	17,810,721
Wastewater	19,405,723	20,289,784	22,541,672	23,872,035	23,748,358
Storm drainage	2,324,951	2,102,618	1,919,740	2,094,900	2,037,068
Solid waste	20,484,434	22,870,947	20,410,950	20,209,534	22,430,632
Transportation	9,679,832	9,874,891	9,569,808	9,948,552	10,114,207
Convention center	1,176,913	1,275,954	1,229,354	1,187,415	1,349,400
Total business-type activities expenses	<u>225,360,185</u>	<u>223,770,887</u>	<u>225,379,188</u>	<u>218,861,159</u>	<u>222,317,330</u>
Total primary government expenses	<u>\$ 317,429,777</u>	<u>\$ 320,860,501</u>	<u>\$ 319,434,426</u>	<u>\$ 319,629,520</u>	<u>\$ 327,896,512</u>
Program revenues					
Governmental activities					
Charges for services:					
General government	\$ 5,904,251	\$ 5,967,284	\$ 6,516,578	\$ 6,213,317	\$ 6,395,898
Public works	557,062	577,312	682,515	650,616	669,769
Planning	1,337,696	1,748,627	1,673,717	1,286,338	1,986,579
Other activities	3,668,956	3,988,580	4,167,614	4,743,501	4,804,529
Operating grants and contributions	17,484,151	22,330,062	18,014,648	18,663,414	16,491,007
Capital grants and contributions	8,717,779	6,942,319	5,505,363	18,960,524	6,040,837
Total governmental activities program revenues	<u>37,669,895</u>	<u>41,554,184</u>	<u>36,560,435</u>	<u>50,517,710</u>	<u>36,388,619</u>
Business-type activities					
Charges for services:					
Electric	160,944,663	162,920,950	163,301,368	158,275,732	165,157,048
Water	16,734,627	18,667,027	17,871,349	17,995,434	19,591,568
Wastewater	21,355,779	22,731,807	24,577,645	26,776,762	26,939,000
Solid waste	18,800,831	19,681,867	20,505,176	21,200,419	22,167,885
Transportation	3,603,988	3,772,347	3,790,418	3,717,047	3,814,776
Other activities	1,549,792	1,513,033	1,622,114	1,744,369	1,687,107
Operating grants and contributions	4,170,108	4,159,414	4,405,158	4,300,769	4,441,415
Capital grants and contributions	10,196,914	7,476,968	6,079,058	3,343,536	2,624,987
Total business-type activities program revenues	<u>237,356,702</u>	<u>240,923,413</u>	<u>242,152,286</u>	<u>237,354,068</u>	<u>246,423,786</u>
Total primary government program revenues	<u>\$ 275,026,597</u>	<u>\$ 282,477,597</u>	<u>\$ 278,712,721</u>	<u>\$ 287,871,778</u>	<u>\$ 282,812,405</u>
Net (expense) revenue					
Governmental activities	\$ (54,399,697)	\$ (55,535,430)	\$ (57,494,803)	\$ (50,250,651)	\$ (69,190,563)
Business-type activities	11,996,517	17,152,526	16,773,098	18,492,909	24,106,456
Total primary government	<u>\$ (42,403,180)</u>	<u>\$ (38,382,904)</u>	<u>\$ (40,721,705)</u>	<u>\$ (31,757,742)</u>	<u>\$ (45,084,107)</u>

Sou Source: City of Redding Annual Comprehensive Financial Report

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

	Fiscal Year				
	2017-18	2018-19	2019-20	2020-21	2021-22
Expenses					
Governmental activities					
General government	\$ 7,678,431	\$ 7,503,465	\$ 9,842,219	\$ 7,305,048	\$ 7,444,640
Police	32,742,710	34,001,886	36,954,392	38,537,805	36,227,155
Fire	23,264,792	23,685,713	24,997,889	27,416,745	24,061,217
Public works	15,039,604	16,096,332	16,133,278	12,781,403	17,139,094
Planning	3,918,206	3,879,239	5,049,433	4,261,253	5,529,441
Recreation and culture	11,137,417	11,360,417	12,101,698	11,436,375	12,086,281
Community development	9,377,682	9,724,970	10,825,020	10,788,241	11,712,568
Interest on long-term debt	1,575,210	1,495,440	1,832,339	1,501,079	1,448,241
Total governmental activities expenses	<u>104,734,052</u>	<u>107,747,462</u>	<u>117,736,268</u>	<u>114,027,949</u>	<u>115,648,637</u>
Business-type activities					
Electric	139,069,185	148,470,304	154,180,658	158,675,983	158,141,420
Water	18,714,649	18,403,516	18,747,880	20,163,278	20,378,700
Wastewater	23,807,419	24,553,202	25,734,531	25,097,221	24,957,471
Storm drainage	2,032,999	2,155,137	2,313,546	2,529,827	2,024,016
Solid waste	22,835,505	25,668,200	26,604,891	27,348,763	24,546,239
Transportation	10,256,990	10,837,593	11,140,459	11,187,003	13,906,912
Convention center	1,316,803	1,408,622	1,785,044	873,731	1,221,786
Total business-type activities expenses	<u>218,033,550</u>	<u>231,496,574</u>	<u>240,507,009</u>	<u>245,875,806</u>	<u>245,176,544</u>
Total primary government expenses	<u>\$ 322,767,602</u>	<u>\$ 339,244,036</u>	<u>\$ 358,243,277</u>	<u>\$ 359,903,755</u>	<u>\$ 360,825,181</u>
Program revenues					
Governmental activities					
Charges for services:					
General government	\$ 6,522,621	\$ 6,332,966	\$ 7,030,150	\$ 5,427,109	\$ 6,483,335
Public works	785,973	1,375,532	770,387	822,537	1,055,233
Planning	1,822,316	3,031,727	4,201,516	4,917,418	5,502,403
Other activities	4,921,877	4,555,208	5,182,252	8,134,737	5,910,441
Operating grants and contributions	15,293,829	22,924,591	22,540,523	34,693,970	26,364,886
Capital grants and contributions	11,061,017	8,618,248	13,690,648	27,665,920	18,621,461
Total governmental activities program revenues	<u>40,407,633</u>	<u>46,838,272</u>	<u>53,415,476</u>	<u>81,661,691</u>	<u>63,937,759</u>
Business-type activities					
Charges for services:					
Electric	158,286,134	155,200,165	151,851,828	158,263,003	159,904,815
Water	22,158,506	22,486,899	23,665,086	26,431,076	25,183,388
Wastewater	27,592,665	29,145,722	29,287,911	30,841,837	32,707,404
Solid waste	22,703,424	23,639,052	24,174,557	26,017,505	26,844,590
Transportation	5,463,971	2,006,964	3,578,926	3,379,397	4,016,624
Other activities	1,419,953	1,495,369	1,944,149	1,950,674	2,400,572
Operating grants and contributions	6,219,525	5,803,463	7,396,940	7,387,085	11,230,562
Capital grants and contributions	8,173,146	7,413,845	16,790,748	7,134,115	5,308,211
Total business-type activities program revenues	<u>252,017,324</u>	<u>247,191,479</u>	<u>258,690,145</u>	<u>261,404,692</u>	<u>267,596,166</u>
Total primary government program revenues	<u>\$ 292,424,957</u>	<u>\$ 294,029,751</u>	<u>\$ 312,105,621</u>	<u>\$ 343,066,383</u>	<u>\$ 331,533,925</u>
Net (expense) revenue					
Governmental activities	\$ (64,326,419)	\$ (60,909,190)	\$ (64,320,792)	\$ (32,366,258)	\$ (51,710,878)
Business-type activities	33,983,774	15,694,905	18,183,136	15,528,886	22,419,622
Total primary government	<u>\$ (30,342,645)</u>	<u>\$ (45,214,285)</u>	<u>\$ (46,137,656)</u>	<u>\$ (16,837,372)</u>	<u>\$ (29,291,256)</u>

Source: City of Redding Annual Comprehensive Financial Report

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

	Fiscal Year				
	2012-13	2013-14	2014-15	2015-16	2016-17
General revenue and other changes in net position					
Governmental activities					
Taxes					
Sales taxes	\$ 20,696,311	\$ 21,662,406	\$ 22,053,840	\$ 22,586,087	\$ 23,199,460
Property taxes	19,284,310	15,847,198	16,292,632	17,357,917	17,924,119
Transient and occupancy taxes	4,099,953	4,074,333	4,458,110	4,616,654	4,778,285
Motor vehicle in-lieu taxes	38,845	37,663	(141)	36,761	40,422
Franchise taxes	896,297	915,623	972,438	1,005,928	1,088,088
Other taxes	988,154	1,068,561	1,112,392	1,103,021	1,189,035
Investment earnings (loss)	1,011	878,447	582,552	780,348	374,394
Gain on sale of property	299,492	43,617	48,699	1,401,277	166,278
Miscellaneous	143,637	144,036	142,599	203,979	152,135
Transfers	5,416,339	4,666,988	5,020,485	4,568,933	4,289,638
Special item	-	-	-	-	-
Extraordinary gain	-	-	-	-	-
Total governmental activities	<u>51,864,349</u>	<u>49,338,872</u>	<u>50,683,606</u>	<u>53,660,905</u>	<u>53,201,854</u>
Business-type activities					
Investment earnings (loss)	(667,664)	2,314,998	1,833,914	2,515,901	505,847
Transfers	(5,416,339)	(4,666,988)	(5,013,200)	(4,568,933)	(4,289,638)
Other items	2,696	3,377	2,361	4,883	-
Total business activities	<u>(6,081,307)</u>	<u>(2,348,613)</u>	<u>(3,176,925)</u>	<u>(2,048,149)</u>	<u>(3,783,791)</u>
Total primary government	<u>45,783,042</u>	<u>46,990,259</u>	<u>47,506,681</u>	<u>51,612,756</u>	<u>49,418,063</u>
Change in net position					
Governmental activities	(2,535,348)	(6,196,558)	(6,811,197)	3,410,254	(15,988,709)
Adjustments	-	-	(151,367,658)	-	-
Total governmental activities	<u>(2,535,348)</u>	<u>(6,196,558)</u>	<u>(158,178,855)</u>	<u>3,410,254</u>	<u>(15,988,709)</u>
Business-type activities	5,915,210	14,803,913	13,596,173	16,444,760	20,322,665
Adjustments - business activities	-	-	(75,256,413)	-	-
Total business activities	<u>5,915,210</u>	<u>14,803,913</u>	<u>(61,660,240)</u>	<u>16,444,760</u>	<u>20,322,665</u>
Total changes in net position - primary government	<u>\$ 3,379,862</u>	<u>\$ 8,607,355</u>	<u>\$ (219,839,095)</u>	<u>\$ 19,855,014</u>	<u>\$ 4,333,956</u>

Source: City of Redding Annual Comprehensive Financial Report

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

	Fiscal Year				
	2017-18	2018-19	2019-20	2020-21	2021-22
General revenue and other changes in net position					
Governmental activities					
Taxes					
Sales taxes	\$ 23,507,550	\$ 26,879,606	\$ 26,695,889	\$ 31,159,466	\$ 31,845,575
Property taxes	19,156,295	20,075,405	21,519,652	22,777,902	24,231,038
Transient and occupancy taxes	5,168,477	6,916,257	5,206,330	6,222,974	8,266,136
Motor vehicle in-lieu taxes	47,718	43,852	73,478	67,288	105,953
Franchise taxes	1,131,066	1,138,077	1,188,938	1,190,714	1,237,911
Other taxes	1,134,113	1,317,172	2,034,827	3,931,465	3,646,978
Investment earnings	525,477	1,868,151	1,660,407	340,588	(2,241,966)
Gain on sale of property	1,464,193	7,303	2,859,435	1,050,911	2,154,810
Miscellaneous	166,647	190,920	1,171,866	147,175	226,659
Transfers	5,440,006	4,767,308	4,265,550	6,158,816	4,134,065
Special item	(2,485,800)	-	-	-	-
Extraordinary gain	-	-	-	-	-
Total governmental activities	<u>55,255,742</u>	<u>63,204,051</u>	<u>66,676,372</u>	<u>73,047,299</u>	<u>73,607,159</u>
Business-type activities					
Investment earnings (loss)	980,902	7,452,940	5,946,287	457,322	(6,124,850)
Transfers	(5,440,006)	(4,767,308)	(4,265,550)	7,938	(4,134,065)
Other items	-	-	-	(6,158,816)	-
Total business activities	<u>(4,459,104)</u>	<u>2,685,632</u>	<u>1,680,737</u>	<u>(5,693,556)</u>	<u>(10,258,915)</u>
Total primary government	<u>50,796,638</u>	<u>65,889,683</u>	<u>68,357,109</u>	<u>67,353,743</u>	<u>63,348,244</u>
Change in net position					
Governmental activities	(9,070,677)	2,294,861	2,355,580	40,681,041	21,896,281
Adjustments	28,100,125	-	-	-	-
Total governmental activities	<u>19,029,448</u>	<u>2,294,861</u>	<u>2,355,580</u>	<u>40,681,041</u>	<u>21,896,281</u>
Business-type activities	29,524,670	18,380,537	19,863,873	9,835,330	12,160,707
Adjustments - business activities	21,881,579	-	-	-	-
Total business activities	<u>51,406,249</u>	<u>18,380,537</u>	<u>19,863,873</u>	<u>9,835,330</u>	<u>12,160,707</u>
Total changes in net position - primary government	<u>\$ 70,435,697</u>	<u>\$ 20,675,398</u>	<u>\$ 22,219,453</u>	<u>\$ 50,516,371</u>	<u>\$ 34,056,988</u>

Source: City of Redding Annual Comprehensive Financial Report

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

	Fiscal Year				
	2012-13	2013-14	2014-15	2015-16	2016-17
General fund					
Nonspendable	\$ 1,767,355	\$ 2,884,768	\$ 1,726,623	\$ 1,875,032	\$ 1,833,006
Restricted	1,408,645	853,717	648,655	756,897	757,254
Assigned	3,232,344	2,010,851	(720,495)	678,089	5,509,567
Unassigned	12,566,084	15,586,649	20,565,578	18,534,694	12,381,575
Total general fund	\$ 18,974,428	\$ 21,335,985	\$ 22,220,361	\$ 21,844,712	\$ 20,481,402
All other governmental funds					
Nonspendable	\$ 55,317	\$ 24,306	\$ 18,045	\$ 20,521	\$ 18,429
Restricted	57,554,330	57,938,036	47,850,398	53,237,478	50,903,778
Unassigned	(232,712)	(253,960)	(275,436)	(307,291)	(344,254)
Total all other governmental funds	\$ 57,376,935	\$ 57,708,382	\$ 47,593,007	\$ 52,950,708	\$ 50,577,953

	Fiscal Year				
	2017-18	2018-19	2019-20	2020-21	2021-22
General fund					
Nonspendable	\$ 2,748,604	\$ 1,841,971	\$ 1,911,241	\$ 6,771,284	\$ 3,224,350
Restricted	762,753	-	273,610	209,316	141,236
Assigned	5,489,161	3,533,413	3,195,034	10,524,976	10,117,549
Unassigned	9,682,620	16,686,434	16,964,783	13,001,211	15,242,047
Total general fund	\$ 18,683,138	\$ 22,061,818	\$ 22,344,668	\$ 30,506,787	\$ 28,725,182
All other governmental funds					
Nonspendable	\$ 20,291	\$ 24,616	\$ 24,078	\$ 19,107	\$ 777
Restricted	44,380,448	67,207,281	67,142,148	78,074,986	73,886,067
Unassigned	(344,640)	(342,425)	-	-	-
Total all other governmental funds	\$ 44,056,099	\$ 66,889,472	\$ 67,166,226	\$ 78,094,093	\$ 73,886,844

Source: City of Redding Annual Comprehensive Financial Report

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

	Fiscal Year				
	2012-13	2013-14	2014-15	2015-16	2016-17
Revenues:					
Taxes	\$ 46,183,002	\$ 43,678,499	\$ 45,125,212	\$ 47,889,908	\$ 48,385,407
Licenses and permits	963,435	1,020,396	1,142,654	1,321,422	1,319,041
Intergovernmental revenues	21,275,544	23,367,310	21,555,631	33,039,876	19,301,043
Charges for services	3,055,935	3,423,766	3,543,025	3,135,897	3,763,928
Fines	923,777	1,050,533	968,591	1,434,429	1,598,215
Use of money and property	6,301,849	6,822,715	6,979,312	7,774,752	7,905,927
Interest revenue	141,842	642,330	408,382	559,933	351,277
Special assessments	614,387	562,559	480,861	311,291	480,855
Miscellaneous	4,167,895	2,786,993	2,917,802	6,151,375	3,321,608
Total revenues	83,627,666	83,355,101	83,121,470	101,618,883	86,427,301
Expenditures:					
General government	5,283,779	5,339,521	5,335,175	5,531,550	6,170,131
Community development	10,094,221	10,594,203	9,391,315	9,833,058	9,988,629
Public safety	41,319,683	44,050,576	44,658,160	47,667,150	49,561,988
Public works	5,075,245	5,143,666	5,333,076	7,736,374	8,089,769
Planning	3,214,827	3,593,044	3,643,893	4,005,836	4,054,107
Recreation and culture	6,843,716	7,036,366	6,923,444	7,090,091	7,477,025
Capital outlay	9,657,100	9,792,385	16,601,544	16,012,801	6,902,183
Debt service:					
Principal retirement	3,558,947	3,512,856	3,721,171	2,785,484	2,532,744
Interest and fiscal charges	2,007,629	1,924,737	1,812,496	1,658,488	1,557,407
Bond issuance costs	-	266,462	450	-	-
Total expenditures	87,055,147	91,253,816	97,420,724	102,320,832	96,333,983
Excess of revenues over (under) expenditures	(3,427,481)	(7,898,715)	(14,299,254)	(701,949)	(9,906,682)
Other financing sources (uses)					
Sale of capital asset	299,492	41,909	55,055	1,401,276	166,279
Financing proceeds	-	565,048	-	-	-
Long-term debt issued	-	11,181,060	-	-	-
Bond discount	-	(80,666)	-	-	-
Premium on bonds issued	-	-	-	-	-
Payment to refunding bond escrow agent	-	(5,925,272)	-	-	-
Transfers in	14,430,062	13,001,893	14,082,943	12,233,284	13,756,026
Transfers out	(8,865,598)	(8,192,253)	(9,069,743)	(7,950,559)	(7,751,688)
Total other financing sources (uses)	5,863,956	10,591,719	5,068,255	5,684,001	6,170,617
Special item	-	-	-	-	-
Net change in fund balances	\$ 2,436,475	\$ 2,693,004	\$ (9,230,999)	\$ 4,982,052	\$ (3,736,065)
Fund balances (deficit), beginning of year, as originally stated	\$ 73,914,888	\$ 76,351,363	\$ 79,044,367	\$ 69,813,368	\$ 74,795,420
Prior period adjustment	-	-	-	-	-
Fund balances (deficit), beginning of year, as restated	73,914,888	76,351,363	79,044,367	69,813,368	74,795,420
Fund balances (deficit), end of year	\$ 76,351,363	\$ 79,044,367	\$ 69,813,368	\$ 74,795,420	\$ 71,059,355
Debt service as a percentage of noncapital expenditures	7%	7%	7%	5%	5%

Source: City of Redding Annual Comprehensive Financial Report

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

	Fiscal Year				
	2017-18	2018-19	2019-20	2020-21	2021-22
Revenues:					
Taxes	\$ 50,114,315	\$ 56,183,337	\$ 56,585,655	\$ 65,233,262	\$ 69,214,157
Licenses and permits	1,304,712	1,777,332	2,588,480	2,449,876	2,495,389
Intergovernmental revenues	17,561,603	31,593,447	24,712,718	31,838,001	33,322,809
Charges for services	3,968,265	4,011,783	5,199,913	6,393,638	7,357,575
Fines	1,445,372	2,005,413	1,173,384	1,346,858	1,368,471
Use of money and property	7,903,045	7,965,078	7,874,941	6,761,893	8,349,455
Interest revenue	505,398	1,333,966	1,233,375	348,081	(1,616,423)
Special assessments	612,627	575,104	697,098	707,108	928,727
Miscellaneous	4,141,927	4,251,526	7,095,919	18,101,754	6,127,608
Total revenues	87,557,264	109,696,986	107,161,483	133,180,471	127,547,768
Expenditures:					
General government	6,061,390	6,175,867	7,402,934	6,999,481	8,781,231
Community development	9,208,634	9,479,314	10,622,163	11,129,141	12,106,454
Public safety	51,305,095	52,470,544	53,761,183	58,097,550	64,675,885
Public works	6,280,036	7,785,619	7,596,809	6,328,452	10,716,202
Planning	3,751,957	3,718,793	4,543,768	5,122,727	5,843,580
Recreation and culture	7,895,240	7,668,664	8,146,931	7,893,793	8,692,187
Capital outlay	11,354,447	6,897,619	17,919,482	21,604,121	26,023,167
Debt service:					
Principal retirement	2,657,496	20,291,342	1,964,210	1,853,967	2,046,549
Interest and fiscal charges	1,510,512	1,629,677	1,543,376	1,587,580	1,513,691
Bond issuance costs	-	223,905	(466)		
Total expenditures	100,024,807	116,341,344	113,500,390	120,616,812	140,398,946
Excess of revenues over (under) expenditures	(12,467,543)	(6,644,358)	(6,338,907)	12,563,659	(12,851,178)
Other financing sources (uses)					
Sale of capital asset	1,275,193	196,303	2,859,435	1,050,911	2,154,810
Financing proceeds	-	-	-	-	-
Long-term debt issued	-	23,996,354	-	-	151,196
Bond discount	-	-	-	-	-
Premium on bonds issued	-	3,272,602	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-
Transfers in	12,677,169	13,665,199	14,516,043	12,832,566	15,311,345
Transfers out	(7,307,089)	(8,274,047)	(10,476,967)	(7,357,150)	(10,755,027)
Total other financing sources (uses)	6,645,273	32,856,411	6,898,511	6,526,327	6,862,324
Special item	(2,485,800)	-	-	-	-
Net change in fund balances	\$ (8,308,070)	\$ 26,212,053	\$ 559,604	\$ 19,089,986	\$ (5,988,854)
Fund balances (deficit), beginning of year, as originally stated	\$ 71,059,355	\$ 62,739,237	\$ 88,951,290	\$ 89,510,894	\$ 108,600,880
Prior period adjustment	(12,048)	-	-	-	-
Fund balances (deficit), beginning of year, as restated	<u>71,047,307</u>	<u>62,739,237</u>	<u>88,951,290</u>	<u>89,510,894</u>	<u>108,600,880</u>
Fund balances (deficit), end of year	\$ 62,739,237	\$ 88,951,290	\$ 89,510,894	\$ 108,600,880	\$ 102,612,026
Debt service as a percentage of noncapital expenditures	5%	20%	4%	3%	3%

Source: City of Redding Annual Comprehensive 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
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
2019-2020	21,460	5,206	26,695	3,224	56,585
2020-2021	22,809	6,224	31,079	5,121	65,233
2021-2022	24,196	8,262	31,867	4,889	69,214

Source: City of Redding Annual Comprehensive Financial Report

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

Fiscal Year ended June 30,				
Type of Customer	2013		2014	
	Base Rate Customers	Electricity Sold (MWHs)	Base Rate Customers	Electricity Sold (MWHs)
Residential	37,268	375,606	37,387	361,106
Commercial	5,022	338,257	5,011	336,507
Industrial	334	13,506	330	12,303
Other	927	46,756	934	45,923
Total	43,551	774,125	43,662	755,839

Fiscal Year ended June 30,				
Type of Customer	2018		2019	
	Base Rate Customers	Electricity Sold (MWHs)	Base Rate Customers	Electricity Sold (MWHs)
Residential	38,088	368,829	38,058	356,741
Commercial	4,955	323,799	4,942	312,484
Industrial	326	12,626	334	12,372
Other	935	41,471	930	39,765
Total	44,304	746,725	44,264	721,362

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,					
	2015		2016		2017	
	Base Rate Customers	Electricity Sold (MWHs)	Base Rate Customers	Electricity Sold (MWHs)	Base Rate Customers	Electricity Sold (MWHs)
Residential	37,561	356,071	37,751	361,427	38,015	366,354
Commercial	5,034	338,292	5,025	332,232	4,949	324,202
Industrial	322	12,366	335	13,394	336	13,226
Other	915	43,087	928	42,358	933	41,825
Total	43,832	749,816	44,039	749,411	44,233	745,607

Type of Customer	Fiscal Year ended June 30,					
	2020		2021		2022	
	Base Rate Customers	Electricity Sold (MWHs)	Base Rate Customers	Electricity Sold (MWHs)	Base Rate Customers	Electricity Sold (MWHs)
Residential	38,320	358,510	38,587	393,404	38,572	375,818
Commercial	4,972	298,242	4,975	302,067	5,088	300,597
Industrial	338	12,349	353	11,552	351	12,155
Other	936	41,639	966	50,105	970	49,924
Total	44,566	710,740	44,881	757,128	44,981	738,494

**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
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
2020	15.00	0.1528	25.00	140.00	0.1679	0.0980	0.0980
2021	15.00	0.1528	25.00	140.00	0.1679	0.0980	0.0980
2022	20.00	0.1508	30.00	145.00	0.1679	0.1011	0.1011

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 Exceeds On-Peak Demand</u>	<u>If Off-Peak Demand is Less Than On-Peak Demand</u>
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
2020	140.00	0.0980	0.0980	0.0980	0.0980
2021	140.00	0.0980	0.0980	0.0980	0.0980
2022	145.00	0.1011	0.1011	0.1011	0.1011

Source: City of Redding Utility Rate Schedules

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City of Redding
Principal Electric Utility Payers
Fiscal Years 2021-22 and 2012-13

Utility Payer	June 30, 2022 Fiscal Year			June 30, 2013 Fiscal Year		
	Utilities Paid	Rank	Percentage of City Total Utilities Paid	Utilities Paid	Rank	Percentage of City Total Utilities Paid
Customer #1	\$5,409,653	1	4.40%	\$5,226,415	1	4.56%
Customer #2	1,738,010	2	1.41%	1,693,910	2	1.48%
Customer #3	1,587,068	3	1.29%	1,582,816	3	1.38%
Customer #4	1,456,362	4	1.18%			
Customer #5	1,387,003	5	1.13%	1,211,561	4	1.06%
Customer #6	1,277,199	6	1.04%			
Customer #7	948,871	7	0.77%	802,825	7	0.70%
Customer #8	825,198	8	0.67%	818,707	6	0.71%
Customer #9	656,254	9	0.53%			
Customer #10	573,308	10	0.47%	632,866	9	0.55%
Customer #11				877,981	5	0.77%
Customer #12						
Customer #13				675,716	8	0.59%
Customer #14				617,043	10	0.54%
Total	<u>\$15,858,926</u>		<u>12.89%</u>	<u>\$14,139,840</u>		<u>12.34%</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	Loans	Special Assessment Bonds	Capital Leases	Financing Leases	
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	-	
2020	34,531	-	-	-	-	
2021	32,551	-	-	-	-	
2022	30,470	-	-	-	338	

⁽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⁾
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	9.14%	3,400
2015	-	12,081	160,556	84,429	-	1,774	296,489	8.27%	3,284
2016	-	46,761	126,082	84,164	-	1,356	293,178	7.67%	3,245
2017	-	98,629	65,905	80,784	-	-	277,589	6.98%	3,043
2018	-	134,994	18,249	75,716	-	-	258,553	6.32%	2,830
2019	-	126,304	16,781	70,323	-	-	250,029	5.85%	2,725
2020	-	118,796	15,312	64,800	-	-	233,439	5.25%	2,544
2021	-	169,902	13,844	1,212	-	-	217,509	4.59%	2,372
2022	-	168,955	-	1,128	-	65	200,956	3.93%	2,162

⁽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, 2022

<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	\$ 30,807,567	100.000%	\$ 30,807,567
Total direct debt	30,807,567		30,807,567
Overlapping:			
County of Shasta: (2)			
Bonds	20,771,660	51.419%	10,680,580
Notes	13,591,085	51.419%	6,988,400
Capital leases	123,824	51.419%	63,669
Shasta County Schools: (2)			
Enterprise School District	38,580,149	99.030%	38,205,922
Shasta Union High School District	59,858,561	69.747%	41,749,551
Gateway School	29,131,237	40.309%	11,742,510
Redding School District	25,815,000	99.330%	25,642,040
Columbia School District	8,189,944	73.915%	6,053,597
Shasta College	128,025,000	51.581%	66,036,575
Cascade School	17,348,418	2.179%	378,022
Pacheco School	6,538,592	58.145%	3,801,864
Grant School	1,310,000	5.451%	71,408
Andersion Union High School District	10,890,547	18.060%	1,966,833
Grant School	3,205,000	1.344%	43,075
Total overlapping debt	363,379,017		213,424,046
Total direct and overlapping debt	\$ 394,186,584		\$ 244,231,613

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 2019-20.*

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

	Fiscal Year				
	2012-13	2013-14	2014-15	2015-16	2016-17
Debt limit	\$ 254,417	\$ 267,472	\$ 275,782	\$ 289,290	\$ 301,892
Total net debt applicable to limit	<u>825</u>	<u>510</u>	<u>123</u>	<u>92</u>	<u>63</u>
Legal debt margin	<u>\$ 253,592</u>	<u>\$ 266,962</u>	<u>\$ 275,659</u>	<u>\$ 289,198</u>	<u>\$ 301,829</u>
Total net debt applicable to the limit as a percentage of debt limit	0.32%	0.19%	0.04%	0.03%	0.02%

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

	Fiscal Year				
	2017-18	2018-19	2019-20	2020-21	2021-22
Debt limit	\$ 318,039	\$ 334,352	\$ 351,116	\$ 370,670	\$ 390,353
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 318,039</u>	<u>\$ 334,352</u>	<u>\$ 351,116</u>	<u>\$ 370,670</u>	<u>\$ 390,353</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

Legal debt margin calculation for fiscal year 2021-22

Assessed value (1)	<u>\$ 10,409,403</u>
Debt limit - 3.75% of total assessed value	\$ 390,353
Amount of debt applicable to the limit	<u>-</u>
Legal debt margin	<u>\$ 390,353</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				
	2012-13	2013-14	2014-15	2015-16	2016-17
Operating revenue	\$ 21,342,485	\$ 22,720,092	\$ 24,563,888	\$ 25,451,684	\$ 25,815,214
Other revenue**	13,295	(86,499)	13,756	15,453	16,261
Interest revenue	(241,696)	582,376	468,529	609,119	80,155
Adjusted revenue	<u>21,114,084</u>	<u>23,215,969</u>	<u>25,046,173</u>	<u>26,076,256</u>	<u>25,911,630</u>
25% of adjusted revenue	5,278,521	5,803,992	6,261,543	6,519,064	6,477,908
Actual connection fees	<u>1,214,938</u>	<u>956,137</u>	<u>842,721</u>	<u>1,309,625</u>	<u>1,162,532</u>
Allowable connection fees	1,214,938	956,137	842,721	1,309,625	1,162,532
Total revenue	<u>22,329,022</u>	<u>24,172,106</u>	<u>25,888,894</u>	<u>27,385,881</u>	<u>27,074,162</u>
Operating expense	(17,188,977)	(18,451,474)	(20,045,882)	(21,561,048)	(21,645,196)
Add back depreciation/amortization	<u>5,572,955</u>	<u>5,924,400</u>	<u>6,886,048</u>	<u>7,026,394</u>	<u>7,018,740</u>
Net operating expense	<u>(11,616,022)</u>	<u>(12,527,074)</u>	<u>(13,159,834)</u>	<u>(14,534,654)</u>	<u>(14,626,456)</u>
Net wastewater revenues*	<u>\$ 10,713,000</u>	<u>\$ 11,645,032</u>	<u>\$ 12,729,060</u>	<u>\$ 12,851,227</u>	<u>\$ 12,447,706</u>
Total debt service***	<u>\$ 6,122,885</u>	<u>\$ 8,117,463</u>	<u>\$ 8,131,564</u>	<u>\$ 8,129,964</u>	<u>\$ 8,569,619</u>
Debt coverage ratio	<u>1.75</u>	<u>1.43</u>	<u>1.57</u>	<u>1.58</u>	<u>1.45</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				
	2017-18	2018-19	2019-20	2020-21	2021-22
Operating revenue	\$ 27,575,888	\$ 29,125,869	\$ 29,544,078	\$ 30,815,373	\$ 32,689,735
Other revenue**	16,778	19,854	40,019	26,463	17,669
Interest revenue	199,081	1,434,691	1,056,758	81,245	(1,248,594)
Adjusted revenue	<u>27,791,747</u>	<u>30,580,414</u>	<u>30,640,855</u>	<u>30,923,081</u>	<u>31,458,810</u>
25% of adjusted revenue	6,947,937	7,645,104	7,660,214	7,730,770	7,864,703
Actual connection fees	874,321	657,024	990,667	1,167,190	1,053,707
Allowable connection fees	<u>874,321</u>	<u>657,024</u>	<u>990,667</u>	<u>1,167,190</u>	<u>1,053,707</u>
Total revenue	<u>28,666,068</u>	<u>31,237,438</u>	<u>31,631,522</u>	<u>32,090,271</u>	<u>32,512,517</u>
Operating expense	(21,888,127)	(22,864,621)	(23,847,874)	(23,748,891)	(23,382,959)
Add back depreciation/amortization	7,289,864	7,345,254	7,627,592	7,810,350	7,530,265
Net operating expense	<u>(14,598,263)</u>	<u>(15,519,367)</u>	<u>(16,220,282)</u>	<u>(15,938,541)</u>	<u>(15,852,694)</u>
Net wastewater revenues*	<u>\$ 14,067,805</u>	<u>\$ 15,718,071</u>	<u>\$ 15,411,240</u>	<u>\$ 16,151,730</u>	<u>\$ 16,659,823</u>
Total debt service***	<u>\$ 8,573,419</u>	<u>\$ 8,574,819</u>	<u>\$ 6,973,569</u>	<u>\$ 6,826,083</u>	<u>\$ 6,720,500</u>
Debt coverage ratio	<u>1.64</u>	<u>1.83</u>	<u>2.21</u>	<u>2.37</u>	<u>2.48</u>

City of Redding
Water Revenue Bond Coverage
Last Ten Fiscal Years

	Fiscal Year Ending				
	2012-13	2013-14	2014-15	2015-16	2016-17
Operating revenue	\$ 16,497,288	\$ 18,423,339	\$ 17,646,476	\$ 16,860,160	\$ 18,549,702
Other revenue**	237,340	172,996	224,874	149,471	137,769
Interest revenue	(172,089)	411,799	330,137	439,975	77,297
Adjusted revenue	<u>16,562,539</u>	<u>19,008,134</u>	<u>18,201,487</u>	<u>17,449,606</u>	<u>18,764,768</u>
25% of adjusted revenue	4,140,635	4,752,034	4,550,372	4,362,402	4,691,192
Actual connection fees	<u>1,389,868</u>	<u>753,633</u>	<u>662,463</u>	<u>985,803</u>	<u>961,572</u>
Allowable connection fees	<u>1,389,868</u>	<u>753,633</u>	<u>662,463</u>	<u>985,803</u>	<u>961,572</u>
Total revenue	<u>17,952,407</u>	<u>19,761,767</u>	<u>18,863,950</u>	<u>18,435,409</u>	<u>19,726,340</u>
Operating expense	(15,532,856)	(16,703,721)	(16,588,595)	(16,224,118)	(17,486,280)
Add back depreciation/amortization	<u>3,623,164</u>	<u>3,457,758</u>	<u>3,342,717</u>	<u>3,425,653</u>	<u>3,421,610</u>
Net operating expense	<u>(11,909,692)</u>	<u>(13,245,963)</u>	<u>(13,245,878)</u>	<u>(12,798,465)</u>	<u>(14,064,670)</u>
Net water revenues*	<u>\$ 6,042,715</u>	<u>\$ 6,515,804</u>	<u>\$ 5,618,072</u>	<u>\$ 5,636,944</u>	<u>\$ 5,661,670</u>
Total debt service	<u>\$ 1,027,210</u>	<u>\$ 1,091,335</u>	<u>\$ 764,100</u>	<u>\$ 768,100</u>	<u>\$ 770,500</u>
Debt coverage ratio	<u>5.88</u>	<u>5.97</u>	<u>7.35</u>	<u>7.34</u>	<u>7.35</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				
	2017-18	2018-19	2019-20	2020-21	2021-22
Operating revenue	\$ 22,017,718	\$ 22,346,030	\$ 23,787,534	\$ 26,296,180	\$ 25,279,631
Other revenue**	141,212	145,516	151,785	156,454	174,432
Interest revenue	122,970	1,364,769	1,238,316	113,638	(1,605,195)
Adjusted revenue	<u>22,281,900</u>	<u>23,856,315</u>	<u>25,177,635</u>	<u>26,566,272</u>	<u>23,848,868</u>
25% of adjusted revenue	5,570,475	5,964,079	6,294,409	6,641,568	5,962,217
Actual connection fees	<u>775,752</u>	<u>543,546</u>	<u>819,035</u>	<u>1,062,722</u>	<u>913,210</u>
Allowable connection fees	<u>775,752</u>	<u>543,546</u>	<u>819,035</u>	<u>1,062,722</u>	<u>913,210</u>
Total revenue	<u>23,057,652</u>	<u>24,399,861</u>	<u>25,996,670</u>	<u>27,628,994</u>	<u>24,762,078</u>
Operating expense	(18,285,529)	(18,381,575)	(18,456,013)	(19,819,040)	(20,142,960)
Add back depreciation/amortization	<u>3,449,869</u>	<u>3,504,227</u>	<u>3,523,021</u>	<u>3,670,489</u>	<u>3,928,806</u>
Net operating expense	<u>(14,835,660)</u>	<u>(14,877,348)</u>	<u>(14,932,992)</u>	<u>(16,148,551)</u>	<u>(16,214,154)</u>
Net water revenues*	<u>\$ 8,221,992</u>	<u>\$ 9,522,513</u>	<u>\$ 11,063,678</u>	<u>\$ 11,480,443</u>	<u>\$ 8,547,924</u>
Total debt service	<u>\$ 711,900</u>	<u>\$ 704,700</u>	<u>\$ 731,200</u>	<u>\$ 731,200</u>	<u>\$ 730,200</u>
Debt coverage ratio	<u>11.55</u>	<u>13.51</u>	<u>15.13</u>	<u>15.70</u>	<u>11.95</u>

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
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
2019-2020	151,940,928	130,536,877	102,018,489	123,422,540	12,778,070	9.66
2020-2021	158,320,116	131,172,825	87,201,242	114,348,533	12,780,320	8.95
2021-2022	159,786,038	144,524,041	71,970,574	87,232,571	12,785,570	6.82

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>
2012-2013	60.68	90,678	3,235,754	35,684	11.90
2013-2014	60.68	90,901	3,281,072	36,095	9.60
2014-2015	60.68	91,052	3,489,022	38,319	7.80
2015-2016	60.68	90,630	3,686,285	40,674	7.00
2016-2017	60.68	90,765	3,789,439	41,750	5.90
2017-2018	60.68	90,995	3,911,420	42,985	5.10
2018-2019	60.68	91,621	4,040,486	44,100	4.80
2019-2020	60.68	91,503	4,219,478	46,113	9.90
2020-2021	60.88	93,879	4,836,083	51,514	7.10
2021-2022	61.94	92,963	5,110,362	54,972	4.00

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 Department of Finance*
(3) *Bureau of Economic Analysis, U.S. Department of Commerce*
(4) *State of California Employment Development Department*

All numbers revised annually to source.

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

<u>Employer</u>	<u>2022</u>			<u>2013</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>
Mercy Medical Center	1,894	1	2.60%	1,730	2	2.40%
Shasta County	1,835	2	2.68%	1,838	1	2.55%
City of Redding **	943	3	1.34%	762	3	1.06%
Shasta Regional Medical Center	860	4	1.22%	600	5	0.83%
California Transportation Department	757	5	1.07%			
Redding Rancheria	733	6	1.04%	310	10	0.43%
Shasta Union High School District	493	7	70.00%			
Shasta Community Health	475	8	67.00%			
Shasta Community College	429	9	61.00%	675	4	0.94%
Wal Mart	413	10	59.00%	442	6	0.61%
Total	8,832			6,357		

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

** Full-time budgeted positions

In 2021-22 there were 866 full-time and 375 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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	85	88	88	91	92	91	91	95	95	85
Police	130	131	131	135	135	136	136	143	142	170
Fire	75	85	85	85	85	76	76	79	79	98
Public works	65	66	66	66	66	70	70	70	71	93
Planning	29	29	29	29	29	30	30	30	30	29
Recreation and culture	21	21	21	21	21	22	22	24	25	46
Community development	20	12	8	10	10	12	12	13	13	14
Electric	185	179	180	180	180	181	181	180	180	193
Water	28	27	27	28	28	29	29	30	31	30
Wastewater	33	34	34	36	36	36	36	37	37	39
Storm drainage	5	5	5	5	5	5	5	6	6	6
Solid waste	79	79	79	79	79	82	82	85	85	88
Transportation	7	6	7	7	7	7	7	6	6	10
Convention center	-	-	-	-	-	-	-	-	-	-
	<u>762</u>	<u>762</u>	<u>760</u>	<u>772</u>	<u>773</u>	<u>777</u>	<u>777</u>	<u>798</u>	<u>800</u>	<u>901</u>

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<i>Police</i>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	39	38	41	45	45	46	46	45	45	45
<i>Fire stations</i>	8	8	8	8	8	8	8	8	8	8
<i>Public works</i>										
Streets (miles)	465.0	465.0	468.0	468.7	469.1	442.3	455.8	459.5	445.7	446.1
Streetlights	8,013	8,025	8,051	8,086	8,204	8,376	8,446	8,876	8,603	8,724
<i>Recreation and culture</i>										
Maintained trails (miles)	66	66	67	68	39	39	39	39	40	41
Parks acreage (improved)	635	635	636	636	620	598	598	598	598	598
Parks acreage (unimproved)	487	487	487	487	460	443	443	457	457	457
<i>Electric</i>										
Transmission and Distribution system (miles)	793	798	798	812	812	815	818	822	824	824
<i>Water</i>										
Length of water mains	556	556	557	558	559	557	558	565	566	564
<i>Wastewater</i>										
Sewer lines (miles)	430.3	431.4	431.5	433.2	433.5	432.6	434	436	439	440
<i>Solid waste</i>										
Collection trucks	32	32	36	38	37	38	39	39	39	40
<i>Storm drainage</i>										
Length of system (miles) *	442	399	397	397	397	393	393	391	391	391
Catch basins*	10,711	7,068	6,594	6,590	6,594	6,593	6,646	6,748	6,748	6,745
<i>Transportation</i>										
Buses	16	18	18	20	20	18	18	18	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,				
	2013	2014	2015	2016	2017
Police					
Calls for service	91,501	91,917	95,237	96,436	95,233
Felony arrests	2,905	2,658	2,237	2,259	2,245
Misdemeanor arrests	7,596	4,010	5,668	6,039	7,860
Total arrests	10,501	6,668	7,905	8,298	10,105
Fire					
Fire, explosion	436	527	466	476	418 *
Rescue, emergency medical call	7,913	8,277	8,334	8,131	8,502 *
Fire safety inspections	2,972	3,452	3,511	3,661	3,500 *
Public works					
Miles of roadway resurfaced	2.7	1.8	1.4	7.0	4.0
Miles of roadway slurry sealed	11.5	0.7	26.1	18	-
Planning					
Number of building permits issued	3,043	3,167	3,575	3,813	4,107
Recreation and culture					
Recreation division programs	2,800	2,800	2,800	2,650	**1,073
Program participants	13,605	13,717	13,854	13,793	**12,887
Redding Aquatic Center attendees	-	-	-	-	22,626 **
Special events programs	-	-	-	-	94 **
Special events attendance	-	-	-	-	24,962 **
Community development					
Number of households assisted (rental assistance)	1,450	1,485	1,447	1,556	1,542
Owner occupied loans made for rehabilitation/purchase	21	16	20	17	17
Rental loans/grants for rehabilitation/purchase	3	3	3	1	1
Electric					
Electric customers billed monthly	43,551	43,662	43,832	44,039	44,233
Average sustained outages per customer per year	0.62	0.26	0.49	0.38	0.53
System average retail rates	14.6	15.7	16.6	16.7	16.8
Water					
Water produced (acre ft.)	27,994	29,307	21,514	20,411	21,674
Wastewater					
Totals household equivalents served	40,598	41,988	42,641	42,209	46,079
Clear Creek dry flow	7.3	7.6	5.7	5.7	5.9
Stillwater dry flow	2.4	2.0	1.9	1.9	2.1
Storm drainage					
Percentage of inlets cleaned/maintained (annually)	4.0%	4.0%	4.0%	4.0%	4.0%
Solid \waste					
Total waste collected (tons)	75,126	75,527	75,929	82,985	86,826
Recyclables sales (tons)	7,705	7,385	6,846	7,860	8,897
Transportation					
Airport passenger movements/enplanements	26,785	24,951	27,148	35,844	48,048
RABA bus passengers	814,123	827,924	742,712	664,367	679,527

* 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,				
	2018	2019	2020	2021	2022
Police					
Calls for service	100,562	87,389	85,638	87,959	83,504
Felony arrests	2,526	2,209	2,108	2,325	2,234
Misdemeanor arrests	7,674	5,958	6,897	8,519	7,045
Total arrests	10,200	8,167	9,005	10,844	9,279
Fire					
Fire, explosion	485	495	451	641	534 *
Rescue, emergency medical call	8,907	8,569	8,504	9,116	8,999 *
Fire safety inspections	2,796	2,756	2,087	1,900	982 *
Public works					
Miles of roadway resurfaced	5.0	1.4	2.5	2.8	1.8
Miles of roadway slurry sealed	-	13.5	21.5	11	0
Planning					
Number of building permits issued	4,223	4,123	6,301	5,844	4,688
Recreation and culture					
Recreation division programs	929	841	636	652	703
Program participants	12,917	12,586	11,576	9,438	7,683
RAC Attendees	22,193	12,899	18,505	300	8,019 **
Special events programs	71	118	25	11	6 **
Special events attendance	20,998	21,384	12,830	3,756	2,306 **
Community development					
Number of households assisted (rental assistance)	1,514	1,513	1,531	1,502	1,511
Owner occupied loans made for rehabilitation/purchase	12	6	10	2	-
Rental loans/grants for rehabilitation/purchase	5	9	9	8	8
Electric					
Electric customers billed monthly	44,304	44,264	44,566	44,881	44,981
Average sustained outages per customer per year	0.42	0.86	0.87	0.49	0.47
System average retail rates	16.7	16.5	14.9	16.3	16.4
Water					
Water produced (acre ft.)	25,656	24,053	25,337	26,897	23,846
Wastewater					
Totals household equivalents served	43,526	43,550	43,114	43,955	40,210
Clear Creek dry flow	5.9	5.3	6.3	6.1	5.9
Stillwater dry flow	2.3	2.1	2.5	2.4	2.2
Storm drainage					
Percentage of inlets cleaned/maintained (annually)	4.0%	4.0%	4.0%	4.0%	4.0%
Solid \waste					
Total waste collected (tons)	86,942	87,849	93,339	98,433	96,883
Recyclables sales (tons)	10,282	9,538	9,799	9,415	9,053
Transportation					
Airport passenger movements/enplanements	42,723	47,833	42,136	46,138	48,209
RABA bus passengers	659,562	575,978	513,618	330,690	360,044

* 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

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Supplemental Historical Information



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STATEMENT OF PHYSICAL CONDITION OF AIRPORT ASSETS

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, Alaska Airlines, Avelo Airlines, Federal Express, & UPS. United Express provides direct flights between Redding & San Francisco, CA (SFO) and Redding & Los Angeles, CA (LAX). Alaska Airlines provides non-stop service to Seattle, WA (SEA) and Avelo Airlines offers service to Burbank, CA (BUR) and Las Vegas, NV (LAS) added in January 2022. 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 100% occupied, with no vacancies. In 2019, there were 66,962 takeoffs and landings recorded by the Air Traffic Control Tower during its hours of operation, 6:30 am to 9:30 pm, and the number of passengers moved totaled 106,959. In 2020 and 2021, the Covid-19 Pandemic had an effect on the recorded operations with 60,752 and 39,568 and the total passengers moved at 40,074 and 119,315 respectively. 2022 is on track to beat our best year on record with 135,052 (January through August) total passengers moved.

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. 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 an Automated Weather Observation System (AWOS).

HISTORY AND STATEMENT OF PHYSICAL CONDITION OF ELECTRIC UTILITY SYSTEM ASSETS

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 752 miles of overhead and underground 12-kV distribution lines. The City is proud of its record over the past five years of 99.9994 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 2021-22 was below average, with Western providing 14.7% 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.

To accommodate anticipated growth, the City developed several projects to increase power generation. 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 Redding city limits, now known as the 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 the 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, which increased the overall Redding Power Plant capacity to 183-MW.

In addition to its own generation, the City has acquired several other sources of electric power through long-term, purchase-power contracts. Through its membership in a joint powers agency consisting of Modesto Irrigation District, City of Santa Clara, and City of Redding (M-S-R), the City entered into a long-term power purchase agreement for 70-MW of wind-generated power through the Big Horn Wind I Project (Big Horn). Deliveries for Big Horn began on October 1, 2006.

The City is a member of various organizations and agencies: 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). The City contracted for and developed various power generation and transmission resources through these affiliations, 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 themselves of their ownership of the San Juan generating station in December 2017 and the Southwest Transmission Project in May 2016, while debt service remains through 2022. In response to changes in the bilateral power markets, the City officially joined the Energy Imbalance Market (EIM) through BANC, and became an active participant on April 1, 2021. The EIM, administered by the California Independent System Operator (CAISO), is a 5-minute, real-time bulk power trading market that optimizes the lowest-cost energy to serve real-time customer demand across a wide geographical region.

To operate cost-effectively, the City developed several load-management and energy-conservation programs, including public awareness campaigns, technical conservation assistance, rebates on energy-efficient products and technologies, renewable technologies, and energy-efficient streetlights. In FY 2022, the City developed the Demand-Side Integrated Resource Plan (DSM-IRP) and determined that decarbonization programs (i.e. electrification) were more cost-effective than energy-efficiency programs due to their inherent ability to produce downward rate pressure from the increased retail load. The electrification rebate programs, which help reduce carbon emissions by including incentives for switching appliances from natural gas to electric technologies, were launched at the beginning of FY 2023. Additionally, the City has provided opportunities for load management through applicable rate design.

Customer Base

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

Fiscal Year Ending June 30	Number of Customer Accounts		
	Residential	Non-Residential	Total
2018	38,088	6,216	44,304
2019	38,058	6,206	44,264
2020	38,320	6,246	44,566
2021	38,587	6,294	44,881
2022	38,572	6,409	44,981

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

The total number of electric system customer accounts increased 1.5 percent during the last five years.

**HISTORY AND STATEMENT OF PHYSICAL CONDITION OF
STORM DRAINAGE UTILITY SYSTEM ASSETS**

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, 2022:

Workload and Performance Measures	2017-18	2018-19	2019-20	2020-21	2021-22
Miles of storm drain pipe	198	186	191	191	191
Miles of channels/ditches	200	200	200	200	200
Miles of maintained channels/ditches	17	17	17	17	17
Number of inlets	6,642	6,648	6,747	6,784	6,745
Number of outfalls	1,386	1,332	1,341	1,337	1,337

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.

The Statewide NPDES Phase II Small MS4 (municipal separate storm sewer system) permit became effective July 1, 2013, with a five-year implementation schedule of increased activities. 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 City has a consultant providing recommendations for compliance with the Trash Amendment.

HISTORY AND STATEMENT OF PHYSICAL CONDITION OF WASTEWATER UTILITY SYSTEM ASSETS

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 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 440 miles of interceptor and trunk sewers, 18 sewage lift stations, and two tertiary treatment plants.

The 2022 Master Plan, completed by MCC Engineering has been completed including many capacity and maintenance-driven improvements. One such recommendation is to adopt a city wide ordinance to require inspection and repair of private lateral sewers in an effort to further reduce Inflow and Infiltration (I&I).

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.

The 2022 Facility Plan, completed by Jacobs Engineering has been completed with various improvements recommended, including influent pump station screening and the potential for a PFAS removal treatment. Recently, gaseous chlorine and sulfur dioxide have become volatile markets and have the potential to be in short supply. In response, plant staff is making provisions for a redundant dechlorination process utilizing liquid sodium bisulfite, which will in turn replace the gaseous sulfur dioxide dichlorination system. Soon to follow will be the redundant chlorination process utilizing sodium hypochlorite, replacing the gaseous chlorine dosing system.

A biosolids biodrying and pyrolysis system will be online in 2023 to eliminate landfill disposal of biosolids.

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.

The 2022 Facility Plan, completed by Waterworks Engineering has been completed with various improvements recommended, including the installation of Facultative Sludge Lagoons and drying beds. Recently, gaseous chlorine and sulfur dioxide have become volatile markets and have the potential to be in short supply. In response, plant staff is making provisions for a redundant dechlorination process utilizing liquid sodium bisulfite, which will in turn replace the gaseous sulfur dioxide dichlorination system. Soon to follow will be the redundant chlorination process utilizing sodium hypochlorite, replacing the gaseous chlorine dosing system.

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 2022. The Stillwater Wastewater system permit was adopted in 2018 and is in the process of renewal for 2023.

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, 2022. 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						
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Residential HEs	32,068	32,418	32,410	32,526	32,904	33,078
Commercial/Industrial HEs	14,011*	11,106	11,140	10,588	10,894	11,132
Total System HEs	46,079	43,524	43,550	43,114	43,798	44,210
Annual System Growth	9%	(5.8%)	>1%	(1%)	1.6%	1%

*Incorrect number provided by Vertex
 Strikeout represents correction in previously reported data.

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, 2022, is shown below.

Average Dry Weather Daily Flows--Fiscal Years Ended June 30, 2022						
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Clear Creek Plant	5.9	6.1	5.9	6.3	6.1	5.9
Stillwater Plant	2.4	2.6	2.3	2.5	2.4	2.2
Total Wastewater System	8.3	8.7	8.2	8.8	8.5	8.1

Strikeout represents correction in previously reported data.

HISTORY AND STATEMENT OF PHYSICAL CONDITION OF WATER UTILITY SYSTEM ASSETS

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 2021/22 per acre-foot for Project Water under this contract total \$63.78 (\$41.40 average water cost, \$22.23 restoration charge and \$0.15 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 2021/22 delivery from that contract was 6,140 acre-feet. Water charges under this contract total approximately \$82.54 per acre-foot (\$35.07 average water cost, \$22.23 average restoration, \$0.15 Trinity PUD fee and a \$25.00 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	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Number of customers/services	29,314	29,467	29,751	29,905	30,250	30,427
Number of new meter sets	159	153	106	136	188	104
Quantity of water produced (acre feet)	21,674	25,656	24,053	25,337	26,897	23,846
Percentage of days water quality met standards	100%	100%	100%	100%	100%	100%
Number of service calls (Includes water quality)	3,747	2,278	4,633	4,225	4,143	3063
Miles of water mains	559	559	559	560	566	564
Number of main and water service failures/disruptions per year	89	124	90	62	229	219
Miles of substandard mains	42	42	42	42	42	42
Customers/service connections per employee	1,047	1,016	1,026	1,031	1,031	1049

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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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, 2022, 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 16, 2022. Our report includes a reference to other auditors who audited the Investment in Joint Ventures of the Transmission Agency of Northern California as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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") as a basis for designing 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.

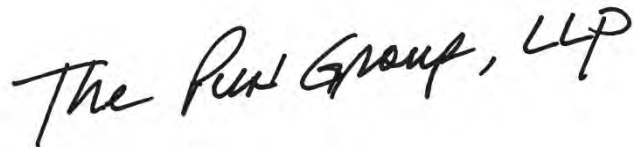
To the Honorable Mayor and Members of the City Council
of the City of Redding
Redding, California
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Compliance and Other Matters

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

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.

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 16, 2022