



MATSON  
& ISOM

CITY OF RED BLUFF

**Red Bluff, California**

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

**For the Fiscal Year Ended  
June 30, 2013**

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*City of Red Bluff*

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## **INTRODUCTORY SECTION**



# CITY OF RED BLUFF

555 Washington Street Red Bluff, California 96080 (530) 527-2605 Fax (530) 529-6878 [www.cityofredbluff.org](http://www.cityofredbluff.org)

September 24, 2013

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Red Bluff

The City of Red Bluff (City) submits to you its first Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2013. The Finance Department publishes the CAFR to provide information about the City to its citizens, the investment community, the general public, and others who may have an interest in the financial well-being of the City. The data presented is designed to help readers assess our financial condition and understand the services we provide to the citizens of the City of Red Bluff. This letter of transmittal is designed to be read with and complement the Management's Discussion and Analysis (MD&A). The MD&A can be found immediately following the report of the independent auditor.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Red Bluff. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and fairly represent the financial position and changes in financial position of the City. Disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included.

The City has a comprehensive internal control framework that is designed to protect the City's assets from loss, theft, or misuse and compile sufficient reliable information for the preparation of the City's financial statements. Because the cost of internal controls should not outweigh their benefits, the City's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

The City of Red Bluff requires an annual audit to be conducted by an independent auditor hired by the City Council. The audit report is to be prepared in accordance with auditing standards generally accepted in the United States of America and accounting principles generally accepted in the United States of America (GAAP) and submitted to the City Council on or before the last regular City Council meeting in December. Matson and Isom, a firm of licensed certified public accountants, has audited the attached financial statements. Based on the results of the audit, the City of Red Bluff's financial statements for the fiscal year ended June 30, 2013, received an unqualified opinion in the independent auditors' report (which is presented as the first component of the financial section of this report).

## **Profile of Red Bluff**

The City of Red Bluff was incorporated on March 31, 1876.

Red Bluff is the largest city in and the county seat of Tehama County, California. The population was 14,076 at the 2010 census, up from 13,147 at the 2000 census.

The City is governed by the California Constitution and Statutes and operates under a Council-Manager form of government. The City Council consists of five members, elected to staggered four-year terms. An election held each November in even numbered years selects either two or three Council Members. The Council selects a Mayor and Mayor Pro Tem from among its members to serve a one-year term. The Mayor presides over the Council meetings, which are held on the first and third Tuesday of each month. The City Council appoints a City Manager to implement its policies and directives and a City Attorney to serve as its legal counsel.

The City provides a broad range of services including; police and fire protection; construction and maintenance of streets and infrastructure; community development, including planning and zoning, building and safety, and housing activities; water and wastewater services; park and recreational activities; municipal airport and general administrative services.

The budget serves as the foundation for financial planning and control for the City of Red Bluff. Budgetary control is maintained to ensure compliance with legal provisions of the annual appropriated budget as approved and modified by the City Council.

### **Red Bluff's Economic Condition**

#### *Local Economy*

The main local revenue that is still on the decline is Property Tax, which decreased from the prior fiscal year by approximately 4%, due to the continued Proposition 8 value reductions. The current year's assessed valuation is projected to increase by 2%. 36% of Red Bluff properties received value reductions, which exempts these properties from the 2% consumer price index inflationary adjustment, causing an overall decline in the City's assessed valuation. It is projected that it will take nearly a decade to fully recapture the lost valuation related to the Proposition 8 reductions.

While Red Bluff's local revenue grew at approximately 3.75% over the prior year, the impacts of recent State legislation continues to have a negative effect on the City's General Fund and economic base. Vehicle License Fees are still on the decline and decreased from the prior fiscal year by approximately 0.7%. The loss of over \$71,000 in annual Vehicle License Fees has created significant financial impacts for the City. Sales tax has increased for the third straight year in a row, mainly due to new businesses. This increase has triggered an additional increase in some salaries for the next fiscal year.

#### *Long-term Financial Planning*

In the coming years, as the City rebounds from the economic downturn, a number of unfunded obligations will be addressed. The City Council has been developing priorities for the coming year, which will aid in the development of fiscal recovery planning. On August 20, 2013, the City Council updated/affirmed its commitment to fund and maintain a reserve for contingencies of 10% and a reserve for economic uncertainties of 5%. The General Fund does not have sufficient revenues to meet its desired operating or emergency reserve levels, as outlined in the City's Reserve Policies. The budget committee will start to work early, developing a recovery plan that will incorporate measures necessary to replenish operating funds and reserve funds, and ensure the goals of the reserves are met.

### *Relevant Financial Policies*

This financial reserve policy is designed to preserve the fiscal integrity of the City's resources. When the City spends more money than is received in revenue, the fiscal integrity of the City is compromised. The City's budget committee will be reviewing current and future budgets and spending to ensure the reserve policy is upheld.

### *Awards and Acknowledgements*

The Government Finance Officers Association of the United States of America and Canada (GFOA) awards Certificates of Achievement for Excellence in Financial Reports for CAFR's that meet GFOA requirements. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements. This is the first CAFR produced by the City of Red Bluff. The City will submit the June 30, 2014, report to the GFOA requesting an award of a Certificate of Achievement for Excellence in Financial Reports. If awarded, it will be included in the following years' CAFR.

This Consolidated Annual Financial Report is the result of the cooperative effort of many people. We wish to convey our appreciation to the members of the Finance Department who contributed to and assisted with its successful completion of the audit. We would also like to express our appreciation to all the City departments, who provided assistance and support, and to the City Council for their support in planning and committing to conduct the financial operations of the City in a responsible and progressive manner.

Respectfully Submitted,

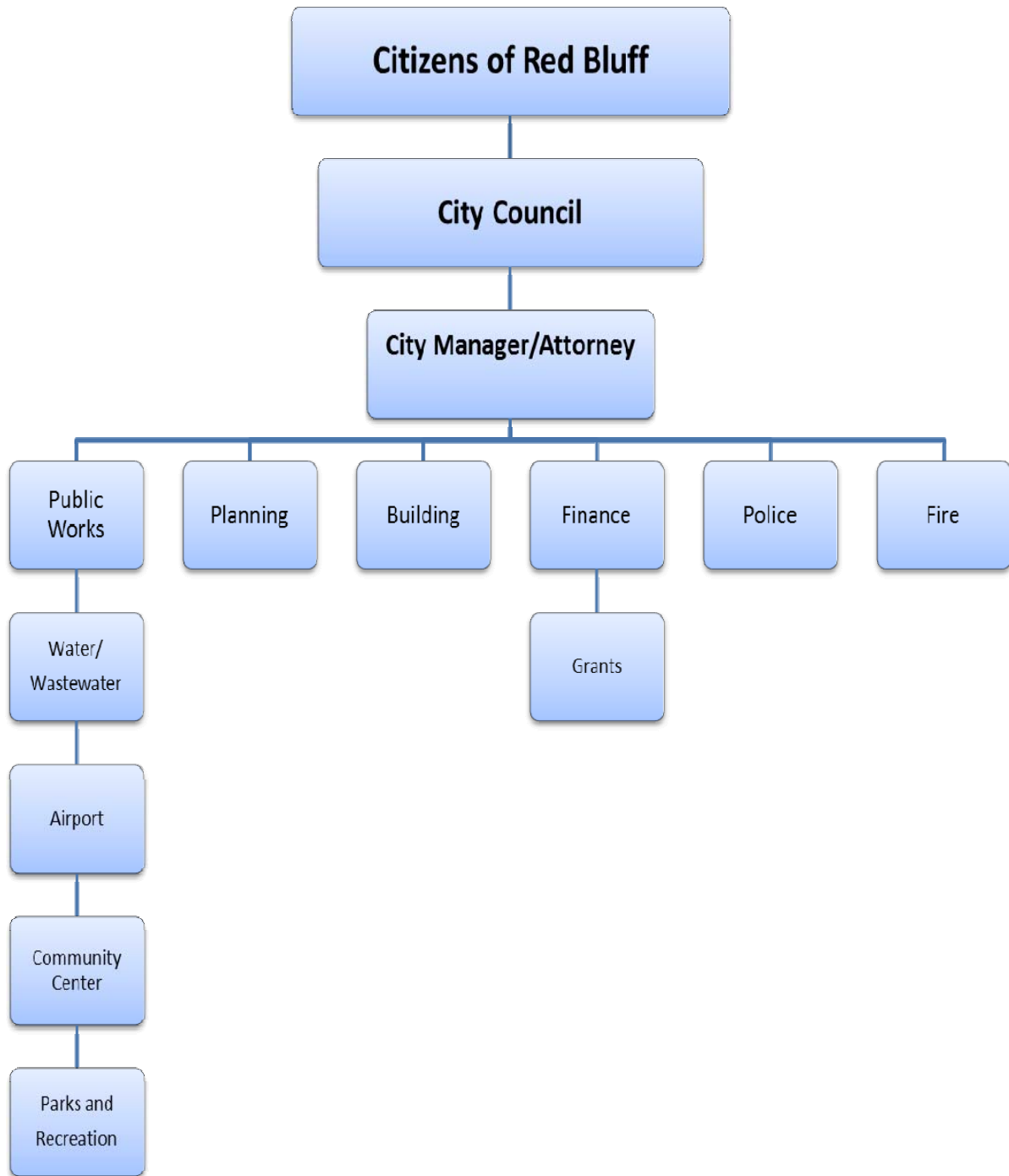
  
\_\_\_\_\_  
Sandy Ryan, Finance Director

  
\_\_\_\_\_  
Richard Crabtree, City Manager/Attorney

**ORGANIZATIONAL CHART**

June 30, 2013

*City of Red Bluff*



Council Committees: Budget Committee and Audit Committee

Boards & Commissions: Board of Appeals, Planning Commission, Airport Commission, Parks & Recreation Advisory Commission



**LIST OF ELECTED AND APPOINTED  
OFFICIALS**

*City of Red Bluff*

June 30, 2013

**CITY COUNCIL**

Mayor ..... Wayne Brown  
Mayor Pro Tem ..... Daniele Jackson  
Council Member ..... Raymond Eliggi  
Council Member ..... Clay Parker  
Council Member ..... Rob Schmid

**ADMINISTRATIVE PERSONNEL**

City Manager ..... Richard Crabtree  
City Attorney ..... Richard Crabtree  
City Treasurer ..... Donna Gordy  
Finance Director ..... Sandy Ryan  
Director of Public Works/City Engineer ..... Bruce Henz  
Planning Director ..... Scot Timboe  
Police Chief ..... Paul Nanfito  
Fire Chief ..... Jon Bennett  
City Clerk ..... Jo Anna Lopez  
Building Director/Official ..... J.D. Ellison

**FINANCIAL SECTION**



MATSON  
& ISOM

## **INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor and City Council  
City of Red Bluff, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Red Bluff (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, 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 of Red Bluff, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, the Traffic Impact Fee Fund, and the Grant Program Income Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **INDEPENDENT AUDITORS' REPORT**

Continued

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 16 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements; and accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Matson and Isom*

December 6, 2013  
Redding, California

**Management's Discussion and Analysis  
(Required Supplementary Information)**

# MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

*City of Red Bluff*

As management of City of Red Bluff (the City), we offer readers of the City's Consolidated Annual Financial Report this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013.

## FINANCIAL HIGHLIGHTS

The assets of the City of Red Bluff exceeded its liabilities at the close of the most recent fiscal year by \$65,234,051 (net position). Of this amount, \$8,905,960 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.

The City's total net position increased by \$1,013,245.

As of the close of the current fiscal year, the City of Red Bluff's governmental activities reported combined total net position of \$41,856,820. Of this amount \$638,560 is unrestricted and available for use within the City's designation and policies.

At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$30,102 or 0.33% of the total General Fund expenditures. The assigned fund balance, assigned for contingencies, for the General Fund was \$700,000 or 7.6% of the total General Fund expenditures.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains combining and individual fund financial statements which provide detail of nonmajor governmental funds, a GAO section which provides information on the City's internal controls over financial reporting and on the City's federal awards, and a statistical section which provides trend information on the City and its operations.

### Government-wide Financial Statements

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

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position.

The statement of activities 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 timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as for earned but not yet used leave (compensated absences, vacation, and accrued time off).

# MANAGEMENT'S DISCUSSION AND ANALYSIS

*City of Red Bluff*

June 30, 2013

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from 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 and administration, public safety, and recreation. The business-type activities of the City include water and sewer, airport, building and planning and community center.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is 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 two categories - governmental funds and proprietary funds.

## **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses 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 effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the 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 29 governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Traffic Control Impact Fee, and Grant Program Income funds, all of which are considered to be major funds. The General Fund consists of three funds: General, Public Safety, and Parks and Recreation. Data from the other 26 funds are combined into a single, aggregated presentation.

## **Proprietary Funds**

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, building and planning, airport, and community center.

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 Water and Waste Water Funds since both are considered to be major funds of the City. Data from the other four enterprise funds are combined into a single, aggregate presentation.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

*City of Red Bluff*

June 30, 2013

**Notes to the Financial Statements**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

**GOVERNMENTAL-WIDE FINANCIAL ANALYSIS**

As stated above, the City of Red Bluff assets exceeded liabilities by \$65,234,051 as of June 30, 2013.

The largest portion of the City's net position (70.6%) reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service 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 the 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 following table provides a summary of the City's Net Position for the years ended June 30, 2013 and 2012.

**CITY OF RED BLUFF'S NET POSITION**

June 30	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
<b>ASSETS</b>						
Current and other assets	\$ 14,775,265	\$ 12,712,030	\$ 8,773,124	\$ 11,826,045	\$ 23,548,389	\$ 24,538,075
Capital assets	30,983,036	32,280,481	16,041,873	16,303,107	47,024,909	48,583,588
<b>Total Assets</b>	<b>45,758,301</b>	<b>44,992,511</b>	<b>24,814,997</b>	<b>28,129,152</b>	<b>70,573,298</b>	<b>73,121,663</b>
<b>LIABILITIES</b>						
Long-term liabilities	3,602,545	1,614,831	1,140,954	6,473,852	4,743,499	8,088,683
Other liabilities	298,936	415,845	296,812	396,329	595,748	812,174
<b>Total Liabilities</b>	<b>3,901,481</b>	<b>2,030,676</b>	<b>1,437,766</b>	<b>6,870,181</b>	<b>5,339,247</b>	<b>8,900,857</b>
<b>NET POSITION</b>						
Net investment						
in capital assets	30,983,036	33,280,481	15,109,831	10,012,583	46,092,867	43,293,064
Restricted	10,235,224	10,137,461	-	-	10,235,224	10,137,461
Unrestricted	638,560	(456,107)	8,267,400	11,246,388	8,905,960	10,790,281
<b>Total Net Position</b>	<b>\$ 41,856,820</b>	<b>\$ 42,961,835</b>	<b>\$ 23,377,231</b>	<b>\$ 21,258,971</b>	<b>\$ 65,234,051</b>	<b>\$ 64,220,806</b>

An additional portion of \$10,235,224 of the City's net position (15.7%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position \$8,905,960 may be used to meet the government's ongoing obligation to citizens and creditors.

As of June 30, 2013, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate categories - governmental and business-type activities.

**Analysis of the City's Operations**

The following table provides a summary of the City's operations for the years ended June 30, 2013 and 2012.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2013

*City of Red Bluff*

**CITY OF RED BLUFF'S CHANGES IN NET POSITION**

Years Ended June 30	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 546,758	\$ 487,771	\$ 5,778,702	\$ 4,752,961	\$ 6,325,460	\$ 5,240,732
Operating grants and contributions	1,079,441	848,830	67,586	85,940	1,147,027	934,770
Capital grants and contributions	400,427	204,997	12,920	78,033	413,347	283,030
General Revenues:						
Sales taxes	2,795,660	2,627,222	-	-	2,795,660	2,627,222
Property taxes	1,273,648	1,324,799	56,428	57,190	1,330,076	1,381,989
Motel taxes	711,274	594,254	-	-	711,274	594,254
Special gas taxes	338,911	404,286	-	-	338,911	404,286
Franchise taxes	303,909	291,559	-	-	303,909	291,559
Other taxes	203,453	263,808	-	-	203,453	263,808
Motor vehicle license fees	959,291	1,030,288	-	-	959,291	1,030,288
Impact fees	230,787	154	-	-	230,787	154
Investment earnings	133,603	140,233	61,469	48,687	195,072	188,920
<b>Total Revenues</b>	<b>8,977,162</b>	<b>8,218,201</b>	<b>5,977,105</b>	<b>5,022,811</b>	<b>14,954,267</b>	<b>13,241,012</b>
<b>EXPENSES</b>						
General Government:						
City administration	398,463	367,942	-	-	398,463	367,942
Finance	400,727	376,869	-	-	400,727	376,869
Community promotion and economic development	107,225	88,570	-	-	107,225	88,570
Human resources	119,776	171,011	-	-	119,776	171,011
Engineering and administration	132,156	234,566	-	-	132,156	234,566
Government buildings	107,852	133,317	-	-	107,852	133,317
General government	191,725	181,628	-	-	191,725	181,628
Public Safety:						
Fire	1,847,624	1,745,768	-	-	1,847,624	1,745,768
Police	4,180,695	3,895,358	-	-	4,180,695	3,895,358
Parks and recreation	423,235	436,223	-	-	423,235	436,223
Transportation and streets	2,000,901	2,031,628	-	-	2,000,901	2,031,628
Senior nutrition program	251,390	299,842	-	-	251,390	299,842
Grants and program income	74,919	55,359	-	-	74,919	55,359
Building	-	-	269,254	270,277	269,254	270,277
Planning	-	-	89,779	113,413	89,779	113,413
Waste water	-	-	1,691,332	1,684,254	1,691,332	1,684,254
Water	-	-	1,223,665	1,343,581	1,223,665	1,343,581
Airport	-	-	182,889	224,963	182,889	224,963
Community center	-	-	247,415	252,374	247,415	252,374
<b>Total Expenses</b>	<b>10,236,688</b>	<b>10,018,081</b>	<b>3,704,334</b>	<b>3,888,862</b>	<b>13,941,022</b>	<b>13,906,943</b>
<b>Excess (deficiency) before transfers</b>	<b>(1,259,526)</b>	<b>(1,799,880)</b>	<b>2,272,771</b>	<b>1,133,949</b>	<b>1,013,245</b>	<b>(665,931)</b>
Transfers	154,511	453,169	(154,511)	(453,169)	-	-
<b>Change in Net Position</b>	<b>(1,105,015)</b>	<b>(1,346,711)</b>	<b>2,118,260</b>	<b>680,780</b>	<b>1,013,245</b>	<b>(665,931)</b>
<b>Net Position - Beg. of Year</b>	<b>42,961,835</b>	<b>44,308,546</b>	<b>21,258,971</b>	<b>20,578,191</b>	<b>64,220,806</b>	<b>64,886,737</b>
<b>Net Position - End of Year</b>	<b>\$ 41,856,820</b>	<b>\$ 42,961,835</b>	<b>\$ 23,377,231</b>	<b>\$ 21,258,971</b>	<b>\$ 65,234,051</b>	<b>\$ 64,220,806</b>

June 30, 2013

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

**Governmental Funds**

The focus of the City of Red Bluff's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Also, assigned fund balance has been set aside for contingencies, or unexpected expenditures.

At the end of the current fiscal year, the City of Red Bluff's governmental funds reported combined ending fund balances of \$11,811,307. Approximately 6% of this total amount constitutes unassigned and assigned fund balance. The remainder of the fund balance is restricted to indicate that it is not available for general operational spending because it is required to be used for certain expenditures.

In the General Fund, the City budgeted for a reduction in the fund balance of \$42,482 which was a result of authorized budgeted expenditures exceeding appropriations. Actual revenues were \$7,143,654 with final budget being \$6,794,136 with a favorable variance of \$349,518 and actual expenditures being more than budgeted expenditures with an unfavorable variance of \$1,823,146. Factoring in the unbudgeted CalPERS Side Refunding Other financing sources of \$1,948,000 changes that unfavorable variance to a favorable variance of \$124,804.

**Proprietary Funds**

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the respective major proprietary funds are Waste Water Fund of \$4,065,432 and Water Fund of \$3,814,437. All Other Enterprise Funds had unrestricted net position in 2013 of \$387,531.

**General Fund Budgetary Highlights**

The City made revisions to the original appropriations approved by the City Council. These changes resulted in an increase in the General Fund revenues and expenditures from the original budget by \$178,119 and \$505,498, respectively. The increases were due to new grants which increased revenue and expenditures by the same amount, an increase in insurance expense, and an increase in compensated absences expense. Factor in the unbudgeted CalPERS Side Refunding Other financing sources of \$1,948,000, and General Fund expenditures for fire public safety, police public safety, general government and parks & recreation departments were all under budget. However, General Fund expenditures for capital outlay and the CalPERS debt service were over budget. Capital Outlay not budgeted in the current year included grant funded equipment for public safety.

The City's total budgeted revenue at final budget was \$6,794,136. The majority of the revenue received over budget was sales taxes, motel tax and licenses and permits which includes business licenses.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

*City of Red Bluff*

June 30, 2013

**CAPITAL ASSETS**

The City of Red Bluff's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$47,024,909 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, infrastructure, vehicles, and construction in progress.

There were no major capital asset events during the current fiscal year.

**CAPITAL ASSETS AT YEAR END  
NET OF ACCUMULATED DEPRECIATION**

Years Ended June 30	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	\$ 305,206	\$ 305,206	\$ 910,368	\$ 910,368	\$ 1,215,574	\$ 1,215,574
Buildings	221,838	239,661	194,858	208,024	416,696	447,685
Improvements	1,593,016	1,501,294	8,882,316	9,143,055	10,475,332	10,644,349
Equipment	135,798	171,695	75,884	125,158	211,682	296,853
Vehicles	337,817	464,949	71,542	62,522	409,359	527,471
Infrastructure	28,268,522	29,570,715	5,608,568	5,853,980	33,877,090	35,424,695
Construction in progress	120,839	26,961	298,337	-	419,176	26,961
<b>Total</b>	<b>\$ 30,983,036</b>	<b>\$ 32,280,481</b>	<b>\$ 16,041,873</b>	<b>\$ 16,303,107</b>	<b>\$ 47,024,909</b>	<b>\$ 48,583,588</b>

**DEBT ADMINISTRATION**

At the end of the current fiscal year, the City of Red Bluff had a total notes payable of \$2,820,042.

Major changes in the notes payable this year was the pay-off of two business-type activity loans. An analysis of the interest income verses the interest expense revealed that the City's notes for these two loans were no longer cost effective, initiating the pay-offs. The third loan payable in the business activity loans had a pre-payment penalty of all interest expense outstanding, and therefore was not considered for pay-off. The City also refinanced a portion of its CalPERS Side Fund liability. This refinancing of the City's CalPERS Side Fund resulted in significant savings, and increased the governmental activity loans payable by \$1,948,000.

**OUTSTANDING DEBT AT YEAR END  
BONDS AND NOTES PAYABLE**

Years Ended June 30	Governmental Activities		Business-Type Activities	
	2013	2012	2013	2012
Compensated absences/OPEB	\$ 1,714,545	\$ 1,614,831	\$ 208,912	\$ 183,330
Notes payable	1,888,000	-	932,042	6,290,522
<b>Total</b>	<b>\$ 3,602,545</b>	<b>\$ 1,614,831</b>	<b>\$ 1,140,954</b>	<b>\$ 6,473,852</b>

**MANAGEMENT'S DISCUSSION AND  
ANALYSIS**

June 30, 2013

*City of Red Bluff*

**ECONOMIC FACTORS INFLUENCING NEXT YEAR'S BUDGETS**

City Management recommended and the City Council considered several important factors in adopting the 2013-14 budget, which includes:

1. The general sluggish economic recovery and decline in consumer confidence, affecting sales tax and other revenues.
2. Several new businesses in town, increasing sales tax revenues.
3. The sluggish recovery of the housing market and declining property taxes.
4. The State budget actions and its impact on City finances.
5. City responsibility to meet the obligation of its collective bargaining agreements and those impacts on employee salary, health, and pension costs.
6. Court mandated improvements to City infrastructure.

**REQUEST FOR INFORMATION**

The financial report is designed to provide our citizens, customers, investors, and creditors with general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance, Attn: Finance Director, at 555 Washington Street, Red Bluff, California 96080, or call (530) 527-2605.

## **Basic Financial Statements**

**STATEMENT OF NET POSITION**

*City of Red Bluff*

June 30, 2013	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,972,052	\$ 7,428,904	\$ 14,400,956
Receivables:			
Taxes	190,894	-	190,894
Accounts - net	22,673	1,184,243	1,206,916
Interest	848,920	-	848,920
Due from other governments	872,304	53,263	925,567
Prepaid expenses	9,057	-	9,057
Prepaid pension expense	1,816,102	-	1,816,102
Internal balances	(106,714)	106,714	-
Loans receivable	4,149,977	-	4,149,977
Nondepreciable capital assets	426,045	1,208,705	1,634,750
Depreciable capital assets - net	30,556,991	14,833,168	45,390,159
<b>Total Assets</b>	<b>\$ 45,758,301</b>	<b>\$ 24,814,997</b>	<b>\$ 70,573,298</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 129,618	\$ 156,305	\$ 285,923
Accrued interest payable	-	14,004	14,004
Accrued payroll and benefits	130,199	20,129	150,328
Customer/employee deposits	1,912	105,459	107,371
Other liabilities	37,207	915	38,122
Long-term liabilities:			
Due within one year	557,764	178,347	736,111
Due in more than one year	3,044,781	962,607	4,007,388
<b>Total Liabilities</b>	<b>3,901,481</b>	<b>1,437,766</b>	<b>5,339,247</b>
<b>NET POSITION</b>			
Net investment in capital assets	30,983,036	15,109,831	46,092,867
Restricted for:			
Grant programs and program income	4,515,275	-	4,515,275
Impact fee development	4,150,602	-	4,150,602
Transportation	1,384,983	-	1,384,983
Other	184,364	-	184,364
Unrestricted	638,560	8,267,400	8,905,960
<b>Total Net Position</b>	<b>41,856,820</b>	<b>23,377,231</b>	<b>65,234,051</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 45,758,301</b>	<b>\$ 24,814,997</b>	<b>\$ 70,573,298</b>

*The accompanying notes are an integral part of these financial statements.*

**STATEMENT OF ACTIVITIES**

*City of Red Bluff*

Page 1 of 2

Year Ended June 30, 2013	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>					
Governmental activities:					
General government:					
City administration	\$ 398,463	\$ -	\$ -	\$ -	\$ (398,463)
Finance	400,727	-	-	-	(400,727)
Community promotion and economic development	107,225	-	-	-	(107,225)
Human resources	119,776	-	-	-	(119,776)
Engineering and administration	132,156	-	-	-	(132,156)
Government buildings	107,852	-	-	-	(107,852)
General government	191,725	374,250	-	-	182,525
Public safety:					
Fire	1,847,624	13,391	79,549	-	(1,754,684)
Police	4,180,695	82,080	374,756	137,677	(3,586,182)
Parks and recreation	423,235	61,678	23,371	-	(338,186)
Transportation and streets	2,000,901	-	307,795	-	(1,693,106)
Senior nutrition program	251,390	-	293,970	-	42,580
Grants and program income	74,919	15,359	-	262,750	203,190
<b>Total Governmental Activities</b>	<b>10,236,688</b>	<b>546,758</b>	<b>1,079,441</b>	<b>400,427</b>	<b>(8,210,062)</b>
Business-type activities:					
Building	269,254	352,794	-	-	83,540
Planning	89,779	16,208	-	-	(73,571)
Waste water	1,691,332	2,893,933	-	-	1,202,601
Water	1,223,665	2,312,459	-	-	1,088,794
Airport	182,889	120,826	-	12,920	(49,143)
Community center	247,415	82,482	67,586	-	(97,347)
<b>Total Business-Type Activities</b>	<b>3,704,334</b>	<b>5,778,702</b>	<b>67,586</b>	<b>12,920</b>	<b>2,154,874</b>
<b>Total Primary Government</b>	<b>\$ 13,941,022</b>	<b>\$ 6,325,460</b>	<b>\$ 1,147,027</b>	<b>\$ 413,347</b>	<b>\$ (6,055,188)</b>

*The accompanying notes are an integral part of these financial statements.*

**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2013	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>CHANGE IN NET POSITION</b>			
(Expense) Revenue - net	\$ (8,210,062)	\$ 2,154,874	\$ (6,055,188)
<b>GENERAL REVENUES AND TRANSFERS</b>			
General revenues:			
Taxes:			
Sales taxes	2,795,660	-	2,795,660
Property taxes	1,273,648	56,428	1,330,076
Motel taxes	711,274	-	711,274
Special gas taxes	338,911	-	338,911
Franchise taxes	303,909	-	303,909
Other taxes	203,453	-	203,453
Motor vehicle license fees	959,291	-	959,291
Impact fees	230,787	-	230,787
Investment earnings	133,603	61,469	195,072
Transfers	154,511	(154,511)	-
<b>Total General Revenues and Transfers</b>	<b>7,105,047</b>	<b>(36,614)</b>	<b>7,068,433</b>
<b>Change in Net Position</b>	<b>(1,105,015)</b>	<b>2,118,260</b>	<b>1,013,245</b>
<b>Net Position - Beginning of Year</b>	<b>42,961,835</b>	<b>21,258,971</b>	<b>64,220,806</b>
<b>Net Position - End of Year</b>	<b>\$ 41,856,820</b>	<b>\$ 23,377,231</b>	<b>\$ 65,234,051</b>

*The accompanying notes are an integral part of these financial statements.*



**BALANCE SHEET – GOVERNMENTAL FUNDS**

*City of Red Bluff*

June 30, 2013	General Fund	Traffic Control Impact Fee Fund	Grants Program Income Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 226,068	\$ 1,923,499	\$ 168,237	\$ 4,654,248	\$ 6,972,052
Receivables:					
Taxes	190,894	-	-	-	190,894
Accounts	1,768	410	10,470	10,025	22,673
Interest	-	-	848,920	-	848,920
Loans	-	-	4,144,832	5,145	4,149,977
Due from other governments	543,036	-	-	329,268	872,304
Prepaid expenses	9,057	-	-	-	9,057
Due from other funds	-	-	-	216,735	216,735
<b>Total Assets</b>	<b>\$ 970,823</b>	<b>\$ 1,923,909</b>	<b>\$ 5,172,459</b>	<b>\$ 5,215,421</b>	<b>\$ 13,282,612</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 79,359	\$ -	\$ 1,230	\$ 49,029	\$ 129,618
Accrued payroll and benefits	122,226	-	-	7,973	130,199
Customer/employee deposits	1,912	-	-	-	1,912
Other liabilities	28,167	-	-	9,040	37,207
Due to other funds	-	-	-	323,449	323,449
<b>Total Liabilities</b>	<b>231,664</b>	<b>-</b>	<b>1,230</b>	<b>389,491</b>	<b>622,385</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Interest on notes receivable	-	-	848,920	-	848,920
<b>FUND BALANCES</b>					
Nonspendable	9,057	-	4,144,832	5,145	4,159,034
Restricted	-	1,900,568	177,477	3,767,358	5,845,403
Committed	-	-	-	1,086,144	1,086,144
Assigned	700,000	23,341	-	36,909	760,250
Unassigned	30,102	-	-	(69,626)	(39,524)
<b>Total Fund Balances</b>	<b>739,159</b>	<b>1,923,909</b>	<b>4,322,309</b>	<b>4,825,930</b>	<b>11,811,307</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 970,823</b>	<b>\$ 1,923,909</b>	<b>\$ 5,172,459</b>	<b>\$ 5,215,421</b>	<b>\$ 13,282,612</b>

*The accompanying notes are an integral part of these financial statements.*

**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

*City of Red Bluff*

June 30, 2013

<b>Total Fund Balances Included in the Balance Sheet - Governmental Funds</b>		<b>\$ 11,811,307</b>
Assets recorded within the Statement of Net Position not reported in the funds:		
Net pension asset		1,816,102
Nondepreciable capital assets		426,045
Depreciable capital assets	\$ 61,812,340	
Accumulated depreciation	<u>(31,255,349)</u>	<u>30,556,991</u>
Deferred inflows of resources recorded within the funds not reported in the Statement of Net Position:		
Interest on notes receivable		848,920
Liabilities recorded within the Statement of Net Position not reported in the funds:		
Compensated absences		(1,239,055)
Long-term obligations		(1,888,000)
Other postemployment benefits obligation		<u>(475,490)</u>
<b>Net Position Reported Within the Statement of Net Position - Governmental Activities</b>		<b>\$ 41,856,820</b>

*The accompanying notes are an integral part of these financial statements.*

**STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS**

*City of Red Bluff*

Year Ended June 30, 2013	General Fund	Traffic Control Impact Fee Fund	Grants Program Income Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Sales taxes	\$ 2,795,660	\$ -	\$ -	\$ -	\$ 2,795,660
Property taxes	1,273,648	-	-	-	1,273,648
Motel taxes	711,274	-	-	-	711,274
Franchise taxes	303,909	-	-	-	303,909
Other taxes	42,853	-	-	144,987	187,840
Licenses and permits	359,517	-	-	-	359,517
Fines, forfeitures, and penalties	20,983	-	-	27,566	48,549
Use of money and property	1,178	10,360	4,289	26,141	41,968
Intergovernmental revenue	1,363,113	-	-	1,266,771	2,629,884
Charges for current services	86,966	-	-	-	86,966
Other revenues	184,553	109,063	15,042	137,654	446,312
<b>Total Revenues</b>	<b>7,143,654</b>	<b>119,423</b>	<b>19,331</b>	<b>1,603,119</b>	<b>8,885,527</b>
<b>EXPENDITURES</b>					
Current:					
General government	1,303,999	-	-	-	1,303,999
Fire public safety	1,883,035	-	-	-	1,883,035
Police public safety	5,547,522	-	-	45,766	5,593,288
Parks and recreation	304,834	-	-	-	304,834
Transportation and streets	-	-	-	679,055	679,055
Senior nutrition program	-	-	-	292,339	292,339
Grants and program income	-	-	66,175	8,742	74,917
Capital outlay	42,791	-	-	396,118	438,909
Debt service:					
Principal	60,000	-	-	-	60,000
Interest	25,324	-	-	378	25,702
Debt issuance costs	59,555	-	-	-	59,555
<b>Total Expenditures</b>	<b>9,227,060</b>	<b>-</b>	<b>66,175</b>	<b>1,422,398</b>	<b>10,715,633</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(2,083,406)</b>	<b>119,423</b>	<b>(46,844)</b>	<b>180,721</b>	<b>(1,830,106)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	589,411	-	-	903,931	1,493,342
Operating transfers out	(187,751)	(24,455)	-	(1,126,625)	(1,338,831)
Debt proceeds	1,948,000	-	-	-	1,948,000
<b>Total Other Financing Sources (Uses)</b>	<b>2,349,660</b>	<b>(24,455)</b>	<b>-</b>	<b>(222,694)</b>	<b>2,102,511</b>
<b>Net Change in Fund Balances</b>	<b>266,254</b>	<b>94,968</b>	<b>(46,844)</b>	<b>(41,973)</b>	<b>272,405</b>
<b>Fund Balances - Beginning of Year</b>	<b>472,905</b>	<b>1,828,941</b>	<b>4,369,153</b>	<b>4,867,903</b>	<b>11,538,902</b>
<b>Fund Balances - End of Year</b>	<b>\$ 739,159</b>	<b>\$ 1,923,909</b>	<b>\$ 4,322,309</b>	<b>\$ 4,825,930</b>	<b>\$ 11,811,307</b>

*The accompanying notes are an integral part of these financial statements.*

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

*City of Red Bluff*

June 30, 2013

<b>Total Net Change in Fund Balance Included in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds</b>	\$ 272,405
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.	(1,297,448)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	91,635
The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(1,888,000)
Some transactions reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(99,709)
Some transactions reported in the governmental funds require the use of current financial resources and, therefore, are reported as expenditures but are reported as prepaid expenses and expensed over their useful life in the Statement of Activities.	1,816,102
<b>Net Change in Net Position Reported Within the Statement of Activities - Governmental Activities</b>	<b>\$ (1,105,015)</b>

*The accompanying notes are an integral part of these financial statements.*

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES – BUDGET AND ACTUAL – MAJOR GOVERNMENTAL FUNDS**

*City of Red Bluff*

Year Ended June 30, 2013	General Fund				Traffic Impact Fee Fund				Grant Program Income Fund			
	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final			Original	Final			Original	Final		
<b>REVENUES</b>												
Sales taxes	\$ 2,591,000	\$ 2,591,000	\$ 2,795,660	\$ 204,660	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	1,290,452	1,290,452	1,273,648	(16,804)	-	-	-	-	-	-	-	-
Motel taxes	617,500	617,500	711,274	93,774	-	-	-	-	-	-	-	-
Franchise taxes	300,000	300,000	303,909	3,909	-	-	-	-	-	-	-	-
Other taxes	33,950	33,950	42,853	8,903	-	-	-	-	-	-	-	-
Licenses and permits	304,500	304,500	359,517	55,017	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties	16,100	16,100	20,983	4,883	-	-	-	-	-	-	-	-
Use of money and property	7,800	7,800	1,178	(6,622)	6,000	6,000	10,360	4,360	320	320	4,289	3,969
Intergovernmental revenue	1,242,955	1,375,884	1,363,113	(12,771)	-	-	-	-	-	-	-	-
Charges for current services	69,860	69,860	86,966	17,106	-	-	-	-	-	-	-	-
Other revenues	141,900	187,090	184,553	(2,537)	78,537	78,537	109,063	30,526	10,500	10,500	15,042	4,542
<b>Total Revenues</b>	<b>6,616,017</b>	<b>6,794,136</b>	<b>7,143,654</b>	<b>349,518</b>	<b>84,537</b>	<b>84,537</b>	<b>119,423</b>	<b>34,886</b>	<b>10,820</b>	<b>10,820</b>	<b>19,331</b>	<b>8,511</b>
<b>EXPENDITURES</b>												
Current:												
General government	1,365,141	1,429,034	1,303,999	125,035	-	-	-	-	-	-	-	-
Fire public safety	1,572,852	1,722,594	1,883,035	(160,441)	-	-	-	-	-	-	-	-
Police public safety	3,675,201	3,931,969	5,547,522	(1,615,553)	-	-	-	-	-	-	-	-
Parks and recreation	285,222	314,422	304,834	9,588	-	-	-	-	-	-	-	-
Grants and program income	-	-	-	-	-	-	-	-	20,000	20,000	66,175	(46,175)
Capital outlay	-	5,895	42,791	(36,896)	160,000	160,000	-	160,000	-	-	-	-
Debt service:												
Principal	-	-	60,000	(60,000)	-	-	-	-	-	-	-	-
Interest	-	-	25,324	(25,324)	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	59,555	(59,555)	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>6,898,416</b>	<b>7,403,914</b>	<b>9,227,060</b>	<b>(1,823,146)</b>	<b>160,000</b>	<b>160,000</b>	<b>-</b>	<b>160,000</b>	<b>20,000</b>	<b>20,000</b>	<b>66,175</b>	<b>(46,175)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(282,399)</b>	<b>(609,778)</b>	<b>(2,083,406)</b>	<b>(1,473,628)</b>	<b>(75,463)</b>	<b>(75,463)</b>	<b>119,423</b>	<b>194,886</b>	<b>(9,180)</b>	<b>(9,180)</b>	<b>(46,844)</b>	<b>(37,664)</b>
<b>OTHER FINANCING SOURCES (USES)</b>												
Operating transfers in	348,643	348,643	589,411	240,768	-	-	-	-	-	-	-	-
Operating transfers out	(108,726)	(108,726)	(187,751)	(79,025)	(290)	(290)	(24,455)	(24,165)	-	-	-	-
Debt proceeds	-	-	1,948,000	1,948,000	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>239,917</b>	<b>239,917</b>	<b>2,349,660</b>	<b>2,109,743</b>	<b>(290)</b>	<b>(290)</b>	<b>(24,455)</b>	<b>(24,165)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(42,482)</b>	<b>(369,861)</b>	<b>266,254</b>	<b>636,115</b>	<b>(75,753)</b>	<b>(75,753)</b>	<b>94,968</b>	<b>170,721</b>	<b>(9,180)</b>	<b>(9,180)</b>	<b>(46,844)</b>	<b>(37,664)</b>
<b>Fund Balances - Beginning of Year</b>	<b>472,905</b>	<b>472,905</b>	<b>472,905</b>	<b>-</b>	<b>1,828,941</b>	<b>1,828,941</b>	<b>1,828,941</b>	<b>-</b>	<b>4,369,153</b>	<b>4,369,153</b>	<b>4,369,153</b>	<b>-</b>
<b>Fund Balances - End of Year</b>	<b>\$ 430,423</b>	<b>\$ 103,044</b>	<b>\$ 739,159</b>	<b>\$ 636,115</b>	<b>\$ 1,753,188</b>	<b>\$ 1,753,188</b>	<b>\$ 1,923,909</b>	<b>\$ 170,721</b>	<b>\$ 4,359,973</b>	<b>\$ 4,359,973</b>	<b>\$ 4,322,309</b>	<b>\$ (37,664)</b>

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF NET POSITION –  
PROPRIETARY FUNDS**

*City of Red Bluff*

June 30, 2013	<b>Waste Water Fund</b>	<b>Water Fund</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 3,620,820	\$ 3,320,563	\$ 487,521	\$ 7,428,904
Receivables:				
Accounts - net	625,762	547,829	10,652	1,184,243
Due from other governments	-	-	53,263	53,263
Due from other funds	-	147,047	-	147,047
<b>Total Current Assets</b>	<b>4,246,582</b>	<b>4,015,439</b>	<b>551,436</b>	<b>8,813,457</b>
<b>NONCURRENT ASSETS</b>				
Nondepreciable capital assets	644,931	146,117	417,657	1,208,705
Depreciable capital assets - net	4,795,410	8,247,807	1,789,951	14,833,168
<b>Total Noncurrent Assets</b>	<b>5,440,341</b>	<b>8,393,924</b>	<b>2,207,608</b>	<b>16,041,873</b>
<b>Total Assets</b>	<b>\$ 9,686,923</b>	<b>\$ 12,409,363</b>	<b>\$ 2,759,044</b>	<b>\$ 24,855,330</b>
<b>LIABILITIES AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 76,035	\$ 45,536	\$ 34,734	\$ 156,305
Accrued interest payable	14,004	-	-	14,004
Accrued payroll and benefits	6,113	5,793	8,223	20,129
Customer/employee deposits	-	97,973	7,486	105,459
Other liabilities	54	77	784	915
Due to other funds	-	-	40,333	40,333
Compensated absences payable - current	21,236	12,906	18,087	52,229
Bonds and loan payable - current	126,118	-	-	126,118
<b>Total Current Liabilities</b>	<b>243,560</b>	<b>162,285</b>	<b>109,647</b>	<b>515,492</b>
<b>NONCURRENT LIABILITIES</b>				
Compensated absences - net	63,708	38,717	54,258	156,683
Bonds and loans payable - net	805,924	-	-	805,924
<b>Total Noncurrent Liabilities</b>	<b>869,632</b>	<b>38,717</b>	<b>54,258</b>	<b>962,607</b>
<b>Total Liabilities</b>	<b>1,113,192</b>	<b>201,002</b>	<b>163,905</b>	<b>1,478,099</b>
<b>NET POSITION</b>				
Investment in capital assets - net of related debt	4,508,299	8,393,924	2,207,608	15,109,831
Unrestricted	4,065,432	3,814,437	387,531	8,267,400
<b>Total Net Position</b>	<b>8,573,731</b>	<b>12,208,361</b>	<b>2,595,139</b>	<b>23,377,231</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 9,686,923</b>	<b>\$ 12,409,363</b>	<b>\$ 2,759,044</b>	<b>\$ 24,855,330</b>

*The accompanying notes are an integral part of these financial statements.*

**STATEMENT OF REVENUES,  
EXPENSES, AND CHANGES IN NET  
POSITION – PROPRIETARY FUNDS**

*City of Red Bluff*

Year Ended June 30, 2013	Waste Water Fund	Water Fund	Nonmajor Enterprise Funds	Totals
<b>OPERATING REVENUES</b>				
Charges for current services:				
Waste water and water charges	\$ 2,893,933	\$ 2,312,459	\$ -	\$ 5,206,392
Permits and fees	-	-	369,002	369,002
Rental revenue	-	-	174,660	174,660
Other revenue	-	-	28,648	28,648
<b>Total Operating Revenues</b>	<b>2,893,933</b>	<b>2,312,459</b>	<b>572,310</b>	<b>5,778,702</b>
<b>OPERATING EXPENSES</b>				
Cost of power and transportation	206,458	344,365	50,375	601,198
Maintenance, operations, and administration	1,098,471	539,327	614,612	2,252,410
Depreciation expense	339,486	310,250	123,817	773,553
<b>Total Operating Expenses</b>	<b>1,644,415</b>	<b>1,193,942</b>	<b>788,804</b>	<b>3,627,161</b>
<b>Operating Income (Loss)</b>	<b>1,249,518</b>	<b>1,118,517</b>	<b>(216,494)</b>	<b>2,151,541</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property taxes	-	-	56,428	56,428
Intergovernmental revenues	-	-	80,506	80,506
Investment income	22,626	36,162	2,681	61,469
Interest expense	(46,917)	(29,723)	(533)	(77,173)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(24,291)</b>	<b>6,439</b>	<b>139,082</b>	<b>121,230</b>
<b>Income Before Operating Transfers</b>	<b>1,225,227</b>	<b>1,124,956</b>	<b>(77,412)</b>	<b>2,272,771</b>
Operating transfers in	257,508	-	170,985	428,493
Operating transfers out	(236,994)	(243,556)	(102,454)	(583,004)
<b>Change in Net Position</b>	<b>1,245,741</b>	<b>881,400</b>	<b>(8,881)</b>	<b>2,118,260</b>
<b>Total Net Position - Beginning of Year</b>	<b>7,327,990</b>	<b>11,326,961</b>	<b>2,604,020</b>	<b>21,258,971</b>
<b>Total Net Position - End of Year</b>	<b>\$ 8,573,731</b>	<b>\$ 12,208,361</b>	<b>\$ 2,595,139</b>	<b>\$ 23,377,231</b>

*The accompanying notes are an integral part of these financial statements.*

**STATEMENT OF CASH FLOWS –  
PROPRIETARY FUNDS**

*City of Red Bluff*  
Page 1 of 2

Year Ended June 30, 2013	Waste Water Fund	Water Fund	Nonmajor Enterprise Funds	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 2,830,936	\$ 2,290,313	\$ 581,073	\$ 5,702,322
Cash paid to employees (including employee benefits)	(339,380)	(347,944)	(498,591)	(1,185,915)
Cash paid to suppliers	(966,727)	(535,874)	(159,157)	(1,661,758)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>1,524,829</u>	<u>1,406,495</u>	<u>(76,675)</u>	<u>2,854,649</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Property taxes received	-	-	56,428	56,428
Cash received from (paid to) other funds	-	102,004	(27,510)	74,494
Operating transfers in	257,508	-	170,985	428,493
Operating transfers out	(236,994)	(243,556)	(102,454)	(583,004)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>20,514</u>	<u>(141,552)</u>	<u>97,449</u>	<u>(23,589)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Intergovernmental revenue received	-	-	131,250	131,250
Payments for the purchase of capital assets	(311,107)	(153,294)	-	(464,401)
Debt principal paid	(2,038,156)	(3,320,326)	(47,919)	(5,406,401)
Debt interest paid	(59,151)	(85,574)	(532)	(145,257)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(2,408,414)</u>	<u>(3,559,194)</u>	<u>82,799</u>	<u>(5,884,809)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	22,626	36,162	2,681	61,469
<b>Net Cash Provided by Investing Activities</b>	<u>22,626</u>	<u>36,162</u>	<u>2,681</u>	<u>61,469</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(840,445)	(2,258,089)	106,254	(2,992,280)
<b>Cash and Cash Equivalents - Beginning of Year</b>	4,461,265	5,578,652	381,267	10,421,184
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 3,620,820</u>	<u>\$ 3,320,563</u>	<u>\$ 487,521</u>	<u>\$ 7,428,904</u>

*The accompanying notes are an integral part of these financial statements.*



**STATEMENT OF CASH FLOWS –  
PROPRIETARY FUNDS**

Year Ended June 30, 2013	Waste Water Fund	Water Fund	Nonmajor Enterprise Funds	Totals
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 1,249,518	\$ 1,118,517	\$ (216,494)	\$ 2,151,541
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	339,486	310,250	123,817	773,553
Changes in:				
Accounts receivable	(62,997)	(27,364)	11,750	(78,611)
Prepaid expenses and deferred charges	13,566	-	448	14,014
Accounts payable	(34,957)	(17,175)	25,904	(26,228)
Accrued payroll and benefits	1,149	(10)	(7,949)	(6,810)
Customer/employee deposits	-	5,218	(2,987)	2,231
Other liabilities	24	15	(664)	(625)
Compensated absences payable	19,040	17,044	(10,500)	25,584
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 1,524,829</b>	<b>\$ 1,406,495</b>	<b>\$ (76,675)</b>	<b>\$ 2,854,649</b>

*The accompanying notes are an integral part of these financial statements.*

June 30, 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Red Bluff, California (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**Reporting Entity** The City is a municipal corporation governed by an elected five-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Red Bluff alone, as the City has no component units, related organizations, or jointly governed organizations.

**Joint Ventures** The City is a participant with Tehama County (the County) in two joint ventures.

*The Red Bluff Community Center (the Center):* On November 1, 1995, the County turned over operation of the Center to the City. Both the City and the County are obligated to remit \$30,000 annually to help cover the costs of the Center and, in addition, are obligated to cover one-half of any net loss generated by the Center. The Center's land is property of the City and the building is the property of the County. However, the building is under a 20-year lease to the City and reverts to the City upon the expiration of the lease. As of November 1, 1995, the City records the assets, liabilities, equity, revenues, and expenses of the Center in an enterprise fund of the City, and these amounts are included in the enterprise fund amounts in the financial statements.

*The Tehama Rural Area Express (TRAX), ParaTRAX, and Medical Transportation Services (METS) Programs:* TRAX is the fixed route program created to serve as public transportation. ParaTRAX is a demand response system, and was created to supplement the fixed route program. METS is a demand response system created to serve as medical transportation. On dissolution, the net position of these programs will revert to the County. These programs are governed by a six-member board which includes one appointee from the City. The City and County each are obligated by contract to remit funds annually to supplement the TRAX's, ParaTRAX's, and METS' operating income. Currently, the County appropriates Transportation Development Act (TDA) funds of the City to pay the City's required remittance. Complete financial statements for this program can be obtained at Tehama County Public Works Department.

**Basis of Presentation** The financial statement presentation required by GASB Statements Nos. 34, 37, 38, and 39 provides a comprehensive, entity-wide perspective of the City's overall financial position and results of operations while maintaining the presentation of the financial position, results of operations and cash flows, as applicable, of the City's major funds.

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2013

*City of Red Bluff*

***Government-Wide and Fund Financial Statements*** The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. 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 services.

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 accounts of the City are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund statements.

The City reports the following major governmental funds:

*The General Fund:* The fund is the City's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*Traffic Control Impact Fee Fund:* This fund accounts for impact fees restricted for improvements of the traffic network of the City.

*Grants Program Income Fund:* This fund accounts for grant income and program income generated from Community Development Block Grant and HOME Program grants and loans.

The City reports the following major proprietary funds:

*Waste Water Fund:* This fund accounts for the revenues and expenses related to the operation and maintenance of the sewer system and facilities of the City.

*Water Fund:* This fund accounts for the revenues and expenses related to the operation and maintenance of the water treatment, transmission, and distribution system facilities of the City.

***Measurement Focus and Basis of Accounting*** 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 have been met.

**NOTES TO THE FINANCIAL  
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*City of Red Bluff*

June 30, 2013

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. For this purpose, the City considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. 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.

Sales taxes, property taxes, franchise taxes, licenses, intergovernmental revenue, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, including fees, fines, and forfeitures, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenue. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise 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 nonoperating revenues and expenses.

***Budgets*** Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Revenues are estimated and annual appropriations are adopted for the general, special revenue, and proprietary funds. All annual appropriations lapse at fiscal year end.

During late February each year, the Finance Director reviews all estimated and actual revenues, and all estimated and actual expenditures/expenses. This analysis serves two purposes: first, it indicates if the projected revenues will be adequate to finance the projected expenditures/expenses during the current fiscal year, and second, it serves as a basis for the planning of the upcoming fiscal year's budget. In estimating the revenues for the upcoming fiscal year, the Finance Director adds the prior year's fund balances that are assigned as contingency reserves to the estimated revenues. This then results in the amount of monies that can be spent. The next step is to query all departments for their schedules of proposed expenditures/expenses for the upcoming fiscal year end.

**NOTES TO THE FINANCIAL  
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June 30, 2013

*City of Red Bluff*

From the estimated revenues and proposed expenditures/expenses, a proposed budget is then formulated. The proposed budget is then subjected to a line-by-line analysis by the Finance Director and the City Manager. After this analysis, a final proposed budget is prepared when the Finance Director and the City Manager are fairly certain that the expenditures/expenses are reasonable and can be financed from revenues. Within 60 days of year end, the preliminary budget is adopted by the City Council.

Budget administration policies give the City Manager authority to vary from the precise budgetary appropriations within the various departments, so long as the total appropriations within each fund do not exceed the total appropriations of the departmental budgets within the fund. Budgetary adjustments which would cause the total appropriations to be exceeded are accomplished by supplemental appropriations approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the fund level.

***Cash and Cash Equivalents*** The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments that are both readily convertible to known amounts of cash and (if applicable), so near (three months) their original maturity, that there is insignificant risk of value changes because of interest rate changes.

All of the City's investments at June 30, 2013, meet the above definition of cash equivalents.

The City follows the practice of pooling cash and investments of all funds, except for restricted funds required to be held separately. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on daily cash balances.

The *California Government Code* and the investment policy of the City authorize the City to invest in obligations, participations, 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, the State Treasurer's Investment Pool Local Agency Investment Fund, certificates of deposit or time deposits, and passbook savings account demand deposits. Reverse repurchase agreements may be made only when prior approval of the City Council has been given.

Investments are reported at fair value based on quoted market prices with realized and unrealized gains or losses reported in the statements of net position and the statements of revenues, expenditures, and changes in fund balances. The State Treasurer's Investment Pool Local Agency Investment Fund operates in accordance with appropriate state laws and regulations. The reported value of the pool is materially equivalent to the fair value of the pool shares.

***Receivables*** The water and waste water departments record service fees when earned with a corresponding receivable. The City records an allowance for doubtful accounts for all water and waste water receivables which they deem uncollectible. The City determined uncollectible receivables at June 30, 2013, for the water and waste water departments were \$20,032 and \$24,384, respectively.

Loans receivable consist of loans to individuals for housing rehabilitation and to businesses for construction and business loans. The City considers all loans receivable to be collectible.

**NOTES TO THE FINANCIAL  
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June 30, 2013

*City of Red Bluff*

Taxes receivable consist of various franchise taxes and motel taxes. The City considers all taxes receivable to be collectible.

***Interfund Transactions and Balances*** During the course of operations, numerous transactions that constitute reimbursements to a fund for expenditures/expenses initially made from one fund that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. In addition, the City incurs transactions that constitute quasi-external transactions between funds. These transactions are accounted for as revenues, expenditures, or expenses in the funds involved in these transactions.

All other interfund transactions are reported as transfers.

Fund transfers are necessary to properly account for cash increases/decreases in the appropriate funds. Transfers include, but are not limited to, the following:

1. To allocate funds for operations;
2. To allocate funds for equipment replacement;
3. To allocate funds for capital projects.

These transactions result in interfund receivables and payables that are classified as “due from other funds” or “due to other funds” on the Balance Sheet – Governmental Funds and Statement of Net Position – Proprietary Funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

***Prepaid Expenses*** Payments made to vendors for services that will benefit the City for periods beyond the current fiscal year are recorded as prepaid expenses.

***Prepaid Pension Expense*** During the year ended June 30, 2013, the City refinanced an existing \$1.9 million pension side fund obligation for its participation in the California Public Employees Retirement System (CalPERS). This obligation had not previously been reported in the financial statements as it was computed by CalPERS as a component of annual retirement expense. The payoff of this obligation has been reported as a prepaid pension expense in the Government-Wide statements as it constitutes future period pension costs and as an expenditure of the General Fund. See note 4 for a description of the liability and note 7 for a further description of the pension side fund obligation.

***Noncurrent Receivables*** Noncurrent portions of loans and interest receivable are reported on the governmental funds balance sheet in spite of the spending measurement focus of the governmental funds. As they are not “available spendable resources,” noncurrent portions of loans receivable are offset by nonspendable fund balance, and noncurrent portions of interest receivable are offset by a deferred inflow of resources amount.

***Capital Assets*** Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at actual historical cost (or fair market value as of the date donated for contributed assets), although for certain older assets estimated historical costs are used.

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2013

*City of Red Bluff*

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	Primarily 30 to 50 years
Improvements	Primarily 10 to 30 years
Equipment	Primarily 5 to 15 years
Vehicles	Primarily 5 to 15 years
Infrastructure	Primarily 15 to 50 years

It is the policy of the City to capitalize all land, buildings, improvements, equipment, vehicles, and infrastructure assets, except assets costing less than \$5,000. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement of the related fund.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

**Compensated Absences** Vested or accumulated vacation leave, sick leave, and compensatory time are accrued in the proprietary funds and in the government-wide financial statements as the benefits accrue to employees. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In accordance with accounting principles generally accepted in the United States of America, no liability is recorded for nonvesting accumulated rights to receive sick pay benefits.

**Deferred Inflows of Resources** Deferred inflows of resources occur in governmental funds when a potential revenue does not meet the availability criteria for revenue recognition, such as in the case of interest receivable on deferred loans. In subsequent periods, when the availability criteria is met, the deferred inflows of resources amount is removed from the balance sheet and the revenue is recognized.

**Long-Term Liabilities** In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period the debt is issued.

In the governmental funds financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**NOTES TO THE FINANCIAL  
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***Net Position/Fund Balance/Equity*** Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The City's net position is classified as follows:

*Net Investment in Capital Assets:* This represents the City's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component invested in capital assets, net of related debt.

*Restricted Net Position - Expendable:* Restricted expendable net position represents resources which are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.

*Unrestricted Net Position:* Unrestricted net position represents resources derived from taxes; licenses and permits; fines; forfeitures and penalties; and charges for services. These resources are used for transactions relating to the general operations of the City, and may be used at the discretion of the City Council to meet current expenses for any purpose.

The government-wide statement of net position reports \$10,235,224 of restricted net position, of which \$4,150,602 is restricted by enabling legislation.

Fund balance of governmental funds is reported in various categories based upon the nature of the spending constraints of the revenue sources of these funds. The following classifications describe the relative strength of the spending constraints:

*Nonspendable Fund Balance:* Amounts that are in nonspendable form (such as prepaid expenses) or are required to be maintained intact.

*Restricted Fund Balance:* Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Committed Fund Balance:* Amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., council resolution). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

*Assigned Fund Balance:* Amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by the Finance Director to whom the City Council has delegated the authority.

*Unassigned Fund Balance:* Amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.



**NOTES TO THE FINANCIAL STATEMENTS**

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*City of Red Bluff*

**Estimates** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**Property Taxes** Property taxes are assessed and collected by Tehama County. The County remits the property taxes to the City when the taxes are collected and the allocation has been determined. Property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on July 1, and are payable in two installments and become delinquent if not paid by December 10 and April 10.

The City participates in an alternative method of distribution of property tax levies and assessments known as the “Teeter Plan.” The *California Revenue and Taxation Code* allows counties to distribute secured real property, assessment, and supplemental property taxes on an accrual basis resulting in full payment to cities each fiscal year. Any subsequent delinquent payments and related penalties and interest during a fiscal year will revert to Tehama County. The Teeter Plan payment is included in property tax revenue.

**Reclassifications** Certain reclassifications have been made to fiscal year 2012 to conform to the 2013 presentation.

**2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of June 30, 2013, consisted of the following:

Cash in banks	\$ 661,637
Umpqua public funds money market account	2,500,518
Certificates of deposit	6,183,000
State of California - Local Agency Investment Fund (LAIF)	5,055,801
<b>Total Cash and Cash Equivalents</b>	<b>\$ 14,400,956</b>

**Custodial Credit Risk**

This is the risk that, in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy does not address custodial credit risk. As of June 30, 2013, none of the City’s cash balances in banks and certificates of deposit were exposed to custodial credit risk. These amounts were not exposed to this risk as they were either insured or were collateralized with securities held by the pledging financial institution’s trust department or agent (but not in the City’s name).

**Interest Rate Risk**

While the City’s investment policy does not address interest rate risk, the City manages its exposure to interest rate risks through reliance on the managers of the Local Agency Investment Fund (LAIF) for its investment in those funds and the Finance Director and City Treasurer for the City’s investment in certificates of deposit.

**NOTES TO THE FINANCIAL STATEMENTS**

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*City of Red Bluff*

**Equity in Pooled Cash and Investment**

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

In accordance with authorized investment laws, the State Treasurer’s Investment Pool (LAIF) invests in various structured notes and mortgage-backed securities, such as collateralized mortgage obligations. As of June 30, 2013, 1.96% of LAIF’s investment portfolio was invested in structured notes and other asset-backed securities. In addition, PMIA’s weighted average maturities was 0.93 years at June 30, 2013. (Copies of a report of LAIF’s investments may be obtained from the State Treasurer’s Office; Local Agency Investment Fund; P. O. Box 942809; Sacramento, CA 94209-0001.)

**3. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013, is summarized as follows:

**Governmental Activities:**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>NONDEPRECIABLE CAPITAL ASSETS</b>					
Land	\$ 305,206	\$ -	\$ -	\$ -	\$ 305,206
Construction in progress	26,961	93,878	-	-	120,839
<b>Total Nondepreciable Capital Assets</b>	<b>332,167</b>	<b>93,878</b>	<b>-</b>	<b>-</b>	<b>426,045</b>
<b>DEPRECIABLE CAPITAL ASSETS</b>					
Buildings	1,986,188	-	-	-	1,986,188
Improvements	2,715,612	230,454	-	-	2,946,066
Equipment	1,494,980	49,275	-	-	1,544,255
Vehicles	2,800,917	-	-	-	2,800,917
Infrastructure	52,534,916	-	-	-	52,534,916
<b>Total Depreciable Capital Assets</b>	<b>61,532,613</b>	<b>279,729</b>	<b>-</b>	<b>-</b>	<b>61,812,342</b>
<b>LESS: ACCUMULATED DEPRECIATION</b>					
Buildings	1,746,527	17,823	-	-	1,764,350
Improvements	1,214,318	138,732	-	-	1,353,050
Equipment	1,323,285	85,172	-	-	1,408,457
Vehicles	2,335,968	127,132	-	-	2,463,100
Infrastructure	22,964,201	1,302,193	-	-	24,266,394
<b>Total Less: Accumulated Depreciation</b>	<b>29,584,299</b>	<b>1,671,052</b>	<b>-</b>	<b>-</b>	<b>31,255,351</b>
<b>Depreciable Capital Assets - Net</b>	<b>31,948,314</b>	<b>(1,391,323)</b>	<b>-</b>	<b>-</b>	<b>30,556,991</b>
<b>Governmental Capital Assets - Net</b>	<b>\$ 32,280,481</b>	<b>\$ (1,297,445)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,983,036</b>

**NOTES TO THE FINANCIAL  
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Depreciation expense was charged to functions as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	
General government	\$ 82,270
Fire	92,114
Police	69,339
Parks and recreation	108,301
Transportation and streets	1,319,028
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$ 1,671,052</b>

**Business-Type Activities:**

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<b>NONDEPRECIABLE CAPITAL ASSETS</b>					
Land	\$ 910,368	\$ -	\$ -	\$ -	\$ 910,368
Construction in progress	-	298,337	-	-	298,337
<b>Total Nondepreciable Capital Assets</b>	<b>910,368</b>	<b>298,337</b>	<b>-</b>	<b>-</b>	<b>1,208,705</b>
<b>DEPRECIABLE CAPITAL ASSETS</b>					
Buildings	1,467,760	-	-	-	1,467,760
Improvements	16,921,995	180,929	-	-	17,102,924
Equipment	884,735	7,502	-	-	892,237
Vehicles	660,705	25,550	-	-	686,255
Infrastructure	12,557,713	-	-	-	12,557,713
<b>Total Depreciable Capital Assets</b>	<b>32,492,908</b>	<b>213,981</b>	<b>-</b>	<b>-</b>	<b>32,706,889</b>
<b>LESS: ACCUMULATED DEPRECIATION</b>					
Buildings	1,259,736	13,166	-	-	1,272,902
Improvements	7,778,940	441,668	-	-	8,220,608
Equipment	759,577	56,776	-	-	816,353
Vehicles	598,183	16,530	-	-	614,713
Infrastructure	6,703,733	245,412	-	-	6,949,145
<b>Total Less: Accumulated Depreciation</b>	<b>17,100,169</b>	<b>773,552</b>	<b>-</b>	<b>-</b>	<b>17,873,721</b>
<b>Depreciable Capital Assets - Net</b>	<b>15,392,739</b>	<b>(559,571)</b>	<b>-</b>	<b>-</b>	<b>14,833,168</b>
<b>Business-Type Capital Assets - Net</b>	<b>\$ 16,303,107</b>	<b>\$ (261,234)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,041,873</b>

Depreciation expense was charged to functions as follows:

<b>BUSINESS-TYPE ACTIVITIES</b>	
Building	\$ 1,250
Waste water	339,485
Water	310,250
Airport	121,921
Community center	646
<b>Total Business-Type Activities Depreciation Expense</b>	<b>\$ 773,552</b>

**NOTES TO THE FINANCIAL STATEMENTS**

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*City of Red Bluff*

**4. LONG-TERM LIABILITIES**

**Activity**

Following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
Loans payable:					
CalPERS Refunding Loan	\$ -	\$ 1,948,000	\$ 60,000	\$ 1,888,000	\$ 248,000
Other liabilities:					
Compensated absences	1,219,884	463,357	444,186	1,239,055	309,764
Other postemployment benefits	394,947	98,839	18,296	475,490	-
<b>Total Other Liabilities</b>	<u>1,614,831</u>	<u>562,196</u>	<u>462,482</u>	<u>1,714,545</u>	<u>309,764</u>
<b>Total Governmental Activities</b>	<u>1,614,831</u>	<u>2,510,196</u>	<u>522,482</u>	<u>3,602,545</u>	<u>557,764</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Loans payable:					
State Revolving Fund Loan	1,055,929	-	123,887	932,042	126,119
USDA Loan	1,914,271	-	1,914,271	-	-
CIEDB Loan	3,320,322	-	3,320,322	-	-
<b>Total Loans Payable</b>	<u>6,290,522</u>	<u>-</u>	<u>5,358,480</u>	<u>932,042</u>	<u>126,119</u>
Other liabilities:					
Compensated absences	183,330	96,523	70,941	208,912	52,228
<b>Total Business-Type Activities</b>	<u>6,473,852</u>	<u>96,523</u>	<u>5,429,421</u>	<u>1,140,954</u>	<u>178,347</u>
<b>Total Long-Term Liabilities</b>	<u>\$ 8,088,683</u>	<u>\$ 2,606,719</u>	<u>\$ 5,951,903</u>	<u>\$ 4,743,499</u>	<u>\$ 736,111</u>

**Loans**

***CalPERS Refunding Loan***

In October 2012, the City refinanced an existing \$1.9 million pension side fund obligation for its participation in the California Public Employees Retirement System (CalPERS). This obligation had not previously been reported in the financial statements as it was computed by CalPERS as a component of annual retirement expense. The pension side fund liability was being amortized through 2020. The refinance of the obligation is estimated to save the City approximately \$99,000 through 2020.

The loan is collateralized by a pledge of the gross revenues of the City.

Principal and interest paid in the current year was \$85,746, while total pledged revenues were \$14,954,268. Total principal and interest remaining on the loan is \$2,171,549, which is the amount of the remaining dedicated source of revenues pledged.

***State Revolving Fund Loan***

During the year ended June 30, 1999, the City Council authorized the upgrade and expansion of the waste water treatment plant, and granted the authority to apply for and accept a state revolving fund loan to fund a portion of that expansion. A loan of \$2,902,104 was approved by the State Revolving Fund Loan Program which is administered for the State of California by the State Water Resources Control Board. The loan amount is to be repaid in full no later than 20 years after the completion of construction. Project construction was completed on September 2, 1999. Repayment in 20 annual installments began on September 2, 2000. The disbursement of the loan proceeds was handled in a manner similar to a line of credit. The total disbursements under the loan amounted to \$2,382,042. The effective interest rate on the loan is 1.8%.

The loan is collateralized by a pledge of revenues derived and to be derived from the monthly user charges of the waste water system, as dedicated by City resolution.

Principal and interest paid in the current year was \$142,923, while total pledged system revenues were \$2,893,933. Total principal and interest remaining on the loan is \$1,000,461, which is the amount of the remaining dedicated source of revenues pledged.

***USDA Loan***

As part of the waste water treatment plant upgrade and expansion, the City Council also granted the authority to apply for and accept a loan from the U.S. Department of Agriculture. A loan of \$2,335,530 was approved upon the completion of the waste water treatment plant by the Water and Waste Disposal Systems for Rural Communities Program. The Program is administered by Rural Development, an agency of the U.S. Department of Agriculture. Repayment in 40 annual installments began on November 1, 2000. The effective interest rate on the loan is 3.25% with interest payments due semi-annually each May 1st and November 1. The loan was paid off during the year.

***CIEDB Loan***

During the year ended June 30, 2006, the City Council authorized the upgrade of the water system to include a three million gallon water tank and granted the authority to apply for and accept a loan from the California Infrastructure and Economic Development Bank to fund the upgrade. A loan of \$3,941,700 was approved by the California Infrastructure and Economic Development Bank. The loan amount is to be repaid over a 30-year period from the effective date of the loan, which was July 20, 2004. The loan called for semi-annual payments of interest only through February 1, 2006. Effective August 1, 2006, the loan called for semi-annual payments of interest, each February 1st and August 1st, and annual payments of principal each August 1st, with the first principal payment due on August 1, 2006. The effective interest rate on the loan is 3.07%. The disbursement of the loan proceeds were handled in a manner similar to a line of credit. Total disbursements under the loan amounted to \$3,941,700. The loan was paid off during the year.

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**Long-Term Debt Summary**

**Governmental Activities:**

Year Ending June 30	Principal	Interest	Total
2014	\$ 248,000	\$ 71,214	\$ 319,214
2015	262,000	61,405	323,405
2016	283,000	50,993	333,993
2017	245,000	40,307	285,307
2018	263,000	30,595	293,595
2019-2023	587,000	29,036	616,036
<b>Total</b>	<b>\$ 1,888,000</b>	<b>\$ 283,550</b>	<b>\$ 2,171,550</b>

**Business-Type Activities:**

Year Ending June 30	Principal	Interest	Total
2014	\$ 126,118	\$ 16,805	\$ 142,923
2015	128,392	14,531	142,923
2016	130,707	12,216	142,923
2017	133,064	9,859	142,923
2018	135,463	7,460	142,923
2019-2023	278,298	7,548	285,846
<b>Total</b>	<b>\$ 932,042</b>	<b>\$ 68,419</b>	<b>\$ 1,000,461</b>

**Interest Expense**

The total interest incurred for the year ended June 30, 2013, was \$102,976. Interest charged to expense has been included as a component of the direct expenses of individual functions on the government-wide statement of activities as the underlying debt has objectives that can be connected to specific programs.

**Other Postemployment Benefits (OPEB) Obligation**

The City's actuarially determined annual required contribution for the year ended June 30, 2013, was \$126,512, interest on the net OPEB obligation was \$19,747, the adjustment to the Annual Required Contribution (ARC) for the year was \$47,420, and contributions made by the City during the year were \$18,296, which resulted in a net increase in the OPEB obligation of \$80,543 and an ending OPEB obligation of \$475,490. See note 8 for additional information regarding the OPEB obligation and the postemployment benefit plan.

**5. SELF-INSURANCE**

In January 1979, the City became a member of the Northern California Cities Workers' Compensation Fund, a Joint Powers Authority (JPA), for the purpose of providing a banking plan for member cities to provide their own workers' compensation insurance.

In July 1981, the JPA instituted a program for the provision of liability insurance. In 1987, the JPA was rewritten and renamed the Northern California Cities Self-Insurance Fund to combine and update the coverages of the plans. There has been no significant reduction in any of the insurance coverages from the prior year. Settled claims resulting from these programs have not exceeded insurance coverage in each of the past three fiscal years. The current agreement is as follows:

The Workers' Compensation Program comprises a banking or deductible layer for claims up to \$100,000 and a shared risk pool for claims from \$100,000 to \$500,000. Excess coverage is provided for claims over the shared risk layer up to the statutory limit for workers' compensation and \$5,000,000 for employers' liability. The liability program comprises a banking or deductible layer for claims up to \$50,000 and a shared risk pool for claims from \$50,000 to \$1,000,000. Excess coverage is provided for liability claims over the shared risk layer up to \$40,000,000.

Each member city is assessed a contribution which is intended to cover its share of the Authority's claims, operating costs, and claim settlement expenses. Contributions are based on an actuarially determined rate for each coverage layer (pool), based on an estimate of the probable losses and expenses to be borne by that pool for the claim year. Additional cash contributions may be assessed on the basis of adverse loss experience. Refunds to members may be made if funds are determined to be surplus as a result of an actuarial study.

The banking or deductible layer is the member's deductible portion of each claim. As part of its services to members, a portion of the members' contributions is used to pay their deductibles. If a member's balance is insufficient, the Authority advances the necessary amounts and bills the member in the following year. Excess balances may likewise be used to offset subsequent year contributions.

The City uses the "general fund" method to account for the costs of self-insurance. While the ultimate amount of the costs of self-insurance through June 30, 2013, is dependent on future developments, City management believes that the aggregate premiums paid to the JPA are adequate to cover the City's losses through June 30, 2013, including incurred but not reported claims (IBNRs). Claims paid for the workers' compensation and general liability programs for the fiscal year ended June 30, 2013, were \$365,262 and \$71,105, respectively.

It is the City's policy not to record the fluctuations in its banking layer. As of June 30, 2013, the City had not recorded a liability or an asset in its funds for anticipated workers' compensation claims, while the JPA reported that the City has a deficit in its workers' compensation program in the amount of \$6,679. In addition, the City had not recorded a liability or an asset for general liability claims in its funds while the JPA reported that the City had a surplus of \$9,159 for its general liability program.

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*City of Red Bluff*

**6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**  
**Interfund Balances**

The following is a summary of interfund balances as of June 30, 2013:

	<b>Due From Other Funds</b>	<b>Due to Other Funds</b>	<b>Internal Balances</b>
<b>GOVERNMENTAL ACTIVITIES</b>			
Nonmajor governmental	\$ 216,735	\$ 323,449	\$ (106,714)
<b>Total Governmental Activities</b>	<b>216,735</b>	<b>323,449</b>	<b>(106,714)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>			
Water	147,047	-	147,047
Nonmajor enterprise	-	40,333	(40,333)
<b>Total Business-Type Activities</b>	<b>147,047</b>	<b>40,333</b>	<b>106,714</b>
<b>Total Government-Wide Statement</b>	<b>\$ 363,782</b>	<b>\$ 363,782</b>	<b>\$ -</b>

**Transfers**

The following is a summary of transfers for the year ended June 30, 2013:

	<b>Operating Transfers In</b>	<b>Operating Transfers Out</b>	<b>Net Transfers</b>
<b>GOVERNMENTAL ACTIVITIES</b>			
General	\$ 589,411	\$ 187,751	\$ 401,660
Traffic control impact fee	-	24,455	(24,455)
Nonmajor governmental	903,931	1,126,625	(222,694)
<b>Total Governmental Activities</b>	<b>1,493,342</b>	<b>1,338,831</b>	<b>154,511</b>
<b>BUSINESS-TYPE ACTIVITIES</b>			
Waste water	257,508	236,994	20,514
Water	-	243,556	(243,556)
Nonmajor enterprise	170,985	102,454	68,531
<b>Total Business-Type Activities</b>	<b>428,493</b>	<b>583,004</b>	<b>(154,511)</b>
<b>Total Government-Wide Statement</b>	<b>\$ 1,921,835</b>	<b>\$ 1,921,835</b>	<b>\$ -</b>

The City's routine transfers include transfers made to move: (a) unrestricted revenues or balances that have been collected or accumulated in the General Fund to other funds based on budgetary authorization, and (b) revenues from a fund that by statute or budgetary authority must collect them to funds that are required by statute or budgetary authority to expend them. All transfers during the year were routine and all balances are expected to be collected in the subsequent year.



**7. RETIREMENT PLAN**

The California Public Employees Retirement System (CalPERS) funding progress information for the City has been consolidated by CalPERS with other cities with less than 100 employees. Therefore, this information is not available solely for the City's funding progress and thus has not been presented in these financial statements.

**Plan Descriptions**

The City contributes to CalPERS, a cost-sharing, multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of CalPERS' annual financial report may be obtained from their Executive Office, 400 Q Street, Sacramento, California 95811.

**Funding Policy**

Participants are required to contribute 7.000% (9.000% for safety employees) of their annual covered salary. For some bargaining units, the City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 6.736% for miscellaneous employees, 26.812% for safety fire plan employees, 42.367% for safety police plan tier one employees, and 20.099% for safety police plan tier two employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

**Existing Pension Obligation – Pension Side Fund**

At the time of joining the CalPERS Safety Risk Pool, an employer side fund was created to account for the difference between the funded status of the pool and the funded status of the City's plan. The side fund used the actuarial assumption of a 7.75% investment return and it was amortized on a closed basis, ending in 2020. In October 2012, the City refinanced the existing \$1.9 million pension side fund obligation with amortized payments through 2020 and a 5% rate (see notes 1 and 4). The net side fund pension expense for the year ended June 30, 2013 was \$1,888,445.

**Annual Pension Cost**

For the fiscal year ended June 30, 2013, the City's annual pension cost of \$783,895 was equal to the City's actual and required contributions. The required contribution was determined as part of the June 30, 2010, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included: (a) 7.75% investment rate of return (net of administrative expenses), and (b) projected salary increases of 3.55% to 14.45%. Both (a) and (b) include an inflation component of 3.00% and a payroll growth component of 3.25%. The actuarial value of CalPERS' assets was determined using a technique that smooths the effect of short-term volatility in the market value of investments over a 30-year period. The amortization method is the Level Percent of Payroll method. The amortization period is a closed period and varies between the different plans of the City. For the fiscal year ended June 30, 2013, the amortization periods were 15 years for the miscellaneous plan, 16 years for the safety police plans, and 12 years for the safety fire plan.

**Three-Year Trend Information for CalPERS**

*Miscellaneous Plan*

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 135,964	100%	\$ -
2012	\$ 162,763	100%	\$ -
2013	\$ 147,280	100%	\$ -

*Safety Fire Plan*

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 127,130	100%	\$ -
2012	\$ 195,821	100%	\$ -
2013	\$ 167,902	100%	\$ -

*Safety Police Plan - Tier One*

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 430,641	100%	\$ -
2012	\$ 521,821	100%	\$ -
2013	\$ 395,241	100%	\$ -

*Safety Police Plan - Tier Two*

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ -	-	\$ -
2012	\$ 20,742	100%	\$ -
2013	\$ 73,472	100%	\$ -

**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

The City provides postemployment healthcare benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the City.

**NOTES TO THE FINANCIAL  
STATEMENTS**

June 30, 2013

*City of Red Bluff*

**Plan Description**

The City of Red Bluff Retirement Health Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the City. The City provides certain medical, dental, and vision insurance coverage to all employees who retire from the City, and meet the age and service requirement for eligibility. Benefits are provided from age 55 to 65. The City pays 100% of the eligible retirees' medical plan premiums up to a cap which ranges by bargaining unit from \$120 to \$160 per month. As of June 30, 2013, membership of the Plan consists of 10 retirees currently receiving benefits and 67 eligible active plan members.

**Funding Policy**

The contribution requirements of plan members and the City are based on a pay-as-you-go basis. For the year ended June 30, 2013, the City paid \$18,296 on behalf of its retirees.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding costs) over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation to the Plan:

Annual Required Contribution (ARC)	\$ 126,512
Interest on obligation from prior year	19,747
Adjustment to ARC	(47,420)
<b>Annual OPEB Cost for the Year</b>	<b>98,839</b>
Contributions made for the year	(18,296)
<b>Increase in Net OPEB Obligation</b>	<b>80,543</b>
<b>Net OPEB Obligation - Beginning of the Year</b>	<b>394,947</b>
<b>Net OPEB Obligation - End of Year</b>	<b>\$ 475,490</b>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the last three fiscal years is as follows:

June 30	2013	2012	2011
Annual OPEB cost	\$ 98,839	\$ 140,455	\$ 123,439
Percentage of annual OPEB costs contributed	18.51%	17.34%	10.21%
Net OPEB obligation - end of year	\$ 475,490	\$ 394,947	\$ 278,852

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2013

*City of Red Bluff*

**Funded Status Information**

The City’s funding status information is illustrated as follows:

	<b>November 17, 2011</b>
Actuarial accrued liability (AAL)	\$ 957,452
Actuarial value of plan assets	-
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>\$ 957,452</b>
Actuarial value of plan assets as a percentage of AAL	0%
Covered payroll	\$ 4,933,449
<b>UAAL as Percentage of Covered Payroll</b>	<b>19.41%</b>

As of June 30, 2013, the City has not set aside any amounts in an external trust fund.

**Actuarial Methods and Assumptions**

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefits costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the November 17, 2011, actuarial valuation, the entry-age normal cost method was used. The actuarial assumptions included a 5.0% discount rate, 3.0% price inflation, 3.0% wage inflation, and an annual cost trend rate of 4.0%. Unfunded actuarial accrued liabilities are amortized to produce payments (principal and interest), which are a level percent of payroll over a 30-year period.

**9. FUND BALANCE/RETAINED EARNINGS**

At June 30, 2013, the funds listed below reported deficit fund balances or retained earnings:

<b>GOVERNMENTAL FUNDS</b>	
Fire Protection Capital Improvement Fund	\$ 69,626

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2013

*City of Red Bluff*

As of June 30, 2013, fund balances are composed of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Prepaid items	\$ 9,057	\$ -	\$ -	\$ -
Contingency	-	-	-	700,000
Traffic Control Impact Fee Fund:				
Traffic Control Impact Fee	-	1,900,568	-	23,341
Grants Program Income Fund:				
Long-term receivables	4,144,832	-	-	-
Grants	-	177,477	-	-
Other Governmental Funds:				
Long-term receivables	5,145	-	-	-
Transportation	-	1,146,121	-	7,352
Water Capital Impact Fees	-	648,537	-	3,468
Waste Water Facility Impact Fees	-	582,529	-	4,097
Waste Water Collection Impact Fees	-	527,554	-	2,778
Flood Protection Impact Fees	-	213,547	-	2,668
PEGS Fees	-	117,059	-	1,205
City Admin and Equipment Impact Fees	-	112,204	-	1,347
Prop 30 (Public Safety) Revenue	-	45,766	-	189
Meadow Brook Street Fees	-	41,184	-	419
Police Protection Impact Fees	-	39,620	-	438
Airport Impact Fees	-	38,427	-	485
Broadcast Labor Fees	-	20,000	-	143
Prop 1B (Roads) Revenue	-	8,108	-	1,251
Park Capital Improvement Fees	-	6,748	-	643
Waste Water Treatment Plant Capital Reserves	-	-	813,210	7,419
Transportation - City Design Fees	-	219,954	-	2,197
Grants	-	-	187,821	-
General Plan Update	-	-	85,113	810
Public Safety Fees	-	-	-	-
Senior Nutrition Program Revenue	-	-	-	-
<b>Total</b>	<u>\$ 4,159,034</u>	<u>\$ 5,845,403</u>	<u>\$ 1,086,144</u>	<u>\$ 760,250</u>

**10. LANDFILL JOINT POWERS AGENCIES**

The City is a member of the Tehama County Sanitary Landfill Agency (the Landfill Agency), which was formed in May 1989 by an agreement between the County of Tehama, the City of Corning, the City of Tehama, and the City of Red Bluff. The Landfill Agency is responsible for closure and postclosure of the landfill. The Landfill Agency has previously collected assessments from property in the County and is currently holding those funds in order to have funds available to finance the work necessary for closure and postclosure monitoring.

In 1997, the City, along with the County of Tehama, formed the Tehama County/Red Bluff Landfill Management Agency (the Management Agency). The Management Agency was formed to govern the operation and management of the landfill. The City and the County of Tehama each have a 50% ownership interest in the landfill.

Complete financial statements for the two Agencies may be obtained from the Agencies.

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2013

*City of Red Bluff*

**11. CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is involved in various litigation; however, in the City Attorney's opinion, the potential claims against the City resulting from such litigation would not materially affect the accompanying financial statements.

**12. CONSTRUCTION COMMITMENTS**

At June 30, 2013, the City had commitments outstanding, in the form of contracts and purchase orders, of approximately \$95,305 for construction.

**13. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2013, expenditures exceeded appropriations in the following funds:

General Fund	\$ 1,763,591
Grant Program Income Fund	\$ 46,175

Expenditures in the General Fund exceeded the budget amount because in October 2012, the City issued long-term debt in the amount of \$1,948,000 for the purpose of paying off the side fund obligation in existence for the City's Safety Fire and Police Plans with the California Public Employees Retirement System. In accordance with GASB Statement No. 27, the one-time payoff amount of \$1,948,000 is reported as an expenditure within the fire and police public safety categories. The over-expenditure in the General Fund was funded by the debt issued.

The over-expenditure in the Grant Program Income Fund was funded by available fund balance.

**14. CHANGE IN ACCOUNTING PRINCIPLES**

The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective July 1, 2012. There was no effect on net position.

The City early implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective July 1, 2012. There was no effect on net position.

**15. IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS**

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. This statement replaces requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50, *Pension Disclosures*, related to defined benefit pension plans and defined contribution pension plans administered through trusts or similar arrangements. The object of this statement is to establish standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses or expenditures. For defined benefit pension plans, this statement will identify methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This objective will result in revised methods of measurement and recognition, the reporting of a net pension liability on the statement of net position, and enhanced note disclosures and required supplementary information. The provisions of GASB Statement No. 68 are effective for fiscal years beginning after June 15, 2014. The City has not yet determined the effect this statement will have on its financial statements.

**Combining and Individual Fund Financial Statements**



**SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

*Traffic Safety Fund:* This fund accounts for revenues and expenditures restricted for traffic safety improvement by police.

*Charter – PEG Fees Fund:* This fund accounts for revenues and expenditures restricted for promoting public, education, and governmental television programming.

*Public Safety Fund:* This fund accounts for the revenues and expenditures restricted for public safety by police and fire.

*Broadcasting Labor Fund:* This fund accounts for revenues and expenditures restricted for labor costs associated with installing equipment for publicizing City Council meetings.

*Proposition 30 Fund:* This fund accounts for revenues and expenditures restricted for public safety use by police.

*Asset Forfeiture Fund:* This fund accounts for the seizure of funds by police officers.

*Local Transportation Fund (LTF):* This fund accounts for LTF revenues and expenditures restricted for use in maintenance, repairs, and improvements of the street system of the City.

*Special Gas Tax Fund:* This fund accounts for gas tax revenues and expenditures restricted for use in maintenance, repairs, and improvements of the street system of the City.

*Intermodal Surface Transportation Efficiency Act (ISTEA) Revenue Fund:* This fund accounts for ISTEA revenues and expenditures restricted for use in maintenance, repairs, and improvements of the street system of the City

*Transportation Fund:* This fund accounts for revenues and expenditures restricted for use in maintenance, repairs, and improvements of the street system of the City.

*Senior Nutrition Program Fund:* This fund accounts for revenues and expenditures restricted for operation of the senior nutrition program.

*Grants Fund:* This fund accounts for revenues and expenditures restricted for grant use by the State and Federal governments.

**CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

*General Plan Update Fund:* This fund accounts for the revenues and expenditures for the general plan updated by the planning department of the City.

*Transportation City Design Fund:* This fund accounts for revenue and expenditures for City design/development of streets.

*Waste Water Treatment Plant Capital Reserve Fund:* This fund accounts for revenues and expenditures for capital improvements of the Waste Water Treatment Plant.

*Flood Protection Capital Improvement Fund:* This fund accounts for impact fees restricted for improvements of the flood protection system of the City.

*Fire Protection Capital Improvement Fund:* This fund accounts for impact fees restricted for improvements of the fire protection facilities and equipment of the City.

*Police Protection Capital Improvement Fund:* This fund accounts for impact fees restricted for improvements of the police protection facilities and equipment of the City.

*City Administration and Equipment Capital Improvement Fund:* This fund accounts for impact fees restricted for improvements of the general municipal facilities of the City.

*Meadowbrook Street Capital Projects Fund:* This fund accounts for revenues and expenditures restricted for repairs and maintenance of Meadowbrook Street.

*Proposition 1B Capital Fund:* This fund accounts for revenues and expenditures restricted for use in maintenance, repair, and improvements of the street system of the City.

*Waste Water Treatment Plant Capital Improvement Fund:* This fund accounts for impact fees restricted for improvements of the Waste Water Treatment Plant.

*Waste Water Collection System Capital Improvement Fund:* This fund accounts for impact fees restricted for improvements of the Waste Water Collection System.

*Water Capital Improvement Fund:* This fund accounts for impact fees restricted for improvements of the water system of the City.

*Airport Capital Improvement Fund:* This fund accounts for impact fees restricted for improvements of the airport of the City.

*Parks and Recreation Facilities Capital Improvement Fund:* This fund accounts for impact fees restricted for improvements of the parks and recreation facilities of the City.

**COMBINING BALANCE SHEET –  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2013	<b>Special Revenue</b>				
	<b>Traffic Safety Fund</b>	<b>Charter - PEG Fees Fund</b>	<b>Public Safety Fund</b>	<b>Broadcasting Labor Fund</b>	<b>Balance Forward</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 114,332	\$ -	\$ 20,139	\$ 134,471
Receivables:					
Accounts	6	3,932	20	4	3,962
Loans	-	-	-	-	-
Due from other governments	2,127	-	10,751	-	12,878
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 2,133</b>	<b>\$ 118,264</b>	<b>\$ 10,771</b>	<b>\$ 20,143</b>	<b>\$ 151,311</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	2,133	-	10,771	-	12,904
<b>Total Liabilities</b>	<b>2,133</b>	<b>-</b>	<b>10,771</b>	<b>-</b>	<b>12,904</b>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	-	-	-	-	-
Restricted	-	117,059	-	20,000	137,059
Committed	-	-	-	-	-
Assigned	-	1,205	-	143	1,348
Unassigned	-	-	-	-	-
<b>Total Fund Balances (Deficit)</b>	<b>-</b>	<b>118,264</b>	<b>-</b>	<b>20,143</b>	<b>138,407</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,133</b>	<b>\$ 118,264</b>	<b>\$ 10,771</b>	<b>\$ 20,143</b>	<b>\$ 151,311</b>

*The accompanying notes are an integral part of these financial statements.*

**COMBINING BALANCE SHEET –  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2013	<b>Balance Brought Forward</b>	<b>Proposition 30 Fund</b>	<b>Asset Forfeiture Fund</b>	<b>Local Transportation Fund</b>	<b>Special Revenue Balance Forward</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 134,471	\$ 45,945	\$ 7,761	\$ -	\$ 188,177
Receivables:					
Accounts	3,962	10	2	24	3,998
Loans	-	-	-	-	-
Due from other governments	12,878	-	-	80,696	93,574
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 151,311</b>	<b>\$ 45,955</b>	<b>\$ 7,763</b>	<b>\$ 80,720</b>	<b>\$ 285,749</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 1,739	\$ 1,739
Accrued payroll and benefits	-	-	-	-	-
Other liabilities	-	-	7,763	-	7,763
Due to other funds	12,904	-	-	78,981	91,885
<b>Total Liabilities</b>	<b>12,904</b>	<b>-</b>	<b>7,763</b>	<b>80,720</b>	<b>101,387</b>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	-	-	-	-	-
Restricted	137,059	45,766	-	-	182,825
Committed	-	-	-	-	-
Assigned	1,348	189	-	-	1,537
Unassigned	-	-	-	-	-
<b>Total Fund Balances (Deficit)</b>	<b>138,407</b>	<b>45,955</b>	<b>-</b>	<b>-</b>	<b>184,362</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 151,311</b>	<b>\$ 45,955</b>	<b>\$ 7,763</b>	<b>\$ 80,720</b>	<b>\$ 285,749</b>

*The accompanying notes are an integral part of these financial statements.*

**COMBINING BALANCE SHEET –  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2013	<b>Balance Brought Forward</b>	<b>Special Gas Tax Fund</b>	<b>ISTEA Revenue Fund</b>	<b>Transportation Fund</b>	<b>Special Revenue Balance Forward</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 188,177	\$ -	\$ -	\$ 955,991	\$ 1,144,168
Receivables:					
Accounts	3,998	79	-	4,983	9,060
Loans	-	-	-	-	-
Due from other governments	93,574	25,814	111,862	-	231,250
Due from other funds	-	-	-	216,735	216,735
<b>Total Assets</b>	<b>\$ 285,749</b>	<b>\$ 25,893</b>	<b>\$ 111,862</b>	<b>\$ 1,177,709</b>	<b>\$ 1,601,213</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 1,739	\$ -	\$ -	\$ 14,986	\$ 16,725
Accrued payroll and benefits	-	-	-	7,973	7,973
Other liabilities	7,763	-	-	1,277	9,040
Due to other funds	91,885	25,893	111,862	-	229,640
<b>Total Liabilities</b>	<b>101,387</b>	<b>25,893</b>	<b>111,862</b>	<b>24,236</b>	<b>263,378</b>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	-	-	-	-	-
Restricted	182,825	-	-	1,146,121	1,328,946
Committed	-	-	-	-	-
Assigned	1,537	-	-	7,352	8,889
Unassigned	-	-	-	-	-
<b>Total Fund Balances (Deficit)</b>	<b>184,362</b>	<b>-</b>	<b>-</b>	<b>1,153,473</b>	<b>1,337,835</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 285,749</b>	<b>\$ 25,893</b>	<b>\$ 111,862</b>	<b>\$ 1,177,709</b>	<b>\$ 1,601,213</b>

*The accompanying notes are an integral part of these financial statements.*

**COMBINING BALANCE SHEET –  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2013	<b>Special Revenue</b>			
	<b>Balance Brought Forward</b>	<b>Senior Nutrition Program Fund</b>	<b>Grants Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,144,168	\$ 35	\$ 125,334	\$ 1,269,537
Receivables:				
Accounts	9,060	-	246	9,306
Loans	-	-	5,145	5,145
Due from other governments	231,250	31,276	66,742	329,268
Due from other funds	216,735	-	-	216,735
<b>Total Assets</b>	<b>\$ 1,601,213</b>	<b>\$ 31,311</b>	<b>\$ 197,467</b>	<b>\$ 1,829,991</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 16,725	\$ 7,113	\$ 4,501	\$ 28,339
Accrued payroll and benefits	7,973	-	-	7,973
Other liabilities	9,040	-	-	9,040
Due to other funds	229,640	24,198	-	253,838
<b>Total Liabilities</b>	<b>263,378</b>	<b>31,311</b>	<b>4,501</b>	<b>299,190</b>
<b>FUND BALANCES (DEFICIT)</b>				
Nonspendable	-	-	5,145	5,145
Restricted	1,328,946	-	-	1,328,946
Committed	-	-	187,821	187,821
Assigned	8,889	-	-	8,889
Unassigned	-	-	-	-
<b>Total Fund Balances (Deficit)</b>	<b>1,337,835</b>	<b>-</b>	<b>192,966</b>	<b>1,530,801</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,601,213</b>	<b>\$ 31,311</b>	<b>\$ 197,467</b>	<b>\$ 1,829,991</b>

*The accompanying notes are an integral part of these financial statements.*

**COMBINING BALANCE SHEET –  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2013	<b>Capital Projects</b>				<b>Balance Forward</b>
	<b>General Plan Update Fund</b>	<b>Transportation City Design Fund</b>	<b>Waste Water Treatment Plant Capital Reserve Fund</b>	<b>Flood Protection Capital Improvement Fund</b>	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 85,906	\$ 222,104	\$ 820,454	\$ 216,169	\$ 1,344,633
Receivables:					
Accounts	17	47	175	46	285
Loans	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 85,923</b>	<b>\$ 222,151</b>	<b>\$ 820,629</b>	<b>\$ 216,215</b>	<b>\$ 1,344,918</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	-	-	-	-	-
Restricted	-	219,954	-	213,547	433,501
Committed	85,113	-	813,210	-	898,323
Assigned	810	2,197	7,419	2,668	13,094
Unassigned	-	-	-	-	-
<b>Total Fund Balances (Deficit)</b>	<b>85,923</b>	<b>222,151</b>	<b>820,629</b>	<b>216,215</b>	<b>1,344,918</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 85,923</b>	<b>\$ 222,151</b>	<b>\$ 820,629</b>	<b>\$ 216,215</b>	<b>\$ 1,344,918</b>

*The accompanying notes are an integral part of these financial statements.*

**COMBINING BALANCE SHEET –  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2013	<b>Capital Projects</b>				
	<b>Balance Brought Forward</b>	<b>Fire Protection Capital Improvement Fund</b>	<b>Police Protection Capital Improvement Fund</b>	<b>City Administration and Equipment Capital Improvement Fund</b>	<b>Balance Forward</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,344,633	\$ -	\$ 40,049	\$ 125,413	\$ 1,510,095
Receivables:					
Accounts	285	-	9	27	321
Loans	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,344,918</b>	<b>\$ -</b>	<b>\$ 40,058</b>	<b>\$ 125,440</b>	<b>\$ 1,510,416</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 15	\$ -	\$ 11,889	\$ 11,904
Accrued payroll and benefits	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	69,611	-	-	69,611
<b>Total Liabilities</b>	<b>-</b>	<b>69,626</b>	<b>-</b>	<b>11,889</b>	<b>81,515</b>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	-	-	-	-	-
Restricted	433,501	-	39,620	112,204	585,325
Committed	898,323	-	-	-	898,323
Assigned	13,094	-	438	1,347	14,879
Unassigned	-	(69,626)	-	-	(69,626)
<b>Total Fund Balances (Deficit)</b>	<b>1,344,918</b>	<b>(69,626)</b>	<b>40,058</b>	<b>113,551</b>	<b>1,428,901</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,344,918</b>	<b>\$ -</b>	<b>\$ 40,058</b>	<b>\$ 125,440</b>	<b>\$ 1,510,416</b>

*The accompanying notes are an integral part of these financial statements.*



**COMBINING BALANCE SHEET –  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2013	<b>Capital Projects</b>				
	<b>Balance Brought Forward</b>	<b>Meadowbrook Street Capital Projects Fund</b>	<b>Proposition 1B Capital Fund</b>	<b>Waste Water Treatment Plant Capital Improvement Fund</b>	<b>Balance Forward</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,510,095	\$ 41,594	\$ 9,357	\$ 595,287	\$ 2,156,333
Receivables:					
Accounts	321	9	2	125	457
Loans	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,510,416</b>	<b>\$ 41,603</b>	<b>\$ 9,359</b>	<b>\$ 595,412</b>	<b>\$ 2,156,790</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 11,904	\$ -	\$ -	\$ 8,786	\$ 20,690
Accrued payroll and benefits	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	69,611	-	-	-	69,611
<b>Total Liabilities</b>	<b>81,515</b>	<b>-</b>	<b>-</b>	<b>8,786</b>	<b>90,301</b>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	-	-	-	-	-
Restricted	585,325	41,184	8,108	582,529	1,217,146
Committed	898,323	-	-	-	898,323
Assigned	14,879	419	1,251	4,097	20,646
Unassigned	(69,626)	-	-	-	(69,626)
<b>Total Fund Balances (Deficit)</b>	<b>1,428,901</b>	<b>41,603</b>	<b>9,359</b>	<b>586,626</b>	<b>2,066,489</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,510,416</b>	<b>\$ 41,603</b>	<b>\$ 9,359</b>	<b>\$ 595,412</b>	<b>\$ 2,156,790</b>

*The accompanying notes are an integral part of these financial statements.*

**COMBINING BALANCE SHEET –  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2013	<b>Capital Projects</b>				
	<b>Balance Brought Forward</b>	<b>Waste Water Collection System Capital Improvement Fund</b>	<b>Water Capital Improvement Fund</b>	<b>Airport Capital Improvement Fund</b>	<b>Balance Forward</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,156,333	\$ 530,219	\$ 651,866	\$ 38,904	\$ 3,377,322
Receivables:					
Accounts	457	113	139	8	717
Loans	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 2,156,790</b>	<b>\$ 530,332</b>	<b>\$ 652,005</b>	<b>\$ 38,912</b>	<b>\$ 3,378,039</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 20,690	\$ -	\$ -	\$ -	\$ 20,690
Accrued payroll and benefits	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	69,611	-	-	-	69,611
<b>Total Liabilities</b>	<b>90,301</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,301</b>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	-	-	-	-	-
Restricted	1,217,146	527,554	648,537	38,427	2,431,664
Committed	898,323	-	-	-	898,323
Assigned	20,646	2,778	3,468	485	27,377
Unassigned	(69,626)	-	-	-	(69,626)
<b>Total Fund Balances (Deficit)</b>	<b>2,066,489</b>	<b>530,332</b>	<b>652,005</b>	<b>38,912</b>	<b>3,287,738</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,156,790</b>	<b>\$ 530,332</b>	<b>\$ 652,005</b>	<b>\$ 38,912</b>	<b>\$ 3,378,039</b>

*The accompanying notes are an integral part of these financial statements.*

**COMBINING BALANCE SHEET –  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2013	Capital Projects			Total Nonmajor Governmental Funds
	Balance Brought Forward	Parks and Recreation Facilities Capital Improvement Fund	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,377,322	\$ 7,389	\$ 3,384,711	\$ 4,654,248
Receivables:				
Accounts	717	2	719	10,025
Loans	-	-	-	5,145
Due from other governments	-	-	-	329,268
Due from other funds	-	-	-	216,735
<b>Total Assets</b>	<b>\$ 3,378,039</b>	<b>\$ 7,391</b>	<b>\$ 3,385,430</b>	<b>\$ 5,215,421</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 20,690	\$ -	\$ 20,690	\$ 49,029
Accrued payroll and benefits	-	-	-	7,973
Other liabilities	-	-	-	9,040
Due to other funds	69,611	-	69,611	323,449
<b>Total Liabilities</b>	<b>90,301</b>	<b>-</b>	<b>90,301</b>	<b>389,491</b>
<b>FUND BALANCES (DEFICIT)</b>				
Nonspendable	-	-	-	5,145
Restricted	2,431,664	6,748	2,438,412	3,767,358
Committed	898,323	-	898,323	1,086,144
Assigned	27,377	643	28,020	36,909
Unassigned	(69,626)	-	(69,626)	(69,626)
<b>Total Fund Balances (Deficit)</b>	<b>3,287,738</b>	<b>7,391</b>	<b>3,295,129</b>	<b>4,825,930</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,378,039</b>	<b>\$ 7,391</b>	<b>\$ 3,385,430</b>	<b>\$ 5,215,421</b>

*The accompanying notes are an integral part of these financial statements.*

**COMBINING STATEMENT OF  
REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES –  
NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2013	Traffic Safety Fund	Charter - PEG Fees Fund	Public Safety Fund	Broadcasting Labor Fund	Special Revenue Balance Forward
<b>REVENUES</b>					
Other taxes	\$ -	\$ -	\$ 85,554	\$ -	\$ 85,554
Fines, forfeitures, and penalties	27,566	-	-	-	27,566
Use of money and property	69	582	210	109	970
Intergovernmental revenue	-	-	-	-	-
Other revenues	-	15,613	-	-	15,613
<b>Total Revenues</b>	<b>27,635</b>	<b>16,195</b>	<b>85,764</b>	<b>109</b>	<b>129,703</b>
<b>EXPENDITURES</b>					
Current:					
Police public safety	-	-	-	-	-
Transportation and streets	-	-	-	-	-
Senior nutrition program	-	-	-	-	-
Grants and program income	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Interest	-	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>27,635</b>	<b>16,195</b>	<b>85,764</b>	<b>109</b>	<b>129,703</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	(27,635)	-	(85,764)	-	(113,399)
<b>Total Other Financing Sources (Uses)</b>	<b>(27,635)</b>	<b>-</b>	<b>(85,764)</b>	<b>-</b>	<b>(113,399)</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>16,195</b>	<b>-</b>	<b>109</b>	<b>16,304</b>
<b>Fund Balances (Deficit) - Beginning of Year</b>	<b>-</b>	<b>102,069</b>	<b>-</b>	<b>20,034</b>	<b>122,103</b>
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ -</b>	<b>\$ 118,264</b>	<b>\$ -</b>	<b>\$ 20,143</b>	<b>\$ 138,407</b>

*The accompanying notes are an integral part of these financial statements.*

**COMBINING STATEMENT OF  
REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES –  
NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2013					Special Revenue
	Balance Brought Forward	Proposition 30 Fund	Asset Forfeiture Fund	Local Transportation Fund	Balance Forward
<b>REVENUES</b>					
Other taxes	\$ 85,554	\$ -	\$ -	\$ -	\$ 85,554
Fines, forfeitures, and penalties	27,566	-	-	-	27,566
Use of money and property	970	189	-	67	1,226
Intergovernmental revenue	-	91,532	-	195,933	287,465
Other revenues	15,613	-	-	-	15,613
<b>Total Revenues</b>	<b>129,703</b>	<b>91,721</b>	<b>-</b>	<b>196,000</b>	<b>417,424</b>
<b>EXPENDITURES</b>					
Current:					
Police public safety	-	45,766	-	-	45,766
Transportation and streets	-	-	-	7,508	7,508
Senior nutrition program	-	-	-	-	-
Grants and program income	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Interest	-	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>45,766</b>	<b>-</b>	<b>7,508</b>	<b>53,274</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>129,703</b>	<b>45,955</b>	<b>-</b>	<b>188,492</b>	<b>364,150</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	(113,399)	-	-	(188,492)	(301,891)
<b>Total Other Financing Sources (Uses)</b>	<b>(113,399)</b>	<b>-</b>	<b>-</b>	<b>(188,492)</b>	<b>(301,891)</b>
<b>Net Change in Fund Balances</b>	<b>16,304</b>	<b>45,955</b>	<b>-</b>	<b>-</b>	<b>62,259</b>
<b>Fund Balances (Deficit) - Beginning of Year</b>	<b>122,103</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>122,103</b>
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 138,407</b>	<b>\$ 45,955</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 184,362</b>

*The accompanying notes are an integral part of these financial statements.*

**COMBINING STATEMENT OF  
REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES –  
NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2013	<b>Balance Brought Forward</b>	<b>Special Gas Tax Fund</b>	<b>ISTEA Revenue Fund</b>	<b>Transportation Fund</b>	<b>Special Revenue Balance Forward</b>
<b>REVENUES</b>					
Other taxes	\$ 85,554	\$ -	\$ -	\$ 59,433	\$ 144,987
Fines, forfeitures, and penalties	27,566	-	-	-	27,566
Use of money and property	1,226	842	321	3,832	6,221
Intergovernmental revenue	287,465	338,911	111,862	-	738,238
Other revenues	15,613	-	-	-	15,613
<b>Total Revenues</b>	<b>417,424</b>	<b>339,753</b>	<b>112,183</b>	<b>63,265</b>	<b>932,625</b>
<b>EXPENDITURES</b>					
Current:					
Police public safety	45,766	-	-	-	45,766
Transportation and streets	7,508	-	-	671,547	679,055
Senior nutrition program	-	-	-	-	-
Grants and program income	-	-	-	-	-
Capital outlay	-	-	-	8,887	8,887
Debt service:					
Interest	-	-	-	-	-
<b>Total Expenditures</b>	<b>53,274</b>	<b>-</b>	<b>-</b>	<b>680,434</b>	<b>733,708</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>364,150</b>	<b>339,753</b>	<b>112,183</b>	<b>(617,169)</b>	<b>198,917</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	-	-	833,931	833,931
Operating transfers out	(301,891)	(339,753)	(112,183)	(56,308)	(810,135)
<b>Total Other Financing Sources (Uses)</b>	<b>(301,891)</b>	<b>(339,753)</b>	<b>(112,183)</b>	<b>777,623</b>	<b>23,796</b>
<b>Net Change in Fund Balances</b>	<b>62,259</b>	<b>-</b>	<b>-</b>	<b>160,454</b>	<b>222,713</b>
<b>Fund Balances (Deficit) - Beginning of Year</b>	<b>122,103</b>	<b>-</b>	<b>-</b>	<b>993,019</b>	<b>1,115,122</b>
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 184,362</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,153,473</b>	<b>\$ 1,337,835</b>

*The accompanying notes are an integral part of these financial statements.*

**COMBINING STATEMENT OF  
REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES –  
NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2013	Special Revenue			
	Balance Brought Forward	Senior Nutrition Program Fund	Grants Fund	Total
<b>REVENUES</b>				
Other taxes	\$ 144,987	\$ -	\$ -	\$ 144,987
Fines, forfeitures, and penalties	27,566	-	-	27,566
Use of money and property	6,221	-	396	6,617
Intergovernmental revenue	738,238	293,970	234,563	1,266,771
Other revenues	15,613	-	317	15,930
<b>Total Revenues</b>	<b>932,625</b>	<b>293,970</b>	<b>235,276</b>	<b>1,461,871</b>
<b>EXPENDITURES</b>				
Current:				
Police public safety	45,766	-	-	45,766
Transportation and streets	679,055	-	-	679,055
Senior nutrition program	-	292,339	-	292,339
Grants and program income	-	-	8,742	8,742
Capital outlay	8,887	-	312,442	321,329
Debt service:				
Interest	-	-	-	-
<b>Total Expenditures</b>	<b>733,708</b>	<b>292,339</b>	<b>321,184</b>	<b>1,347,231</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>198,917</b>	<b>1,631</b>	<b>(85,908)</b>	<b>114,640</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	833,931	-	70,000	903,931
Operating transfers out	(810,135)	(5,935)	-	(816,070)
<b>Total Other Financing Sources (Uses)</b>	<b>23,796</b>	<b>(5,935)</b>	<b>70,000</b>	<b>87,861</b>
<b>Net Change in Fund Balances</b>	<b>222,713</b>	<b>(4,304)</b>	<b>(15,908)</b>	<b>202,501</b>
<b>Fund Balances (Deficit) - Beginning of Year</b>	<b>1,115,122</b>	<b>4,304</b>	<b>208,874</b>	<b>1,328,300</b>
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 1,337,835</b>	<b>\$ -</b>	<b>\$ 192,966</b>	<b>\$ 1,530,801</b>

*The accompanying notes are an integral part of these financial statements.*

**COMBINING STATEMENT OF  
REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES –  
NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2013					Capital Projects
	General Plan Update Fund	Transportation City Design Fund	Waste Water Treatment Plant Capital Reserve Fund	Flood Protection Capital Improvement Fund	Balance Forward
<b>REVENUES</b>					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties	-	-	-	-	-
Use of money and property	470	1,229	4,437	1,165	7,301
Intergovernmental revenue	-	-	-	-	-
Other revenues	-	-	-	3,362	3,362
<b>Total Revenues</b>	<b>470</b>	<b>1,229</b>	<b>4,437</b>	<b>4,527</b>	<b>10,663</b>
<b>EXPENDITURES</b>					
Current:					
Police public safety	-	-	-	-	-
Transportation and streets	-	-	-	-	-
Senior nutrition program	-	-	-	-	-
Grants and program income	-	-	-	-	-
Capital outlay	-	5,631	-	-	5,631
Debt service:					
Interest	-	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>5,631</b>	<b>-</b>	<b>-</b>	<b>5,631</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>470</b>	<b>(4,402)</b>	<b>4,437</b>	<b>4,527</b>	<b>5,032</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	(7,502)	-	-	-	(7,502)
<b>Total Other Financing Sources (Uses)</b>	<b>(7,502)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,502)</b>
<b>Net Change in Fund Balances</b>	<b>(7,032)</b>	<b>(4,402)</b>	<b>4,437</b>	<b>4,527</b>	<b>(2,470)</b>
<b>Fund Balances (Deficit) - Beginning of Year</b>	<b>92,955</b>	<b>226,553</b>	<b>816,192</b>	<b>211,688</b>	<b>1,347,388</b>
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 85,923</b>	<b>\$ 222,151</b>	<b>\$ 820,629</b>	<b>\$ 216,215</b>	<b>\$ 1,344,918</b>

*The accompanying notes are an integral part of these financial statements.*



**COMBINING STATEMENT OF  
REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES –  
NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2013	<b>Capital Projects</b>				
	<b>Balance Brought Forward</b>	<b>Fire Protection Capital Improvement Fund</b>	<b>Police Protection Capital Improvement Fund</b>	<b>City Administration and Equipment Capital Improvement Fund</b>	<b>Balance Forward</b>
<b>REVENUES</b>					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties	-	-	-	-	-
Use of money and property	7,301	-	214	777	8,292
Intergovernmental revenue	-	-	-	-	-
Other revenues	3,362	2,216	1,903	1,939	9,420
<b>Total Revenues</b>	<b>10,663</b>	<b>2,216</b>	<b>2,117</b>	<b>2,716</b>	<b>17,712</b>
<b>EXPENDITURES</b>					
Current:					
Police public safety	-	-	-	-	-
Transportation and streets	-	-	-	-	-
Senior nutrition program	-	-	-	-	-
Grants and program income	-	-	-	-	-
Capital outlay	5,631	-	23,401	45,707	74,739
Debt service:					
Interest	-	378	-	-	378
<b>Total Expenditures</b>	<b>5,631</b>	<b>378</b>	<b>23,401</b>	<b>45,707</b>	<b>75,117</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>5,032</b>	<b>1,838</b>	<b>(21,284)</b>	<b>(42,991)</b>	<b>(57,405)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	(7,502)	-	-	-	(7,502)
<b>Total Other Financing Sources (Uses)</b>	<b>(7,502)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,502)</b>
<b>Net Change in Fund Balances</b>	<b>(2,470)</b>	<b>1,838</b>	<b>(21,284)</b>	<b>(42,991)</b>	<b>(64,907)</b>
<b>Fund Balances (Deficit) - Beginning of Year</b>	<b>1,347,388</b>	<b>(71,464)</b>	<b>61,342</b>	<b>156,542</b>	<b>1,493,808</b>
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 1,344,918</b>	<b>\$ (69,626)</b>	<b>\$ 40,058</b>	<b>\$ 113,551</b>	<b>\$ 1,428,901</b>

*The accompanying notes are an integral part of these financial statements.*

**COMBINING STATEMENT OF  
REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES –  
NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2013	<b>Capital Projects</b>				<b>Balance Forward</b>
	<b>Balance Brought Forward</b>	<b>Meadowbrook Street Capital Projects Fund</b>	<b>Proposition 1B Capital Fund</b>	<b>Waste Water Treatment Plant Capital Improvement Fund</b>	
<b>REVENUES</b>					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties	-	-	-	-	-
Use of money and property	8,292	223	86	4,097	12,698
Intergovernmental revenue	-	-	-	-	-
Other revenues	9,420	923	-	31,709	42,052
<b>Total Revenues</b>	<b>17,712</b>	<b>1,146</b>	<b>86</b>	<b>35,806</b>	<b>54,750</b>
<b>EXPENDITURES</b>					
Current:					
Police public safety	-	-	-	-	-
Transportation and streets	-	-	-	-	-
Senior nutrition program	-	-	-	-	-
Grants and program income	-	-	-	-	-
Capital outlay	74,739	-	-	50	74,789
Debt service:					
Interest	378	-	-	-	378
<b>Total Expenditures</b>	<b>75,117</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>75,167</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(57,405)</b>	<b>1,146</b>	<b>86</b>	<b>35,756</b>	<b>(20,417)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	(7,502)	-	-	(233,053)	(240,555)
<b>Total Other Financing Sources (Uses)</b>	<b>(7,502)</b>	<b>-</b>	<b>-</b>	<b>(233,053)</b>	<b>(240,555)</b>
<b>Net Change in Fund Balances</b>	<b>(64,907)</b>	<b>1,146</b>	<b>86</b>	<b>(197,297)</b>	<b>(260,972)</b>
<b>Fund Balances (Deficit) - Beginning of Year</b>	<b>1,493,808</b>	<b>40,457</b>	<b>9,273</b>	<b>783,923</b>	<b>2,327,461</b>
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 1,428,901</b>	<b>\$ 41,603</b>	<b>\$ 9,359</b>	<b>\$ 586,626</b>	<b>\$ 2,066,489</b>

*The accompanying notes are an integral part of these financial statements.*

**COMBINING STATEMENT OF  
REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES –  
NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2013	<b>Capital Projects</b>				
	<b>Balance Brought Forward</b>	<b>Waste Water Collection System Capital Improvement Fund</b>	<b>Water Capital Improvement Fund</b>	<b>Airport Capital Improvement Fund</b>	<b>Balance Forward</b>
<b>REVENUES</b>					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties	-	-	-	-	-
Use of money and property	12,698	2,778	3,468	210	19,154
Intergovernmental revenue	-	-	-	-	-
Other revenues	42,052	36,895	40,852	-	119,799
<b>Total Revenues</b>	<b>54,750</b>	<b>39,673</b>	<b>44,320</b>	<b>210</b>	<b>138,953</b>
<b>EXPENDITURES</b>					
Current:					
Police public safety	-	-	-	-	-
Transportation and streets	-	-	-	-	-
Senior nutrition program	-	-	-	-	-
Grants and program income	-	-	-	-	-
Capital outlay	74,789	-	-	-	74,789
Debt service:					
Interest	378	-	-	-	378
<b>Total Expenditures</b>	<b>75,167</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,167</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(20,417)</b>	<b>39,673</b>	<b>44,320</b>	<b>210</b>	<b>63,786</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	(240,555)	-	-	-	(240,555)
<b>Total Other Financing Sources (Uses)</b>	<b>(240,555)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(240,555)</b>
<b>Net Change in Fund Balances</b>	<b>(260,972)</b>	<b>39,673</b>	<b>44,320</b>	<b>210</b>	<b>(176,769)</b>
<b>Fund Balances (Deficit) - Beginning of Year</b>	<b>2,327,461</b>	<b>490,659</b>	<b>607,685</b>	<b>38,702</b>	<b>3,464,507</b>
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 2,066,489</b>	<b>\$ 530,332</b>	<b>\$ 652,005</b>	<b>\$ 38,912</b>	<b>\$ 3,287,738</b>

*The accompanying notes are an integral part of these financial statements.*

**COMBINING STATEMENT OF  
REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES –  
NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2013	Capital Projects			Total Nonmajor Governmental Funds
	Balance Brought Forward	Parks and Recreation Facilities Capital Improvement Fund	Total	
<b>REVENUES</b>				
Other taxes	\$ -	\$ -	\$ -	\$ 144,987
Fines, forfeitures, and penalties	-	-	-	27,566
Use of money and property	19,154	370	19,524	26,141
Intergovernmental revenue	-	-	-	1,266,771
Other revenues	119,799	1,925	121,724	137,654
<b>Total Revenues</b>	<b>138,953</b>	<b>2,295</b>	<b>141,248</b>	<b>1,603,119</b>
<b>EXPENDITURES</b>				
Current:				
Police public safety	-	-	-	45,766
Transportation and streets	-	-	-	679,055
Senior nutrition program	-	-	-	292,339
Grants and program income	-	-	-	8,742
Capital outlay	74,789	-	74,789	396,118
Debt service:				
Interest	378	-	378	378
<b>Total Expenditures</b>	<b>75,167</b>	<b>-</b>	<b>75,167</b>	<b>1,422,398</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>63,786</b>	<b>2,295</b>	<b>66,081</b>	<b>180,721</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	-	903,931
Operating transfers out	(240,555)	(70,000)	(310,555)	(1,126,625)
<b>Total Other Financing Sources (Uses)</b>	<b>(240,555)</b>	<b>(70,000)</b>	<b>(310,555)</b>	<b>(222,694)</b>
<b>Net Change in Fund Balances</b>	<b>(176,769)</b>	<b>(67,705)</b>	<b>(244,474)</b>	<b>(41,973)</b>
<b>Fund Balances (Deficit) - Beginning of Year</b>	<b>3,464,507</b>	<b>75,096</b>	<b>3,539,603</b>	<b>4,867,903</b>
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 3,287,738</b>	<b>\$ 7,391</b>	<b>\$ 3,295,129</b>	<b>\$ 4,825,930</b>

*The accompanying notes are an integral part of these financial statements.*

**NONMAJOR PROPRIETARY FUNDS**

Nonmajor proprietary funds are used to account for revenues and expenses that are related to various municipal services offered by the City.

*Community Development Fund:* This fund accounts for the revenues and expenses related to the operation and maintenance of the building and planning facilities of the City.

*Airport Fund:* This fund accounts for the revenues and expenses related to the operation and maintenance of the airport facilities of the City.

*Community Center Fund:* This fund accounts for the revenues and expenses related to the operation and maintenance of the community center facilities of the City.

**COMBINING STATEMENT OF NET  
POSITION – NONMAJOR  
PROPRIETARY FUNDS**

*City of Red Bluff*

June 30, 2013	Nonmajor Enterprise			Total
	Community Development Fund	Airport Fund	Community Center Fund	
<b>ASSETS</b>				
CURRENT ASSETS				
Cash and cash equivalents	\$ 359,043	\$ 128,478	\$ -	\$ 487,521
Receivables:				
Accounts - net	8,064	820	1,768	10,652
Due from other governments	-	2,920	50,343	53,263
<b>Total Current Assets</b>	<b>367,107</b>	<b>132,218</b>	<b>52,111</b>	<b>551,436</b>
NONCURRENT ASSETS				
Nondepreciable capital assets	-	417,657	-	417,657
Depreciable capital assets - net	6,252	1,769,837	13,862	1,789,951
<b>Total Noncurrent Assets</b>	<b>6,252</b>	<b>2,187,494</b>	<b>13,862</b>	<b>2,207,608</b>
<b>Total Assets</b>	<b>\$ 373,359</b>	<b>\$ 2,319,712</b>	<b>\$ 65,973</b>	<b>\$ 2,759,044</b>
<b>LIABILITIES AND NET POSITION</b>				
CURRENT LIABILITIES				
Accounts payable	\$ 6,134	\$ 19,646	\$ 8,954	\$ 34,734
Accrued payroll and benefits	5,497	-	2,726	8,223
Customer/employee deposits	173	-	7,313	7,486
Other liabilities	-	-	784	784
Due to other funds	-	-	40,333	40,333
Compensated absences payable - current	16,621	-	1,466	18,087
<b>Total Current Liabilities</b>	<b>28,425</b>	<b>19,646</b>	<b>61,576</b>	<b>109,647</b>
NONCURRENT LIABILITIES				
Compensated absences payable - net	49,861	-	4,397	54,258
<b>Total Noncurrent Liabilities</b>	<b>49,861</b>	<b>-</b>	<b>4,397</b>	<b>54,258</b>
<b>Total Liabilities</b>	<b>78,286</b>	<b>19,646</b>	<b>65,973</b>	<b>163,905</b>
NET POSITION				
Investment in capital assets - net of related debt	6,252	2,187,494	13,862	2,207,608
Unrestricted	288,821	112,572	(13,862)	387,531
<b>Total Net Position</b>	<b>295,073</b>	<b>2,300,066</b>	<b>-</b>	<b>2,595,139</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 373,359</b>	<b>\$ 2,319,712</b>	<b>\$ 65,973</b>	<b>\$ 2,759,044</b>

*The accompanying notes are an integral part of these financial statements.*

**COMBINING STATEMENT OF  
REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION –  
NONMAJOR PROPRIETARY FUNDS**

*City of Red Bluff*

Year Ended June 30, 2013	Nonmajor Enterprise			
	Community Development Fund	Airport Fund	Community Center Fund	Totals
<b>OPERATING REVENUES</b>				
Charges for current services:				
Permits and fees	\$ 369,002	\$ -	\$ -	\$ 369,002
Rental revenue	-	104,390	70,270	174,660
Other revenue	-	16,436	12,212	28,648
<b>Total Operating Revenues</b>	<b>369,002</b>	<b>120,826</b>	<b>82,482</b>	<b>572,310</b>
<b>OPERATING EXPENSES</b>				
Cost of power and transportation	-	14,854	35,521	50,375
Maintenance, operations, and administration	357,783	46,114	210,715	614,612
Depreciation expense	1,250	121,921	646	123,817
<b>Total Operating Expenses</b>	<b>359,033</b>	<b>182,889</b>	<b>246,882</b>	<b>788,804</b>
<b>Operating Income (Loss)</b>	<b>9,969</b>	<b>(62,063)</b>	<b>(164,400)</b>	<b>(216,494)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property taxes	-	56,428	-	56,428
Intergovernmental revenues	-	12,920	67,586	80,506
Investment income	2,043	638	-	2,681
Interest expense	-	-	(533)	(533)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>2,043</b>	<b>69,986</b>	<b>67,053</b>	<b>139,082</b>
<b>Income Before Operating Transfers</b>	<b>12,012</b>	<b>7,923</b>	<b>(97,347)</b>	<b>(77,412)</b>
Operating transfers in	73,638	-	97,347	170,985
Operating transfers out	(40,891)	(61,563)	-	(102,454)
<b>Change in Net Position</b>	<b>44,759</b>	<b>(53,640)</b>	<b>-</b>	<b>(8,881)</b>
<b>Total Net Position - Beginning of Year</b>	<b>250,314</b>	<b>2,353,706</b>	<b>-</b>	<b>2,604,020</b>
<b>Total Net Position - End of Year</b>	<b>\$ 295,073</b>	<b>\$ 2,300,066</b>	<b>\$ -</b>	<b>\$ 2,595,139</b>

*The accompanying notes are an integral part of these financial statements.*

**COMBINING STATEMENT OF CASH  
FLOWS – NONMAJOR PROPRIETARY  
FUNDS**

*City of Red Bluff*  
Page 1 of 2

Year Ended June 30, 2013	Community Development Fund	Airport Fund	Community Center Fund	Total Other Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 373,909	\$ 128,048	\$ 79,116	\$ 581,073
Cash paid to employees (including employee benefits)	(241,389)	-	(175,239)	(416,628)
Cash paid to suppliers	(125,399)	(43,105)	(72,616)	(241,120)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>7,121</u>	<u>84,943</u>	<u>(168,739)</u>	<u>(76,675)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Property taxes received	-	56,428	-	56,428
Cash received from (paid to) other funds	-	-	(27,510)	(27,510)
Operating transfers in	73,638	-	97,347	170,985
Operating transfers out	(40,891)	(61,563)	-	(102,454)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>32,747</u>	<u>(5,135)</u>	<u>69,837</u>	<u>97,449</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Intergovernmental revenue received	-	31,815	99,435	131,250
Payments for the purchase of capital assets	(7,500)	(40,418)	-	(47,918)
Debt interest paid	-	-	(533)	(533)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(7,500)</u>	<u>(8,603)</u>	<u>98,902</u>	<u>82,799</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	2,043	638	-	2,681
<b>Net Cash Provided by Investing Activities</b>	<u>2,043</u>	<u>638</u>	<u>-</u>	<u>2,681</u>
<b>Net Increase in Cash and Cash Equivalents</b>	34,411	71,843	-	106,254
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>324,632</u>	<u>56,635</u>	<u>-</u>	<u>381,267</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 359,043</u>	<u>\$ 128,478</u>	<u>\$ -</u>	<u>\$ 487,521</u>

*The accompanying notes are an integral part of these financial statements.*



**COMBINING STATEMENT OF CASH  
FLOWS – NONMAJOR PROPRIETARY  
FUNDS**

<u>Year Ended June 30, 2013</u>	<u>Community Development Fund</u>	<u>Airport Fund</u>	<u>Community Center Fund</u>	<u>Total Other Enterprise Funds</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 9,969	\$ (62,063)	\$ (164,400)	\$ (216,494)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	1,250	121,921	646	123,817
Changes in:				
Accounts receivable	5,858	7,222	(1,330)	11,750
Prepaid expenses and deferred charges	-	-	448	448
Accounts payable	2,645	17,984	5,275	25,904
Accrued payroll and benefits	101	-	(8,050)	(7,949)
Customer/employee deposits	(951)	-	(2,036)	(2,987)
Other liabilities	-	(121)	(543)	(664)
Compensated absences payable	(11,751)	-	1,251	(10,500)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 7,121</u>	<u>\$ 84,943</u>	<u>\$ (168,739)</u>	<u>\$ (76,675)</u>

*The accompanying notes are an integral part of these financial statements.*

**GAO SECTION**



MATSON  
& ISOM

**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 City Council  
City of Red Bluff, California

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Red Bluff (the City) as of and for the year ended June 30, 2013, 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 6, 2013.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

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

**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***

Continued

**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.

*Matson and Isom*

December 6, 2013  
Redding, California

**SCHEDULE OF FINDINGS AND  
RESPONSES**

June 30, 2013

*City of Red Bluff*

**SECTION II FINDINGS  
FINANCIAL STATEMENT AUDIT**

None.

**SUMMARY SCHEDULE OF PRIOR AUDIT  
FINDINGS**

June 30, 2013

*City of Red Bluff*

None.

**STATISTICAL SECTION**

This portion of the City’s financial statements presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

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The Governmental Accounting Standards Board Statement No. 34 required governments with less than \$10 million in annual revenues to comply with increased reporting standards starting in fiscal years beginning after June 15, 2003. Statistical schedules reflect information from FY 2003-2004 to present where ten years of data is required.



**NET POSITION**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

	2003-2004*	2004-2005*	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012**	2012-2013
<b>Governmental activities:</b>										
Investment in capital assets, net of related debt	\$ 4,315,952	\$ 4,660,914	\$ 39,500,136	\$ 38,422,278	\$ 37,817,060	\$ 36,615,441	\$ 35,014,910	\$ 33,797,383	\$ 33,280,481	\$ 30,983,036
Restricted	2,448,007	2,576,253	2,713,713	6,353,608	7,204,350	7,627,082	8,156,518	9,857,681	9,228,313	10,235,224
Unrestricted	3,396,157	3,784,953	4,097,585	2,354,393	1,947,239	1,091,390	712,231	653,482	453,041	638,560
<b>Total governmental activities net assets</b>	<b>\$ 10,160,116</b>	<b>\$ 11,022,120</b>	<b>\$ 46,311,434</b>	<b>\$ 47,130,279</b>	<b>\$ 46,968,649</b>	<b>\$ 45,333,913</b>	<b>\$ 43,883,659</b>	<b>\$ 44,308,546</b>	<b>\$ 42,961,835</b>	<b>\$ 41,856,820</b>
<b>Business-type activities:</b>										
Investment in capital assets, net of related debt	\$ 3,298,143	\$ 4,939,389	\$ 11,292,387	\$ 11,155,297	\$ 10,749,078	\$ 11,224,038	\$ 10,839,850	\$ 10,503,399	\$ 10,012,583	\$ 15,109,831
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	3,682,808	3,186,559	4,718,806	6,599,659	8,451,835	9,841,325	10,892,361	10,074,792	11,246,388	8,267,400
<b>Total business-type activities net assets</b>	<b>\$ 6,980,951</b>	<b>\$ 8,125,948</b>	<b>\$ 16,011,193</b>	<b>\$ 17,754,956</b>	<b>\$ 19,200,913</b>	<b>\$ 21,065,363</b>	<b>\$ 21,732,211</b>	<b>\$ 20,578,191</b>	<b>\$ 21,258,971</b>	<b>\$ 23,377,231</b>
<b>Primary Government:</b>										
Investment in capital assets, net of related debt	\$ 7,614,095	\$ 9,600,303	\$ 50,792,523	\$ 49,577,575	\$ 48,566,138	\$ 47,839,479	\$ 45,854,760	\$ 44,300,782	\$ 43,293,064	\$ 46,092,867
Restricted	2,448,007	2,576,253	2,713,713	6,353,608	7,204,350	7,627,082	8,156,518	9,857,681	9,228,313	10,235,224
Unrestricted	7,078,965	6,971,512	8,816,391	8,954,052	10,399,074	10,932,715	11,604,592	10,728,274	11,699,429	8,905,960
<b>Total primary government net assets</b>	<b>\$ 17,141,067</b>	<b>\$ 19,148,068</b>	<b>\$ 62,322,627</b>	<b>\$ 64,885,235</b>	<b>\$ 66,169,562</b>	<b>\$ 66,399,276</b>	<b>\$ 65,615,870</b>	<b>\$ 64,886,737</b>	<b>\$ 64,220,806</b>	<b>\$ 65,234,051</b>

\* The City had not yet recorded its infrastructure to 1980. The City retroactively reported its infrastructure in fiscal year 2005-2006.

\*\* The City reclassified restricted and unrestricted governmental net assets to conform with prior and current year classifications.

Source: City of Red Bluff Financial Reports

# CHANGES IN NET POSITION

Last Ten Fiscal Years  
(Accrual Basis of Accounting)

City of Red Bluff

Page 1 of 3

	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
<b>Expenses:</b>										
Governmental activities:										
General government										
City administration	\$ 291,460	\$ 378,075	\$ 411,465	\$ 399,327	\$ 428,104	\$ 458,924	\$ 380,284	\$ 387,444	\$ 367,942	\$ 398,463
Finance	363,080	364,610	402,796	465,357	462,818	446,742	434,417	423,246	376,869	400,727
Community promotion and economic development	95,555	133,594	148,516	152,541	154,260	132,541	109,490	112,101	88,570	107,225
Human resources	149,824	156,489	192,548	214,185	196,651	195,398	176,027	182,810	171,011	119,776
Engineering and administration	311,553	337,942	324,632	346,258	328,696	367,083	226,142	202,983	234,566	132,156
Government buildings	142,924	142,296	152,637	147,942	158,797	132,983	132,928	123,508	133,317	107,852
General government	96,568	25,682	53,746	66,691	96,731	163,055	182,391	163,765	181,628	191,725
Public safety:										
Fire	1,592,982	1,743,044	1,889,554	1,947,846	2,104,897	2,104,130	1,852,232	1,729,515	1,745,768	1,847,624
Police	3,312,749	3,409,845	3,902,113	4,116,418	4,200,406	4,223,961	3,947,641	3,627,431	3,895,358	4,180,695
Parks and recreation	198,502	561,045	590,222	649,171	630,366	600,549	533,155	474,044	436,223	423,235
Transportation and streets	999,495	1,170,890	2,455,092	2,420,312	2,180,328	2,198,789	2,016,520	2,030,618	2,031,628	2,000,901
Senior nutrition program	258,781	271,828	267,399	311,448	309,193	312,929	293,341	293,014	299,842	251,390
Grants & program income	924,567	103,719	71,501	266,518	356,650	147,136	258,987	98,606	55,359	74,919
<b>Total governmental activities expenses</b>	<b>8,738,040</b>	<b>8,799,059</b>	<b>10,862,221</b>	<b>11,504,014</b>	<b>11,607,897</b>	<b>11,484,220</b>	<b>10,543,555</b>	<b>9,849,085</b>	<b>10,018,081</b>	<b>10,236,688</b>
Business-type activities:										
Building	263,476	222,060	348,476	419,759	417,263	273,459	260,067	269,578	270,277	269,254
Planning	370,478	326,192	267,226	178,229	188,664	208,447	132,264	89,340	113,413	89,779
Waste water	1,424,392	1,426,506	1,548,215	1,552,906	1,554,383	1,547,524	1,556,988	1,546,492	1,684,254	1,691,332
Water	957,165	954,449	1,042,868	1,167,132	1,374,550	1,294,398	1,310,841	1,306,676	1,343,581	1,223,665
Airport	108,257	134,722	87,768	259,187	83,113	180,926	166,101	322,376	224,963	182,889
Community center	255,292	258,280	259,565	261,664	261,748	257,441	250,015	251,027	252,374	247,415
<b>Total business-type activities expenses</b>	<b>3,379,060</b>	<b>3,322,209</b>	<b>3,554,118</b>	<b>3,838,877</b>	<b>3,879,721</b>	<b>3,762,195</b>	<b>3,676,276</b>	<b>3,785,489</b>	<b>3,888,862</b>	<b>3,704,334</b>
<b>Total primary government expenses</b>	<b>12,117,100</b>	<b>12,121,268</b>	<b>14,416,339</b>	<b>15,342,891</b>	<b>15,487,618</b>	<b>15,246,415</b>	<b>14,219,831</b>	<b>13,634,574</b>	<b>13,906,943</b>	<b>13,941,022</b>

# CHANGES IN NET POSITION

Last Ten Fiscal Years  
(Accrual Basis of Accounting)

City of Red Bluff  
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	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
<b>Program Revenues:</b>										
Governmental activities:										
Charges for services:										
General government	332,348	317,497	362,472	326,853	411,904	375,388	333,813	322,662	321,851	374,250
Public safety										
Fire	14,032	7,118	2,023	6,991	17,835	18,058	13,100	11,234	5,397	13,391
Police	127,304	124,181	136,961	131,760	121,253	136,070	102,519	81,542	83,719	82,080
Parks & recreation	55,647	63,379	53,371	62,330	69,336	84,395	85,332	70,191	73,434	61,678
Transportation & streets	20,491	7,766	709	10,347						
Grants & program income	40,507	12,296			52,451	47,069	7,065	46,017	3,370	15,359
Operating grants and contributions	1,343,130	1,444,676	1,341,656	2,394,901	1,517,319	1,439,100	1,248,148	822,403	848,830	1,079,441
Capital grants and contributions	1,650,281	277,212	458,356	277,607	1,230,470	382,270	292,130	152,536	204,997	400,427
<b>Total governmental activities program revenues</b>	<b>3,583,740</b>	<b>2,254,125</b>	<b>2,355,548</b>	<b>3,210,789</b>	<b>3,420,568</b>	<b>2,482,350</b>	<b>2,082,107</b>	<b>1,506,585</b>	<b>1,541,598</b>	<b>2,026,626</b>
Business-type activities:										
Charges for services:										
Building	426,805	463,279	455,163	454,786	341,852	248,353	252,831	257,529	207,520	352,794
Planning	216,962	211,957	124,746	147,130	73,627	80,656	58,387	22,373	43,350	16,208
Waste water	2,301,396	2,465,847	2,376,541	2,463,689	2,126,320	2,194,460	2,109,942	2,102,029	2,216,395	2,893,933
Water	1,559,637	1,591,722	1,694,902	2,121,458	2,098,967	2,160,972	1,960,408	1,985,521	2,087,017	2,312,459
Airport	81,061	92,281	115,039	131,179	123,699	71,971	96,501	116,005	122,929	120,826
Community center	81,135	88,743	91,986	109,509	92,871	71,202	78,453	84,918	75,750	82,482
Operating grants and contributions	84,557	96,610	87,495	85,530	75,938	91,288	77,914	80,971	85,940	67,586
Capital grants and contributions	206,301	50,839	10,488	98,895	493,772	903,638	5,598	191,012	78,033	12,920
<b>Total business-type activities program revenues</b>	<b>4,957,854</b>	<b>5,061,278</b>	<b>4,956,360</b>	<b>5,612,176</b>	<b>5,427,046</b>	<b>5,822,540</b>	<b>4,640,034</b>	<b>4,840,358</b>	<b>4,916,934</b>	<b>5,859,208</b>
<b>Total primary government program revenues</b>	<b>8,541,594</b>	<b>7,315,403</b>	<b>7,311,908</b>	<b>8,822,965</b>	<b>8,847,614</b>	<b>8,304,890</b>	<b>6,722,141</b>	<b>6,346,943</b>	<b>6,458,532</b>	<b>7,885,834</b>
<b>Net (expense)/revenue:</b>										
Governmental activities	(5,154,300)	(6,544,934)	(8,506,673)	(8,293,225)	(8,187,329)	(9,001,870)	(8,461,448)	(8,342,500)	(8,476,483)	(8,210,062)
Business-type activities	1,578,794	1,739,069	1,402,242	1,773,299	1,547,325	2,060,345	963,758	1,054,869	1,028,072	2,154,874
<b>Total primary government net expense</b>	<b>(3,575,506)</b>	<b>(4,805,865)</b>	<b>(7,104,431)</b>	<b>(6,519,926)</b>	<b>(6,640,004)</b>	<b>(6,941,525)</b>	<b>(7,497,690)</b>	<b>(7,287,631)</b>	<b>(7,448,411)</b>	<b>(6,055,188)</b>

## CHANGES IN NET POSITION

Last Ten Fiscal Years  
(Accrual Basis of Accounting)

City of Red Bluff  
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	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
<b>General Revenues and Other Changes in Net Assets:</b>										
Governmental activities:										
Taxes:										
Sales taxes	2,776,113	2,879,376	3,317,871	3,327,724	3,242,968	2,703,311	2,328,891	2,460,266	2,627,222	2,795,660
Property taxes	987,369	960,774	1,206,315	1,618,120	1,549,826	1,544,955	1,462,204	1,354,960	1,324,799	1,273,648
Motel taxes	471,010	503,323	561,853	596,894	619,603	562,008	555,234	596,603	594,254	711,274
Special gas taxes	259,664	261,304	256,120	255,710	251,076	232,617	231,350	334,068	404,286	338,911
Franchise taxes	224,472	225,613	235,442	242,891	220,185	246,214	223,635	287,059	291,559	303,909
Other taxes	300,747	276,163	298,404	258,315	238,661	268,152	232,246	173,406	263,808	203,453
Motor vehicle license fees	616,123	858,765	1,265,300	1,157,377	1,069,650	1,101,409	1,037,000	1,114,162	1,030,288	959,291
Impact fees	487,902	521,044	346,710	824,269	125,659	181,331	123,586	47,108	154	230,787
Investment earnings	96,284	157,867	220,158	291,906	289,640	186,576	150,343	107,097	140,233	133,603
Gain/loss on sale of asset	15,000	-	-	8,736	-	(68,543)	8,766	-	-	-
Transfers	572,564	664,283	386,386	530,128	418,431	409,104	430,658	457,303	453,169	154,511
<b>Total governmental activities</b>	<b>6,807,248</b>	<b>7,308,512</b>	<b>8,094,559</b>	<b>9,112,070</b>	<b>8,025,699</b>	<b>7,367,134</b>	<b>6,783,913</b>	<b>6,932,032</b>	<b>7,129,772</b>	<b>7,105,047</b>
Business-type activities:										
Taxes	13,716	16,676	36,903	39,408	53,241	56,410	63,666	41,544	57,190	56,428
Investment earnings	56,359	44,386	141,127	304,618	263,822	156,799	70,082	42,225	48,687	61,469
Gain on sale of assets	-	-	-	156,566	-	-	-	-	-	-
Transfers	(572,564)	(664,283)	(386,386)	(530,128)	(418,431)	(409,104)	(430,658)	(457,303)	(453,169)	(154,511)
<b>Total business-type activities</b>	<b>(502,489)</b>	<b>(603,221)</b>	<b>(208,356)</b>	<b>(29,536)</b>	<b>(101,368)</b>	<b>(195,895)</b>	<b>(296,910)</b>	<b>(373,534)</b>	<b>(347,292)</b>	<b>(36,614)</b>
<b>Total primary government</b>	<b>6,304,759</b>	<b>6,705,291</b>	<b>7,886,203</b>	<b>9,082,534</b>	<b>7,924,331</b>	<b>7,171,239</b>	<b>6,487,003</b>	<b>6,558,498</b>	<b>6,782,480</b>	<b>7,068,433</b>
<b>Change in Net Position:</b>										
Governmental activities	1,652,948	763,578	(412,114)	818,845	(161,630)	(1,634,736)	(1,677,535)	(1,410,468)	(1,346,711)	(1,105,015)
Business-type activities	1,076,305	1,135,848	1,193,886	1,743,763	1,445,957	1,864,450	666,848	681,335	680,780	2,118,260
<b>Total primary government</b>	<b>\$ 2,729,253</b>	<b>\$ 1,899,426</b>	<b>\$ 781,772</b>	<b>\$ 2,562,608</b>	<b>\$ 1,284,327</b>	<b>\$ 229,714</b>	<b>\$ (1,010,687)</b>	<b>\$ (729,133)</b>	<b>\$ (665,931)</b>	<b>\$ 1,013,245</b>

Source: City of Red Bluff Financial Reports

**FUND BALANCES OF GOVERNMENTAL FUNDS**

*City of Red Bluff*

Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
<b>General Fund:</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,835,521	1,508,056	1,565,245	1,903,427	1,531,055	850,825	193,990	-	-	-
Nonspendable	-	-	-	-	-	-	-	1,869	-	9,057
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	400,000	400,000	700,000
Unassigned	-	-	-	-	-	-	-	25,567	72,905	30,102
<b>Total general fund</b>	<b>\$ 1,835,521</b>	<b>\$ 1,508,056</b>	<b>\$ 1,565,245</b>	<b>\$ 1,903,427</b>	<b>\$ 1,531,055</b>	<b>\$ 850,825</b>	<b>\$ 193,990</b>	<b>\$ 427,436</b>	<b>\$ 472,905</b>	<b>\$ 739,159</b>
<b>All Other Governmental Funds:</b>										
Reserved	\$ 2,439,206	\$ 2,538,479	\$ 2,628,621	\$ 3,660,055	\$ 3,974,293	\$ 3,801,442	\$ 4,078,818	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	2,185,347	2,906,251	3,177,205	3,825,807	4,439,295	5,023,977	5,253,878	-	-	-
General fund	1,835,521	1,508,056	1,565,245	1,903,427	1,531,055	850,825	193,990	-	-	-
Nonspendable	-	-	-	-	-	-	-	4,247,118	4,228,612	4,149,977
Restricted*	-	-	-	-	-	-	-	5,598,405	5,750,396	5,845,403
Committed*	-	-	-	-	-	-	-	1,131,410	1,131,410	1,086,144
Assigned	-	-	-	-	-	-	-	12,298	27,043	60,250
Unassigned	-	-	-	-	-	-	-	(30,563)	(71,464)	(69,626)
<b>Total all other governmental funds</b>	<b>\$ 6,460,074</b>	<b>\$ 6,952,786</b>	<b>\$ 7,371,071</b>	<b>\$ 9,389,289</b>	<b>\$ 9,944,643</b>	<b>\$ 9,676,244</b>	<b>\$ 9,526,686</b>	<b>\$ 10,958,668</b>	<b>\$ 11,065,997</b>	<b>\$ 11,072,148</b>

\*FY 2011 reclassified to conform to prior and current year classifications.

Source: City of Red Bluff Financial Reports

# CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

City of Red Bluff

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
<b>Revenues:</b>										
Sales tax	\$ 2,776,113	\$ 2,929,817	\$ 3,200,453	\$ 3,475,772	\$ 3,287,677	\$ 2,757,611	\$ 2,199,252	\$ 2,460,266	\$ 2,627,222	\$ 2,795,660
Property tax	987,369	960,774	1,206,315	1,618,120	1,549,826	1,544,955	1,462,204	1,354,960	1,324,799	1,273,648
Motel tax	471,010	503,323	561,853	596,894	619,603	562,008	555,234	596,603	594,254	711,274
Franchise tax	224,472	225,613	235,442	242,891	220,185	246,214	223,635	287,059	291,559	303,909
Other taxes	191,381	251,547	254,804	258,315	238,661	215,809	218,954	159,480	248,779	187,840
Licenses and permits	250,531	273,385	292,717	305,622	313,101	301,238	290,205	299,058	296,088	359,517
Fines, forfeitures, and penalties	106,649	103,407	113,466	109,790	99,851	112,941	78,686	55,930	55,354	48,549
Use of money and property	53,223	99,986	166,384	236,514	209,235	119,453	42,942	31,237	26,137	41,968
Intergovernmental revenue	3,892,684	2,721,775	3,248,078	3,904,540	3,958,337	3,045,121	2,687,922	2,250,249	2,290,720	2,629,884
Charges for current services	110,770	92,718	92,677	73,004	94,752	113,035	105,746	92,273	89,616	86,966
Other revenues	711,161	682,462	520,340	1,008,925	400,912	477,715	333,542	318,339	259,577	446,312
<b>Total revenues</b>	<b>9,775,363</b>	<b>8,844,807</b>	<b>9,892,529</b>	<b>11,830,387</b>	<b>10,992,140</b>	<b>9,496,100</b>	<b>8,198,322</b>	<b>7,905,454</b>	<b>8,104,105</b>	<b>8,885,527</b>
<b>Expenditures:</b>										
Current:										
General government	1,349,193	1,489,212	1,668,630	1,757,118	1,769,377	1,732,432	1,479,716	1,445,089	1,456,587	1,303,999
Fire public safety	1,449,050	1,634,113	1,705,724	1,794,137	1,975,534	1,940,701	1,695,134	1,472,877	1,587,931	1,883,035
Police public safety	3,103,550	3,323,058	3,751,501	4,037,899	4,098,261	4,036,688	3,885,703	3,440,872	3,708,039	5,593,288
Parks and recreation	479,210	515,887	499,057	569,123	599,271	492,893	433,124	382,394	354,834	304,834
Transportation and streets	953,022	1,076,976	1,134,717	1,092,036	955,859	862,465	723,868	567,078	653,311	679,055
Senior Nutrition program	258,810	271,828	259,459	305,075	302,042	308,281	289,701	286,465	294,267	292,339
Grants and program income	743,014	107,320	72,342	208,968	113,504	151,431	164,033	95,320	36,979	74,917
Capital outlay	1,216,898	696,410	970,743	537,164	1,000,592	607,936	293,764	607,822	271,559	438,909
Debt Service:										
Principal	-	-	30,429	31,729	33,084	34,496	35,969	37,505	39,107	60,000
Interest	-	-	10,347	9,048	7,693	6,280	4,807	3,272	1,862	25,702
Debt issuance costs	-	-	-	-	-	-	-	-	-	(59,555)
<b>Total expenditures</b>	<b>9,552,747</b>	<b>9,114,804</b>	<b>10,102,949</b>	<b>10,342,297</b>	<b>10,855,217</b>	<b>10,173,603</b>	<b>9,005,819</b>	<b>8,338,694</b>	<b>8,404,476</b>	<b>10,596,523</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>222,616</b>	<b>(269,997)</b>	<b>(210,420)</b>	<b>1,488,090</b>	<b>136,923</b>	<b>(677,503)</b>	<b>(807,497)</b>	<b>(433,240)</b>	<b>(300,371)</b>	<b>(1,710,996)</b>
<b>Other financing sources (uses):</b>										
Operating transfers in	6,145,776	6,579,512	7,053,400	6,967,476	7,643,054	7,039,636	7,611,562	1,885,560	1,477,078	1,493,342
Operating transfers out	(5,573,212)	(5,915,229)	(6,667,014)	(6,437,348)	(7,224,623)	(6,630,532)	(7,180,904)	(1,428,257)	(1,023,909)	(1,338,831)
Capital lease	-	-	242,319	-	-	-	-	-	-	-
Debt proceeds	-	-	-	-	-	-	-	-	-	1,948,000
<b>Total other financing sources (uses)</b>	<b>572,564</b>	<b>664,283</b>	<b>628,705</b>	<b>530,128</b>	<b>418,431</b>	<b>409,104</b>	<b>430,658</b>	<b>457,303</b>	<b>453,169</b>	<b>2,102,511</b>
<b>Total prior period adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 795,180</b>	<b>\$ 394,286</b>	<b>\$ 418,285</b>	<b>\$ 2,018,218</b>	<b>\$ 555,354</b>	<b>\$ (268,399)</b>	<b>\$ (376,839)</b>	<b>\$ 24,063</b>	<b>\$ 152,798</b>	<b>\$ 391,515</b>
Debt service as a percentage of non capital expenditures	0.00%	0.00%	0.45%	0.42%	0.42%	0.43%	0.47%	0.53%	0.51%	0.85%

\*The City removed interfund transfers in fiscal year 2011.

\*\*The City used the 2013 debt proceeds to pay off CalPERS Side Fund expense of \$170,213 for Fire Public Safety and \$1,718,232 for Police Public Safety which is included in expenditures above.

Source: City of Red Bluff Financial Reports

**GENERAL FUND BALANCE COMPARED TO ANNUAL APPROPRIATIONS**

*City of Red Bluff*

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Undesignated Fund Balance</u>	<u>Annual Appropriations</u>	<u>Balance as % of Appropriations</u>
2003-2004	\$ 1,835,521	\$ 6,613,659	27.8%
2004-2005	\$ 1,508,056	\$ 7,665,291	19.7%
2005-2006	\$ 1,565,245	\$ 80,834,859	1.9%
2006-2007	\$ 1,903,427	\$ 8,241,222	23.1%
2007-2008	\$ 1,531,427	\$ 8,429,084	18.2%
2008-2009	\$ 850,825	\$ 7,908,807	10.8%
2009-2010	\$ 193,990	\$ 7,369,321	2.6%
2010-2011	\$ 427,436	\$ 6,697,526	6.4%
2011-2012	\$ 472,905	\$ 7,180,971	6.6%
2012-2013	\$ 739,159	\$ 7,403,914	10.0%

Source: City of Red Bluff Financial Report

**GENERAL FUND REVENUES BY SOURCE***City of Red Bluff*

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Fines, Forfeitures, and Penalties</u>	<u>Use of Money and Property</u>	<u>Intergovernmental Revenues</u>	<u>Charges for Current Services</u>	<u>Other Revenues</u>	<u>Total</u>
2003-2004	\$ 4,498,966	\$ 250,531	\$ 44,619	\$ 36,646	\$ 1,101,426	\$ 110,770	\$ 144,548	\$ 6,187,506
2004-2005	\$ 4,705,233	\$ 273,385	\$ 45,140	\$ 68,068	\$ 1,299,288	\$ 92,718	\$ 137,810	\$ 6,621,642
2005-2006	\$ 5,283,337	\$ 292,717	\$ 51,317	\$ 84,533	\$ 1,644,456	\$ 92,677	\$ 167,982	\$ 7,617,019
2006-2007	\$ 6,000,311	\$ 305,622	\$ 39,866	\$ 104,889	\$ 1,494,204	\$ 73,004	\$ 169,987	\$ 8,187,883
2007-2008	\$ 5,722,746	\$ 313,101	\$ 25,801	\$ 115,736	\$ 1,435,110	\$ 94,752	\$ 217,674	\$ 7,924,920
2008-2009	\$ 5,145,312	\$ 301,238	\$ 26,372	\$ 51,828	\$ 1,510,799	\$ 113,035	\$ 186,421	\$ 7,335,005
2009-2010	\$ 4,477,604	\$ 290,205	\$ 27,004	\$ 14,323	\$ 1,394,122	\$ 105,746	\$ 188,875	\$ 6,497,879
2010-2011	\$ 4,733,518	\$ 299,058	\$ 18,269	\$ 8,410	\$ 1,382,415	\$ 92,273	\$ 211,054	\$ 6,744,997
2011-2012	\$ 4,873,079	\$ 296,088	\$ 14,875	\$ 1,654	\$ 1,426,480	\$ 89,616	\$ 221,003	\$ 6,922,795
2012-2013	\$ 5,127,344	\$ 359,517	\$ 20,983	\$ 1,178	\$ 1,363,113	\$ 86,966	\$ 184,553	\$ 7,143,654

Note:

The schedule above includes only those revenues recorded in the General Fund.

Source: City of Red Bluff Financial Report



**GENERAL FUND TAX REVENUES BY SOURCE**

*City of Red Bluff*

Last Ten Fiscal Years

Fiscal Year	Sales and Use Tax	General Property Tax	Transient Occupancy Tax	Franchise Tax	Other Taxes		Licenses and Permits	
					Property Transfer Tax	Downtown Business Improvement	Business License	Other Licenses/Permits
2003-2004	\$ 2,776,113	\$ 987,369	\$ 471,010	\$ 224,472	\$ 40,002	\$ -	\$ 240,292	\$ 10,239
2004-2005	\$ 2,929,817	\$ 960,774	\$ 503,323	\$ 225,613	\$ 64,693	\$ 21,013	\$ 263,754	\$ 9,631
2005-2006	\$ 3,200,453	\$ 1,206,315	\$ 561,853	\$ 235,442	\$ 54,853	\$ 24,421	\$ 280,985	\$ 11,732
2006-2007	\$ 3,475,772	\$ 1,618,120	\$ 596,894	\$ 242,891	\$ 45,197	\$ 21,437	\$ 295,256	\$ 10,366
2007-2008	\$ 3,287,677	\$ 1,549,826	\$ 619,603	\$ 220,185	\$ 24,075	\$ 21,380	\$ 302,809	\$ 10,292
2008-2009	\$ 2,757,611	\$ 1,544,955	\$ 562,008	\$ 246,214	\$ 15,733	\$ 18,791	\$ 289,926	\$ 11,312
2009-2010	\$ 2,199,252	\$ 1,462,204	\$ 555,234	\$ 223,635	\$ 16,450	\$ 20,829	\$ 278,091	\$ 12,114
2010-2011	\$ 2,460,266	\$ 1,354,960	\$ 596,603	\$ 287,059	\$ 15,168	\$ 19,462	\$ 286,452	\$ 12,606
2011-2012	\$ 2,627,222	\$ 1,324,799	\$ 594,254	\$ 291,559	\$ 15,837	\$ 19,408	\$ 280,486	\$ 15,602
2012-2013	\$ 2,795,660	\$ 1,273,648	\$ 711,274	\$ 303,909	\$ 23,030	\$ 19,823	\$ 343,580	\$ 15,937

Note:

The schedule above includes only those revenues recorded in the General Fund.

Source: City of Red Bluff Financial Report

**GOVERNMENTAL FUNDS EXPENDITURES BY FUNCTION**

*City of Red Bluff*

Last Ten Fiscal Years

Fiscal Year	General Government	Fire Public Safety	Police Public Safety	Parks and Recreation	Transportation and Streets	Senior Nutrition Program	Grants and Program Income	Capital Outlay	Debt Service	Total
2003-2004	\$ 1,349,193	\$ 1,449,050	\$ 3,103,550	\$ 479,210	\$ 953,022	\$ 258,810	\$ 743,014	\$ 1,216,898	\$ -	\$ 9,552,747
2004-2005	\$ 1,489,212	\$ 1,634,113	\$ 3,323,058	\$ 515,887	\$ 1,076,976	\$ 271,828	\$ 107,320	\$ 696,410	\$ -	\$ 9,114,804
2005-2006	\$ 1,668,630	\$ 1,705,724	\$ 3,751,501	\$ 499,057	\$ 1,134,717	\$ 259,459	\$ 72,342	\$ 970,743	\$ 40,776	\$ 10,102,949
2006-2007	\$ 1,757,118	\$ 1,794,137	\$ 4,037,899	\$ 569,123	\$ 1,092,036	\$ 305,075	\$ 208,968	\$ 537,164	\$ 40,777	\$ 10,342,297
2007-2008	\$ 1,769,377	\$ 1,975,534	\$ 4,098,261	\$ 599,271	\$ 955,859	\$ 302,042	\$ 113,504	\$ 1,000,592	\$ 40,777	\$ 10,855,217
2008-2009	\$ 1,732,432	\$ 1,940,701	\$ 4,036,688	\$ 492,893	\$ 862,465	\$ 308,281	\$ 151,431	\$ 607,936	\$ 40,776	\$ 10,173,603
2009-2010	\$ 1,479,716	\$ 1,695,134	\$ 3,885,703	\$ 433,124	\$ 723,868	\$ 289,701	\$ 164,033	\$ 293,764	\$ 40,776	\$ 9,005,819
2010-2011	\$ 1,445,089	\$ 1,472,877	\$ 3,440,872	\$ 382,394	\$ 567,078	\$ 286,465	\$ 95,320	\$ 607,822	\$ 40,777	\$ 8,338,694
2011-2012	\$ 1,456,587	\$ 1,587,931	\$ 3,708,039	\$ 354,834	\$ 653,311	\$ 294,267	\$ 36,979	\$ 271,559	\$ 40,969	\$ 8,404,476
2012-2013	\$ 1,303,999	\$ 1,712,822	\$ 3,875,056	\$ 304,834	\$ 679,055	\$ 292,339	\$ 74,917	\$ 438,909	\$ 145,257	\$ 8,827,188
CalPERS Side Refunding	\$ -	\$ 170,213	\$ 1,718,232	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,888,445
Total 2012-2013	\$ 1,303,999	\$ 1,883,035 (1)	\$ 5,593,288 (2)	\$ 304,834	\$ 679,055	\$ 292,339	\$ 74,917	\$ 438,909	\$ 145,257	\$ 10,715,633

The schedule above includes only those expenditures recorded in the general fund, special revenue, debt service, and capital projects funds.

(1) Amount includes a one time expense of \$170,213 of CalPERS Side Refunding which inflates this amount beyond normal operating costs.

(2) Amount include a one time expense of \$1,718,232 of CalPERS Side Refunding which inflates this amount beyond normal operating costs.

Source: City of Red Bluff Financial Report

**PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS**

*City of Red Bluff*

Last Ten Fiscal Years

Fiscal Year	City of Red Bluff Rates			Overlapping Rates			Total Direct and Overlapping Rates (4)
	Basic Countywide Levy (1)	City's Share of Basic Levy (2)	Total Direct Tax Rate (3)	Corning Elementary	Evergreen Elementary	Shasta Community College	
2003-2004	1.0000%	0.2288%	0.2284%	0.0085%	0.0116%	0.0118%	1.0319%
2004-2005	1.0000%	0.2288%	0.2284%	0.0085%	0.0116%	0.0118%	1.0319%
2005-2006	1.0000%	0.2288%	0.2284%	0.0085%	0.0116%	0.0118%	1.0319%
2006-2007	1.0000%	0.2288%	0.2284%	0.0085%	0.0116%	0.0118%	1.0319%
2007-2008	1.0000%	0.2288%	0.2284%	0.0085%	0.0116%	0.0118%	1.0319%
2008-2009	1.0000%	0.2288%	0.2284%	0.0000%	0.0000%	0.0091%	1.0091%
2009-2010	1.0000%	0.2288%	0.2284%	0.0000%	0.0000%	0.0101%	1.0101%
2010-2011	1.0000%	0.2288%	0.2284%	0.0000%	0.0000%	0.0095%	1.0095%
2011-2012	1.0000%	0.2288%	0.2284%	0.0000%	0.0000%	0.0162%	1.0162%
2012-2013	1.0000%	0.2288%	0.2284%	0.0000%	0.0000%	0.0054%	1.0054%

(1) On June 6, 1978, California voters approved an amendment to Article XIII A of the State Constitution. The amendment, commonly known as Proposition 13, limits the taxing power of California public agencies. The California Legislature enacted legislation to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) providing that local agencies may not levy any property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each county will levy the maximum tax permitted of \$1.00 per \$100 of full assessed value.

(2) City's share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.

(3) Because basic and debt rates vary by tax rate area, individual rates cannot be summed. The total direct rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

(4) Because basic and debt rates vary by tax rate area, individual rates cannot be summed. The total direct rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

Source: Tehama County Auditor/Controller's Office

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE  
OF TAXABLE PROPERTY**

Last Ten Fiscal Years

*City of Red Bluff*

<u>Fiscal Year</u>	<u>Secured Roll Assessed Value</u>	<u>Unsecured Roll Assessed Value</u>	<u>Unsecured Roll Assessed Value</u>	<u>Total Net Assessed Value</u>	<u>Percent Change</u>
2003-2004	\$ 489,172,308	\$ 38,942,345	\$ 1,448,594	\$ 529,563,247	0.00%
2004-2005	\$ 532,133,055	\$ 37,952,087	\$ 1,512,306	\$ 571,597,448	7.94%
2005-2006	\$ 611,406,579	\$ 47,912,661	\$ 1,941,933	\$ 661,261,173	15.69%
2006-2007	\$ 724,558,857	\$ 52,575,180	\$ 1,863,721	\$ 778,997,758	17.80%
2007-2008	\$ 777,788,781	\$ 56,209,385	\$ 1,617,685	\$ 835,615,851	7.27%
2008-2009	\$ 821,901,789	\$ 59,977,180	\$ 1,617,685	\$ 883,496,654	5.73%
2009-2010	\$ 784,132,064	\$ 64,121,500	\$ 1,617,685	\$ 849,871,249	-3.81%
2010-2011	\$ 733,031,690	\$ 56,582,319	\$ 1,564,842	\$ 791,178,851	-6.91%
2011-2012	\$ 716,360,214	\$ 55,839,454	\$ 1,564,942	\$ 773,764,610	-2.20%
2012-2013	\$ 679,645,266	\$ 57,748,827	\$ 1,564,942	\$ 738,959,035	-4.50%

Note:

In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed valuation may be increased by an "inflation factor" (limited to a maximum increase of 2%). Usually property is only reassessed at the time that it is sold to a new owner. Proposition 8 allows for reassessment when market conditions change. This reassessment resulted in decreased assessed values in recent years. The assess value shown above represents only currently available data with respect to the actual market value of taxable property.

Source: Tehama County Assessor's Annual Reports

**PRINCIPAL SECURED PROPERTY TAXPAYERS**

Current Year and Nine Years Ago

*City of Red Bluff*

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Walmart Realty Company	\$ 10,610,691	1	1.56%	\$ 8,682,078	1	1.64%
Home Depot	9,157,959	2	1.34%	-	n/a	0.00%
P J Helicopters Inc	9,153,841	4	1.34%	-	n/a	0.00%
Marshall Belle Mill LLC	7,800,000	3	1.15%	-	n/a	0.00%
Raleys	7,191,305	5	1.06%	5,336,751	4	1.01%
Helibro LLC	6,832,405	6	1.00%	-	n/a	0.00%
Kumar Pawan	6,356,462	7	0.93%	-	n/a	0.00%
Tehama Medical Arts LLC	5,982,805	8	0.88%	-	n/a	0.00%
Cabernet Apartments	5,825,900	9	0.86%	6,495,100	3	1.23%
Assisted Living Facilities	5,825,208	10	0.86%	4,960,252	5	0.94%
Passco Belle Mill LLC ETAL	-	n/a	0.00%	8,469,771	2	1.60%
AFS Partners LLC	-	n/a	0.00%	3,594,966	6	0.68%
Department of Veterans Affairs	-	n/a	0.00%	3,518,747	7	0.66%
Charter Communications	-	n/a	0.00%	3,366,591	8	0.64%
Joseph L. Arrighi	-	n/a	0.00%	3,236,684	9	0.61%
Price Family LLC	-	n/a	0.00%	3,093,236	10	0.58%
Sum of Ten Largest Property Valuation	74,736,576		10.97%	50,754,176		9.58%
Other Taxpayers	606,473,632		89.03%	478,809,071		90.42%
Total Property Valuations - Net of Exemptions	<u>\$ 681,210,208</u>		<u>100.00%</u>	<u>\$ 529,563,247</u>		<u>100.00%</u>

Source: Tehama County Auditor/Controller's Office & HdL's "2003/04 and 2012/13 Top Property Taxpayers-Secured."

**BASIC PROPERTY VALUE TABLE  
SUMMARIZED BY USE**

As of June 30, 2013

Category	Parcels	Assessed Value	Net Taxable Value
Residential	3,914	\$ 431,929,769 (51.6%)	\$ 405,557,667 (54.9%)
Commercial	502	\$ 201,739,569 (24.1%)	\$ 197,874,820 (26.8%)
Industrial	73	\$ 25,725,800 (3.1%)	\$ 25,725,800 (3.5%)
Dry Farm	4	\$ 633,210 (0.1%)	\$ 633,210 (0.1%)
Govt. Owned	121	\$ 792,956 (0.1%)	\$ 753,536 (0.1%)
Institutional	43	\$ 47,149,285 (5.6%)	\$ 1,459,189 (0.2%)
Irrigated	1	\$ 177,334 (0.0%)	\$ 177,334 (0.0%)
Miscellaneous	214	\$ 6,884,975 (0.8%)	\$ 6,450,328 (0.9%)
Recreational	9	\$ 7,326,699 (0.9%)	\$ 6,049,632 (0.8%)
Vacant	430	\$ 48,338,123 (5.8%)	\$ 29,620,443 (4.0%)
SBE Nonunitary	[15]	\$ 1,564,942 (0.2%)	\$ 1,564,942 (0.2%)
Cross Reference	[187]	\$ 5,343,307 (0.6%)	\$ 5,343,307 (0.7%)
Unsecured	[991]	\$ 60,034,917 (7.2%)	\$ 57,748,827 (7.8%)
<b>TOTALS</b>	<b>5,311</b>	<b>\$ 837,640,886 100.0%</b>	<b>\$ 738,959,035 100.0%</b>

Data Source: Tehama County Assessor 2012/13 Combined Tax Rolls

**Single Family Residential Full Value Sales (01/01/2011 - 08/31/2013)**

Year	Full Value Sales	Average Price	Median Price	Median % Change
2011	149	\$ 89,319	\$ 75,000	
2012	146	\$ 93,288	\$ 83,000	10.67%
2013	93	\$ 114,392	\$ 105,000	26.51%

\* Sales not included in the analysis are quitclaim deeds, trust transfers, timeshares, and partial sales.

Data Source: Tehama County Recorder

Data compiled by HdL, Coren & Cone

**PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Fiscal Years

*City of Red Bluff*

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Collections to Tax Levy</u>
2003-2004	\$ 1,001,085	\$ 1,001,085	100%	\$ -	\$ 1,001,085	100%
2004-2005	\$ 960,774	\$ 960,774	100%	\$ -	\$ 960,774	100%
2005-2006	\$ 1,206,315	\$ 1,206,315	100%	\$ -	\$ 1,206,315	100%
2006-2007	\$ 1,618,120	\$ 1,618,120	100%	\$ -	\$ 1,618,120	100%
2007-2008	\$ 1,549,826	\$ 1,549,826	100%	\$ -	\$ 1,549,826	100%
2008-2009	\$ 1,544,955	\$ 1,544,955	100%	\$ -	\$ 1,544,955	100%
2009-2010	\$ 1,462,204	\$ 1,462,204	100%	\$ -	\$ 1,462,204	100%
2010-2011	\$ 1,354,960	\$ 1,354,960	100%	\$ -	\$ 1,354,960	100%
2011-2012	\$ 1,324,799	\$ 1,324,799	100%	\$ -	\$ 1,324,799	100%
2012-2013	\$ 1,273,648	\$ 1,273,648	100%	\$ -	\$ 1,273,648	100%

The City participates in the County "Teeter Plan" method of property tax

**TAXABLE PROPERTY VALUES  
(ROLL SUMMARY)**

As of June 30, 2013

*City of Red Bluff*

	<u>Secured</u>	<u>Nonunitary Utilities</u>	<u>Unsecured</u>
Parcels	5,311	15	991
TRAs	23	1	10
<b>VALUES</b>			
Land	\$ 198,730,795	\$ 1,564,942	\$ 1,137,930
Improvements	546,514,732	-	3,842,856
Personal property	23,907,802	-	26,327,777
Fixtures	6,887,698	-	10,827,550
Aircraft	-	-	17,898,804
<b>Total Values</b>	<u>776,041,027</u>	<u>1,564,942</u>	<u>42,136,113</u>
<b>EXEMPTIONS</b>			
Real estate	96,395,761	-	-
Personal property	-	-	1,799,102
Fixtures	-	-	-
Aircraft	-	-	486,988
Homeowners*	14,215,700	-	-
<b>Total Exemptions</b>	<u>96,395,761</u>	<u>-</u>	<u>1,799,102</u>
<b>Total Net Values</b>	<u>\$ 679,645,266</u>	<u>\$ 1,564,942</u>	<u>\$ 40,337,011</u>

Combined Values	Total
Total Values	\$ 819,742,082
Total Exemptions	\$ 98,194,863
Net Total Values	\$ 721,547,219
Net Aircraft Values	\$ 17,411,816

\* Note: Homeowner exemptions are not included in total exemptions

Totals do not include aircraft values or exemptions

Data Source: Tehama County Assessor 2012/13 Combined Tax Rolls



# ASSESSED VALUE OF TAXABLE PROPERTY

*City of Red Bluff*

Last Ten Fiscal Years

Category	Fiscal Year									
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Residential	\$ 304,992,133	\$ 330,273,222	\$ 371,186,632	\$ 449,067,922	\$ 490,198,005	\$ 520,436,882	\$ 475,343,273	\$ 436,208,869	\$ 437,042,328	\$ 405,557,667
Commercial	142,847,330	155,601,750	179,086,922	208,676,690	217,916,877	230,592,015	234,531,799	211,554,681	204,339,800	197,874,820
Industrial	15,431,672	19,291,553	31,135,817	33,616,573	35,224,062	37,926,611	37,576,041	29,194,594	28,010,421	25,725,800
Dry Farm	464,089	472,752	482,204	491,845	501,679	171,755	174,153	616,204	620,815	633,210
Govt. owned	-	242,000	246,840	251,776	256,811	261,947	267,185	461,648	738,764	753,536
Institutional	3,241,313	3,103,774	3,110,380	3,909,420	4,946,209	4,506,379	4,595,483	1,614,080	1,565,194	1,459,189
Irrigated	179,742	183,097	-	-	-	-	-	417,245	173,857	177,334
Miscellaneous	413,560	457,009	451,219	491,266	513,884	607,430	2,097,808	4,692,730	6,140,725	6,450,328
Recreational	7,237,708	7,462,021	7,015,515	7,174,545	7,393,940	7,323,291	7,068,114	5,852,355	5,949,671	6,049,632
Vacant	8,957,509	9,567,766	12,836,668	14,683,862	14,801,950	14,228,893	16,803,612	36,873,772	26,245,929	29,620,443
SBE nonunitary	1,448,594	1,512,306	1,941,933	1,863,721	1,617,685	1,617,685	1,617,685	1,564,842	1,564,942	1,564,942
Cross reference	5,407,252	5,478,111	5,854,382	6,194,958	6,035,364	5,846,586	5,674,596	5,545,512	5,532,710	5,343,307
Unsecured	38,942,345	37,952,087	47,912,661	52,575,180	56,209,385	59,977,180	64,121,500	56,582,319	55,839,454	57,748,827
<b>Totals</b>	<b>\$ 529,563,247</b>	<b>\$ 571,597,448</b>	<b>\$ 661,261,173</b>	<b>\$ 778,997,758</b>	<b>\$ 835,615,851</b>	<b>\$ 883,496,654</b>	<b>\$ 849,871,249</b>	<b>\$ 791,178,851</b>	<b>\$ 773,764,610</b>	<b>\$ 738,959,035</b>
Total Direct Rate	0.22841	0.22841	0.22832	0.22819	0.16443	0.17003	0.17009	0.16797	0.16794	0.17187

**Notes:**

Exempt values are not included in Total.

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Data Source: Tehama County Assessor 2003/04 - 2012/13 Combined Tax Rolls via HdL, Coren & Cone

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

## RATIO OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

*City of Red Bluff*

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Revenue Bonds	Loans	Capital Leases	Revenue Bonds	Loans			
2003-2004	\$ -	\$ -	\$ -	\$ -	\$ 830,000	\$ 4,184,468	\$ 5,014,468	2.59%	372
2004-2005	\$ -	\$ -	\$ -	\$ -	\$ 715,000	\$ 6,670,007	\$ 7,385,007	3.60%	544
2005-2006	\$ -	\$ -	\$ -	\$ 211,890	\$ 590,000	\$ 7,548,167	\$ 8,350,057	3.85%	610
2006-2007	\$ -	\$ -	\$ -	\$ 180,161	\$ 455,000	\$ 7,292,010	\$ 7,927,171	3.45%	586
2007-2008	\$ -	\$ -	\$ -	\$ 147,077	\$ 455,000	\$ 7,323,805	\$ 7,925,882	3.27%	580
2008-2009	\$ -	\$ -	\$ -	\$ 112,582	\$ 315,000	\$ 7,074,884	\$ 7,502,466	3.05%	545
2009-2010	\$ -	\$ -	\$ -	\$ 76,612	\$ 165,000	\$ 6,819,949	\$ 7,061,561	2.97%	514
2010-2011	\$ -	\$ -	\$ -	\$ 39,107	\$ -	\$ 6,558,872	\$ 6,597,979	2.74%	477
2011-2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,290,522	\$ 6,290,522	2.57%	448
2012-2013	\$ -	\$ -	\$ 1,888,000	\$ -	\$ -	\$ 932,042	\$ 2,820,042	1.12%	199

Source:

City of Red Bluff Financial Report

U.S. Census Bureau

State of California, Department of Finance, Demographic Research Unit

Note:

Personal income and per capita based on the calendar year information ending during that fiscal year.

Also See Note 4 of Financials

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**

Last Ten Fiscal Years

*City of Red Bluff*

<u>Fiscal Year</u>	<u>General Obligation Debt</u>	<u>Less: Amount Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Assessed Value</u>	<u>Per Capita</u>	<u>City Population</u>	<u>Net Assessed Value</u>
2003-2004	\$ -	\$ -	\$ -	0.00%	\$ -	13,496	\$ 529,562,247
2004-2005	\$ -	\$ -	\$ -	0.00%	\$ -	13,582	\$ 571,597,448
2005-2006	\$ -	\$ -	\$ -	0.00%	\$ -	13,684	\$ 661,261,173
2006-2007	\$ -	\$ -	\$ -	0.00%	\$ -	13,535	\$ 778,997,758
2007-2008	\$ -	\$ -	\$ -	0.00%	\$ -	13,676	\$ 835,615,851
2008-2009	\$ -	\$ -	\$ -	0.00%	\$ -	13,764	\$ 883,496,654
2009-2010	\$ -	\$ -	\$ -	0.00%	\$ -	13,726	\$ 849,871,249
2010-2011	\$ -	\$ -	\$ -	0.00%	\$ -	13,825	\$ 791,178,851
2011-2012	\$ -	\$ -	\$ -	0.00%	\$ -	14,032	\$ 773,764,610
2012-2013	\$ -	\$ -	\$ -	0.00%	\$ -	14,186	\$ 738,959,035

Source: California State Department of Finance, Tehama County Assessor

**RATIO OF ANNUAL DEBT SERVICE FOR BONDED DEBT  
TO TOTAL GENERAL EXPENDITURES**

*City of Red Bluff*

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Bonded Debt</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service to General Expenditures</u>
2003-2004	\$ 830,000	\$ 285,566	\$ 6,597,791	4.33%
2004-2005	\$ 715,000	\$ 144,350	\$ 7,226,546	2.00%
2005-2006	\$ 590,000	\$ 156,387	\$ 8,102,338	1.93%
2006-2007	\$ 455,000	\$ 172,596	\$ 8,315,883	2.08%
2007-2008	\$ 455,000	\$ 168,845	\$ 8,634,887	1.96%
2008-2009	\$ 315,000	\$ 168,486	\$ 8,333,639	2.02%
2009-2010	\$ 165,000	\$ 171,548	\$ 7,609,869	2.25%
2010-2011	\$ -	\$ -	\$ -	0.00%
2011-2012	\$ -	\$ -	\$ -	0.00%
2012-2013	\$ -	\$ -	\$ -	0.00%

Source: City of Red Bluff Financial Reports

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

As of June 30, 2013

*City of Red Bluff*

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City	City Share of Debt
Overlapping Debt Repaid with Property Tax: Shasta Community College	\$ 27,100,000	15.70%	\$ 4,254,700
Sub-Total overlapping debt	27,100,000		4,254,700
City of Red Bluff direct debt	-		-
Total direct and overlapping debt	<u>\$ 27,100,000</u>		<u>\$ 4,254,700</u>

\* The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the city's taxable assessed value and dividing it by the Shasta Community College taxable assessed value.

Source: Tehama County Auditor/Controller's Office

**LEGAL DEBT MARGIN INFORMATION**

*City of Red Bluff*

Last Ten Fiscal Years

	Fiscal Year									
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Total Assessed Valuation	<u>\$529,563,247</u>	<u>\$571,597,448</u>	<u>\$661,261,173</u>	<u>\$778,997,758</u>	<u>\$835,615,851</u>	<u>\$883,496,654</u>	<u>\$849,871,249</u>	<u>\$791,178,851</u>	<u>\$773,764,610</u>	<u>\$738,959,035</u>
Debt Limit 15% of										
Total Assessed Valuation*	\$ 79,434,487	\$ 85,739,617	\$ 99,189,176	\$116,849,664	\$125,342,378	\$132,524,498	\$127,480,687	\$118,676,828	\$116,064,692	\$110,843,855
Debt Applicable to Debt Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 79,434,487</u>	<u>\$ 85,739,617</u>	<u>\$ 99,189,176</u>	<u>\$116,849,664</u>	<u>\$125,342,378</u>	<u>\$132,524,498</u>	<u>\$127,480,687</u>	<u>\$118,676,828</u>	<u>\$116,064,692</u>	<u>\$110,843,855</u>
Total Net	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

\* Section 43605 of the California Government Code provides that: "A city shall not incur an indebtedness for public improvements which exceeds in the aggregate 15% of the assessed value of all real and personal property of the city. Within the meaning of this section 'indebtedness' means bonded indebtedness of the city payable from the proceeds of taxes levied upon taxable property in the City.

Source: Tehama County Auditor/Controller's Office and City of Red Bluff Financial Reports

**PLEGGED REVENUE COVERAGE**  
Last Ten Fiscal Years

*City of Red Bluff*

Fiscal Year	CalPERS Refunding Loan						State Revolving Loan Fund and Revenue Bonds							CIEDB Loan				
	Gross Revenue	Operating Expenses	Net Revenue		Percent Coverage	Gross Revenue	Operating Expenses	Net Revenue		Revenue		Percent Coverage	Gross Revenue	Operating Expenses	Net Revenue		Percent Coverage	
			Available for Debt Service	Total Debt Service				Available for Debt Service	SRL Debt Debt Service	Bonds Debt Service	Total Debt Service				Available for Debt Service	Total Debt Service		
2003-2004	\$ -	\$ -	\$ -	\$ -	-	\$ 2,282,554	\$ 1,243,729	\$ 1,038,825	\$ 142,923	\$ 285,566	\$ 428,489	2.42	\$ -	\$ -	\$ -	\$ -	-	
2004-2005	\$ -	\$ -	\$ -	\$ -	-	\$ 2,465,847	\$ 1,267,014	\$ 1,198,833	\$ 142,923	\$ 144,350	\$ 287,273	4.17	\$ -	\$ -	\$ -	\$ -	-	
2005-2006	\$ -	\$ -	\$ -	\$ -	-	\$ 2,376,541	\$ 1,419,359	\$ 957,182	\$ 142,923	\$ 156,387	\$ 299,310	3.20	\$ 1,694,902	\$ 1,031,060	\$ 663,842	\$ 159,165	4.17	
2006-2007	\$ -	\$ -	\$ -	\$ -	-	\$ 2,463,689	\$ 1,417,162	\$ 1,046,527	\$ 142,923	\$ 172,596	\$ 315,519	3.32	\$ 2,121,458	\$ 998,196	\$ 1,123,262	\$ 266,361	4.22	
2007-2008	\$ -	\$ -	\$ -	\$ -	-	\$ 2,126,320	\$ 1,436,792	\$ 689,528	\$ 142,923	\$ 168,845	\$ 311,768	2.21	\$ 2,098,967	\$ 1,266,772	\$ 832,195	\$ 265,983	3.13	
2008-2009	\$ -	\$ -	\$ -	\$ -	-	\$ 2,194,460	\$ 1,442,100	\$ 752,360	\$ 142,923	\$ 168,486	\$ 311,409	2.42	\$ 2,160,972	\$ 1,160,759	\$ 1,000,213	\$ 265,593	3.77	
2009-2010	\$ -	\$ -	\$ -	\$ -	-	\$ 2,109,942	\$ 1,452,774	\$ 657,168	\$ 142,923	\$ 171,548	\$ 314,471	2.09	\$ 1,960,408	\$ 1,191,997	\$ 768,411	\$ 265,192	2.90	
2010-2011	\$ -	\$ -	\$ -	\$ -	-	\$ 2,102,029	\$ 1,459,385	\$ 642,644	\$ 142,923	\$ -	\$ 142,923	4.50	\$ 1,985,521	\$ 1,196,492	\$ 789,029	\$ 264,778	2.98	
2011-2012	\$ -	\$ -	\$ -	\$ -	-	\$ 2,216,395	\$ 1,600,232	\$ 616,163	\$ 142,923	\$ -	\$ 142,923	4.31	\$ 2,087,017	\$ 1,227,669	\$ 859,348	\$ 264,352	3.25	
2012-2013	\$ 9,681,065	\$ 9,414,811	\$ 266,254	\$ 85,746	3.11	\$ 2,893,933	\$ 1,644,415	\$ 1,249,518	\$ 142,923	\$ -	\$ 142,923	8.74	\$ 2,312,459	\$ 1,193,942	\$ 1,118,517	\$ 263,912	4.24	

Source: City of Red Bluff Financial Reports

**GENERAL INFORMATION**

As of June 30, 2013

*City of Red Bluff***Miscellaneous Information**

Year of Incorporation	1876
Population	14,186
Area in Acres	4,490
Form of Government	Council/Manager
Employees	
Full-time	100
Part-time	27
Miles of Streets	130
Number of Street Lights	7

**Public Safety Services**

Fire Protection	
Number of stations	1
Number of firefighters	11
Number of volunteers	2
Police Protection	
Number of stations	1
Number of police officers	23
Number of records clerks	2
Dispatchers/ CSOs	7

**Recreational Services**

Community Center	1
Parks	10
Parks acreage	90
Baseball fields	4
Tennis courts	3
Swimming pool facilities	1
Skate park	1
Basketball courts	3

**Water and Sewer Facilities**

Water System	
Number of connections	4,525
Length of water mains	68
Wastewater System	
Number of connections	4,525
Length of sewer lines in miles	60



**PRINCIPAL EMPLOYERS**

Current Year and Nine Years Ago

*City of Red Bluff*

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
County of Tehama	836	1	13.5%	880	1	15.6%
St. Elizabeth Hospital	440	2	7.1%	463	2	8.2%
Red Bluff Elementary School District	272	3	4.4%	286	3	5.1%
Wal-Mart	257	4	4.2%	270	4	4.8%
Red Bluff High School District	195	5	3.2%	205	5	3.6%
Tehama County Department of Education	171	6	2.8%	180	6	3.2%
Home Depot	152	7	2.5%	-	0	0.0%
California Division of Forestry	148	8	2.4%	156	7	2.8%
City of Red Bluff	127	9	2.1%	150	8	2.7%
Raleys	76	10	1.2%	80	9	1.4%
Holiday Markets	-	-	0.0%	44	10	0.8%
Total Employment, City of Red Bluff	6,170			5,640		

Source: City Business License records and City Community Development Department  
Based on 2008 study.

**ECONOMIC INFORMATION**

Last Ten Fiscal Years

*City of Red Bluff*

<u>Calendar Year</u>	<u>Population</u>	<u>Unemployment Rate</u>	<u>Personal Income (In Thousands)</u>	<u>Per Capital Personal Income</u>	<u>Median Age*</u>	<u>% of Pop. 25+ with High School Degree*</u>	<u>% of Pop. 25+ with Bachelors Degree*</u>
2003	13,496	8.9%	\$ 193,349	\$ 14,326			
2004	13,582	8.6%	\$ 205,120	\$ 15,102			
2005	13,684	8.1%	\$ 216,900	\$ 15,851			
2006	13,535	7.6%	\$ 229,587	\$ 16,962			
2007	13,676	8.5%	\$ 242,084	\$ 17,701			
2008	13,764	10.7%	\$ 245,993	\$ 17,872			
2009	13,726	16.4%	\$ 237,974	\$ 17,337	35.4	78.6%	11.3%
2010	13,825	18.4%	\$ 240,845	\$ 17,421	32.7	79.3%	10.2%
2011	14,032	17.5%	\$ 244,999	\$ 17,460	33.8	81.0%	10.4%
2012	14,186	13.8%	\$ 250,738	\$ 17,675	33.1	82.9%	10.2%

\* Information not available for 2003 to 2008

Source:

California Department of Finance, California Employment Development Department, 2000 US Census,  
US Department of Commerce, and Bureau of Economic Analysis

Compiled by HdL, Coren &amp; Cone

## OPERATING AND CAPITAL INDICATORS

Last Ten Fiscal Years

*City of Red Bluff*

Fiscal Year	Street Miles	Traffic Signals	Park Acreage	Water Wells	Sanitary Sewer Miles	Sewer Maximum Daily Treatment Capacity (Million Gallons)	Airport Runway Lengths 15L/33R (Feet)	Street Resurfacing (Tons of Asphalt)	Police Calls for Service*	Police Arrests*	Fire Dept. Service Calls	Fire Dept. Medical Emergency Calls	Number of Fire Hydrants
2003-2004	130.0	7	90	14	60	2.5	5,700	50	32,779	1,758	715	1,539	552
2004-2005	130.0	7	90	14	60	2.5	5,700	63	33,799	1,563	657	1,580	579
2005-2006	130.0	7	90	14	60	2.5	5,700	57	31,518	1,762	694	1,704	603
2006-2007	130.0	7	90	14	60	2.5	5,700	257	29,804	1,620	637	1,779	611
2007-2008	130.0	7	90	14	60	2.5	5,700	452	32,139	1,712	667	1,885	621
2008-2009	130.0	7	90	14	60	2.5	5,431	446	32,553	1,404	623	1,925	628
2009-2010	130.0	7	90	14	60	2.5	5,431	89	30,135	1,411	590	2,036	631
2010-2011	130.0	7	90	14	60	2.5	5,431	57	30,295	1,321	627	2,298	631
2011-2012	130.0	7	90	14	60	2.5	5,431	114	31,893	1,264	780	2,533	634
2012-2013	130.0	7	90	14	60	2.5	5,431	63	30,140	1,439	888	2,639	635

Source: City of Red Bluff records

\*Statistics only available in calendar year, so providing 2012 calendar year for 2013 fiscal year statistics.

**AUTHORIZED FULL-TIME AND PART-TIME POSITIONS  
BY DEPARTMENT**

*City of Red Bluff*

Last Ten Fiscal Years

<u>Department</u>	<u>2012-2013</u>	<u>2011-2012</u>	<u>2010-2011</u>	<u>2009-2010</u>	<u>2008-2009</u>	<u>2007-2008</u>	<u>2006-2007</u>	<u>2005-2006</u>	<u>2004-2005</u>	<u>2003-2004</u>
General Government	8	8	9	10	10	11	10	10	10	10
Community Development	5	4	4	4	4	6	8	8	7	7
Fire	22	24	22	27	30	27	28	29	38	29
Police	33	32	32	33	39	39	36	36	41	40
Public Works	7	6	6	6	10	12	12	10	10	11
Sewer	4	4	4	4	8	8	9	9	9	9
Water	5	4	4	6	6	6	6	6	6	6
Parks & Recreation	<u>43</u>	<u>49</u>	<u>43</u>	<u>35</u>	<u>45</u>	<u>48</u>	<u>47</u>	<u>41</u>	<u>45</u>	<u>43</u>
Total City	<u><u>127</u></u>	<u><u>131</u></u>	<u><u>124</u></u>	<u><u>125</u></u>	<u><u>152</u></u>	<u><u>157</u></u>	<u><u>156</u></u>	<u><u>149</u></u>	<u><u>166</u></u>	<u><u>155</u></u>

Source: City of Red Bluff Personnel Department

**WATER AND SEWER RATES**

Last Ten Fiscal Years

*City of Red Bluff*

<u>Fiscal Year</u>	<u>Water</u>		<u>Sewer</u>	
	<u>Monthly Base Rate</u>	<u>Consumption Rate Avg. Rate Per 100 Cu. Ft.</u>	<u>Monthly Base Rate</u>	<u>Rate Per 100 Cu. Ft. of Water Consumed</u>
2003-2004	12.40	0.47	25.00	1.97
2004-2005	12.40	0.47	25.00	1.97
2005-2006	12.40	0.47	25.00	1.97
2006-2007	12.40	0.47	25.00	1.97
2007-2008	12.40	0.47	25.00	1.97
2008-2009	12.40	0.47	25.00	1.97
2009-2010	12.40	0.47	25.00	1.97
2010-2011	12.40	0.47	25.00	1.97
2011-2012	15.04	0.63	34.00	2.69
2012-2013	15.04	0.63	34.00	2.69

## Notes:

Water rates are based on a 3/4" meter, which is a standard household meter size.

Water consumption rates vary with amount of water usage.

Sewer rates for a standard household are only the base rate.

Sewer rates for commercial properties are base rate plus water consumed.

Sewer consumption rate is basic rate for all commercial except bakeries and restaurants.

Source: City of Red Bluff schedule of fees, current and prior

**TOP 25 SALES TAX PRODUCERS**

Current Year and Nine Years Ago

*City of Red Bluff*

**FOR FISCAL YEAR 2012-13**

<b>Business Name</b>	<b>Business Category</b>
Aarons	Home Furnishings
Adobe Road Chevron	Service Stations
Antelope Valero	Service Stations
Arco AM PM	Service Stations
CVS Pharmacy	Drug Stores
Exxon Food Mart	Service Stations
Food Maxx	Grocery Stores Liquor
Geo Growney Motors	New Motor Vehicle Dealers
Home Depot	Lumber/Building Materials
Les Schwab Tire Center	Automotive Supply Stores
Liquor & Food	Service Stations
Main Street Chevron	Service Stations
McDonalds	Restaurants No Alcohol
More for Less Gas	Service Stations
One Stop Gas & Food	Service Stations
O'Reilly Auto Parts	Automotive Supply Stores
Raleys Supermarket	Grocery Stores Liquor
Red Bluff AM PM	Service Stations
Red Bluff Chrysler Dodge Jeep Ram	New Motor Vehicle Dealers
Red Bluff Shell	Service Stations
Staples	Office Supplies/Furniture
Taco Bell	Restaurants No Alcohol
Tesoro West Coast	Service Stations
Tractor Supply Company	Garden/Agricultural Supplies
Walmart	Discount Dept Stores

Percent of Fiscal Year Total Paid By Top 25 Accounts = 68.71%  
 Period: July 2012 Through March 2013

\* Firms Listed Alphabetically

Source: Hinderliter, de Llamas & Associates, State Board of Equalization

**FOR FISCAL YEAR 2003-04**

<b>Business Name</b>	<b>Business Category</b>
Antelope Valero	Service Stations
Brothers Smog	Auto Repair Shops
Exxon Food Mart	Service Stations
Five Star Gas & Food Mart	Service Stations
Food Maxx	Grocery Stores Liquor
Geo Growney Motors	New Motor Vehicle Dealers
Helser Chev Olds Cad & Geo	New Motor Vehicle Dealers
Holiday Quality Foods	Grocery Stores Beer/Wine
Lassen Lumber Ace Hardware	Lumber/Building Materials
Les Schwab Tire Center	Automotive Supply Stores
Main Street Chevron	Service Stations
McDonalds	Restaurants No Alcohol
Moss Lumber	Lumber/Building Materials
Raleys Supermarket	Grocery Stores Liquor
Red Bluff Ford Mercury	New Motor Vehicle Dealers
Red Bluff Mini Marts	Service Stations
Red Bluff Shell	Service Stations
Staples	Office Supplies/Furniture
Tehama Auto Center	Used Automotive Dealers
Tehama Tire Service	Automotive Supply Stores
Tops Supermarket	Service Stations
USA Gasoline	Service Stations
USA Petroleum	Service Stations
Walmart	Discount Dept Stores
Warner Petroleum	Petroleum Prod/Equipment

Percent of Fiscal Year Total Paid By Top 25 Accounts = 65.40%  
 Period: July 2003 Through March 2004

**TAXABLE SALES BY CATEGORY***City of Red Bluff*Last Ten Calendar Years  
(In Thousands of Dollars)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Apparel stores	\$ 928	\$ 1,089	\$ 1,136	\$ 1,449	\$ 1,243	\$ 956	\$ 905	\$ 876	\$ 1,108	\$ 1,297
Food stores	16,266	17,181	15,664	15,783	15,903	15,724	15,464	15,191	13,707	14,911
Eating and drinking places	23,359	25,093	28,043	29,333	29,171	28,458	26,371	28,302	28,165	29,613
Building materials	15,402	22,573	48,058	52,613	45,993	39,283	32,221	32,327	33,433	33,742
Auto dealers and supplies	81,730	76,537	85,095	86,087	77,880	53,770	26,616	20,200	18,308	26,126
Service stations	41,178	47,343	52,718	57,405	64,812	68,014	57,629	66,449	83,105	85,707
Other retail stores	68,467	71,546	77,500	73,077	76,526	71,562	63,262	60,483	60,301	62,948
All other outlets	40,399	55,705	63,573	62,147	58,324	56,001	44,176	47,259	46,900	50,722
<b>Total</b>	<b>\$ 287,729</b>	<b>\$ 317,067</b>	<b>\$ 371,787</b>	<b>\$ 377,894</b>	<b>\$ 369,852</b>	<b>\$ 333,768</b>	<b>\$ 266,644</b>	<b>\$ 271,087</b>	<b>\$ 285,027</b>	<b>\$ 305,066</b>

Source: State of California Board of Equalization and The HdL Companies

Note:

Due to confidentiality issues, the names of the ten largest revenue payers are not available.

The categories presented are intended to provide alternative information regarding the sources of the City's revenue.