



MATSON  
& ISOM

CITY OF RED BLUFF

**Red Bluff, California**

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

**For the Fiscal Year Ended  
June 30, 2014**

CITY OF RED BLUFF, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014

Prepared by:  
Red Bluff Finance Department

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June 30, 2014

*City of Red Bluff*

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## **INTRODUCTORY SECTION**



# CITY OF RED BLUFF

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December 10, 2014

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 Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2014. 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. 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 auditors.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. 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 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's financial statements for the fiscal year ended June 30, 2014, 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; a municipal airport and general administrative services.

The budget serves as the foundation for financial planning and control for the City. 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 City's main local revenues are on the increase, with our sales tax revenue leading the way with a 6% increase. The current year's property tax revenue is projected to increase by 4%, with a 4% increase for the 2013/14 fiscal year. Sales tax has increased for the fourth straight year in a row, mainly due to new businesses. This increase has triggered an additional increase in some salaries for the current (2014/15) and prior (2013/14) fiscal years.

On November 4, 2014, the City's residents voted in a quarter cent sales tax increase to help improve public safety, parks, recreation, and other general fund services. The increase should improve the City's public safety operations, as well as reserves for capital outlay for the general fund activities (police, fire, parks, recreation, and city administration). The sales tax is estimated to change the sales tax revenue increase for 2014/15 fiscal year from a 4% increase to a 49% increase.

#### *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% of annual General Fund expenditures and a reserve for economic uncertainties of 5% of annual General Fund expenditures. 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.

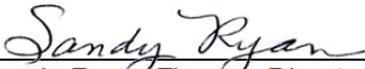
#### *Relevant Financial Policies*

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.

*Acknowledgements*

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,

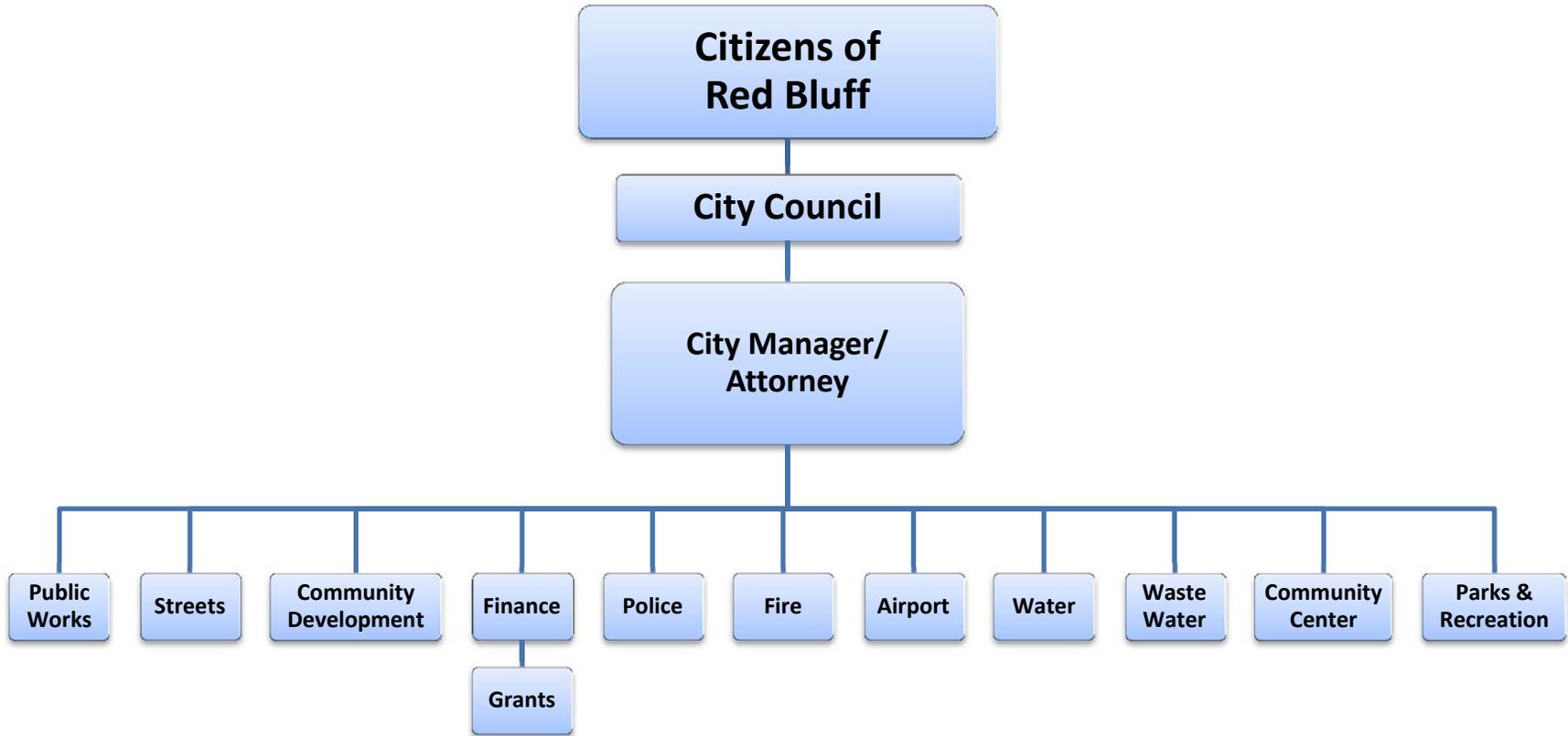
  
\_\_\_\_\_  
Sandy Ryan, Finance Director

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

**ORGANIZATIONAL CHART**

June 30, 2014

*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, 2014

**CITY COUNCIL**

Mayor ..... Daniele Jackson  
Mayor Pro Tem ..... Raymond Eliggi  
Council Member ..... Wayne Brown  
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  
Community Development Director ..... Scot Timboe  
Chief of Police ..... Paul Nanfito  
Fire Chief ..... Jon Bennett  
City Clerk ..... Jo Anna Lopez

**FINANCIAL SECTION**



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## **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, 2014, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, the Transportation Fund, and the Grants/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*

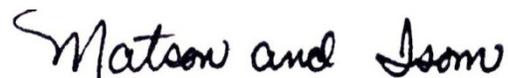
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional 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 10, 2014, 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.



December 10, 2014  
Redding, California

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

*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, 2014.

## FINANCIAL HIGHLIGHTS

The assets of the City of Red Bluff exceeded its liabilities at the close of the most recent fiscal year by \$65,506,713 (net position). Of this amount, \$11,392,473 (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 \$272,662.

As of the close of the current fiscal year, the City's governmental activities reported combined total net position of \$40,431,556. Of this amount \$982,824 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 \$42,950 or 0.55% of the total General Fund expenditures. The assigned fund balance, assigned for contingencies, for the General Fund was \$850,000 or 10.81% 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 non-major governmental funds, a GAO section which provides information on the City's internal controls over financial reporting and on the City's federal awards (if any), 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).

June 30, 2014

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 30 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, Transportation, and Grants/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 25 funds are combined into a single, aggregated presentation.

### **Proprietary Funds**

The City maintains one type of proprietary funds, enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, community development, 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 three enterprise funds are combined into a single, aggregate presentation.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

*City of Red Bluff*

June 30, 2014

**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's assets exceeded liabilities by \$65,506,713 as of June 30, 2014.

The largest portion of the City's net position (67.59%) reflects its net investment 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, 2014 and 2013.

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

June 30	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
<b>ASSETS</b>						
Current and other assets	\$ 14,663,414	\$ 14,775,265	\$ 10,861,547	\$ 8,773,124	\$ 25,524,961	\$ 23,548,389
Capital assets	29,728,582	30,983,036	15,471,432	16,041,873	45,200,014	47,024,909
<b>Total Assets</b>	<b>44,391,996</b>	<b>45,758,301</b>	<b>26,332,979</b>	<b>24,814,997</b>	<b>70,724,975</b>	<b>70,573,298</b>
<b>LIABILITIES</b>						
Long-term liabilities	3,588,352	3,602,545	1,023,517	1,140,954	4,611,869	4,743,499
Other liabilities	372,088	298,936	234,305	296,812	606,393	595,748
<b>Total Liabilities</b>	<b>3,960,440</b>	<b>3,901,481</b>	<b>1,257,822</b>	<b>1,437,766</b>	<b>5,218,262</b>	<b>5,339,247</b>
<b>NET POSITION</b>						
Net investment						
in capital assets	29,608,502	30,983,036	14,665,508	15,109,831	44,274,010	46,092,867
Restricted	9,840,230	10,235,224	-	-	9,840,230	10,235,224
Unrestricted	982,824	638,560	10,409,649	8,267,400	11,392,473	8,905,960
<b>Total Net Position</b>	<b>\$ 40,431,556</b>	<b>\$ 41,856,820</b>	<b>\$ 25,075,157</b>	<b>\$ 23,377,231</b>	<b>\$ 65,506,713</b>	<b>\$ 65,234,051</b>

An additional portion of \$9,840,230 of the City's net assets (15.0%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets \$11,392,473 may be used to meet the government's ongoing obligation to citizens and creditors.

As of June 30, 2014, 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. The governmental activities net position decreased \$1,425,264 mainly due to depreciation of transportation's capital assets. The business activities net position increased \$1,697,926 mainly due to water and wastewater revenues exceeding expenditures for the current year. As a portion of the revenues is used to fund future infrastructure repair and replacement, there will be years when the expenditures exceed revenue, when major infrastructure repair and replacement are performed.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

*City of Red Bluff*

June 30, 2014

**Analysis of the City's Operations**

The following table provides a summary of the City's operations for the years ended June 30, 2014 and 2013.

**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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 549,486	\$ 546,758	\$ 5,937,504	\$ 5,778,702	\$ 6,486,990	\$ 6,325,460
Operating grants and contributions	749,627	1,079,441	77,175	67,586	826,802	1,147,027
Capital grants and contributions	32,149	400,427	10,128	12,920	42,277	413,347
General Revenues:						
Sales taxes	2,972,009	2,795,660	-	-	2,972,009	2,795,660
Property taxes	1,330,013	1,273,648	67,617	56,428	1,397,630	1,330,076
Motel taxes	720,122	711,274	-	-	720,122	711,274
Special gas taxes	478,119	338,911	-	-	478,119	338,911
Franchise taxes	306,342	303,909	-	-	306,342	303,909
Other taxes	219,093	203,453	-	-	219,093	203,453
Motor vehicle license fees	979,512	959,291	-	-	979,512	959,291
Impact fees	8,551	230,787	-	-	8,551	230,787
Gain/(Loss) on sale of assets	1,200	-	-	-	1,200	-
Investment earnings	130,680	133,603	62,019	61,469	192,699	195,072
<b>Total Revenues</b>	<b>8,476,903</b>	<b>8,977,162</b>	<b>6,154,443</b>	<b>5,977,105</b>	<b>14,631,346</b>	<b>14,954,267</b>
<b>EXPENSES</b>						
General Government:						
City administration	356,920	398,463	-	-	356,920	398,463
Finance	407,240	400,727	-	-	407,240	400,727
Community promotion and economic development	102,792	107,225	-	-	102,792	107,225
Human resources	114,370	119,776	-	-	114,370	119,776
Engineering and administration	121,491	132,156	-	-	121,491	132,156
Government buildings	147,159	107,852	-	-	147,159	107,852
General government	171,826	191,725	-	-	171,826	191,725
Public Safety:						
Fire	1,779,441	1,847,624	-	-	1,779,441	1,847,624
Police	4,430,643	4,180,695	-	-	4,430,643	4,180,695
Parks and recreation	429,042	423,235	-	-	429,042	423,235
Transportation and streets	2,197,832	2,000,901	-	-	2,197,832	2,000,901
Senior nutrition program	-	251,390	-	-	-	251,390
Grants and program income	185,102	74,919	-	-	185,102	74,919
Building	-	-	231,693	269,254	231,693	269,254
Planning	-	-	100,652	89,779	100,652	89,779
Waste water	-	-	1,807,789	1,691,332	1,807,789	1,691,332
Water	-	-	1,310,922	1,223,665	1,310,922	1,223,665
Airport	-	-	204,006	182,889	204,006	182,889
Community center	-	-	259,764	247,415	259,764	247,415
<b>Total Expenses</b>	<b>10,443,858</b>	<b>10,236,688</b>	<b>3,914,826</b>	<b>3,704,334</b>	<b>14,358,684</b>	<b>13,941,022</b>
<b>Excess (deficiency) before transfers</b>	<b>(1,966,955)</b>	<b>(1,259,526)</b>	<b>2,239,617</b>	<b>2,272,771</b>	<b>272,662</b>	<b>1,013,245</b>
Transfers	541,691	154,511	(541,691)	(154,511)	-	-
<b>Change in Net Position</b>	<b>(1,425,264)</b>	<b>(1,105,015)</b>	<b>1,697,926</b>	<b>2,118,260</b>	<b>272,662</b>	<b>1,013,245</b>
<b>Net Position - Beg. 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>
<b>Net Position - End of Year</b>	<b>\$ 40,431,556</b>	<b>\$ 41,856,820</b>	<b>\$ 25,075,157</b>	<b>\$ 23,377,231</b>	<b>\$ 65,506,713</b>	<b>\$ 65,234,051</b>

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

*City of Red Bluff*

June 30, 2014

The governmental activities change in net position decreased by \$320,249 mainly due to increased expenses in police, transportation and grants, offset by the transfer of senior nutrition program back to Tehama County. Also, impact fees were considerably less this year due to a decrease in commercial building. The business activities change in net position decreased \$420,334 mainly due to an increase in cost allocation from business activities to governmental activities and a decrease in capital outlay purchases by governmental impact fees transferred to business water and wastewater enterprise departments. Overall the primary government net position has increased from the prior year, however the increase was less this year compared to the prior year.

**FINANCIAL ANALYSIS OF THE CITY’S FUNDS**

The following table provides a summary of the City's change in fund balance for the year ended June 30, 2014.

	<b>General Fund</b>	<b>Transportation Fund</b>	<b>Grants/ Program Income Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Revenues	\$ 7,269,192	\$ 71,226	\$ 9,740	\$ 1,062,383	\$ 8,412,541
Expenditures	7,861,749	968,529	161,509	147,325	9,139,112
Other financing sources (uses) - net	746,887	894,041	-	(928,353)	712,575
<b>Change in Fund Balances</b>	154,330	(3,262)	(151,769)	(13,295)	(13,996)
<b>Fund Balance, July 1, 2013</b>	739,159	1,153,473	4,322,309	5,596,366	11,811,307
<b>Fund Balance, June 30, 2014</b>	\$ 893,489	\$ 1,150,211	\$ 4,170,540	\$ 5,583,071	\$ 11,797,311

**Governmental Funds**

The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Also, assigned fund balance has been set aside for contingencies, or unexpected expenditures. The general fund increased the assigned fund balance by \$150,000 over the prior year, bringing the City closer to its goal of 15% of annual expenditures.

At the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$11,797,311. Approximately 7.7% of this total amount constitutes unassigned and assigned fund balance. The remainder of the fund balance is nonspendable, restricted, or committed to indicate that it is not available for general operational spending because it is required or committed to be used for certain expenditures.

In the General Fund, the City budgeted for a reduction in the fund balance of \$410,942 which was a result of authorized budgeted expenditures exceeding appropriations. Actual revenues were \$7,269,192 with final budget being \$7,055,554 with a favorable variance of \$213,638 and actual expenditures being less than budgeted expenditures with a favorable variance of \$108,610.

**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.

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

*City of Red Bluff*

June 30, 2014

Unrestricted net position of the respective major proprietary funds are Waste Water Fund of \$5,033,661 and Water Fund of \$4,889,278. All Other Enterprise Funds had unrestricted net position of \$486,710.

**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 \$189,406 and \$313,615, respectively. The increases were due to new grants and donations which increased revenue and expenditures by the same amount, and increases in overtime expense, machinery & equipment expense, and professional services expense. 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 debt service were over budget by \$44,961, and capital outlay expenditures were over budget by \$67,862, due to new capital leases.

The City’s total budgeted revenue at final budget was \$7,055,554. The majority of the revenue received over budgeted was sales taxes, motel tax and licenses and permits which includes business licenses.

**CAPITAL ASSETS**

The City of Red Bluff’s investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$45,200,014 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements, infrastructure, vehicles, and construction in progress. Additional information is located in the Notes to the Financial Statements.

The major capital asset events during the current fiscal year include the following additions:

- Wastewater: \$68,000 in sewer upgrades and improvements
- Water: \$30,000 in well improvements and system upgrades
- Public Works: \$98,500 in equipment (pothole patcher and striping system); \$10,000 in road design
- Airport: \$68,500 in building improvements
- Police: \$168,000 in new vehicles; \$45,000 in new server system; \$21,500 in pool surveillance system; \$61,500 in equipment (four mobile computers, night vision scope, forensic cell phone system, and a SWAT robot)

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

Years Ended June 30	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Land	\$ 305,206	\$ 305,206	\$ 910,368	\$ 910,368	\$ 1,215,574	\$ 1,215,574
Buildings	204,015	221,838	181,691	194,858	385,706	416,696
Improvements	1,454,938	1,593,016	8,566,269	8,882,316	10,021,207	10,475,332
Equipment	270,745	135,798	51,798	75,884	322,543	211,682
Vehicles	393,971	337,817	52,827	71,542	446,798	409,359
Infrastructure	26,968,638	28,268,522	5,363,156	5,608,568	32,331,794	33,877,090
Construction in progress	131,069	120,839	345,323	298,337	476,392	419,176
<b>Total</b>	<b>\$ 29,728,582</b>	<b>\$ 30,983,036</b>	<b>\$ 15,471,432</b>	<b>\$ 16,041,873</b>	<b>\$ 45,200,014</b>	<b>\$ 47,024,909</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

*City of Red Bluff*

June 30, 2014

**DEBT ADMINISTRATION**

At the end of the current fiscal year, the City had a total notes payable of \$2,566,004. At the end of the current fiscal year, the City had a total leave/OPEB payable of \$2,045,865. Additional information is located in the Notes to the Financial Statements.

Major changes in the notes payable this year was the acquisition of two governmental activity leases. One was to purchase a new server for the police department, and the other was to purchase three new police vehicles.

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

Years Ended June 30	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Compensated absences/OPEB	\$ 1,828,272	\$ 1,714,545	\$ 217,593	\$ 208,912	\$ 2,045,865	\$ 1,923,457
Notes payable	1,760,080	1,888,000	805,924	932,042	2,566,004	2,820,042
<b>Total</b>	<b>\$ 3,588,352</b>	<b>\$ 3,602,545</b>	<b>\$ 1,023,517</b>	<b>\$ 1,140,954</b>	<b>\$ 4,611,869</b>	<b>\$ 4,743,499</b>

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

City Management recommended and the City Council considered several important factors in adopting the 2014-15 budget, which includes:

1. A slowing of the sales tax increases and other revenues.
2. The State budget actions and its impact on City finances.
3. City responsibility to meet the obligation of its collective bargaining agreements and those impacts on employee salary, health, and pension costs.
4. Court mandated improvements to City infrastructure.
5. Aging of the City's computer systems, fleets, equipment, and 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, 2014	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,321,319	\$ 9,918,352	\$ 17,239,671
Receivables:			
Taxes	176,752	-	176,752
Accounts - net	15,453	805,877	821,330
Interest	945,688	2,132	947,820
Due from other governments	744,807	47,175	791,982
Prepaid expenses	539	-	539
Prepaid pension expense	1,549,527	-	1,549,527
Internal balances	(88,011)	88,011	-
Loans receivable	3,997,340	-	3,997,340
Nondepreciable capital assets	436,275	1,255,691	1,691,966
Depreciable capital assets - net	29,292,307	14,215,741	43,508,048
<b>Total Assets</b>	<b>\$ 44,391,996</b>	<b>\$ 26,332,979</b>	<b>\$ 70,724,975</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 98,728	\$ 94,265	\$ 192,993
Accrued interest payable	11	12,631	12,642
Accrued payroll and benefits	238,624	17,151	255,775
Customer/employee deposits	3,080	109,350	112,430
Other liabilities	31,645	908	32,553
Long-term liabilities:			
Due within one year	618,447	182,790	801,237
Due in more than one year	2,969,905	840,727	3,810,632
<b>Total Liabilities</b>	<b>3,960,440</b>	<b>1,257,822</b>	<b>5,218,262</b>
<b>NET POSITION</b>			
Net investment in capital assets	29,608,502	14,665,508	44,274,010
Restricted for:			
Grant programs and program income	4,378,099	-	4,378,099
Impact fee development	4,118,741	-	4,118,741
Transportation	1,150,211	-	1,150,211
Other	193,179	-	193,179
Unrestricted	982,824	10,409,649	11,392,473
<b>Total Net Position</b>	<b>40,431,556</b>	<b>25,075,157</b>	<b>65,506,713</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 44,391,996</b>	<b>\$ 26,332,979</b>	<b>\$ 70,724,975</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, 2014	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	\$ 356,920	\$ -	\$ -	\$ -	\$ (356,920)
Finance	407,240	-	-	-	(407,240)
Community promotion and economic development	102,792	-	-	-	(102,792)
Human resources	114,370	-	-	-	(114,370)
Engineering and administration	121,491	-	-	-	(121,491)
Government buildings	147,159	-	-	-	(147,159)
General government	171,826	380,997	15,438	-	224,609
Public safety:					
Fire	1,779,441	6,528	26,140	-	(1,746,773)
Police	4,430,643	91,386	414,692	180	(3,924,385)
Parks and recreation	429,042	62,068	4,262	-	(362,712)
Transportation and streets	2,197,832	-	284,095	-	(1,913,737)
Grants and program income	185,102	8,507	5,000	31,969	(139,626)
<b>Total Governmental Activities</b>	<b>10,443,858</b>	<b>549,486</b>	<b>749,627</b>	<b>32,149</b>	<b>(9,112,596)</b>
Business-type activities:					
Building	231,693	456,193	-	-	224,500
Planning	100,652	15,410	-	-	(85,242)
Waste water	1,807,789	2,917,443	-	-	1,109,654
Water	1,310,922	2,315,557	-	-	1,004,635
Airport	204,006	128,133	-	10,128	(65,745)
Community center	259,764	104,768	77,175	-	(77,821)
<b>Total Business-Type Activities</b>	<b>3,914,826</b>	<b>5,937,504</b>	<b>77,175</b>	<b>10,128</b>	<b>2,109,981</b>
<b>Total Primary Government</b>	<b>\$ 14,358,684</b>	<b>\$ 6,486,990</b>	<b>\$ 826,802</b>	<b>\$ 42,277</b>	<b>\$ (7,002,615)</b>

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

**STATEMENT OF ACTIVITIES**

*City of Red Bluff*

Page 2 of 2

Year Ended June 30, 2014	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>CHANGE IN NET POSITION</b>			
(Expense) Revenue - net	\$ (9,112,596)	\$ 2,109,981	\$ (7,002,615)
<b>GENERAL REVENUES AND TRANSFERS</b>			
General revenues:			
Taxes:			
Sales taxes	2,972,009	-	2,972,009
Property taxes	1,330,013	67,617	1,397,630
Motel taxes	720,122	-	720,122
Special gas taxes	478,119	-	478,119
Franchise taxes	306,342	-	306,342
Other taxes	219,093	-	219,093
Motor vehicle license fees	979,512	-	979,512
Impact fees	8,551	-	8,551
Investment earnings	130,680	62,019	192,699
Gain on sale of assets	1,200	-	1,200
Transfers	541,691	(541,691)	-
<b>Total General Revenues and Transfers</b>	<b>7,687,332</b>	<b>(412,055)</b>	<b>7,275,277</b>
<b>Change in Net Position</b>	<b>(1,425,264)</b>	<b>1,697,926</b>	<b>272,662</b>
<b>Net Position - Beginning of Year</b>	<b>41,856,820</b>	<b>23,377,231</b>	<b>65,234,051</b>
<b>Net Position - End of Year</b>	<b>\$ 40,431,556</b>	<b>\$ 25,075,157</b>	<b>\$ 65,506,713</b>

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

**BALANCE SHEET – GOVERNMENTAL FUNDS**

*City of Red Bluff*

June 30, 2014	General Fund	Transportation Fund	Grants/ Program Income Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 462,591	\$ 1,025,326	\$ 171,542	\$ 5,661,860	\$ 7,321,319
Receivables:					
Taxes	176,752	-	-	-	176,752
Accounts	6,435	4,507	-	4,511	15,453
Interest	64	65	944,513	1,046	945,688
Loans	-	-	3,994,413	2,927	3,997,340
Due from other governments	568,730	-	8,300	167,777	744,807
Prepaid expenses	539	-	-	-	539
Due from other funds	-	140,752	-	-	140,752
<b>Total Assets</b>	<b>\$ 1,215,111</b>	<b>\$ 1,170,650</b>	<b>\$ 5,118,768</b>	<b>\$ 5,838,121</b>	<b>\$ 13,342,650</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 63,455	\$ 12,891	\$ 3,740	\$ 18,642	\$ 98,728
Accrued payroll and benefits	231,218	7,406	-	-	238,624
Customer/employee deposits	3,080	-	-	-	3,080
Accrued interest payable	-	-	-	11	11
Other liabilities	23,740	142	-	7,763	31,645
Due to other funds	129	-	-	228,634	228,763
<b>Total Liabilities</b>	<b>321,622</b>	<b>20,439</b>	<b>3,740</b>	<b>255,050</b>	<b>600,851</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Interest on notes receivable	-	-	944,488	-	944,488
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	539	-	3,994,413	2,927	3,997,879
Restricted	-	1,140,104	174,687	4,249,552	5,564,343
Committed	-	-	-	1,321,899	1,321,899
Assigned	850,000	10,107	1,440	79,343	940,890
Unassigned	42,950	-	-	(70,650)	(27,700)
<b>Total Fund Balances (Deficit)</b>	<b>893,489</b>	<b>1,150,211</b>	<b>4,170,540</b>	<b>5,583,071</b>	<b>11,797,311</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,215,111</b>	<b>\$ 1,170,650</b>	<b>\$ 5,118,768</b>	<b>\$ 5,838,121</b>	<b>\$ 13,342,650</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, 2014

<b>Total Fund Balances Included in the Balance Sheet - Governmental Funds</b>		<b>\$ 11,797,311</b>
Assets recorded within the Statement of Net Position not reported in the funds:		
Net pension asset		1,549,527
Nondepreciable capital assets		436,275
Depreciable capital assets	\$ 62,206,957	
Accumulated depreciation	<u>(32,914,650)</u>	<u>29,292,307</u>
Deferred inflows of resources recorded within the funds not reported in the Statement of Net Position:		
Interest on notes receivable		944,488
Liabilities recorded within the Statement of Net Position not reported in the funds:		
Compensated absences		(1,236,308)
Long-term obligations		(1,760,080)
Other postemployment benefits obligation		<u>(591,964)</u>
<b>Net Position Reported Within the Statement of Net Position - Governmental Activities</b>		<b>\$ 40,431,556</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, 2014	General Fund	Transportation Fund	Grants/ Program Income Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Sales taxes	\$ 2,972,009	\$ -	\$ -	\$ -	\$ 2,972,009
Property taxes	1,330,013	-	-	-	1,330,013
Motel taxes	720,122	-	-	-	720,122
Franchise taxes	306,342	-	-	-	306,342
Other taxes	35,581	68,471	-	91,933	195,985
Licenses and permits	361,808	-	-	-	361,808
Fines, forfeitures, and penalties	23,851	-	-	35,177	59,028
Use of money and property	870	2,755	1,440	30,344	35,409
Intergovernmental revenue	1,308,564	-	-	873,059	2,181,623
Charges for current services	87,478	-	-	-	87,478
Other revenues	122,554	-	8,300	31,870	162,724
<b>Total Revenues</b>	<b>7,269,192</b>	<b>71,226</b>	<b>9,740</b>	<b>1,062,383</b>	<b>8,412,541</b>
<b>EXPENDITURES</b>					
Current:					
General government	1,261,014	-	-	-	1,261,014
Fire public safety	1,670,002	-	-	-	1,670,002
Police public safety	4,000,627	-	-	-	4,000,627
Parks and recreation	320,101	-	-	5,600	325,701
Transportation and streets	-	843,367	-	17,360	860,727
Grants and program income	-	-	161,509	23,593	185,102
Capital outlay	245,830	125,162	-	100,429	471,421
Debt service:					
Principal	292,539	-	-	-	292,539
Interest	71,636	-	-	343	71,979
<b>Total Expenditures</b>	<b>7,861,749</b>	<b>968,529</b>	<b>161,509</b>	<b>147,325</b>	<b>9,139,112</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(592,557)</b>	<b>(897,303)</b>	<b>(151,769)</b>	<b>915,058</b>	<b>(726,571)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital leases	170,884	-	-	-	170,884
Operating transfers in	681,692	959,124	-	-	1,640,816
Operating transfers out	(105,689)	(65,083)	-	(928,353)	(1,099,125)
<b>Total Other Financing Sources (Uses)</b>	<b>746,887</b>	<b>894,041</b>	<b>-</b>	<b>(928,353)</b>	<b>712,575</b>
<b>Net Change in Fund Balances</b>	<b>154,330</b>	<b>(3,262)</b>	<b>(151,769)</b>	<b>(13,295)</b>	<b>(13,996)</b>
<b>Fund Balances - Beginning of Year</b>	<b>739,159</b>	<b>1,153,473</b>	<b>4,322,309</b>	<b>5,596,366</b>	<b>11,811,307</b>
<b>Fund Balances - End of Year</b>	<b>\$ 893,489</b>	<b>\$ 1,150,211</b>	<b>\$ 4,170,540</b>	<b>\$ 5,583,071</b>	<b>\$ 11,797,311</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, 2014

<b>Total Net Change in Fund Balance Included in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds</b>		\$ (13,996)
<p>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.</p>		
Capital outlay	\$ 411,111	
Depreciation expense	(1,659,298)	(1,248,187)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Interest income		95,569
<p>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.</p>		
Capital lease proceeds	(170,884)	
Principal payments on debt	292,539	121,655
<p>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.</p>		
Other Postemployment benefit expense	(116,474)	
CalPERS pension side fund expense	(266,577)	
Compensated absences expense	2,746	(380,305)
<b>Net Change in Net Position Reported Within the Statement of Activities - Governmental Activities</b>		<b>\$ (1,425,264)</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, 2014	General Fund				Transportation Fund				Grants/Program Income Fund			
	Budgeted Amounts		Actual	Variance with Final Budget	Budgeted Amounts		Actual	Variance with Final Budget	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final			Original	Final			Original	Final		
<b>REVENUES</b>												
Sales taxes	\$ 2,846,000	\$ 2,846,000	\$ 2,972,009	\$ 126,009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	1,325,664	1,325,664	1,330,013	4,349	-	-	-	-	-	-	-	-
Motel taxes	606,200	606,200	720,122	113,922	-	-	-	-	-	-	-	-
Franchise taxes	304,500	304,500	306,342	1,842	-	-	-	-	-	-	-	-
Other taxes	35,387	35,387	35,581	194	90,000	90,000	68,471	(21,529)	-	-	-	-
Licenses and permits	335,000	335,000	361,808	26,808	-	-	-	-	-	-	-	-
Fines, forfeitures, and penalties	15,400	15,400	23,851	8,451	-	-	-	-	-	-	-	-
Use of money and property	-	-	870	870	1,000	1,000	2,755	1,755	850	850	1,440	590
Intergovernmental revenue	1,193,737	1,379,611	1,308,564	(71,047)	-	-	-	-	240,000	240,000	-	(240,000)
Charges for current services	86,960	86,960	87,478	518	-	-	-	-	-	-	-	-
Other revenues	117,300	120,832	122,554	1,722	-	-	-	-	-	-	8,300	8,300
<b>Total Revenues</b>	<b>6,866,148</b>	<b>7,055,554</b>	<b>7,269,192</b>	<b>213,638</b>	<b>91,000</b>	<b>91,000</b>	<b>71,226</b>	<b>(19,774)</b>	<b>240,850</b>	<b>240,850</b>	<b>9,740</b>	<b>(231,110)</b>
<b>EXPENDITURES</b>												
Current:												
General government	1,311,821	1,314,321	1,261,014	53,307	-	-	-	-	-	-	-	-
Fire public safety	1,702,879	1,730,509	1,670,002	60,507	-	-	-	-	-	-	-	-
Police public safety	3,939,824	4,099,990	4,000,627	99,363	-	-	-	-	-	-	-	-
Parks and recreation	328,357	328,357	320,101	8,256	-	-	-	-	-	-	-	-
Transportation and streets	-	-	-	-	919,246	919,246	843,367	75,879	-	-	-	-
Grants and program income	-	-	-	-	-	-	-	-	240,250	240,250	161,509	78,741
Capital outlay	54,649	177,968	245,830	(67,862)	162,000	170,000	125,162	44,838	-	-	-	-
Debt service:												
Principal	274,957	274,957	292,539	(17,582)	-	-	-	-	-	-	-	-
Interest	44,257	44,257	71,636	(27,379)	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>7,656,744</b>	<b>7,970,359</b>	<b>7,861,749</b>	<b>108,610</b>	<b>1,081,246</b>	<b>1,089,246</b>	<b>968,529</b>	<b>120,717</b>	<b>240,250</b>	<b>240,250</b>	<b>161,509</b>	<b>78,741</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(790,596)</b>	<b>(914,805)</b>	<b>(592,557)</b>	<b>322,248</b>	<b>(990,246)</b>	<b>(998,246)</b>	<b>(897,303)</b>	<b>100,943</b>	<b>600</b>	<b>600</b>	<b>(151,769)</b>	<b>(152,369)</b>
<b>OTHER FINANCING SOURCES (USES)</b>												
Capital leases	-	-	170,884	170,884	-	-	-	-	-	-	-	-
Operating transfers in	641,922	641,922	681,692	39,770	814,312	814,312	959,124	144,812	-	-	-	-
Operating transfers out	(138,059)	(138,059)	(105,689)	32,370	(80,952)	(80,952)	(65,083)	15,869	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>503,863</b>	<b>503,863</b>	<b>746,887</b>	<b>243,024</b>	<b>733,360</b>	<b>733,360</b>	<b>894,041</b>	<b>160,681</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(286,733)</b>	<b>(410,942)</b>	<b>154,330</b>	<b>565,272</b>	<b>(256,886)</b>	<b>(264,886)</b>	<b>(3,262)</b>	<b>261,624</b>	<b>600</b>	<b>600</b>	<b>(151,769)</b>	<b>(152,369)</b>
<b>Fund Balances - Beginning of Year</b>	<b>739,159</b>	<b>739,159</b>	<b>739,159</b>	<b>-</b>	<b>1,153,473</b>	<b>1,153,473</b>	<b>1,153,473</b>	<b>-</b>	<b>4,322,309</b>	<b>4,322,309</b>	<b>4,322,309</b>	<b>-</b>
<b>Fund Balances - End of Year</b>	<b>\$ 452,426</b>	<b>\$ 328,217</b>	<b>\$ 893,489</b>	<b>\$ 565,272</b>	<b>\$ 896,587</b>	<b>\$ 888,587</b>	<b>\$ 1,150,211</b>	<b>\$ 261,624</b>	<b>\$ 4,322,909</b>	<b>\$ 4,322,909</b>	<b>\$ 4,170,540</b>	<b>\$ (152,369)</b>

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

**STATEMENT OF NET POSITION –  
PROPRIETARY FUNDS**

*City of Red Bluff*

June 30, 2014	<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	\$ 4,735,901	\$ 4,604,762	\$ 577,689	\$ 9,918,352
Receivables:				
Accounts - net	434,929	366,103	4,845	805,877
Interest	768	1,253	111	2,132
Due from other governments	-	-	47,175	47,175
Due from other funds	-	127,820	-	127,820
<b>Total Current Assets</b>	<b>5,171,598</b>	<b>5,099,938</b>	<b>629,820</b>	<b>10,901,356</b>
<b>NONCURRENT ASSETS</b>				
Nondepreciable capital assets	713,111	150,996	391,584	1,255,691
Depreciable capital assets - net	4,505,347	7,976,712	1,733,682	14,215,741
<b>Total Noncurrent Assets</b>	<b>5,218,458</b>	<b>8,127,708</b>	<b>2,125,266</b>	<b>15,471,432</b>
<b>Total Assets</b>	<b>\$ 10,390,056</b>	<b>\$ 13,227,646</b>	<b>\$ 2,755,086</b>	<b>\$ 26,372,788</b>
<b>LIABILITIES AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 32,327	\$ 47,350	\$ 14,588	\$ 94,265
Accrued interest payable	12,109	485	37	12,631
Accrued payroll and benefits	5,241	5,951	5,959	17,151
Customer/employee deposits	-	100,460	8,890	109,350
Other liabilities	67	89	752	908
Due to other funds	-	-	39,809	39,809
Compensated absences payable - current	22,048	14,081	18,269	54,398
Bonds and loan payable - current	128,392	-	-	128,392
<b>Total Current Liabilities</b>	<b>200,184</b>	<b>168,416</b>	<b>88,304</b>	<b>456,904</b>
<b>NONCURRENT LIABILITIES</b>				
Compensated absences - net	66,145	42,244	54,806	163,195
Bonds and loans payable - net	677,532	-	-	677,532
<b>Total Noncurrent Liabilities</b>	<b>743,677</b>	<b>42,244</b>	<b>54,806</b>	<b>840,727</b>
<b>Total Liabilities</b>	<b>943,861</b>	<b>210,660</b>	<b>143,110</b>	<b>1,297,631</b>
<b>NET POSITION</b>				
Investment in capital assets - net of related debt	4,412,534	8,127,708	2,125,266	14,665,508
Unrestricted	5,033,661	4,889,278	486,710	10,409,649
<b>Total Net Position</b>	<b>9,446,195</b>	<b>13,016,986</b>	<b>2,611,976</b>	<b>25,075,157</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 10,390,056</b>	<b>\$ 13,227,646</b>	<b>\$ 2,755,086</b>	<b>\$ 26,372,788</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, 2014	Waste Water Fund	Water Fund	Nonmajor Enterprise Funds	Totals
<b>OPERATING REVENUES</b>				
Charges for current services:				
Waste water and water charges	\$ 2,917,443	\$ 2,315,557	\$ -	\$ 5,233,000
Permits and fees	-	-	471,603	471,603
Rental revenue	-	-	205,653	205,653
Other revenue	-	-	27,248	27,248
<b>Total Operating Revenues</b>	<b>2,917,443</b>	<b>2,315,557</b>	<b>704,504</b>	<b>5,937,504</b>
<b>OPERATING EXPENSES</b>				
Cost of power and transportation	217,123	353,412	53,446	623,981
Maintenance, operations, and administration	1,250,672	647,141	617,604	2,515,417
Depreciation expense	322,893	295,781	124,758	743,432
<b>Total Operating Expenses</b>	<b>1,790,688</b>	<b>1,296,334</b>	<b>795,808</b>	<b>3,882,830</b>
<b>Operating Income (Loss)</b>	<b>1,126,755</b>	<b>1,019,223</b>	<b>(91,304)</b>	<b>2,054,674</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property taxes	-	-	67,617	67,617
Intergovernmental revenues	-	-	87,303	87,303
Investment income	22,995	35,637	3,387	62,019
Interest expense	(17,101)	(14,588)	(307)	(31,996)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>5,894</b>	<b>21,049</b>	<b>158,000</b>	<b>184,943</b>
<b>Income Before Operating Transfers</b>	<b>1,132,649</b>	<b>1,040,272</b>	<b>66,696</b>	<b>2,239,617</b>
Operating transfers in	13,922	24,685	188,748	227,355
Operating transfers out	(274,107)	(256,332)	(238,607)	(769,046)
<b>Change in Net Position</b>	<b>872,464</b>	<b>808,625</b>	<b>16,837</b>	<b>1,697,926</b>
<b>Total Net Position - Beginning of Year</b>	<b>8,573,731</b>	<b>12,208,361</b>	<b>2,595,139</b>	<b>23,377,231</b>
<b>Total Net Position - End of Year</b>	<b>\$ 9,446,195</b>	<b>\$ 13,016,986</b>	<b>\$ 2,611,976</b>	<b>\$ 25,075,157</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, 2014	Waste Water Fund	Water Fund	Nonmajor Enterprise Funds	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 3,108,276	\$ 2,499,770	\$ 711,715	\$ 6,319,761
Cash paid to employees (including employee benefits)	(413,917)	(418,434)	(469,117)	(1,301,468)
Cash paid to suppliers	(1,095,196)	(575,433)	(223,645)	(1,894,274)
<b>Net Cash Provided by Operating Activities</b>	<u>1,599,163</u>	<u>1,505,903</u>	<u>18,953</u>	<u>3,124,019</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Property taxes received	-	-	67,617	67,617
Cash received from (paid to) other funds	-	19,227	(524)	18,703
Operating transfers in	13,922	24,685	188,748	227,355
Operating transfers out	(274,107)	(256,332)	(238,607)	(769,046)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(260,185)</u>	<u>(212,420)</u>	<u>17,234</u>	<u>(455,371)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Intergovernmental revenue received	-	-	93,391	93,391
Payments for the purchase of capital assets	(101,010)	(29,565)	(42,417)	(172,992)
Debt principal paid	(126,118)	-	-	(126,118)
Debt interest paid	(18,996)	(14,103)	(269)	(33,368)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(246,124)</u>	<u>(43,668)</u>	<u>50,705</u>	<u>(239,087)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	22,227	34,384	3,276	59,887
<b>Net Cash Provided by Investing Activities</b>	<u>22,227</u>	<u>34,384</u>	<u>3,276</u>	<u>59,887</u>
<b>Net Increase in Cash and Cash Equivalents</b>	1,115,081	1,284,199	90,168	2,489,448
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>3,620,820</u>	<u>3,320,563</u>	<u>487,521</u>	<u>7,428,904</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 4,735,901</u>	<u>\$ 4,604,762</u>	<u>\$ 577,689</u>	<u>\$ 9,918,352</u>

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

**STATEMENT OF CASH FLOWS –  
PROPRIETARY FUNDS**

Year Ended June 30, 2014	Waste Water Fund	Water Fund	Nonmajor Enterprise Funds	Totals
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 1,126,755	\$ 1,019,223	\$ (91,304)	\$ 2,054,674
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	322,893	295,781	124,758	743,432
Changes in:				
Accounts receivable	190,833	181,726	5,807	378,366
Accounts payable	(43,708)	1,814	(20,146)	(62,040)
Accrued payroll and benefits	(872)	158	(2,264)	(2,978)
Customer/employee deposits	-	2,487	1,404	3,891
Other liabilities	13	12	(32)	(7)
Compensated absences payable	3,249	4,702	730	8,681
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,599,163</b>	<b>\$ 1,505,903</b>	<b>\$ 18,953</b>	<b>\$ 3,124,019</b>

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

**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, 2014

*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 proprietary 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.

*The Transportation Fund:* This fund accounts for the operations and maintenance of the City's streets with taxes and grant revenue restricted for transportation.

*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, 2014

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 based on their respective availability periods. All other revenue items are considered to be measurable and available only when cash is received by the government.

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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*City of Red Bluff*

June 30, 2014

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 budget committee (comprised of two council members appointed by the City Council), 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, 2014, 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 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, 2014, for the water and waste water departments were \$9,579 and \$12,858, 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, 2014

*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 was 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.

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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.

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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 \$9,840,230 of restricted net position, of which \$4,118,741 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 2013 to conform to the 2014 presentation.

**2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of June 30, 2014, consisted of the following:

Cash in banks and on hand	\$ 736,821
Umpqua public funds money market account	5,008,569
Certificates of deposit	6,426,000
State of California - Local Agency Investment Fund (LAIF)	5,068,281
<b>Total Cash and Cash Equivalents</b>	<b>\$ 17,239,671</b>

**Custodial Credit Risk**

In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2014, the City’s bank balance was \$5,918,648 and \$5,668,648 of that amount was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging or 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 money market accounts and certificates of deposit.

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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, 2014, 1.86% of LAIF’s investment portfolio was invested in structured notes and other asset-backed securities. In addition, PMIA’s weighted average maturities was 0.78 years at June 30, 2014. (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, 2014, is summarized as follows:

**Governmental Activities:**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>NONDEPRECIABLE CAPITAL ASSETS</b>					
Land	\$ 305,206	\$ -	\$ -	\$ -	\$ 305,206
Construction in progress	120,839	10,230	-	-	131,069
<b>Total Nondepreciable Capital Assets</b>	<b>426,045</b>	<b>10,230</b>	<b>-</b>	<b>-</b>	<b>436,275</b>
<b>DEPRECIABLE CAPITAL ASSETS</b>					
Buildings	1,986,188	-	-	-	1,986,188
Improvements	2,946,066	-	-	-	2,946,066
Equipment	1,544,255	226,691	-	-	1,770,946
Vehicles	2,800,917	167,923	-	-	2,968,840
Infrastructure	52,534,916	-	-	-	52,534,916
<b>Total Depreciable Capital Assets</b>	<b>61,812,342</b>	<b>394,614</b>	<b>-</b>	<b>-</b>	<b>62,206,956</b>
<b>LESS: ACCUMULATED DEPRECIATION</b>					
Buildings	1,764,350	17,823	-	-	1,782,173
Improvements	1,353,050	138,078	-	-	1,491,128
Equipment	1,408,457	91,744	-	-	1,500,201
Vehicles	2,463,100	111,769	-	-	2,574,869
Infrastructure	24,266,394	1,299,884	-	-	25,566,278
<b>Total Less: Accumulated Depreciation</b>	<b>31,255,351</b>	<b>1,659,298</b>	<b>-</b>	<b>-</b>	<b>32,914,649</b>
<b>Depreciable Capital Assets - Net</b>	<b>30,556,991</b>	<b>(1,264,684)</b>	<b>-</b>	<b>-</b>	<b>29,292,307</b>
<b>Governmental Capital Assets - Net</b>	<b>\$ 30,983,036</b>	<b>\$ (1,254,454)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,728,582</b>

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

<b>GOVERNMENTAL ACTIVITIES</b>	
General government	\$ 77,680
Fire	73,321
Police	80,198
Parks and recreation	101,259
Transportation and streets	1,326,840
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$ 1,659,298</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	88,476	-	(41,490)	345,323
<b>Total Nondepreciable Capital Assets</b>	<b>1,208,705</b>	<b>88,476</b>	<b>-</b>	<b>(41,490)</b>	<b>1,255,691</b>
<b>DEPRECIABLE CAPITAL ASSETS</b>					
Buildings	1,467,760	-	-	-	1,467,760
Improvements	17,102,924	84,517	-	41,490	17,228,931
Equipment	892,237	-	-	-	892,237
Vehicles	686,255	-	-	-	686,255
Infrastructure	12,557,713	-	-	-	12,557,713
<b>Total Depreciable Capital Assets</b>	<b>32,706,889</b>	<b>84,517</b>	<b>-</b>	<b>41,490</b>	<b>32,832,896</b>
<b>LESS: ACCUMULATED DEPRECIATION</b>					
Buildings	1,272,902	13,167	-	-	1,286,069
Improvements	8,220,608	442,054	-	-	8,662,662
Equipment	816,353	24,086	-	-	840,439
Vehicles	614,713	18,715	-	-	633,428
Infrastructure	6,949,145	245,412	-	-	7,194,557
<b>Total Less: Accumulated Depreciation</b>	<b>17,873,721</b>	<b>743,434</b>	<b>-</b>	<b>-</b>	<b>18,617,155</b>
<b>Depreciable Capital Assets - Net</b>	<b>14,833,168</b>	<b>(658,917)</b>	<b>-</b>	<b>41,490</b>	<b>14,215,741</b>
<b>Business-Type Capital Assets - Net</b>	<b>\$ 16,041,873</b>	<b>\$ (570,441)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,471,432</b>

Depreciation expense was charged to functions as follows:

<b>BUSINESS-TYPE ACTIVITIES</b>	
Building	\$ 1,500
Waste water	322,895
Water	295,781
Airport	122,612
Community center	646
<b>Total Business-Type Activities Depreciation Expense</b>	<b>\$ 743,434</b>

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2014

*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, 2014:

	<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	\$ 1,888,000	\$ -	\$ 248,000	\$ 1,640,000	\$ 262,000
Capital Leases					
Ford Lease Agreement	-	126,197	44,539	81,658	39,639
Dell Lease Agreement	-	44,687	6,265	38,422	7,731
<b>Total Financing Leases</b>	<u>-</u>	<u>170,884</u>	<u>50,804</u>	<u>120,080</u>	<u>47,370</u>
Other liabilities:					
Compensated absences	1,239,055	345,031	347,778	1,236,308	309,077
Other postemployment benefits	475,490	116,474	-	591,964	-
<b>Total Other Liabilities</b>	<u>1,714,545</u>	<u>461,505</u>	<u>347,778</u>	<u>1,828,272</u>	<u>309,077</u>
<b>Total Governmental Activities</b>	<u>3,602,545</u>	<u>632,389</u>	<u>646,582</u>	<u>3,588,352</u>	<u>618,447</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Loans payable:					
State Revolving Fund Loan	932,042	-	126,118	805,924	128,392
Other liabilities:					
Compensated absences	208,912	57,192	48,511	217,593	54,398
<b>Total Business-Type Activities</b>	<u>1,140,954</u>	<u>57,192</u>	<u>174,629</u>	<u>1,023,517</u>	<u>182,790</u>
<b>Total Long-Term Liabilities</b>	<u>\$ 4,743,499</u>	<u>\$ 689,581</u>	<u>\$ 821,211</u>	<u>\$ 4,611,869</u>	<u>\$ 801,237</u>

**Loans**

***CalPERS Refunding Loan***

During the year ended June 30 2013, a CalPERS refunding loan was issued to refinance the City's existing \$1.9 million pension side fund obligation for its participation in the California Public Employees Retirement System (CalPERS). The loan is collateralized by a pledge of the gross revenues of the City. Principal and interest paid in the current year was \$319,214, while total pledged revenues were \$14,623,046. Total principal and interest remaining on the loan is \$1,852,335, 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%.

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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 \$2,917,443. Total principal and interest remaining on the loan is \$857,538 which is the amount of the remaining dedicated source of revenues pledged.

**Capital Leases**

In September 2013, the City entered into a capital lease for the purchase of a server and related equipment with a cost of \$44,687 and accumulated depreciation of \$5,958 as of June 30, 2014. The lease is payable in 60 monthly installments of \$822, including interest at 3.96%. Repayment began in November 2013. Principal and interest paid in the current year were \$7,400. Total remaining payments under the lease are \$41,934, including interest in the amount of \$3,512. The present value of the remaining payments is \$38,422.

In April 2014, the City entered into a capital lease for the purchase of three police interceptor vehicles with a cost of \$126,197 and accumulated depreciation of \$6,310 as of June 30, 2014. The lease is payable in three annual installments of \$44,539, including interest at 6.0%. Repayment began in April 2014. Principal and interest paid in the current year were \$44,539. Total remaining payments under the lease are \$89,078, including interest in the amount of \$7,421. The present value of the remaining payments is \$81,657.

Amortization of leased assets is included with depreciation expense.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

<u>Year Ending June 30</u>	<b>Governmental Activities</b>
2015	\$ 53,584
2016	54,406
2017	9,867
2018	9,867
2019	3,289
<b>Total Minimum Lease Payments</b>	131,013
Less: Amount representing interest	(10,934)
<b>Present Value of Minimum Lease Payments</b>	<b>\$ 120,079</b>

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**Long-Term Debt Summary**

**Governmental Activities:**

Year Ending June 30	Principal	Interest	Total
2015	\$ 309,370	\$ 67,619	\$ 376,989
2016	333,790	54,609	388,399
2017	254,138	41,036	295,174
2018	272,520	30,942	303,462
2019	286,261	20,172	306,433
2020-2024	304,001	8,892	312,893
<b>Total</b>	<b>\$ 1,760,080</b>	<b>\$ 223,270</b>	<b>\$ 1,983,350</b>

**Business-Type Activities:**

Year Ending June 30	Principal	Interest	Total
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	137,906	5,017	142,923
2020-2024	140,392	2,531	142,923
<b>Total</b>	<b>\$ 805,924</b>	<b>\$ 51,614</b>	<b>\$ 857,538</b>

**Interest Expense**

The total interest incurred for the year ended June 30, 2014, on long-term debt was \$89,154. 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, 2014, was \$142,127, interest on the net OPEB obligation was \$23,775, the adjustment to the Annual Required Contribution (ARC) for the year was \$33,737, and contributions made by the City during the year were \$15,691, which resulted in a net increase in the OPEB obligation of \$116,474 and an ending OPEB obligation of \$591,964. 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.

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*City of Red Bluff*

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, 2014, 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, 2014, including incurred but not reported claims (IBNRs). Claims paid for the workers' compensation and general liability programs for the fiscal year ended June 30, 2014, were \$537,692 and \$123,078, respectively.

It is the City's policy not to record the fluctuations in its banking layer. As of June 30, 2014, 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 \$285,155. 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 deficit of \$11,157 for its general liability program.

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

**Interfund Balances**

The following is a summary of interfund balances as of June 30, 2014:

	<b>Due From Other Funds</b>	<b>Due to Other Funds</b>	<b>Internal Balances</b>
<b>GOVERNMENTAL ACTIVITIES</b>			
General	\$ -	\$ 129	\$ (129)
Transportation	140,752	-	140,752
Nonmajor governmental	-	228,634	(228,634)
<b>Total Governmental Activities</b>	<b>140,752</b>	<b>228,763</b>	<b>(88,011)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>			
Water	127,820	-	127,820
Nonmajor enterprise	-	39,809	(39,809)
<b>Total Business-Type Activities</b>	<b>127,820</b>	<b>39,809</b>	<b>88,011</b>
<b>Total Government-Wide Statement</b>	<b>\$ 268,572</b>	<b>\$ 268,572</b>	<b>\$ -</b>

**Transfers**

The following is a summary of transfers for the year ended June 30, 2014:

	<b>Operating Transfers In</b>	<b>Operating Transfers Out</b>	<b>Net Transfers</b>
<b>GOVERNMENTAL ACTIVITIES</b>			
General	\$ 681,692	\$ 105,689	\$ 576,003
Transportation	959,124	65,083	894,041
Nonmajor governmental	-	928,353	(928,353)
<b>Total Governmental Activities</b>	<b>1,640,816</b>	<b>1,099,125</b>	<b>541,691</b>
<b>BUSINESS-TYPE ACTIVITIES</b>			
Waste water	13,922	274,107	(260,185)
Water	24,685	256,332	(231,647)
Nonmajor enterprise	188,748	238,607	(49,859)
<b>Total Business-Type Activities</b>	<b>227,355</b>	<b>769,046</b>	<b>(541,691)</b>
<b>Total Government-Wide Statement</b>	<b>\$ 1,868,171</b>	<b>\$ 1,868,171</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**

Miscellaneous plan participants are required to contribute 7% (6.25% for Public Employees' Pension Reform Act (PEPRA) new members) of their annual covered salary, while safety employees are required to contribute 9% (11.5% for PEPRA new members) 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 8.551% for miscellaneous employees, 28.072% for safety fire plan employees, 46.115% for safety police plan tier one employees, 21.669% for safety police plan tier two employees, 6.25% for miscellaneous PEPRA new members, and 11.50% for safety fire and police PEPRA new members; 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).

**Annual Pension Cost**

For the fiscal year ended June 30, 2014, the City's annual pension cost of \$726,408 was equal to the City's actual and required contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included: (a) 7.50% investment rate of return (net of administrative expenses), and (b) projected salary increases of 3.30% to 14.20%. Both (a) and (b) include an inflation component of 2.75% and a payroll growth component of 3.00%. 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.

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*City of Red Bluff*

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, 2014, the amortization periods were 17 years for the miscellaneous plan, 18 years for the safety police plans, and 13 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
2012	\$ 162,763	100%	\$ -
2013	\$ 147,280	100%	\$ -
2014	\$ 183,414	100%	\$ -

*Safety Fire Plan*

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 195,821	100%	\$ -
2013	\$ 167,902	100%	\$ -
2014	\$ 156,346	100%	\$ -

*Safety Police Plan - Tier One*

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 521,821	100%	\$ -
2013	\$ 395,241	100%	\$ -
2014	\$ 277,130	100%	\$ -

*Safety Police Plan - Tier Two*

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 20,742	100%	\$ -
2013	\$ 73,472	100%	\$ -
2014	\$ 93,424	100%	\$ -

**NOTES TO THE FINANCIAL STATEMENTS**

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***PEPRA Miscellaneous Plan***

<u>Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ -	0%	\$ -
2013	\$ -	0%	\$ -
2014	\$ 6,808	100%	\$ -

***PEPRA Fire Plan***

<u>Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ -	0%	\$ -
2013	\$ -	0%	\$ -
2014	\$ 237	100%	\$ -

***PEPRA Police Plan***

<u>Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ -	0%	\$ -
2013	\$ -	0%	\$ -
2014	\$ 9,049	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.

**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 (including spouses), and meet the age and service requirement for eligibility. Retirees must be at least 55 years of age with a minimum 5 years of service with the City. The City plays medical premiums up to a cap of \$160 per month, for each qualifying retiree (spouse). As of June 30, 2014, membership of the Plan consists of 9 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, 2014, the City paid \$15,691 on behalf of its retirees.

**NOTES TO THE FINANCIAL STATEMENTS**

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**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 City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than 100 total plan members. 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)	\$ 142,127
Interest on obligation from prior year	23,775
Adjustment to ARC	(33,737)
<b>Annual OPEB Cost for the Year</b>	<b>132,165</b>
Contributions made for the year	(15,691)
<b>Increase in Net OPEB Obligation</b>	<b>116,474</b>
<b>Net OPEB Obligation - Beginning of the Year</b>	<b>475,490</b>
<b>Net OPEB Obligation - End of Year</b>	<b>\$ 591,964</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	2014	2013	2012
Annual OPEB cost	\$ 132,165	\$ 98,839	\$ 140,455
Percentage of annual OPEB costs contributed	11.87%	18.51%	17.34%
Net OPEB obligation - end of year	\$ 591,964	\$ 475,490	\$ 394,947

**Funding Status and Funding Progress**

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

	<b>July 1, 2013</b>
Actuarial accrued liability (AAL)	\$ 1,102,280
Actuarial value of plan assets	-
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>\$ 1,102,280</b>
Actuarial value of plan assets as a percentage of AAL	0%
Covered payroll	\$ 4,854,897
<b>UAAL as Percentage of Covered Payroll</b>	<b>22.70%</b>

As of June 30, 2014, the City has not set aside any amounts in an external trust fund.

**NOTES TO THE FINANCIAL STATEMENTS**

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<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability (UAAL)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
November 17, 2011	\$ 957,452	\$ -	\$ 957,452	0.0%	\$ 4,933,449	19.4%
July 1, 2013	\$ 1,102,280	\$ -	\$ 1,102,280	0.0%	\$ 4,854,897	22.7%

**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 July 1, 2013, actuarial valuation, the entry-age normal cost method was used. The actuarial assumptions included a 5.0% discount rate, 2.75% 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, 2014, the funds listed below reported deficit fund balances or retained earnings:

<b>GOVERNMENTAL FUNDS</b>	
Fire Protection Capital Improvement Fund	\$ 69,655
Police Protection Capital Improvement Fund	995

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2014

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As of June 30, 2014, fund balances are composed of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Prepaid items	\$ 539	\$ -	\$ -	\$ -
Contingency	-	-	-	850,000
Transportation Fund:				
Transportation	-	1,140,104	-	10,107
Grants/Program Income Fund:				
Long-term receivables	3,994,413	-	-	-
Grants	-	174,687	-	1,440
Other Governmental Funds:				
Long-term receivables	2,927	-	-	-
Traffic Control Impact Fee	-	1,887,257	-	32,763
Water Capital Impact Fees	-	649,835	-	6,670
Waste Water Facility Impact Fees	-	583,668	-	6,966
Waste Water Collection Impact Fees	-	528,527	-	5,382
Flood Protection Impact Fees	-	213,903	-	3,730
PEG Fees	-	140,167	-	1,829
City Admin and Equipment Impact Fees	-	113,056	-	1,909
Meadow Brook Street Fees	-	41,184	-	624
Airport Impact Fees	-	38,775	-	677
Prop 30 (Public Safety) Revenue	-	30,045	-	858
Broadcast Labor Fees	-	20,000	-	242
Park Capital Improvement Fees	-	3,135	-	680
Waste Water Treatment Plant Capital Reserves	-	-	813,210	11,448
Transportation - City Design Fees	-	-	219,954	3,287
Grants	-	-	203,622	1,010
General Plan Update	-	-	85,113	1,230
Asset Forfeiture Fees	-	-	-	38
<b>Total</b>	<u>\$ 3,997,879</u>	<u>\$ 5,564,343</u>	<u>\$ 1,321,899</u>	<u>\$ 940,890</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.

June 30, 2014

**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, 2014, the City had no commitments outstanding in the form of contracts and/or purchase orders for construction.

**13. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2014, expenditures exceeded appropriations in none of the major special revenue funds.

**14. 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 Nonmajor 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) / Regional Surface Transportation Program (RSTP) Revenue Fund:* This fund accounts for ISTEA and RSTP revenues and expenditures restricted for use in maintenance, repairs, and improvements of the street system of the City

*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.

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

*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, 2014	<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	\$ -	\$ 137,665	\$ -	\$ 20,239	\$ 157,904
Receivables:					
Accounts	-	4,309	-	-	4,309
Interest	5	22	13	3	43
Loans	-	-	-	-	-
Due from other governments	5,470	-	11,756	-	17,226
<b>Total Assets</b>	<b>\$ 5,475</b>	<b>\$ 141,996</b>	<b>\$ 11,769</b>	<b>\$ 20,242</b>	<b>\$ 179,482</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Other liabilities	-	-	-	-	-
Due to other funds	5,475	-	11,769	-	17,244
<b>Total Liabilities</b>	<b>5,475</b>	<b>-</b>	<b>11,769</b>	<b>-</b>	<b>17,244</b>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	-	-	-	-	-
Restricted	-	140,167	-	20,000	160,167
Committed	-	-	-	-	-
Assigned	-	1,829	-	242	2,071
Unassigned	-	-	-	-	-
<b>Total Fund Balances (Deficit)</b>	<b>-</b>	<b>141,996</b>	<b>-</b>	<b>20,242</b>	<b>162,238</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,475</b>	<b>\$ 141,996</b>	<b>\$ 11,769</b>	<b>\$ 20,242</b>	<b>\$ 179,482</b>

**COMBINING BALANCE SHEET –  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2014	<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	\$ 157,904	\$ 30,894	\$ 7,799	\$ 1,962	\$ 198,559
Receivables:					
Accounts	4,309	-	-	-	4,309
Interest	43	9	2	31	85
Loans	-	-	-	-	-
Due from other governments	17,226	-	-	-	17,226
<b>Total Assets</b>	<b>\$ 179,482</b>	<b>\$ 30,903</b>	<b>\$ 7,801</b>	<b>\$ 1,993</b>	<b>\$ 220,179</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 1,993	\$ 1,993
Other liabilities	-	-	7,763	-	7,763
Due to other funds	17,244	-	-	-	17,244
<b>Total Liabilities</b>	<b>17,244</b>	<b>-</b>	<b>7,763</b>	<b>1,993</b>	<b>27,000</b>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	-	-	-	-	-
Restricted	160,167	30,045	-	-	190,212
Committed	-	-	-	-	-
Assigned	2,071	858	38	-	2,967
Unassigned	-	-	-	-	-
<b>Total Fund Balances (Deficit)</b>	<b>162,238</b>	<b>30,903</b>	<b>38</b>	<b>-</b>	<b>193,179</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 179,482</b>	<b>\$ 30,903</b>	<b>\$ 7,801</b>	<b>\$ 1,993</b>	<b>\$ 220,179</b>

**COMBINING BALANCE SHEET –  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2014	<b>Special Revenue</b>				
	<b>Balance Brought Forward</b>	<b>Special Gas Tax Fund</b>	<b>ISTEA/RSTP Revenue Fund</b>	<b>Grants Fund</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 198,559	\$ -	\$ -	\$ 199,524	\$ 398,083
Receivables:					
Accounts	4,309	-	-	202	4,511
Interest	85	71	-	35	191
Loans	-	-	-	2,927	2,927
Due from other governments	17,226	43,872	96,808	9,871	167,777
<b>Total Assets</b>	<b>\$ 220,179</b>	<b>\$ 43,943</b>	<b>\$ 96,808</b>	<b>\$ 212,559</b>	<b>\$ 573,489</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 1,993	\$ -	\$ -	\$ 5,000	\$ 6,993
Other liabilities	7,763	-	-	-	7,763
Due to other funds	17,244	43,943	96,808	-	157,995
<b>Total Liabilities</b>	<b>27,000</b>	<b>43,943</b>	<b>96,808</b>	<b>5,000</b>	<b>172,751</b>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	-	-	-	2,927	2,927
Restricted	190,212	-	-	-	190,212
Committed	-	-	-	203,622	203,622
Assigned	2,967	-	-	1,010	3,977
Unassigned	-	-	-	-	-
<b>Total Fund Balances (Deficit)</b>	<b>193,179</b>	<b>-</b>	<b>-</b>	<b>207,559</b>	<b>400,738</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 220,179</b>	<b>\$ 43,943</b>	<b>\$ 96,808</b>	<b>\$ 212,559</b>	<b>\$ 573,489</b>

**COMBINING BALANCE SHEET –  
NONMAJOR GOVERNMENTAL FUNDS**

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June 30, 2014	<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>Traffic Control Capital Improvement Fund</b>	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 86,329	\$ 223,205	\$ 824,524	\$ 1,921,998	\$ 3,056,056
Receivables:					
Accounts	-	-	-	-	-
Interest	14	36	134	312	496
Loans	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 86,343</b>	<b>\$ 223,241</b>	<b>\$ 824,658</b>	<b>\$ 1,922,310</b>	<b>\$ 3,056,552</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 2,290	\$ 2,290
Accrued interest payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,290</b>	<b>2,290</b>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	1,887,257	1,887,257
Committed	85,113	219,954	813,210	-	1,118,277
Assigned	1,230	3,287	11,448	32,763	48,728
Unassigned	-	-	-	-	-
<b>Total Fund Balances (Deficit)</b>	<b>86,343</b>	<b>223,241</b>	<b>824,658</b>	<b>1,920,020</b>	<b>3,054,262</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 86,343</b>	<b>\$ 223,241</b>	<b>\$ 824,658</b>	<b>\$ 1,922,310</b>	<b>\$ 3,056,552</b>

**COMBINING BALANCE SHEET –  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2014	<b>Capital Projects</b>				
	<b>Balance Brought Forward</b>	<b>Flood Protection Capital Improvement Fund</b>	<b>Fire Protection Capital Improvement Fund</b>	<b>Police Protection Capital Improvement Fund</b>	<b>Balance Forward</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,056,056	\$ 217,598	\$ -	\$ -	\$ 3,273,654
Receivables:					
Accounts	-	-	-	-	-
Interest	496	35	-	-	531
Loans	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 3,056,552</b>	<b>\$ 217,633</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,274,185</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 2,290	\$ -	\$ -	\$ -	\$ 2,290
Accrued interest payable	-	-	11	-	11
Other liabilities	-	-	-	-	-
Due to other funds	-	-	69,644	995	70,639
<b>Total Liabilities</b>	<b>2,290</b>	<b>-</b>	<b>69,655</b>	<b>995</b>	<b>72,940</b>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	-	-	-	-	-
Restricted	1,887,257	213,903	-	-	2,101,160
Committed	1,118,277	-	-	-	1,118,277
Assigned	48,728	3,730	-	-	52,458
Unassigned	-	-	(69,655)	(995)	(70,650)
<b>Total Fund Balances (Deficit)</b>	<b>3,054,262</b>	<b>217,633</b>	<b>(69,655)</b>	<b>(995)</b>	<b>3,201,245</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,056,552</b>	<b>\$ 217,633</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,274,185</b>

**COMBINING BALANCE SHEET –  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2014	<b>Capital Projects</b>				
	<b>Balance Brought Forward</b>	<b>City Administration and Equipment Capital Improvement Fund</b>	<b>Meadowbrook Street Capital Projects Fund</b>	<b>Proposition 1B Capital Fund</b>	<b>Balance Forward</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,273,654	\$ 114,946	\$ 41,801	\$ 9,357	\$ 3,439,758
Receivables:					
Accounts	-	-	-	-	-
Interest	531	19	7	2	559
Loans	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 3,274,185</b>	<b>\$ 114,965</b>	<b>\$ 41,808</b>	<b>\$ 9,359</b>	<b>\$ 3,440,317</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 2,290	\$ -	\$ -	\$ 9,359	\$ 11,649
Accrued interest payable	11	-	-	-	11
Other liabilities	-	-	-	-	-
Due to other funds	70,639	-	-	-	70,639
<b>Total Liabilities</b>	<b>72,940</b>	<b>-</b>	<b>-</b>	<b>9,359</b>	<b>82,299</b>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	-	-	-	-	-
Restricted	2,101,160	113,056	41,184	-	2,255,400
Committed	1,118,277	-	-	-	1,118,277
Assigned	52,458	1,909	624	-	54,991
Unassigned	(70,650)	-	-	-	(70,650)
<b>Total Fund Balances (Deficit)</b>	<b>3,201,245</b>	<b>114,965</b>	<b>41,808</b>	<b>-</b>	<b>3,358,018</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,274,185</b>	<b>\$ 114,965</b>	<b>\$ 41,808</b>	<b>\$ 9,359</b>	<b>\$ 3,440,317</b>

**COMBINING BALANCE SHEET –  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2014	<b>Capital Projects</b>				
	<b>Balance Brought Forward</b>	<b>Waste Water Treatment Plant Capital Improvement Fund</b>	<b>Waste Water Collection System Capital Improvement Fund</b>	<b>Water Capital Improvement Fund</b>	<b>Balance Forward</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,439,758	\$ 590,538	\$ 533,822	\$ 656,399	\$ 5,220,517
Receivables:					
Accounts	-	-	-	-	-
Interest	559	96	87	106	848
Loans	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 3,440,317</b>	<b>\$ 590,634</b>	<b>\$ 533,909</b>	<b>\$ 656,505</b>	<b>\$ 5,221,365</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 11,649	\$ -	\$ -	\$ -	\$ 11,649
Accrued interest payable	11	-	-	-	11
Other liabilities	-	-	-	-	-
Due to other funds	70,639	-	-	-	70,639
<b>Total Liabilities</b>	<b>82,299</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,299</b>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	-	-	-	-	-
Restricted	2,255,400	583,668	528,527	649,835	4,017,430
Committed	1,118,277	-	-	-	1,118,277
Assigned	54,991	6,966	5,382	6,670	74,009
Unassigned	(70,650)	-	-	-	(70,650)
<b>Total Fund Balances (Deficit)</b>	<b>3,358,018</b>	<b>590,634</b>	<b>533,909</b>	<b>656,505</b>	<b>5,139,066</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,440,317</b>	<b>\$ 590,634</b>	<b>\$ 533,909</b>	<b>\$ 656,505</b>	<b>\$ 5,221,365</b>

**COMBINING BALANCE SHEET –  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2014	Capital Projects				Total Nonmajor Governmental Funds
	Balance Brought Forward	Airport Capital Improvement Fund	Parks and Recreation Facilities Capital Improvement Fund	Total	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,220,517	\$ 39,446	\$ 3,814	\$ 5,263,777	\$ 5,661,860
Receivables:					
Accounts	-	-	-	-	4,511
Interest	848	6	1	855	1,046
Loans	-	-	-	-	2,927
Due from other governments	-	-	-	-	167,777
<b>Total Assets</b>	<b>\$ 5,221,365</b>	<b>\$ 39,452</b>	<b>\$ 3,815</b>	<b>\$ 5,264,632</b>	<b>\$ 5,838,121</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 11,649	\$ -	\$ -	\$ 11,649	\$ 18,642
Accrued interest payable	11	-	-	11	11
Other liabilities	-	-	-	-	7,763
Due to other funds	70,639	-	-	70,639	228,634
<b>Total Liabilities</b>	<b>82,299</b>	<b>-</b>	<b>-</b>	<b>82,299</b>	<b>255,050</b>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	-	-	-	-	2,927
Restricted	4,017,430	38,775	3,135	4,059,340	4,249,552
Committed	1,118,277	-	-	1,118,277	1,321,899
Assigned	74,009	677	680	75,366	79,343
Unassigned	(70,650)	-	-	(70,650)	(70,650)
<b>Total Fund Balances (Deficit)</b>	<b>5,139,066</b>	<b>39,452</b>	<b>3,815</b>	<b>5,182,333</b>	<b>5,583,071</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,221,365</b>	<b>\$ 39,452</b>	<b>\$ 3,815</b>	<b>\$ 5,264,632</b>	<b>\$ 5,838,121</b>

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

Year Ended June 30, 2014	<b>Traffic Safety Fund</b>	<b>Charter - PEG Fees Fund</b>	<b>Public Safety Fund</b>	<b>Broadcasting Labor Fund</b>	<b>Special Revenue Balance Forward</b>
<b>REVENUES</b>					
Other taxes	\$ -	\$ -	\$ 91,933	\$ -	\$ 91,933
Fines, forfeitures, and penalties	35,177	-	-	-	35,177
Use of money and property	60	624	198	99	981
Intergovernmental revenue	-	-	-	-	-
Other revenues	-	23,108	-	-	23,108
<b>Total Revenues</b>	<b>35,237</b>	<b>23,732</b>	<b>92,131</b>	<b>99</b>	<b>151,199</b>
<b>EXPENDITURES</b>					
Current:					
Parks and recreation	-	-	-	-	-
Transportation and streets	-	-	-	-	-
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>35,237</b>	<b>23,732</b>	<b>92,131</b>	<b>99</b>	<b>151,199</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers out	(35,237)	-	(92,131)	-	(127,368)
<b>Total Other Financing Sources (Uses)</b>	<b>(35,237)</b>	<b>-</b>	<b>(92,131)</b>	<b>-</b>	<b>(127,368)</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>23,732</b>	<b>-</b>	<b>99</b>	<b>23,831</b>
<b>Fund Balances (Deficit) - Beginning of Year</b>	<b>-</b>	<b>118,264</b>	<b>-</b>	<b>20,143</b>	<b>138,407</b>
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ -</b>	<b>\$ 141,996</b>	<b>\$ -</b>	<b>\$ 20,242</b>	<b>\$ 162,238</b>

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

Year Ended June 30, 2014					Special Revenue
	Balance Brought Forward	Proposition 30 Fund	Asset Forfeiture Fund	Local Transportation Fund	Balance Forward
<b>REVENUES</b>					
Other taxes	\$ 91,933	\$ -	\$ -	\$ -	\$ 91,933
Fines, forfeitures, and penalties	35,177	-	-	-	35,177
Use of money and property	981	669	38	327	2,015
Intergovernmental revenue	-	64,521	-	196,646	261,167
Other revenues	23,108	-	-	-	23,108
<b>Total Revenues</b>	<b>151,199</b>	<b>65,190</b>	<b>38</b>	<b>196,973</b>	<b>413,400</b>
<b>EXPENDITURES</b>					
Current:					
Parks and recreation	-	-	-	-	-
Transportation and streets	-	-	-	8,001	8,001
Grants and program income	-	-	-	-	-
Capital outlay	-	58,703	-	-	58,703
Debt service:					
Interest	-	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>58,703</b>	<b>-</b>	<b>8,001</b>	<b>66,704</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>151,199</b>	<b>6,487</b>	<b>38</b>	<b>188,972</b>	<b>346,696</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers out	(127,368)	(21,539)	-	(188,972)	(337,879)
<b>Total Other Financing Sources (Uses)</b>	<b>(127,368)</b>	<b>(21,539)</b>	<b>-</b>	<b>(188,972)</b>	<b>(337,879)</b>
<b>Net Change in Fund Balances</b>	<b>23,831</b>	<b>(15,052)</b>	<b>38</b>	<b>-</b>	<b>8,817</b>
<b>Fund Balances (Deficit) - Beginning of Year</b>	<b>138,407</b>	<b>45,955</b>	<b>-</b>	<b>-</b>	<b>184,362</b>
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 162,238</b>	<b>\$ 30,903</b>	<b>\$ 38</b>	<b>\$ -</b>	<b>\$ 193,179</b>

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

Year Ended June 30, 2014	<b>Balance Brought Forward</b>	<b>Special Gas Tax Fund</b>	<b>ISTEA/RSTP Revenue Fund</b>	<b>Grants Fund</b>	<b>Special Revenue Total</b>
<b>REVENUES</b>					
Other taxes	\$ 91,933	\$ -	\$ -	\$ -	\$ 91,933
Fines, forfeitures, and penalties	35,177	-	-	-	35,177
Use of money and property	2,015	953	626	1,010	4,604
Intergovernmental revenue	261,167	478,115	96,808	36,969	873,059
Other revenues	23,108	4	-	207	23,319
<b>Total Revenues</b>	<b>413,400</b>	<b>479,072</b>	<b>97,434</b>	<b>38,186</b>	<b>1,028,092</b>
<b>EXPENDITURES</b>					
Current:					
Parks and recreation	-	-	-	-	-
Transportation and streets	8,001	-	-	-	8,001
Grants and program income	-	-	-	23,593	23,593
Capital outlay	58,703	-	-	-	58,703
Debt service:					
Interest	-	-	-	-	-
<b>Total Expenditures</b>	<b>66,704</b>	<b>-</b>	<b>-</b>	<b>23,593</b>	<b>90,297</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>346,696</b>	<b>479,072</b>	<b>97,434</b>	<b>14,593</b>	<b>937,795</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers out	(337,879)	(479,072)	(97,434)	-	(914,385)
<b>Total Other Financing Sources (Uses)</b>	<b>(337,879)</b>	<b>(479,072)</b>	<b>(97,434)</b>	<b>-</b>	<b>(914,385)</b>
<b>Net Change in Fund Balances</b>	<b>8,817</b>	<b>-</b>	<b>-</b>	<b>14,593</b>	<b>23,410</b>
<b>Fund Balances (Deficit) - Beginning of Year</b>	<b>184,362</b>	<b>-</b>	<b>-</b>	<b>192,966</b>	<b>377,328</b>
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 193,179</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 207,559</b>	<b>\$ 400,738</b>

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

Year Ended June 30, 2014					Capital Projects
	General Plan Update Fund	Transportation City Design Fund	Waste Water Treatment Plant Capital Reserve Fund	Traffic Control Capital Improvement Fund	Balance Forward
<b>REVENUES</b>					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties	-	-	-	-	-
Use of money and property	420	1,090	4,029	9,422	14,961
Intergovernmental revenue	-	-	-	-	-
Other revenues	-	-	-	611	611
<b>Total Revenues</b>	<b>420</b>	<b>1,090</b>	<b>4,029</b>	<b>10,033</b>	<b>15,572</b>
<b>EXPENDITURES</b>					
Current:					
Parks and recreation	-	-	-	-	-
Transportation and streets	-	-	-	-	-
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>420</b>	<b>1,090</b>	<b>4,029</b>	<b>10,033</b>	<b>15,572</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers out	-	-	-	(13,922)	(13,922)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,922)</b>	<b>(13,922)</b>
<b>Net Change in Fund Balances</b>	<b>420</b>	<b>1,090</b>	<b>4,029</b>	<b>(3,889)</b>	<b>1,650</b>
<b>Fund Balances (Deficit) - Beginning of Year</b>	<b>85,923</b>	<b>222,151</b>	<b>820,629</b>	<b>1,923,909</b>	<b>3,052,612</b>
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 86,343</b>	<b>\$ 223,241</b>	<b>\$ 824,658</b>	<b>\$ 1,920,020</b>	<b>\$ 3,054,262</b>

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

Year Ended June 30, 2014	<b>Capital Projects</b>				<b>Balance Forward</b>
	<b>Balance Brought Forward</b>	<b>Flood Protection Capital Improvement Fund</b>	<b>Fire Protection Capital Improvement Fund</b>	<b>Police Protection Capital Improvement Fund</b>	
<b>REVENUES</b>					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties	-	-	-	-	-
Use of money and property	14,961	1,062	-	-	16,023
Intergovernmental revenue	-	-	-	-	-
Other revenues	611	356	312	675	1,954
<b>Total Revenues</b>	<b>15,572</b>	<b>1,418</b>	<b>312</b>	<b>675</b>	<b>17,977</b>
<b>EXPENDITURES</b>					
Current:					
Parks and recreation	-	-	-	-	-
Transportation and streets	-	-	-	-	-
Grants and program income	-	-	-	-	-
Capital outlay	-	-	-	41,726	41,726
Debt service:					
Interest	-	-	341	2	343
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>341</b>	<b>41,728</b>	<b>42,069</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>15,572</b>	<b>1,418</b>	<b>(29)</b>	<b>(41,053)</b>	<b>(24,092)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers out	(13,922)	-	-	-	(13,922)
<b>Total Other Financing Sources (Uses)</b>	<b>(13,922)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,922)</b>
<b>Net Change in Fund Balances</b>	<b>1,650</b>	<b>1,418</b>	<b>(29)</b>	<b>(41,053)</b>	<b>(38,014)</b>
<b>Fund Balances (Deficit) - Beginning of Year</b>	<b>3,052,612</b>	<b>216,215</b>	<b>(69,626)</b>	<b>40,058</b>	<b>3,239,259</b>
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 3,054,262</b>	<b>\$ 217,633</b>	<b>\$ (69,655)</b>	<b>\$ (995)</b>	<b>\$ 3,201,245</b>

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

Year Ended June 30, 2014	<b>Capital Projects</b>				
	<b>Balance Brought Forward</b>	<b>City Administration and Equipment Capital Improvement Fund</b>	<b>Meadowbrook Street Capital Projects Fund</b>	<b>Proposition 1B Capital Fund</b>	<b>Balance Forward</b>
<b>REVENUES</b>					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties	-	-	-	-	-
Use of money and property	16,023	562	205	46	16,836
Intergovernmental revenue	-	-	-	-	-
Other revenues	1,954	852	-	-	2,806
<b>Total Revenues</b>	<b>17,977</b>	<b>1,414</b>	<b>205</b>	<b>46</b>	<b>19,642</b>
<b>EXPENDITURES</b>					
Current:					
Parks and recreation	-	-	-	-	-
Transportation and streets	-	-	-	9,359	9,359
Grants and program income	-	-	-	-	-
Capital outlay	41,726	-	-	-	41,726
Debt service:					
Interest	343	-	-	-	343
<b>Total Expenditures</b>	<b>42,069</b>	<b>-</b>	<b>-</b>	<b>9,359</b>	<b>51,428</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(24,092)</b>	<b>1,414</b>	<b>205</b>	<b>(9,313)</b>	<b>(31,786)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers out	(13,922)	-	-	(46)	(13,968)
<b>Total Other Financing Sources (Uses)</b>	<b>(13,922)</b>	<b>-</b>	<b>-</b>	<b>(46)</b>	<b>(13,968)</b>
<b>Net Change in Fund Balances</b>	<b>(38,014)</b>	<b>1,414</b>	<b>205</b>	<b>(9,359)</b>	<b>(45,754)</b>
<b>Fund Balances (Deficit) - Beginning of Year</b>	<b>3,239,259</b>	<b>113,551</b>	<b>41,603</b>	<b>9,359</b>	<b>3,403,772</b>
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 3,201,245</b>	<b>\$ 114,965</b>	<b>\$ 41,808</b>	<b>\$ -</b>	<b>\$ 3,358,018</b>

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

Year Ended June 30, 2014	<b>Capital Projects</b>				
	<b>Balance Brought Forward</b>	<b>Waste Water Treatment Plant Capital Improvement Fund</b>	<b>Waste Water Collection System Capital Improvement Fund</b>	<b>Water Capital Improvement Fund</b>	<b>Balance Forward</b>
<b>REVENUES</b>					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties	-	-	-	-	-
Use of money and property	16,836	2,869	2,604	3,202	25,511
Intergovernmental revenue	-	-	-	-	-
Other revenues	2,806	1,139	973	1,298	6,216
<b>Total Revenues</b>	<b>19,642</b>	<b>4,008</b>	<b>3,577</b>	<b>4,500</b>	<b>31,727</b>
<b>EXPENDITURES</b>					
Current:					
Parks and recreation	-	-	-	-	-
Transportation and streets	9,359	-	-	-	9,359
Grants and program income	-	-	-	-	-
Capital outlay	41,726	-	-	-	41,726
Debt service:					
Interest	343	-	-	-	343
<b>Total Expenditures</b>	<b>51,428</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,428</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(31,786)</b>	<b>4,008</b>	<b>3,577</b>	<b>4,500</b>	<b>(19,701)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers out	(13,968)	-	-	-	(13,968)
<b>Total Other Financing Sources (Uses)</b>	<b>(13,968)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,968)</b>
<b>Net Change in Fund Balances</b>	<b>(45,754)</b>	<b>4,008</b>	<b>3,577</b>	<b>4,500</b>	<b>(33,669)</b>
<b>Fund Balances (Deficit) - Beginning of Year</b>	<b>3,403,772</b>	<b>586,626</b>	<b>530,332</b>	<b>652,005</b>	<b>5,172,735</b>
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 3,358,018</b>	<b>\$ 590,634</b>	<b>\$ 533,909</b>	<b>\$ 656,505</b>	<b>\$ 5,139,066</b>

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

Year Ended June 30, 2014	Capital Projects				Total Nonmajor Governmental Funds
	Balance Brought Forward	Airport Capital Improvement Fund	Parks and Recreation Facilities Capital Improvement Fund	Total	
<b>REVENUES</b>					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ 91,933
Fines, forfeitures, and penalties	-	-	-	-	35,177
Use of money and property	25,511	192	37	25,740	30,344
Intergovernmental revenue	-	-	-	-	873,059
Other revenues	6,216	348	1,987	8,551	31,870
<b>Total Revenues</b>	<b>31,727</b>	<b>540</b>	<b>2,024</b>	<b>34,291</b>	<b>1,062,383</b>
<b>EXPENDITURES</b>					
Current:					
Parks and recreation	-	-	5,600	5,600	5,600
Transportation and streets	9,359	-	-	9,359	17,360
Grants and program income	-	-	-	-	23,593
Capital outlay	41,726	-	-	41,726	100,429
Debt service:					
Interest	343	-	-	343	343
<b>Total Expenditures</b>	<b>51,428</b>	<b>-</b>	<b>5,600</b>	<b>57,028</b>	<b>147,325</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(19,701)</b>	<b>540</b>	<b>(3,576)</b>	<b>(22,737)</b>	<b>915,058</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers out	(13,968)	-	-	(13,968)	(928,353)
<b>Total Other Financing Sources (Uses)</b>	<b>(13,968)</b>	<b>-</b>	<b>-</b>	<b>(13,968)</b>	<b>(928,353)</b>
<b>Net Change in Fund Balances</b>	<b>(33,669)</b>	<b>540</b>	<b>(3,576)</b>	<b>(36,705)</b>	<b>(13,295)</b>
<b>Fund Balances (Deficit) - Beginning of Year</b>	<b>5,172,735</b>	<b>38,912</b>	<b>7,391</b>	<b>5,219,038</b>	<b>5,596,366</b>
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 5,139,066</b>	<b>\$ 39,452</b>	<b>\$ 3,815</b>	<b>\$ 5,182,333</b>	<b>\$ 5,583,071</b>

**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, 2014	Nonmajor Enterprise			Total
	Community Development Fund	Airport Fund	Community Center Fund	
<b>ASSETS</b>				
CURRENT ASSETS				
Cash and cash equivalents	\$ 438,441	\$ 139,248	\$ -	\$ 577,689
Receivables:				
Accounts - net	-	3,527	1,318	4,845
Interest	89	22	-	111
Due from other governments	-	-	47,175	47,175
<b>Total Current Assets</b>	<b>438,530</b>	<b>142,797</b>	<b>48,493</b>	<b>629,820</b>
NONCURRENT ASSETS				
Nondepreciable capital assets	-	391,584	-	391,584
Depreciable capital assets - net	4,751	1,715,715	13,216	1,733,682
<b>Total Noncurrent Assets</b>	<b>4,751</b>	<b>2,107,299</b>	<b>13,216</b>	<b>2,125,266</b>
<b>Total Assets</b>	<b>\$ 443,281</b>	<b>\$ 2,250,096</b>	<b>\$ 61,709</b>	<b>\$ 2,755,086</b>
<b>LIABILITIES AND NET POSITION</b>				
CURRENT LIABILITIES				
Accounts payable	\$ 542	\$ 10,287	\$ 3,759	\$ 14,588
Accrued interest payable	18	-	19	37
Accrued payroll and benefits	4,565	-	1,394	5,959
Customer/employee deposits	292	-	8,598	8,890
Other liabilities	-	25	727	752
Due to other funds	-	-	39,809	39,809
Compensated absences payable - current	16,418	-	1,851	18,269
<b>Total Current Liabilities</b>	<b>21,835</b>	<b>10,312</b>	<b>56,157</b>	<b>88,304</b>
NONCURRENT LIABILITIES				
Compensated absences payable - net	49,254	-	5,552	54,806
<b>Total Noncurrent Liabilities</b>	<b>49,254</b>	<b>-</b>	<b>5,552</b>	<b>54,806</b>
<b>Total Liabilities</b>	<b>71,089</b>	<b>10,312</b>	<b>61,709</b>	<b>143,110</b>
NET POSITION				
Investment in capital assets - net of related debt	4,751	2,107,299	13,216	2,125,266
Unrestricted	367,441	132,485	(13,216)	486,710
<b>Total Net Position</b>	<b>372,192</b>	<b>2,239,784</b>	<b>-</b>	<b>2,611,976</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 443,281</b>	<b>\$ 2,250,096</b>	<b>\$ 61,709</b>	<b>\$ 2,755,086</b>

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

*City of Red Bluff*

Year Ended June 30, 2014	Nonmajor Enterprise			Totals
	Community Development Fund	Airport Fund	Community Center Fund	
<b>OPERATING REVENUES</b>				
Charges for current services:				
Permits and fees	\$ 471,603	\$ -	\$ -	\$ 471,603
Rental revenue	-	113,235	92,418	205,653
Other revenue	-	14,898	12,350	27,248
<b>Total Operating Revenues</b>	<b>471,603</b>	<b>128,133</b>	<b>104,768</b>	<b>704,504</b>
<b>OPERATING EXPENSES</b>				
Cost of power and transportation	-	15,545	37,901	53,446
Maintenance, operations, and administration	330,845	65,849	220,910	617,604
Depreciation expense	1,500	122,612	646	124,758
<b>Total Operating Expenses</b>	<b>332,345</b>	<b>204,006</b>	<b>259,457</b>	<b>795,808</b>
<b>Operating Income (Loss)</b>	<b>139,258</b>	<b>(75,873)</b>	<b>(154,689)</b>	<b>(91,304)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property taxes	-	67,617	-	67,617
Intergovernmental revenues	-	10,128	77,175	87,303
Investment income	2,551	836	-	3,387
Interest expense	-	-	(307)	(307)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>2,551</b>	<b>78,581</b>	<b>76,868</b>	<b>158,000</b>
<b>Income Before Operating Transfers</b>	<b>141,809</b>	<b>2,708</b>	<b>(77,821)</b>	<b>66,696</b>
Operating transfers in	110,927	-	77,821	188,748
Operating transfers out	(175,617)	(62,990)	-	(238,607)
<b>Change in Net Position</b>	<b>77,119</b>	<b>(60,282)</b>	<b>-</b>	<b>16,837</b>
<b>Total Net Position - Beginning of Year</b>	<b>295,073</b>	<b>2,300,066</b>	<b>-</b>	<b>2,595,139</b>
<b>Total Net Position - End of Year</b>	<b>\$ 372,192</b>	<b>\$ 2,239,784</b>	<b>\$ -</b>	<b>\$ 2,611,976</b>

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

*City of Red Bluff*  
Page 1 of 2

Year Ended June 30, 2014	Community Development Fund	Airport Fund	Community Center Fund	Total Other Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 479,786	\$ 125,426	\$ 106,503	\$ 711,715
Cash paid to employees (including employee benefits)	(287,117)	-	(182,000)	(469,117)
Cash paid to suppliers	(51,062)	(90,728)	(81,855)	(223,645)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>141,607</u>	<u>34,698</u>	<u>(157,352)</u>	<u>18,953</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Property taxes received	-	67,617	-	67,617
Cash received from (paid to) other funds	-	-	(524)	(524)
Operating transfers in	110,927	-	77,821	188,748
Operating transfers out	(175,617)	(62,990)	-	(238,607)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(64,690)</u>	<u>4,627</u>	<u>77,297</u>	<u>17,234</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Intergovernmental revenue received	-	13,048	80,343	93,391
Payments for the purchase of capital assets	-	(42,417)	-	(42,417)
Debt interest paid	19	-	(288)	(269)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>19</u>	<u>(29,369)</u>	<u>80,055</u>	<u>50,705</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	2,462	814	-	3,276
<b>Net Cash Provided by Investing Activities</b>	<u>2,462</u>	<u>814</u>	<u>-</u>	<u>3,276</u>
<b>Net Increase in Cash and Cash Equivalents</b>	79,398	10,770	-	90,168
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>359,043</u>	<u>128,478</u>	<u>-</u>	<u>487,521</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 438,441</u>	<u>\$ 139,248</u>	<u>\$ -</u>	<u>\$ 577,689</u>

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

<u>Year Ended June 30, 2014</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)	\$ 139,258	\$ (75,873)	\$ (154,689)	\$ (91,304)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	1,500	122,612	646	124,758
Changes in:				
Accounts receivable	8,064	(2,707)	450	5,807
Accounts payable	(5,592)	(9,359)	(5,195)	(20,146)
Accrued payroll and benefits	(932)	-	(1,332)	(2,264)
Customer/employee deposits	119	-	1,285	1,404
Other liabilities	-	25	(57)	(32)
Compensated absences payable	(810)	-	1,540	730
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 141,607</u>	<u>\$ 34,698</u>	<u>\$ (157,352)</u>	<u>\$ 18,953</u>

**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 the City of Red Bluff (the City) as of and for the year ended June 30, 2014, 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 10, 2014.

**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 10, 2014  
Redding, California

**SCHEDULE OF FINDINGS AND  
RESPONSES**

June 30, 2014

*City of Red Bluff*

**SECTION II FINDINGS  
FINANCIAL STATEMENT AUDIT**

None.

**SUMMARY SCHEDULE OF PRIOR  
AUDIT FINDINGS**

June 30, 2014

*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 2004-2005 to present where ten years of data is required.

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

	2004-2005*	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012**	2012-2013	2013-2014
<b>Governmental activities:</b>										
Investment in capital assets, net of related debt	\$ 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	\$ 29,608,502
Restricted	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	9,840,230
Unrestricted	3,784,953	4,097,585	2,354,393	1,947,239	1,091,390	712,231	653,482	453,041	638,560	982,824
<b>Total governmental activities net assets</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>\$ 40,431,556</b>
<b>Business-type activities:</b>										
Investment in capital assets, net of related debt	\$ 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	\$ 14,665,508
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	10,409,649
<b>Total business-type activities net assets</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>\$ 25,075,157</b>
<b>Primary Government:</b>										
Investment in capital assets, net of related debt	\$ 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	\$ 44,274,010
Restricted	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	9,840,230
Unrestricted	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	11,392,473
<b>Total primary government net assets</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>	<b>\$ 65,506,713</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

	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
<b>Expenses:</b>										
Governmental activities:										
General government										
City administration	\$ 378,075	\$ 411,465	\$ 399,327	\$ 428,104	\$ 458,924	\$ 380,284	\$ 387,444	\$ 367,942	\$ 398,463	\$ 356,920
Finance	364,610	402,796	465,357	462,818	446,742	434,417	423,246	376,869	400,727	407,240
Community promotion and economic development	133,594	148,516	152,541	154,260	132,541	109,490	112,101	88,570	107,225	102,792
Human resources	156,489	192,548	214,185	196,651	195,398	176,027	182,810	171,011	119,776	114,370
Engineering and administration	337,942	324,632	346,258	328,696	367,083	226,142	202,983	234,566	132,156	121,491
Government buildings	142,296	152,637	147,942	158,797	132,983	132,928	123,508	133,317	107,852	147,159
General government	25,682	53,746	66,691	96,731	163,055	182,391	163,765	181,628	191,725	171,826
Public safety:										
Fire	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	1,779,441
Police	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	4,430,643
Parks and recreation	561,045	590,222	649,171	630,366	600,549	533,155	474,044	436,223	423,235	429,042
Transportation and streets	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	2,197,832
Senior nutrition program	271,828	267,399	311,448	309,193	312,929	293,341	293,014	299,842	251,390	-
Grants & program income	103,719	71,501	266,518	356,650	147,136	258,987	98,606	55,359	74,919	185,102
<b>Total governmental activities expenses</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>	<b>10,443,858</b>
Business-type activities:										
Building	222,060	348,476	419,759	417,263	273,459	260,067	269,578	270,277	269,254	231,693
Planning	326,192	267,226	178,229	188,664	208,447	132,264	89,340	113,413	89,779	100,652
Waste water	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	1,807,789
Water	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	1,310,922
Airport	134,722	87,768	259,187	83,113	180,926	166,101	322,376	224,963	182,889	204,006
Community center	258,280	259,565	261,664	261,748	257,441	250,015	251,027	252,374	247,415	259,764
<b>Total business-type activities expenses</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>3,914,826</b>
<b>Total primary government expenses</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>	<b>14,358,684</b>

# CHANGES IN NET POSITION

Last Ten Fiscal Years  
(Accrual Basis of Accounting)

City of Red Bluff  
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	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
<b>Program Revenues:</b>										
Governmental activities:										
Charges for services:										
General government	317,497	362,472	326,853	411,904	375,388	333,813	322,662	321,851	374,250	380,997
Public safety										
Fire	7,118	2,023	6,991	17,835	18,058	13,100	11,234	5,397	13,391	6,528
Police	124,181	136,961	131,760	121,253	136,070	102,519	81,542	83,719	82,080	91,386
Parks & recreation	63,379	53,371	62,330	69,336	84,395	85,332	70,191	73,434	61,678	62,068
Transportation & streets	7,766	709	10,347	-	-	-	-	-	-	-
Grants & program income	12,296	-	-	52,451	47,069	7,065	46,017	3,370	15,359	8,507
Operating grants and contributions	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	749,627
Capital grants and contributions	277,212	458,356	277,607	1,230,470	382,270	292,130	152,536	204,997	400,427	32,149
<b>Total governmental activities program revenues</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>	<b>1,331,262</b>
Business-type activities:										
Charges for services:										
Building	463,279	455,163	454,786	341,852	248,353	252,831	257,529	207,520	352,794	456,193
Planning	211,957	124,746	147,130	73,627	80,656	58,387	22,373	43,350	16,208	15,410
Waste water	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	2,917,443
Water	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	2,315,557
Airport	92,281	115,039	131,179	123,699	71,971	96,501	116,005	122,929	120,826	128,133
Community center	88,743	91,986	109,509	92,871	71,202	78,453	84,918	75,750	82,482	104,768
Operating grants and contributions	96,610	87,495	85,530	75,938	91,288	77,914	80,971	85,940	67,586	77,175
Capital grants and contributions	50,839	10,488	98,895	493,772	903,638	5,598	191,012	78,033	12,920	10,128
<b>Total business-type activities program revenues</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>6,024,807</b>
<b>Total primary government program revenues</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>7,356,069</b>
<b>Net (expense)/revenue:</b>										
Governmental activities	(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)	(9,112,596)
Business-type activities	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	2,109,981
<b>Total primary government net expense</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>	<b>(7,002,615)</b>

# CHANGES IN NET POSITION

Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
<b>General Revenues and Other Changes in Net Assets:</b>										
Governmental activities:										
Taxes:										
Sales taxes	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	2,972,009
Property taxes	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	1,330,013
Motel taxes	503,323	561,853	596,894	619,603	562,008	555,234	596,603	594,254	711,274	720,122
Special gas taxes	261,304	256,120	255,710	251,076	232,617	231,350	334,068	404,286	338,911	478,119
Franchise taxes	225,613	235,442	242,891	220,185	246,214	223,635	287,059	291,559	303,909	306,342
Other taxes	276,163	298,404	258,315	238,661	268,152	232,246	173,406	263,808	203,453	219,093
Motor vehicle license fees	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	979,512
Impact fees	521,044	346,710	824,269	125,659	181,331	123,586	47,108	154	230,787	8,551
Investment earnings	157,867	220,158	291,906	289,640	186,576	150,343	107,097	140,233	133,603	130,680
Gain/loss on sale of asset	-	-	8,736	-	(68,543)	8,766	-	-	-	1,200
Transfers	664,283	386,386	530,128	418,431	409,104	430,658	457,303	453,169	154,511	541,691
<b>Total governmental activities</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>	<b>7,687,332</b>
Business-type activities:										
Taxes	16,676	36,903	39,408	53,241	56,410	63,666	41,544	57,190	56,428	67,617
Investment earnings	44,386	141,127	304,618	263,822	156,799	70,082	42,225	48,687	61,469	62,019
Gain on sale of assets	-	-	156,566	-	-	-	-	-	-	-
Transfers	(664,283)	(386,386)	(530,128)	(418,431)	(409,104)	(430,658)	(457,303)	(453,169)	(154,511)	(541,691)
<b>Total business-type activities</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>(412,055)</b>
<b>Total primary government</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>7,275,277</b>
<b>Change in Net Position:</b>										
Governmental activities	763,578	(412,114)	818,845	(161,630)	(1,634,736)	(1,677,535)	(1,410,468)	(1,346,711)	(1,105,015)	(1,425,264)
Business-type activities	1,135,848	1,193,886	1,743,763	1,445,957	1,864,450	666,848	681,335	680,780	2,118,260	1,697,926
<b>Total primary government</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>	<b>\$ 272,662</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)

	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
<b>General Fund:</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,508,056	1,565,245	1,903,427	1,531,055	850,825	193,990	-	-	-	-
Nonspendable	-	-	-	-	-	-	1,869	-	9,057	539
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	400,000	400,000	700,000	850,000
Unassigned	-	-	-	-	-	-	25,567	72,905	30,102	42,950
<b>Total general fund</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>\$ 893,489</b>
<b>All Other Governmental Funds:</b>										
Reserved	\$ 2,538,479	\$ 2,628,621	\$ 3,660,055	\$ 3,974,293	\$ 3,801,442	\$ 4,078,818	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	2,906,251	3,177,205	3,825,807	4,439,295	5,023,977	5,253,878	-	-	-	-
Nonspendable	-	-	-	-	-	-	4,247,118	4,228,612	4,149,977	3,997,340
Restricted*	-	-	-	-	-	-	5,598,405	5,750,396	5,845,403	5,564,343
Committed*	-	-	-	-	-	-	1,131,410	1,131,410	1,086,144	1,321,899
Assigned	-	-	-	-	-	-	12,298	27,043	60,250	90,890
Unassigned	-	-	-	-	-	-	(30,563)	(71,464)	(69,626)	(70,650)
<b>Total all other governmental funds</b>	<b>\$ 5,444,730</b>	<b>\$ 5,805,826</b>	<b>\$ 7,485,862</b>	<b>\$ 8,413,588</b>	<b>\$ 8,825,419</b>	<b>\$ 9,332,696</b>	<b>\$ 10,958,668</b>	<b>\$ 11,065,997</b>	<b>\$ 11,072,148</b>	<b>\$ 10,903,822</b>
<b>Total Governmental Funds:</b>										
Reserved	\$ 2,538,479	\$ 2,628,621	\$ 3,660,055	\$ 3,974,293	\$ 3,801,442	\$ 4,078,818	\$ -	\$ -	\$ -	\$ -
Unreserved	4,414,307	4,742,450	5,729,234	5,970,350	5,874,802	5,447,868	-	-	-	-
Nonspendable	-	-	-	-	-	-	4,248,987	4,228,612	4,159,034	3,997,879
Restricted	-	-	-	-	-	-	5,598,405	5,750,396	5,845,403	5,564,343
Committed	-	-	-	-	-	-	1,131,410	1,131,410	1,086,144	1,321,899
Assigned	-	-	-	-	-	-	412,298	427,043	760,250	940,890
Unassigned	-	-	-	-	-	-	(4,996)	1,441	(39,524)	(27,700)
<b>Total all other governmental funds</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>\$ 11,386,104</b>	<b>\$ 11,538,902</b>	<b>\$ 11,811,307</b>	<b>\$ 11,797,311</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)

	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
<b>Revenues:</b>										
Sales tax	\$ 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	\$ 2,972,009
Property tax	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	1,330,013
Motel tax	503,323	561,853	596,894	619,603	562,008	555,234	596,603	594,254	711,274	720,122
Franchise tax	225,613	235,442	242,891	220,185	246,214	223,635	287,059	291,559	303,909	306,342
Other taxes	251,547	254,804	258,315	238,661	215,809	218,954	159,480	248,779	187,840	195,985
Licenses and permits	273,385	292,717	305,622	313,101	301,238	290,205	299,058	296,088	359,517	361,808
Fines, forfeitures, and penalties	103,407	113,466	109,790	99,851	112,941	78,686	55,930	55,354	48,549	59,028
Use of money and property	99,986	166,384	236,514	209,235	119,453	42,942	31,237	26,137	41,968	35,409
Intergovernmental revenue	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	2,181,623
Charges for current services	92,718	92,677	73,004	94,752	113,035	105,746	92,273	89,616	86,966	87,478
Other revenues	682,462	520,340	1,008,925	400,912	477,715	333,542	318,339	259,577	446,312	162,724
<b>Total revenues</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>8,412,541</b>
<b>Expenditures:</b>										
Current:										
General government	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	1,261,014
Fire public safety	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	1,670,002
Police public safety	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	4,000,627
Parks and recreation	515,887	499,057	569,123	599,271	492,893	433,124	382,394	354,834	304,834	325,701
Transportation and streets	1,076,976	1,134,717	1,092,036	955,859	862,465	723,868	567,078	653,311	679,055	860,727
Senior Nutrition program	271,828	259,459	305,075	302,042	308,281	289,701	286,465	294,267	292,339	-
Grants and program income	107,320	72,342	208,968	113,504	151,431	164,033	95,320	36,979	74,917	185,102
Capital outlay	696,410	970,743	537,164	1,000,592	607,936	293,764	607,822	271,559	438,909	471,421
Debt Service:										
Principal	-	30,429	31,729	33,084	34,496	35,969	37,505	39,107	60,000	292,539
Interest	-	10,347	9,048	7,693	6,280	4,807	3,272	1,862	25,702	71,979
Debt issuance costs	-	-	-	-	-	-	-	-	59,555	-
<b>Total expenditures</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>10,715,633</b>	<b>9,139,112</b>
<b>Excess (deficiency) of revenues over (under) expenditures</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>(1,830,106)</b>	<b>(726,571)</b>
<b>Other financing sources (uses):</b>										
Operating transfers in *	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	1,640,816
Operating transfers out *	(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)	(1,099,125)
Capital lease	-	242,319	-	-	-	-	-	-	-	170,884
Debt proceeds **	-	-	-	-	-	-	-	-	1,948,000	-
<b>Total other financing sources (uses)</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>712,575</b>
<b>Net change in fund balance</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>\$ 272,405</b>	<b>\$ (13,996)</b>
Debt service as a percentage of non capital expenditures	0.00%	0.45%	0.42%	0.42%	0.43%	0.47%	0.53%	0.51%	0.85%	4.39%

\*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**

Last Ten Fiscal Years

*City of Red Bluff*

<u>Fiscal Year</u>	<u>Fund Balance</u>	<u>Annual Appropriations</u>	<u>Balance as % of Appropriations</u>
2004-2005	\$ 1,508,056	\$ 7,665,291	19.7%
2005-2006	\$ 1,565,245	\$ 8,083,459	19.4%
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%
2013-2014	\$ 893,489	\$ 7,970,359	11.2%

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>
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
2013-2014	\$ 5,364,067	\$ 361,808	\$ 23,851	\$ 870	\$ 1,308,564	\$ 87,478	\$ 122,554	\$ 7,269,192

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
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
2013-2014	\$ 2,972,009	\$ 1,330,013	\$ 720,122	\$ 306,342	\$ 17,110	\$ 18,471	\$ 346,594	\$ 15,214

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

<u>Fiscal Year</u>	<u>General Government</u>	<u>Fire Public Safety</u>	<u>Police Public Safety</u>	<u>Parks and Recreation</u>	<u>Transportation and Streets</u>	<u>Senior Nutrition Program</u>	<u>Grants and Program Income</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
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	\$ 1,713,035	\$ 3,875,288	\$ 304,834	\$ 679,055	\$ 292,339	\$ 74,917	\$ 438,909	\$ 145,257	\$ 8,827,633
CalPERS Side Refunding	\$ -	\$ 170,000	\$ 1,718,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,888,000
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
2013-2014	\$ 1,261,014	\$ 1,670,002	\$ 4,000,627	\$ 325,701	\$ 860,727	\$ -	\$ 185,102	\$ 471,421	\$ 364,518	\$ 9,139,112

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 \$170,000 of CalPERS Side Refunding which inflates this amount beyond normal operating costs.

(2) Amount include a one time expense of \$1,718,000 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	
2004-2005	1.0000%	0.2288%	0.2284%	0.0085%	0.0116%	0.0118%	1.0319%
2005-2006	1.0000%	0.2288%	0.2283%	0.0085%	0.0116%	0.0118%	1.0319%
2006-2007	1.0000%	0.2288%	0.2282%	0.0085%	0.0116%	0.0118%	1.0319%
2007-2008	1.0000%	0.2288%	0.1644%	0.0085%	0.0116%	0.0118%	1.0319%
2008-2009	1.0000%	0.2288%	0.1700%	0.0000%	0.0000%	0.0091%	1.0091%
2009-2010	1.0000%	0.2288%	0.1701%	0.0000%	0.0000%	0.0101%	1.0101%
2010-2011	1.0000%	0.2288%	0.1680%	0.0000%	0.0000%	0.0095%	1.0095%
2011-2012	1.0000%	0.2288%	0.1679%	0.0000%	0.0000%	0.0162%	1.0162%
2012-2013	1.0000%	0.2288%	0.1779%	0.0000%	0.0000%	0.0054%	1.0054%
2013-2014	1.0000%	0.2288%	0.1781%	0.0000%	0.0000%	0.0088%	1.0088%

(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**

*City of Red Bluff*

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Secured Roll Assessed Value</u>	<u>Unsecured Roll Assessed Value</u>	<u>Nonunitary Assessed Value</u>	<u>Total Net Assessed Value</u>	<u>Percent Change</u>
2004-2005	\$ 532,133,055	\$ 37,952,087	\$ 1,512,306	\$ 571,597,448	0.00%
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%
2013-2014	\$ 696,620,089	\$ 58,382,220	\$ 1,564,942	\$ 756,567,251	2.38%

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	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Walmart Realty Company	\$ 10,735,951	1	1.42%	\$ 8,864,529	1	1.55%
Kumar Pawan	10,414,003	2	1.38%	-	n/a	0.00%
Helibro LLC	8,952,005	4	1.18%	-	n/a	0.00%
Home Depot	8,866,553	3	1.17%	-	n/a	0.00%
P J Helicopters	8,505,535	5	1.12%	-	n/a	0.00%
Marshall Belle Mill LLC ETAL	7,800,000	6	1.03%	-	n/a	0.00%
Red Bluff Hotel LLC	7,136,606	7	0.94%	-	n/a	0.00%
Raleys	6,959,667	8	0.92%	5,436,387	4	0.95%
Tehama Medical Arts LLC	6,102,460	9	0.81%	-	n/a	0.00%
Assisted Living Facilities	5,877,011	10	0.78%	5,065,708	5	0.89%
Passco Belle Mill LLC ETAL	-	n/a	0.00%	8,497,211	2	1.49%
Cabernet Apartments	-	n/a	0.00%	7,600,000	3	1.33%
Price Family LLC	-	n/a	0.00%	4,640,668	6	0.81%
Lassen Medical Group LLC	-	n/a	0.00%	4,131,345	7	0.72%
AFS Partners LLC	-	n/a	0.00%	3,875,485	8	0.68%
H6 International	-	n/a	0.00%	3,503,384	9	0.61%
Department of Veterans Affairs	-	n/a	0.00%	3,342,535	10	0.58%
Sum of Ten Largest Property Valuation	81,349,791		10.75%	54,957,252		9.61%
Other Taxpayers	675,217,460		89.25%	516,640,196		90.39%
Total Property Valuations - Net of Exemptions	<u>\$ 756,567,251</u>		<u>100.00%</u>	<u>\$ 571,597,448</u>		<u>100.00%</u>

Source: Tehama County Auditor/Controller's Office & HdL's "2004/05 and 2013/14 Top Property Taxpayers-Secured."

**BASIC PROPERTY VALUE TABLE  
SUMMARIZED BY USE**

As of June 30, 2014

Category	Parcels	Assessed Value		Net Taxable Value	
Residential	3,935	\$440,873,195	51.8%	\$414,200,942	54.7%
Commercial	487	\$240,035,420	28.2%	\$209,413,795	27.7%
Industrial	73	\$25,409,557	3.0%	\$25,409,557	3.4%
Dry Farm	3	\$337,974	0.0%	\$337,974	0.0%
Govt. Owned	122	\$656,926	0.1%	\$616,718	0.1%
Institutional	42	\$17,506,313	2.1%	\$1,512,791	0.2%
Irrigated	1	\$180,880	0.0%	\$180,880	0.0%
Miscellaneous	220	\$10,631,323	1.2%	\$10,199,439	1.3%
Recreational	9	\$5,599,361	0.7%	\$5,231,513	0.7%
Vacant	419	\$43,432,338	5.1%	\$24,342,469	3.2%
SBE Nonunitary	[15]	\$1,564,942	0.2%	\$1,564,942	0.2%
Cross Reference	[187]	\$5,174,011	0.6%	\$5,174,011	0.7%
Unsecured	[991]	\$60,332,081	7.1%	\$58,382,220	7.7%
<b>TOTALS</b>	<b>5,311</b>	<b>\$851,734,321</b>	<b>100.0%</b>	<b>\$756,567,251</b>	<b>100.0%</b>

Data Source: Tehama County Assessor 2013/14 Combined Tax Rolls

**Single Family Residential Full Value Sales (01/01/2012 - 05/31/2014)**

Year	Full Value Sales	Average Price	Median Price	Median % Change
2012	157	\$ 92,102	\$ 82,000	
2013	138	\$ 113,475	\$ 105,750	28.96%
2014	56	\$ 129,888	\$ 127,250	20.33%

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

Data Source: Tehama County Recorder

Data compiled by 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

**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>
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%
2013-2014	\$ 1,330,013	\$ 1,330,013	100%	\$ -	\$ 1,330,013	100%

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

**TAXABLE PROPERTY VALUES  
(ROLL SUMMARY)**

As of June 30, 2014

*City of Red Bluff*

	<u>Secured</u>	<u>Nonunitary Utilities</u>	<u>Unsecured</u>
Parcels	5,311	15	1,002
TRAs	23	1	12
<b>VALUES</b>			
Land	\$ 202,031,776	\$ 1,564,942	\$ 1,336,571
Improvements	559,383,763	-	3,909,760
Personal property	21,249,278	-	23,968,810
Fixtures	7,172,481	-	10,588,370
Aircraft	-	-	20,528,570
<b>Total Values</b>	<u>789,837,298</u>	<u>1,564,942</u>	<u>39,803,511</u>
<b>EXEMPTIONS</b>			
Real estate	80,134,025	-	-
Personal property	11,619,179	-	1,117,749
Fixtures	1,464,005	-	531,766
Aircraft	-	-	300,346
Homeowners*	14,005,700	-	-
<b>Total Exemptions</b>	<u>93,217,209</u>	<u>-</u>	<u>1,649,515</u>
<b>Total Net Values</b>	<u>\$ 696,620,089</u>	<u>\$ 1,564,942</u>	<u>\$ 38,153,996</u>

Combined Values	Total
Total Values	\$ 831,205,751
Total Exemptions	\$ 94,866,724
Net Total Values	\$ 736,339,027
Net Aircraft Values	\$ 20,228,224

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

Totals do not include aircraft values or exemptions

Data Source: Tehama County Assessor 2013/14 Combined Tax Rolls

# ASSESSED VALUE OF TAXABLE PROPERTY

*City of Red Bluff*

Last Ten Fiscal Years

Category	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Residential	\$ 330,273,222	\$ 371,186,632	\$ 449,067,922	\$ 490,198,005	\$ 520,436,882	\$ 475,343,273	\$ 436,208,869	\$ 437,042,328	\$ 416,542,159	\$ 414,200,942
Commercial	155,601,750	179,086,922	208,676,690	217,916,877	230,592,015	234,531,799	211,554,681	204,339,800	182,089,869	209,413,795
Industrial	19,291,553	31,135,817	33,616,573	35,224,062	37,926,611	37,576,041	29,194,594	28,010,421	26,039,963	25,409,557
Dry Farm	472,752	482,204	491,845	501,679	171,755	174,153	616,204	620,815	333,692	337,974
Govt. owned	242,000	246,840	251,776	256,811	261,947	267,185	461,648	738,764	273,929	616,718
Institutional	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	1,512,791
Irrigated	183,097	-	-	-	-	-	417,245	173,857	177,334	180,880
Miscellaneous	457,009	451,219	491,266	513,884	607,430	2,097,808	4,692,730	6,140,725	16,046,052	10,199,439
Recreational	7,462,021	7,015,515	7,174,545	7,393,940	7,323,291	7,068,114	5,852,355	5,949,671	5,160,623	5,231,513
Vacant	9,567,766	12,836,668	14,683,862	14,801,950	14,228,893	16,803,612	36,873,772	26,245,929	26,179,149	24,342,469
SBE nonunitary	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	1,564,942
Cross reference	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	5,174,011
Unsecured	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	58,382,220
<b>Totals</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>	<b>\$ 756,567,251</b>
Total Direct Rate	0.22841	0.22832	0.22819	0.16443	0.17003	0.17009	0.16797	0.16794	0.17793	0.17813

**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 2004/05 - 2013/14 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

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS**

Last Ten Fiscal Years

*City of Red Bluff*

<u>Fiscal Year</u>	<u>Special Assessment Billings</u>	<u>Special Assessment Collected</u>
2004-2005	\$ -	\$ -
2005-2006	\$ -	\$ -
2006-2007	\$ -	\$ -
2007-2008	\$ -	\$ -
2008-2009	\$ -	\$ -
2009-2010	\$ -	\$ -
2010-2011	\$ -	\$ -
2011-2012	\$ -	\$ -
2012-2013	\$ -	\$ -
2013-2014	\$ -	\$ -

**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			
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
2013-2014	\$ -	\$ -	\$ 1,640,000	\$ 120,080	\$ -	\$ 805,924	\$ 2,566,004	1.06%	182

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>
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
2013-2014	\$ -	\$ -	\$ -	0.00%	\$ -	14,131	\$ 756,567,251

Source: City of Red Bluff Financial Reports

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

Last Ten Fiscal Years

*City of Red Bluff*

<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>
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%
2013-2014	\$ -	\$ -	\$ -	0.00%

Source: City of Red Bluff Financial Reports

**DIRECT AND OVERLAPPING GOVERNMENTAL  
ACTIVITIES DEBT**

As of June 30, 2014

*City of Red Bluff*

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>City Share of Debt</u>
Overlapping Debt Repaid with Property Tax: Shasta Community College	<u>\$ 26,575,000</u>	3.93%	<u>\$ 1,044,398</u>
Sub-Total overlapping debt	26,575,000		1,044,398
City of Red Bluff direct debt	<u>-</u>		<u>-</u>
Total direct and overlapping debt	<u><u>\$ 26,575,000</u></u>		<u><u>\$ 1,044,398</u></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

	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
Total Assessed Valuation	<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>	<u>\$756,567,251</u>
Debt Limit 15% of										
Total Assessed Valuation*	\$ 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	\$113,485,088
Debt Applicable to Debt Limit	<u>715,000</u>	<u>590,000</u>	<u>455,000</u>	<u>455,000</u>	<u>315,000</u>	<u>165,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 85,024,617</u>	<u>\$ 98,599,176</u>	<u>\$116,394,664</u>	<u>\$124,887,378</u>	<u>\$132,209,498</u>	<u>\$127,315,687</u>	<u>\$118,676,828</u>	<u>\$116,064,692</u>	<u>\$110,843,855</u>	<u>\$113,485,088</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 Available for Debt Service	Total Debt Service	Coverage	Gross Revenue	Operating Expenses	Net Revenue Available for Debt Service	SRL Debt Debt Service	Revenue Bonds Debt Service	Total Debt Service	Coverage	Gross Revenue	Operating Expenses	Net Revenue Available for Debt Service	Total Debt Service	Coverage
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	\$ 14,954,267	\$ 13,941,022	\$ 1,013,245	\$ 85,746	11.82	\$ 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
2013-2014	\$ 14,631,346	\$ 14,358,684	\$ 272,662	\$ 319,214	0.85	\$ 2,917,443	\$ 1,790,688	\$ 1,126,755	\$ 142,923	\$ -	\$ 142,923	7.88	\$ -	\$ -	\$ -	\$ -	-

Source: City of Red Bluff Financial Reports

**GENERAL INFORMATION**

As of June 30, 2014

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

Year of Incorporation	1876
Population	14,131
Area in Acres	4,490
Form of Government	Council/Manager
Employees	
Full-time	85
Part-time	60
Miles of Streets	130
Number of Street Lights	822

**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	24
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	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
County of Tehama	808	1	13.1%	880	1	15.6%
St. Elizabeth Hospital	538	2	8.7%	463	2	8.2%
Tehama County Department of Education	263	3	4.3%	180	6	3.2%
Red Bluff Elementary School District	250	4	4.1%	286	3	5.1%
Wal-Mart	249	5	4.0%	270	4	4.8%
Red Bluff High School District	186	6	3.0%	205	5	3.6%
Home Depot	152	7	2.5%	-	-	0.0%
California Division of Forestry	148	8	2.4%	156	7	2.8%
City of Red Bluff	145	9	2.4%	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>
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%
2013	14,131	11.9%	\$ 241,697	\$ 17,104	33.2	80.7%	9.2%

\* Information not available for 2004 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 & 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
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
2013-2014	130.0	7	90	14	60	2.5	5,431	264	32,773	1,838	954	2,473	635

Source: City of Red Bluff records

\*Statistics only available in calendar year, so providing 2013 calendar year for 2014 fiscal year statistics.

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

*City of Red Bluff*

Last Ten Fiscal Years

<u>Department</u>	<u>2013-2014</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>
General Government	10	8	8	9	10	10	11	10	10	10
Community Development	3	5	4	4	4	4	6	8	8	7
Fire	26	22	24	22	27	30	27	28	29	38
Police	36	33	32	32	33	39	39	36	36	41
Public Works	11	7	6	6	6	10	12	12	10	10
Sewer	5	4	4	4	4	8	8	9	9	9
Water	5	5	4	4	6	6	6	6	6	6
Parks & Recreation	<u>49</u>	<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>
Total City	<u>145</u>	<u>127</u>	<u>131</u>	<u>124</u>	<u>125</u>	<u>152</u>	<u>157</u>	<u>156</u>	<u>149</u>	<u>166</u>

Source: City of Red Bluff Personnel Department

**WATER AND SEWER RATES**

Last Ten Fiscal Years

*City of Red Bluff*

<b>Fiscal Year</b>	<b>Water</b>		<b>Sewer</b>	
	<b>Monthly Base Rate</b>	<b>Consumption Rate Avg. Rate Per 100 Cu. Ft.</b>	<b>Monthly Base Rate</b>	<b>Rate Per 100 Cu. Ft. of Water Consumed</b>
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
2013-2014	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 restaraunts.

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 2013-14**

<b>Business Name</b>	<b>Business Category</b>
Adobe Minimart	Service Stations
Antelope Valero	Service Stations
Arco AM PM	Service Stations
Circle 7 Days	Service Stations
CVS Pharmacy	Drug Stores
Exxon Food Mart	Service Stations
Food Maxx	Grocery Stores Liquor
Growney Motors Buick/GMC	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
Pneumatic Conveying & Manufacturing	Heavy Industrial
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 = 70.84%  
 Period: July 2013 Through March 2014

**FOR FISCAL YEAR 2004-05**

<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
Gannons Auto Body & Repair	Auto Repair Shops
Geo Growney Motors	New Motor Vehicle Dealers
Helser Chev Olds Cad & Geo	New Motor Vehicle Dealers
Lassen Lumber Ace Hardware	Lumber/Building Materials
Les Schwab Tire Center	Automotive Supply Stores
Main Street Chevron	Service Stations
Moss Lumber	Lumber/Building Materials
One Stop Gas & Food	Service Stations
Raleys Supermarket	Grocery Stores Liquor
Red Bluff Arco AM PM	Service Stations
Red Bluff Ford Mercury	New Motor Vehicle Dealers
Red Bluff Shell	Service Stations
Staples	Office Supplies/Furniture
Tehama Auto Center	Used Automotive Dealers
Tops Supermarket	Service Stations
Tractor Supply Company	Garden/Agricultural Supplies
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 = 63.88%  
 Period: July 2004 Through March 2005

\* Firms Listed Alphabetically

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

**TAXABLE SALES BY CATEGORY**

Last Ten Calendar Years  
(In Thousands of Dollars)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Apparel stores	\$ 1,089	\$ 1,136	\$ 1,449	\$ 1,243	\$ 956	\$ 905	\$ 876	\$ 1,108	\$ 1,297	\$ 1,341
Food stores	17,171	15,633	15,792	15,905	15,734	15,518	15,240	13,723	14,896	14,618
Eating and drinking places	25,099	28,069	29,360	29,241	28,605	26,466	28,337	28,165	29,743	29,223
Building materials	22,917	48,291	53,290	46,650	40,115	32,605	32,610	33,440	34,166	38,035
Auto dealers and supplies	76,480	85,214	86,199	77,342	53,852	27,437	20,281	18,177	26,760	42,588
Service stations	47,618	53,630	58,838	64,245	68,832	56,468	65,878	81,879	85,658	86,961
Other retail stores	71,685	77,684	73,394	76,687	71,660	63,385	60,501	60,234	61,951	64,074
All other outlets	57,110	64,045	61,588	57,811	55,835	42,686	47,078	45,554	47,880	49,093
<b>Total</b>	<b>\$ 319,169</b>	<b>\$ 373,702</b>	<b>\$ 379,910</b>	<b>\$ 369,124</b>	<b>\$ 335,589</b>	<b>\$ 265,470</b>	<b>\$ 270,801</b>	<b>\$ 282,280</b>	<b>\$ 302,351</b>	<b>\$ 325,933</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.