

2013

Comprehensive Annual Financial Report

Fiscal Year Ended June 30



CITY OF SUSANVILLE

City of Susanville
Comprehensive Annual Financial Report
For the year ended June 30, 2013

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December 27, 2013

To the Honorable Mayor, Members of the
City Council and Citizens of the City of Susanville:

The Comprehensive Annual Financial Report (CAFR) for the City of Susanville for the fiscal year ended June 30, 2013 is hereby submitted as mandated by State statutes. These statutes require that the accounts and fiscal affairs of all municipal entities be examined annually by an independent certified public accountant and a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) be published within six months of the close of each fiscal year.

This report consists of the management's representations concerning the finances of the City of Susanville. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Susanville's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Susanville's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The City of Susanville's financial statements have been audited by Badawi & Associates, a firm of licensed certified public accountants. The goal of the audit was to provide reasonable assurance that the financial statements of the City of Susanville for the fiscal year ended June 30, 2013 are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified or clean opinion and the City's financial statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that the management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to

complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Governmental Profile

The City of Susanville is a general-law city incorporated under California law in 1900. The City operates under the City Council/City Administrator form of government. The people of Susanville elect five Council Members, from which the City Council chooses the Mayor and the Mayor Pro-Tempore. The Mayor and Mayor Pro-Tempore are appointed for a two-year term. Council Members are elected to serve alternating four-year terms. The City Council appoints the City Administrator and the City Attorney. All municipal elections are at large.

The City of Susanville provides a wide range of municipal services, including police and fire protection, water, natural gas and geothermal utilities, street maintenance, snow removal, parks, planning, economic development, zoning, building and safety, housing assistance, and other general government services. Accounting, payroll, revenue collection, accounts payable, treasury, budget, financial reporting, business licensing and utility billing are the responsibility of the Administrative Services Department.

The City's accounting records are maintained on a modified accrual basis for governmental funds. Revenues are recorded when measurable and available and expenditures are recorded when goods or services are received and the liability incurred. The annual budget serves as the foundation for the City of Susanville's financial planning and control. The annual budget is required to be legally adopted by July 1 of each year and is appropriated at the fund level. City Council may appropriate, amend or transfer funds by an affirmative vote of three Council Members at any regular or special Council meeting, with the transfer of some restricted funds requiring a 4/5ths vote. The City Administrator is authorized to transfer between departments of the General Fund and Department Heads have the authority to transfer between line items within their respective budgets.

Factors Affecting Financial Condition

With the passage of Proposition 1A, the City has reduced its vulnerability to state raids of city funding sources, but has not eliminated it completely. State legislation has often been directed at local governments to re-direct revenues to cover the State's fiscal mismanagement. The recent dissolution of Redevelopment Agencies (RDAs) has forced some cities throughout the State to assume large debt and liability with revenues being re-directed to the State. Our City was fortunate to not lose any of these revenues as we did not have an RDA with an approved project area.

The remoteness of our City (85 miles from Reno, Nevada and 112 miles from Redding, California) insulates us from some of the large challenges that other cities have faced during this economic downturn, but it also limits the growth that aids in economic recovery. California's high tax base makes it difficult to attract new

industrial and commercial businesses to the State and our remoteness adds to this challenge. Increasing housing prices over the last year has made a positive impact on the revenues received from property taxes and sales taxes. As a percentage of total revenue, property taxes accounted for approximately 19.1% of the general fund revenues in 2013 as compared to 16.9% in 2012, net of transfers. Sales tax comprised 25.8% of general revenues in 2013 as compared to 26.0% in 2012, net of transfers.

Economically the City has continued to balance decreasing revenues by restructuring City functions and maintaining lean staffing levels. This has helped the City prevent layoffs and benefit cuts to employees but it creates a larger demand on existing employees to provide the same level of service to our customers. The population for the City has remained consistent at just under 10,000 since 2000 with a modest 4.9% decline in total population (16,794 to 15,978) from 2012 to 2013. Some of this decline can be attributed to our inmate population due to AB 109 and re-alignment. Government employment accounts for approximately 61% of the total work force within the City.

Long Range Planning

The City continues to focus on and promote quality development and redevelopment projects including industrial, commercial and residential projects. Staff continually looks for opportunities to revitalize and improve our community. Some of the projects that we are currently working on are:

- Search for funding to improve/develop community recreational opportunities, especially along the Susan River Corridor.
- Complete the Water/Gas meter upgrade project to allow for remote reading of meters each month.
- Begin the first phase of replacing water lines throughout the City using the reserves created by the increase in water rates in 2008.
- Establish a Joint Powers Authority with the County to construct and operate a swimming pool
- Increase our economic vitality efforts by promoting recreational activities to attract people to our community.

Awards and Acknowledgments

The Certificate for Outstanding Financial Reporting has been awarded to the City of Susanville for its Comprehensive Annual Financial Report (CAFR) every year since fiscal year 2005/2006 and we believe that the current CAFR meets these requirements and have submitted it to CSMFO for this year's award.

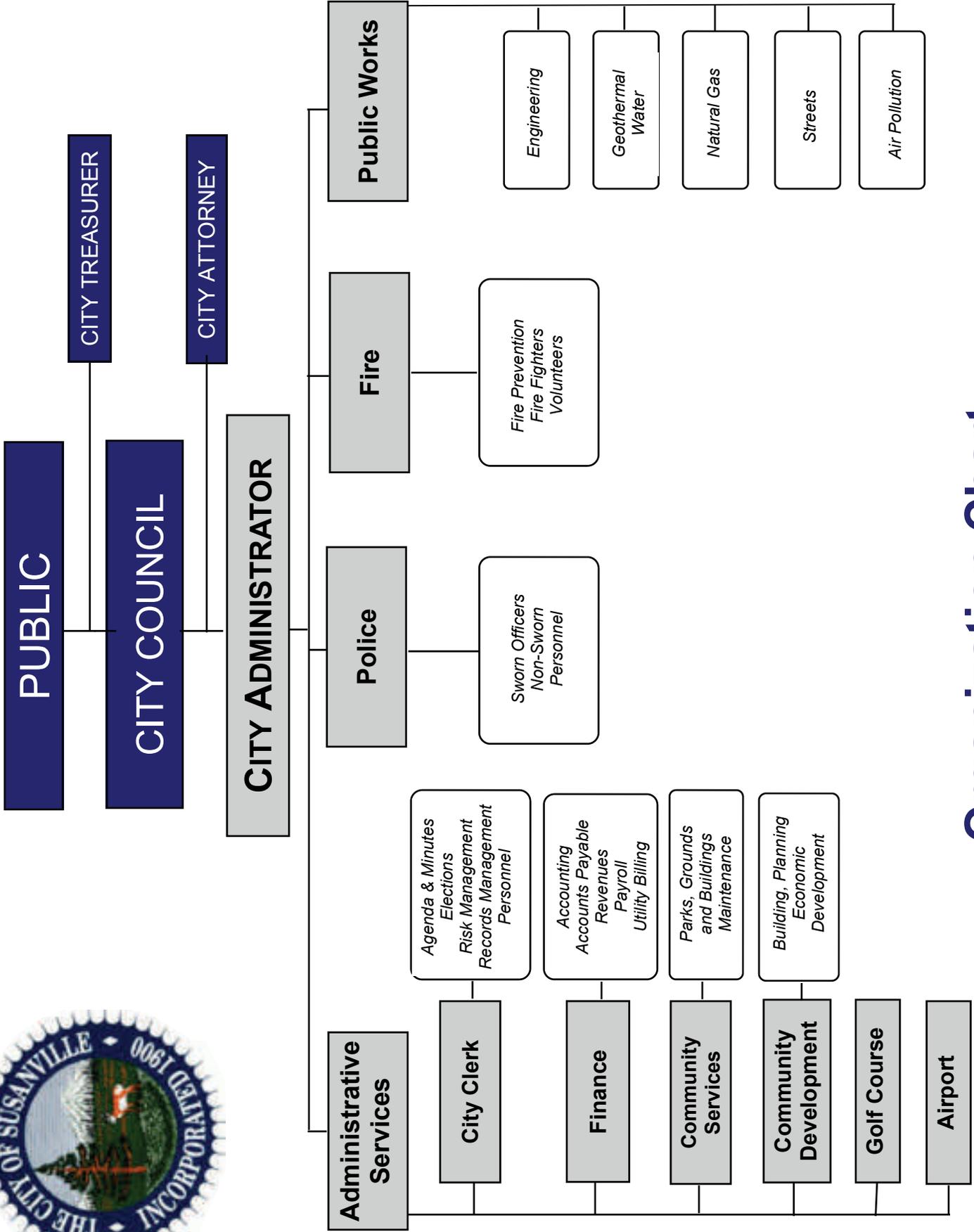
I wish to express my thanks and appreciation to the Mayor, Members of the City Council and Management for their leadership, interest, and continued support in planning and conducting the financial operations of the City of Susanville in a responsible and prudent manner in the best interests of the citizens of Susanville. I

would also like to thank City Staff for their continued dedication to improving our wonderful City.

Respectfully submitted,

Jared G. Hancock

Jared G. Hancock
City Administrator



Organization Chart



Fiscal Year 2012-13

City Council

Rod E De Boer	Mayor
Brian Wilson	Mayor Pro-Tempore
Lino Callegari	Council Member
Cheryl McDonald	Council Member
Nicholas McBride	Council Member

Executive Staff

City Administrator	Jared G Hancock
City Clerk	Gwenna MacDonald
City Attorney	Peter Talia
Police Chief	Tom Downing
Fire Chief	Ted Friedline
Public Works Director	Craig Platt

California Society of Municipal Finance Officers

Certificate of Award

***Outstanding Financial Reporting Award
Fiscal Year Ending June 30, 2012***

Presented to the

City of Susanville

For meeting the criteria established to achieve the Outstanding Financial Reporting Award.

February 6, 2013



Laura Nomura

***Laura Nomura
CSMFO President***

Scott Catlett

***Scott Catlett, Chair
Professional Standards and
Recognition Committee***

Dedicated Excellence in Municipal Financial Reporting



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
of the City of Susanville
Susanville, 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 Susanville, California (City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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.

To the Honorable Mayor and Members of the City Council
of the City of Susanville
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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 as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension funding progress, and budgetary comparison information on pages 5-19 and 86-89 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, budgetary comparison information on pages 95-96 and 109-123, 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, and budgetary comparison information on pages 95-96 and 109-123 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, and budgetary comparison information on pages 95-96 and 109-123 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members of the City Council
of the City of Susanville
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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 27, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Oakland, California
December 27, 2013

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City of Susanville
Management's Discussion & Analysis
Year Ended June 30, 2013

This is the management's discussion and analysis of the financial performance of the City of Susanville for the fiscal year ended June 30, 2013. Please read this in conjunction with the transmittal letter, which can be found in the introductory section of this report, and with the City's financial statements, which follow this discussion.

BASIC FINANCIAL STATEMENTS

The basic financial statements, including the accompanying notes, constitute the core of the City's financial section. The fiscal year of the City starts on July 1 and ends on June 30. This report includes a blend of fund accounting and government-wide financial reporting. The basic financial statements presented are:

- Government-wide
- Governmental funds
- Proprietary funds
- Fiduciary funds

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives.

Government-Wide Financial Statements

Generally accepted accounting principles (GAAP) for state and local governments prescribe two basic government-wide financial statements:

- Government-wide Statement of Net Position
- Government-wide Statement of Activities

The government-wide financial statements include all governmental and business type activities of the City, but not its fiduciary activities.

The government-wide Statement of Net Position is the basic government-wide statement of all the City's assets, liabilities, and net position. The difference between assets and liabilities on the Statement of Net Position is referred to as net position (rather than equity).

GAAP requires that the primary government's governmental activities be reported separately from its business-type activities. Business-type activities include enterprise funds. Internal service funds are included as part of governmental activities. GAAP requires that the government-wide Statement of Net Position provide a total column for the primary government. All internal balances (payables and receivables between governmental activities) are generally eliminated from this total column.

The government-wide Statement of Activities is used to report changes in the net position reported in the government-wide Statement of Net Position. This statement presents expenses before revenues. This is to emphasize that in the public sector, revenues are generated for the purpose of providing services rather than maximizing revenues as the ultimate goal.

Direct expenses - The first column of the government-wide Statement of Activities presents direct expenses associated with each of the City's functional activities. Examples of functions are: general government, public safety, streets & public works, planning, community services and recreation, and community development.

Indirect expenses - GAAP does not require governments to allocate indirect expenses to their various functional activities.

Program revenues - Some programs are directly financed, in whole or in part, by resources generated by or dedicated to the program. GAAP requires that such *program revenues* be presented separately. Examples of program revenues include charges for services, fees, permits, licenses, fines, grants, contributions, donations, etc. that are restricted to specific programs.

General revenues - All revenues that do not qualify as program revenues are reported as general revenues. Examples of general revenues are: property taxes, sales taxes, transient lodging taxes, franchise taxes, business license taxes, and use of money and property.

Governmental Fund Financial Statements

GAAP requires two basic governmental fund financial statements:

- Governmental Funds Balance Sheet
- Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances

The difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into non-spendable, restricted, committed, assigned and unassigned.

GAAP requires that each major fund be reported in a separate column. The General Fund is always considered a major fund. All other non-major governmental funds are aggregated and reported in a single column regardless of fund type. A fund is considered major if it meets both of the following criteria:

1. 10% Criterion – An individual fund reports at least 10 percent of any of the following:
 - Total governmental fund assets
 - Total governmental fund liabilities
 - Total governmental fund revenues
 - Total governmental fund expenditures

2. 5% Criterion – An individual fund reports at least 5 percent of the aggregate total for both governmental funds and enterprise funds of any one of the items for which it met the 10 percent criterion.

A budgetary comparison is presented for the General Fund and for each major individual special revenue fund for which an annual budget is legally adopted. The budgetary comparison includes the original appropriated budget, the final amended budget and actual amounts.

Proprietary Fund Financial Statements

GAAP prescribes three basic financial statements for proprietary funds:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows

GAAP requires the same major fund reporting for enterprise funds described earlier for governmental funds. GAAP also indicates that internal service funds are *never* to be reported as major funds. Although internal service funds are proprietary funds (like enterprise funds) they are consolidated as part of governmental activities in the government-wide financial statements because their primary customers are typically the governmental operations. Therefore, internal service funds are reported in a separate aggregated column on the proprietary fund financial statements.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

GAAP prescribe up to two basic financial statements for fiduciary funds:

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position

Fiduciary funds are never reported as major funds. Therefore, the focus of reporting for the fiduciary fund financial statements is the various fund types. That is, the statement should present one column for each fund type reported. The City’s only fiduciary funds are agency funds.

The Statement of Changes in Fiduciary Net Position is unique in that all changes in net position are classified as either additions or deletions. The City has four fiduciary funds: Historic Uptown Susanville Association Business Improvement District, Section 125 AFLAC/Wageworks, Air Pollution District, and Local Agency Formation Commission.

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net position acts as an indicator of a government’s financial position. Overall, the net position of the City improved from the prior fiscal year and its ability to meet its financial commitments remained strong. Assets exceeded liabilities by \$15.1 million as of June 30, 2012 (\$9.2 million for governmental activities and \$5.9 million for business-type activities), and by \$15.6 million as of June 30, 2013 (\$8.6 million for governmental activities and \$7.0 million for business-type activities. Governmental activities are generally financed through taxes and intergovernmental revenues. These activities are reported in the governmental funds (General fund, special revenue funds, capital projects funds, debt service funds) and internal service funds. Business-type activities are generally funded through user fees and charges. These activities are reported in the proprietary funds.

Tables A-1 and A-2 below, present a summary of the City’s Statements of Net Position as of June 30, 2012 and 2013.

Table A-1
Government-wide Net Position as of June 30, 2012 and 2013
Governmental Activities

	<u>2012</u>	<u>2013</u>
Cash & investments	\$ 4,915,823	\$ 4,123,985
Capital assets	4,321,324	4,086,182
Other assets	3,131,877	3,780,497
	<u>12,369,024</u>	<u>11,990,664</u>
Total assets		
Current liabilities	632,318	1,165,115
Non-current liabilities	2,490,022	2,215,534
	<u> </u>	<u> </u>

Total liabilities	<u>3,122,340</u>	<u>3,380,649</u>
Net investment in capital assets	2,308,372	2,012,346
Restricted	4,528,631	4,087,019
Unrestricted	2,409,681	2,510,650
Total net position	<u>\$ 9,246,684</u> =====	<u>\$ 8,610,015</u> =====

Table A-2
Government-wide Net Position as of June 30, 2012 and 2013
Business-type Activities

	<u>2012</u>	<u>2013</u>
Cash & investments	\$ 8,906,981	\$ 9,976,479
Capital assets	30,680,656	30,111,041
Other assets	829,182	1,113,670
Total assets	<u>40,416,819</u>	<u>41,201,190</u>
Current liabilities	906,857	1,089,496
Non-current liabilities	33,629,538	33,104,657
Total liabilities	<u>34,536,395</u>	<u>34,194,153</u>
Net investment in capital assets	1,556	(488,623)
Restricted	2,289,356	2,446,070
Unrestricted	3,589,512	5,049,590
Total net position	<u>\$ 5,880,424</u> =====	<u>\$ 7,007,037</u> =====

The Statement of Activities presents program revenues and expenses and general revenues in detail. These elements are summarized for the year ended June 30, 2012 and 2013 in Tables B-1 and B-2 below.

Table B-1
Changes in Government-wide Net Position
For the Fiscal Years Ended June 30, 2012 and 2013
Governmental Activities

	<u>2012</u>	<u>2013</u>
<u>Expenses (by function):</u>		
General government	\$ 1,105,539	\$ 787,118
Public safety	3,371,428	3,249,421
Streets	839,484	2,580,926
Protective inspections	203,416	214,070
Community services	242,259	240,801
Community development	214,604	405,626

Debt service	288,284	116,906
Total expenses	<u>6,265,014</u>	<u>7,594,868</u>
<u>Program revenues (by major source):</u>		
Charges for services	822,503	289,305
Operating grants and contributions	799,904	994,075
Capital grants and contributions	155,084	1,736,845
Total program revenues	<u>1,777,491</u>	<u>3,020,225</u>
<u>General revenues and transfers:</u>		
Property taxes	757,463	859,457
Sales & use taxes	1,161,677	1,162,834
Transient lodging taxes	391,546	379,119
Franchise taxes	49,988	24,493
Business license taxes	220,339	226,004
Other taxes	79,625	45,175
Property tax in lieu of sales tax	304,260	428,017
Property tax in lieu of VLF	1,407,887	1,362,579
Investment earnings	61,101	12,535
Miscellaneous	59,050	0
Transfers	5,000	(562,239)
Total general revenues and transfers	<u>4,497,936</u>	<u>3,937,974</u>
Change in net position	10,413	(636,669)
Net position, beginning of year	<u>9,236,271</u>	<u>9,246,684</u>
Net position, end of year	\$ 9,246,684	\$ 8,610,015
	=====	=====

Table B-2
Changes in Government-wide Net Position
For the Fiscal Years Ended June 30, 2012 and 2013
Business-type Activities

	<u>2012</u>	<u>2013</u>
<u>Expenses (by function):</u>		
Airport	\$ 248,776	\$ 236,959
Water	1,976,560	2,041,448
Geothermal	47,435	48,214
Natural gas	4,093,592	4,052,356
Golf course	442,571	429,898
Total expenses	<u>6,808,934</u>	<u>6,808,875</u>
<u>Program revenues (by major source):</u>		
Charges for services	7,271,766	7,320,711

Operating grants and contributions	0	38,574
Capital grants and contributions	154,941	99,685
	<u>7,426,707</u>	<u>7,458,970</u>
<u>General revenues and transfers:</u>		
Use of money and property	21,743	18,103
Miscellaneous	276,346	0
Transfers	(5,000)	562,239
	<u>293,089</u>	<u>580,342</u>
Change in net position	910,862	1,230,437
Net position, beginning of year, as restated	4,969,562	5,776,600
Net position, end of year	<u>\$ 5,880,424</u>	<u>\$ 7,007,037</u>
	=====	=====

The fiscal year 2012-13 annual budget was prepared and approved on time and became effective July 1, 2012. As with most cities in the State of California, we are dealing with reduced revenues from prior years. To balance the budget, the City used the prior year budget as a base with no additions and maintained minimum staffing levels. The City has been extremely fortunate that no employee benefit cuts or layoffs have been necessary to balance a budget. Prudent fiscal management by the City Council has allowed the City to escape many of the tribulations faced by other cities throughout the State of California.

At June 30, 2013, the total cash and investments for all funds increased by \$277,660 (from \$13,822,804 to \$14,100,462). The primary reasons for this increase are:

- The Natural Gas Fund cash and investments increased by \$1,022,854 (from \$3,989,627 to \$5,012,481). This increase is due mostly from lower costs for purchasing Natural Gas and the refinancing of the Natural Gas Bonds in August 2010 which allowed the City three years of low debt service payments to assist with setting aside the required cash to fund the Rate Stabilization Fund as required by the Bond Covenant. The City has met this requirement one year earlier than anticipated.
- General Fund cash and investments decreased by \$578,891 (from \$1,498,759 to \$919,868) during fiscal year 2012-13. This decrease in cash is primarily due to transfers from the General Fund to the Golf Course and Airport enterprise funds of \$244,886 and 322,353, respectively.

Streets expenditures increased by \$1,741,442 (from \$839,484 for fiscal year 2011-12 to \$2,580,926 for fiscal year 2012-13) and capital grants and contributions revenue increased by \$1,581,761 (from \$155,084 to \$1,736,845) per Table B-1. These increases are due primarily to a \$2.4 million project awarded from the State Transportation Improvement Program, of which a portion was used in fiscal year 2012-13.

At June 30, 2012, the City restated the carrying value of certain golf course capital assets by \$103,824 as described in Note 17 of the Notes to the Basic Financial Statements.

ANALYSIS OF MAJOR GOVERNMENTAL FUNDS

Following is a short description of the financial highlights for each of the City's major governmental funds for fiscal year 2012-13:

General Fund

The General Fund ended fiscal year 2012-13 with a small decrease in fund balance of \$3,212 (from \$2,151,222 to \$2,148,010) compared to the prior year. This decrease represented an improvement over fiscal year 2011-12 operating results when there was a \$91,518 decline in fund balance. This improvement in operating results was primarily due to a reduction of transfers out of the General Fund to subsidize other funds. During fiscal year 2011-12, transfers out totaled \$993,137 whereas during fiscal year 2012-13, transfers totaled \$775,416.

For the year, General Fund total revenues exceeded total expenditures (excluding transfers) by \$767,204, as compared to \$836,619 for fiscal year 2011-12.

Total General Fund revenues decreased from the prior year by \$150,424 (from \$5,211,811 to \$5,061,387). This decrease is primarily due to the receipt of \$489,000 of retroactive dividends from the City's risk pool during fiscal year 2011-12; no dividends were received during fiscal year 2012-13. This decrease was offset by increases of \$149,764 in taxes and assessments and \$192,492 in intergovernmental revenue.

Compared to prior year, the General Fund expenditures decreased by \$81,009 (from \$4,375,192 to \$4,294,183). The decrease is primarily caused by decreases in General Government expenditures of \$56,886 and Public Safety expenditures of \$35,139. This decrease resulted primarily from salary savings for positions unfilled for part of the fiscal year.

State Revolving Loan Special Revenue Fund

This fund accounts for grant revenue received from Community Development Block Grants, as well as loans given to qualified citizens for the rehabilitation of homes and related repayments. Loan repayments are used to issue new loans for this purpose. For fiscal year 2012-13, this fund incurred expenditures of \$102,229 against revenues of \$11,709. Fund balance at the end of the year was \$434,382.

Home Revolving Loan Special Revenue Fund

This fund accounts for loans and related collections for the Facade Improvement, Business Assistance, and First-Time Home Buyers loan programs. Loan repayments are used for the issuance of new loans for these purposes. For fiscal year 2012-13, this

fund had revenues of \$23,386 and no expenditures. Fund balance at the end of the year was \$190,535.

STIP Capital Rehabilitation Capital Project Fund

This fund accounts for expenditures of the 2012 Susanville Rehabilitation B Project funded through the State Transportation Improvement Program. During fiscal year 2012-13, the fund received revenue from the State of \$1,495,408, which was \$930,592 less than was budgeted. Total expenditures were \$1,974,071, which was \$451,929 less than was budgeted, leaving a negative fund balance of \$478,505. This negative fund balance is expected to be funded when the remaining grant proceeds are received from the State.

Mark Roos 92B Debt Service Fund

This fund accounts for assessments collected from property owners within the Miller/Fletcher Housing Development that are used to repay the bond issued in 1992 to install infrastructure within this development. *For fiscal year 2012-13, this fund received taxes and assessments of \$11,282. This amount was \$138,787 less than the budgeted amount. The budget to actual comparison will show only \$11,282 of assessments being collected due to the revenue line item being reduced by the amount of the principal payment to allow the reduction in investments in bonds on the balance sheet.* Expenditures for the year were \$148,802, which was \$1,267 less than budget. The fund balance at the end of the year was \$962,865.

ANALYSIS OF MAJOR PROPRIETARY FUNDS

Following is a short description of the financial highlights for each of the City's major proprietary funds for fiscal year 2012-13:

Water Enterprise Fund

At June 30, 2013, the Water Fund shows an increase in net position of \$297,945 (from \$2,492,783 to \$2,791,728). Total assets increased by \$48,551 due primarily to an increase in capital assets of \$186,912, offset by a decline in accounts receivable of \$95,065. The increase in capital assets relates to spending to replace water meters throughout the City with remote electronic meters. Total liabilities decreased by \$250,394 due principally to scheduled repayment of revenue bonds.

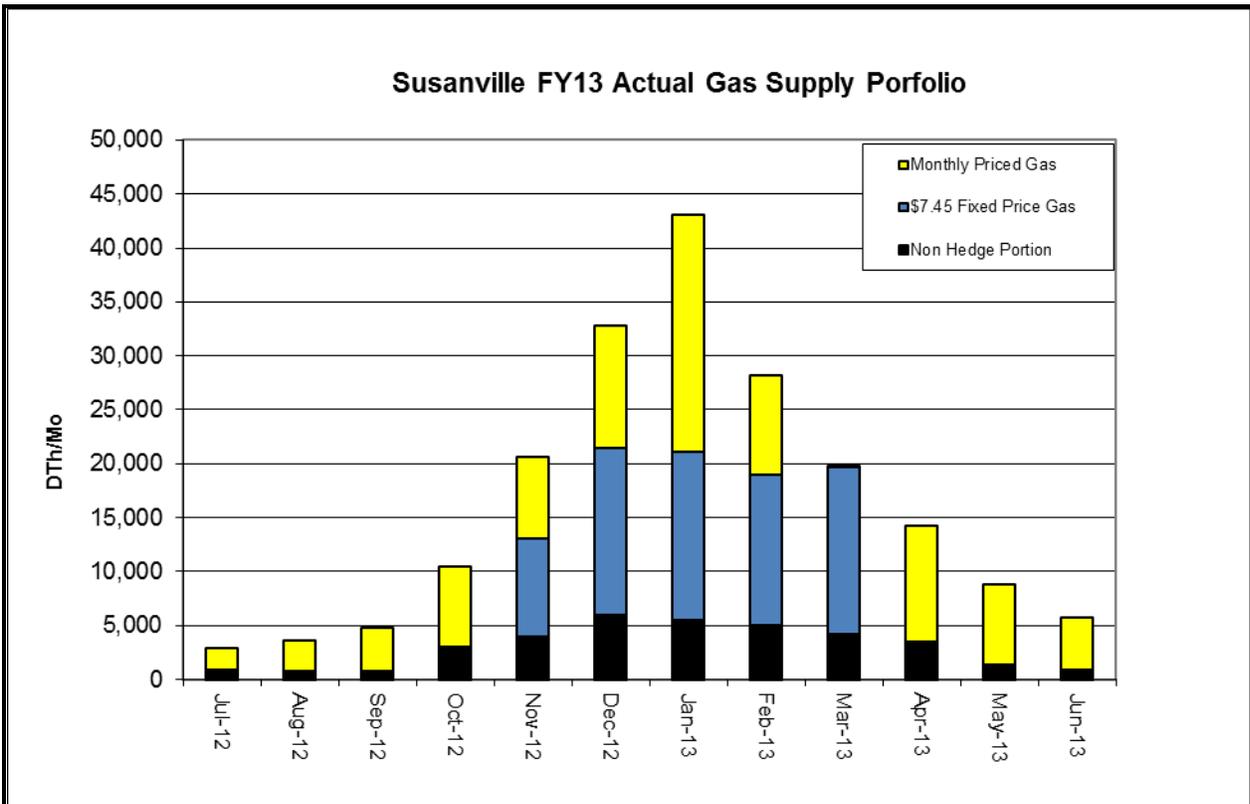
There were approximately 3,800 water customer accounts at June 30, 2012 and June 30, 2013.

Natural Gas Enterprise Fund

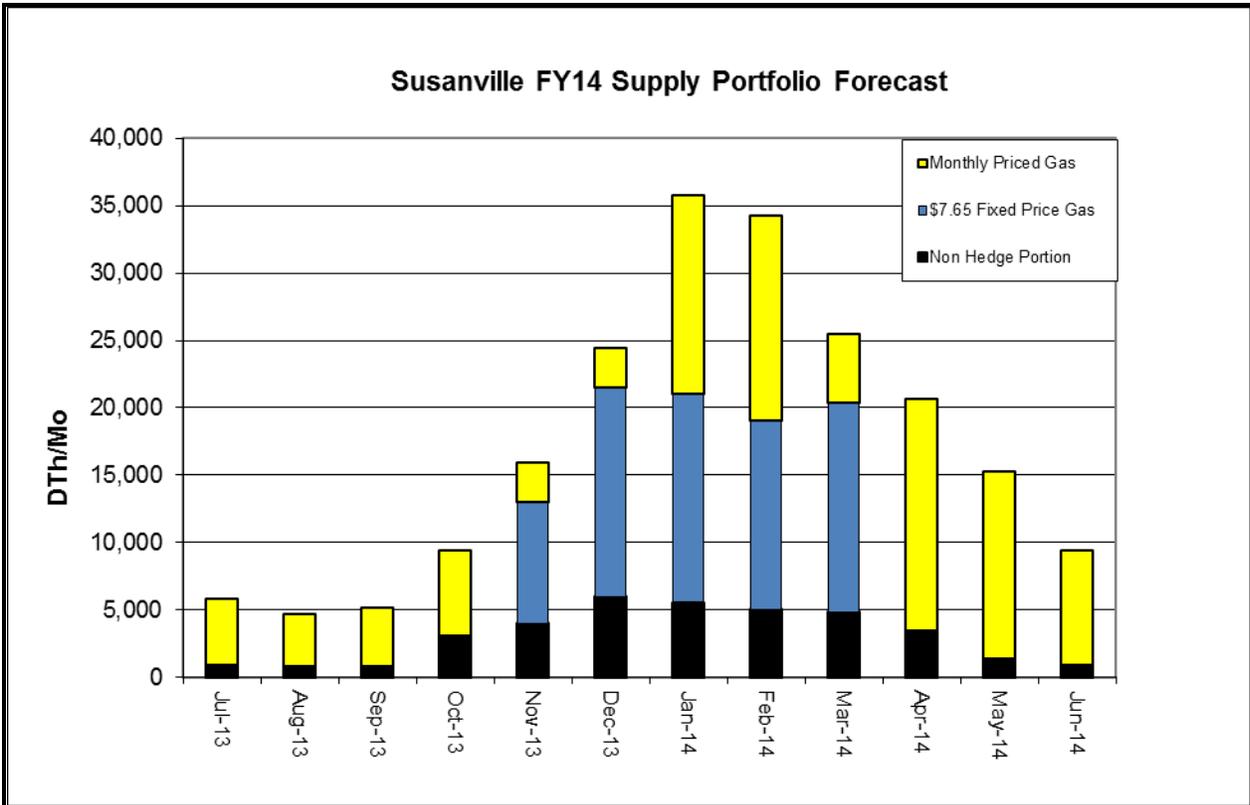
The Natural Gas system reduced its net position deficit by \$554,470 during fiscal year 2012-13 (from negative \$747,944 to negative \$193,474). This reduction was largely due to an increase in total assets of \$446,514. This was, in turn, due to an increase in cash of \$1,022,854 as explained on page 9, combined with a decrease in total liabilities of \$107,956. Liabilities decreased due principally to scheduled repayment of revenue bonds.

Because the cost of natural gas remained below its main competitors (propane, heating oil and electricity), the City was able to keep its price low and continue to add new customers to the system. The number of natural gas accounts increased from 2,785 at June 30, 2012 to 2,846 at June 30, 2013 equivalent to approximately 2% increase.

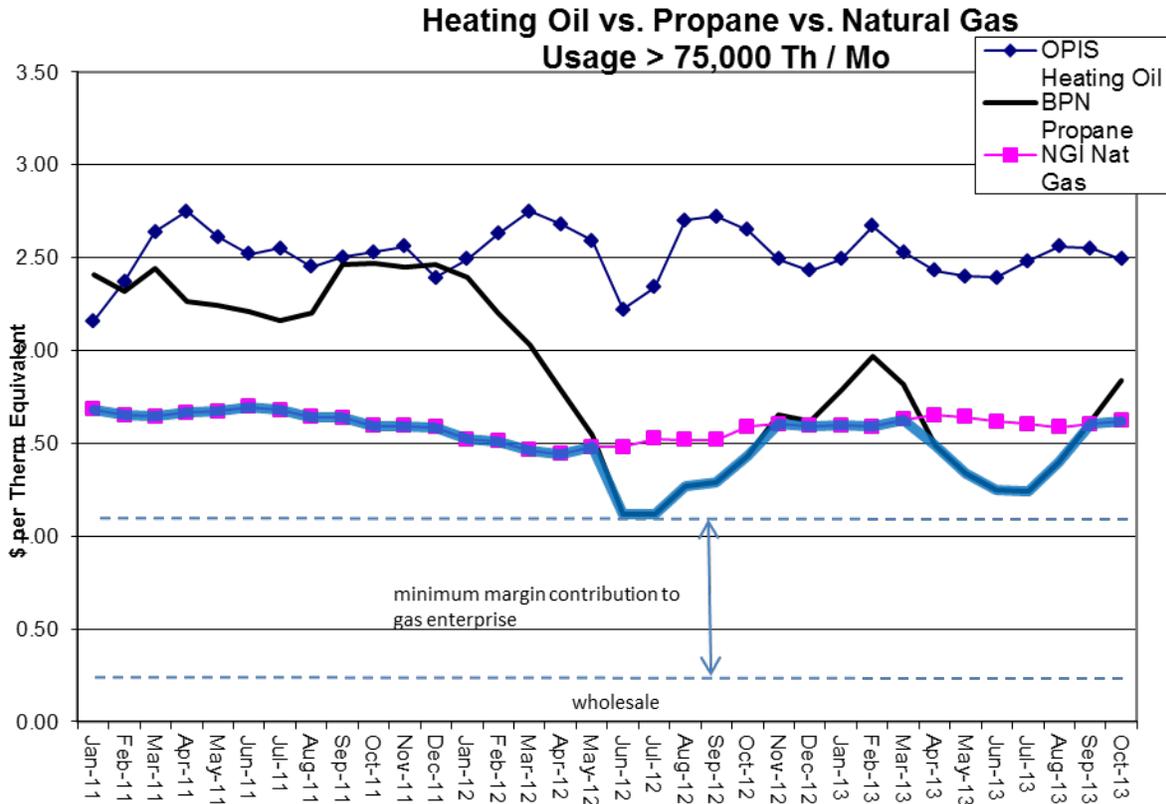
The gas purchased in FY 2012-13 was as follows:



The cost of natural gas in the open market has continued to decrease allowing the City to make critical purchases for the following year. As the gas is purchased in the market approximately a year in advance, the City has already secured its fiscal year 2013-14 supply portfolio as follows:



Historically, the cost of natural gas has been lower than its competition (propane, electricity, kerosene and heating oil). This year, the cost of natural gas has been consistently lower than its competition allowing our system to continue to grow.



During fiscal year 2012-13, 61 new customers were added to the system, bringing the total to 2,846. These new customers required an estimated 25,200 additional gas therms.

The City utilizes the services of Interstate Gas Services (IGS), a consulting firm specialized in natural gas. IGS evaluates and monitors the natural gas system operations and its performance, and acts as an advisor to the City Administrator in the periodic task of purchasing gas in the open market.

Airport Enterprise Fund

Consistent with prior years, the operating revenues of the Airport remained insufficient to pay for operating expenses. The operating loss of the Airport was \$157,861 for fiscal year 2012-13, an improvement from a loss of \$323,242 for fiscal year 2011-12. The net position of the Airport Fund increased by \$202,658 to \$1,897,428 due primarily to a transfer of \$322,353 from the General Fund.

Golf Course Enterprise Fund

Consistent with prior years, the operating revenues of the Golf Course remained insufficient to pay for operating expenses. The net position of the Golf Course

increased by \$129,358 due an operating loss of \$100,821 offset by a transfer in of \$244,886 from the General Fund. This operating loss represents a \$73,708 improvement from the \$174,529 operating loss for fiscal year 2011-12. The City began operating the golf course in fiscal year 2010-11. At June 30, 2012, the City restated the carrying value of certain golf course capital assets by \$103,824 as described in Note 17 of the Notes to the Basic Financial Statements.

BUDGET VARIANCES IN THE GENERAL FUND

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Difference</i>	<i>Actual</i>	<i>Variance vs Final Budget</i>
Revenues	\$4,639,966	\$4,987,665	\$ 347,699	\$5,040,103	\$ 52,438
Expenditures	(4,398,714)	(4,751,483)	(352,769)	(4,294,183)	457,300
Other financing sources and (uses):					
Transfers in	5,000	5,000	0	5,000	0
Transfers out	(208,179)	(775,419)	(567,240)	(775,416)	3
Net change in fund balance	<u>\$38,073</u>	<u>\$(534,237)</u>	<u>\$(572,310)</u>	<u>\$(24,496)</u>	<u>\$509,741</u>
	=====	=====	=====	=====	=====

After the original 2012-13 budget was adopted, the City Council approved several budget amendments. Changes were as follows:

		<i>Increases (Decreases)</i>
Revenues	\$ 1,000	Increase for BLM Grant Resolution 12-4849
	100,000	Increase for Resolution 12-4884 Out-of-Area Fires revenue
	(3,072)	Decrease In-Lieu of Vehicle License Fee
	125,197	Increase for higher Property Tax In-Lieu of Sales Tax
	85,000	Increase Out-of-Area Fires revenue
	<u>47,565</u>	Increase various revenue projections
	<u>355,690</u>	Net Increase in Revenues
Expenditures	10,000	Increase for BLM Grant Resolution 12-4849
	4,232	Increase for open PO #374
	100,000	Increase for Resolution 12-4884 Out of Area Fires
	13,000	Increase for Resolution 12-4897 Memorial Park CIP project
	73,340	Increase for Public Safety repair and maintenance
	160,188	Increase for new allocation formulas
	244,887	Increase for Res 12-4928 transfer from Gen. Fund to Golf Course
	<u>322,353</u>	Increase for Res 12-4928 transfer from Gen. Fund to Airport
	<u>928,000</u>	Net Increase in Expenditures
	<u><u>\$(572,310)</u></u>	Net Change in Budget

As of June 30, 2013, total General Fund actual revenues were \$5,040,103 or \$52,438 more than budgeted. This variance is primarily due to an increase in property tax revenue.

Actual expenditures were \$4,294,183 or \$457,300 less than budgeted. This was due mainly from salary savings from unfilled vacant positions.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

For more detailed information, please read this in conjunction with the City's basic financial statements and related notes, which follow this discussion.

Capital Assets Activity

Capital assets are reported at historical cost. The cost of capital assets includes capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition, such as freight and transportation charges, site preparation costs, and professional fees. Donated capital assets are reported at their estimated fair value at the time of acquisition plus ancillary charges if any.

Capital assets includes land, improvements to land, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, all other tangible and intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water systems, dams and lighting systems.

The City depreciates its capital assets according to their estimated useful lives.

The City's primary capital project is the water meter replacement project. This project is to replace all the manual-read water meters with electronic meters that can be read remotely from a passing vehicle. This project is expected to cost approximately \$1.2 million and be completed in fiscal year 2014-15. During fiscal year 2012-13, the Water Fund spent \$632,204 on this project.

Long-term Debt Activity

The principal amount of the City's outstanding debt at June 30, 2013 was as follows:

2010 Refunding Revenue Bonds	\$33,900,000	Secured by natural gas and water revenues
Miller Fletcher Bonds	605,000	Secured by property assessments

City Hall Bonds	1,541,339	Secured by 2012 lease financing agreement with Compass Bank
U.S. Department of Agriculture Note	870,000	Secured by Water Fund infrastructure

Scheduled principal repayments of \$479,216 were made during fiscal year 2012-13. All debt service principal and interest payments are current.

SUMMARY OF KNOWN FACTS, DECISIONS AND CONDITIONS

In May, 2013, the City Council adopted Resolution No. 13-4947 authorizing the City to incur a loan to pay off the City’s \$4.9 million side fund obligation with CalPERS. This side fund was created when the City was placed into a risk pool with other small cities and contracted for the 3% @ 60/50 formulas for Miscellaneous and Public Safety members.

As many other cities in California, the City of Susanville’s ability to provide services to the public is affected by balancing our budget with hiring constraints to offset flat or declining revenues. So far, the City has done an excellent job in maintaining services to the public despite inevitable cost increases. Due to the limitations imposed on California cities by Proposition 13 and 218 in generating new revenues, the City continues to look for ways alternate revenue sources.

The City Council adopted a balanced budget for fiscal year 2013-14 on July 1, 2013. The budget reflects Council priorities and maintains the same level of services provided in fiscal year 2012-13. The General Fund expenditures budget for fiscal year 2013-14 is \$540,655 or 9.8% less than the prior fiscal year. The reduction (from \$5,526,902 in fiscal year 2012-13 to \$4,986,247 in fiscal year 2013-14) reflects reduced cash transfers to other funds and reduced personnel costs. The reduction in personnel-related costs was achieved by the early retirement of several senior staff allowing the City to fill the vacancies at a lower salary rate. General revenues are projected to remain low due to the economy for at least another year or two.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This annual financial report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City’s finances. Questions about this report should be directed to the Administrative Services Department, at 66 North Lassen Street, Susanville, California 96130.

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**BASIC
FINANCIAL STATEMENTS**

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Susanville
Statement of Net Position
June 30, 2013

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and investments	\$ 3,371,712	\$ 7,530,409	\$ 10,902,121
Investments in bonds with fiscal agent	600,000	-	600,000
Accounts receivable	1,903,755	679,095	2,582,850
Internal balances	465,281	(465,281)	-
Interest receivable	2,734	5,063	7,797
Prepaid expenses	21,781	5,079	26,860
Inventory	60,684	165,243	225,927
Deposits	-	75,000	75,000
Total current assets	<u>6,425,947</u>	<u>7,994,608</u>	<u>14,420,555</u>
Noncurrent assets:			
Loans receivable	1,245,949	-	1,245,949
Restricted cash and investments with fiscal agents	152,273	2,446,070	2,598,343
Bond issuance costs - net of accumulated amortization	80,313	649,471	729,784
Capital assets:			
Non-depreciable	3,230,764	3,560,423	6,791,187
Depreciable, net	855,418	26,550,618	27,406,036
Total capital assets	<u>4,086,182</u>	<u>30,111,041</u>	<u>34,197,223</u>
Total noncurrent assets	<u>5,564,717</u>	<u>33,206,582</u>	<u>38,771,299</u>
Total assets	<u>11,990,664</u>	<u>41,201,190</u>	<u>53,191,854</u>
LIABILITIES			
Current liabilities:			
Accounts payable	692,481	174,528	867,009
Accrued wages	76,951	21,648	98,599
Accrued interest	34,388	158,778	193,166
Deposits payable	72,798	180,922	253,720
Unearned revenue	14,832	52,100	66,932
Capital lease payable	-	18,297	18,297
Early retirement incentive - due within one year	44,640	-	44,640
Sick leave conversion payable - due within one year	11,452	-	11,452
Compensated absences - due within one year	29,206	9,223	38,429
Notes payable - due within one year	-	14,000	14,000
Revenue bonds payable - due within one year	188,367	460,000	648,367
Total current liabilities	<u>1,165,115</u>	<u>1,089,496</u>	<u>2,254,611</u>
Noncurrent liabilities:			
Early retirement incentive - due in more than one year	128,340	-	128,340
Sick leave conversion payable - due in more than one year	23,836	-	23,836
Compensated absences - due in more than one year	177,889	58,923	236,812
Notes payable - due in more than one year	-	856,000	856,000
Revenue bonds payable - due in more than one year	1,885,469	32,189,734	34,075,203
Total noncurrent liabilities	<u>2,215,534</u>	<u>33,104,657</u>	<u>35,320,191</u>
Total liabilities	<u>3,380,649</u>	<u>34,194,153</u>	<u>37,574,802</u>
NET POSITION			
Net investment in capital assets	2,012,346	(488,623)	1,523,723
Restricted for:	4,087,019	2,446,070	6,533,089
Unrestricted	2,510,650	5,049,590	7,560,240
Total net position	<u>\$ 8,610,015</u>	<u>\$ 7,007,037</u>	<u>\$ 15,617,052</u>

See accompanying Notes to Basic Financial Statements.

City of Susanville
Statement of Activities
For the year ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 787,118	\$ 12,830	\$ 181,798	\$ -	\$ 194,628
Public safety	3,249,421	68,428	375,206	-	443,634
Streets	2,580,926	436	437,071	1,736,845	2,174,352
Protective inspections	214,070	75,200	-	-	75,200
Community services	240,801	99,123	-	-	99,123
Community development	405,626	33,288	-	-	33,288
Interest on long-term debt	116,906	-	-	-	-
Total governmental activities	7,594,868	289,305	994,075	1,736,845	3,020,225
Business-type activities:					
Airport	236,959	78,488	38,574	-	117,062
Water	2,041,448	2,335,499	-	99,685	2,435,184
Natural gas	4,052,356	4,499,718	-	-	4,499,718
Golf course	429,898	314,274	-	-	314,274
Geothermal	48,214	92,732	-	-	92,732
Total business-type activities	6,808,875	7,320,711	38,574	99,685	7,458,970
Total primary government	\$ 14,403,743	\$ 7,610,016	\$ 1,032,649	\$ 1,836,530	\$ 10,479,195

General Revenues:

Taxes:

Secured and unsecured property taxes

Sales and use taxes

Transient lodging taxes

Franchise taxes

Business license taxes

Other taxes

Property tax in lieu of sales tax, unrestricted

Property tax in lieu of VLF, unrestricted

Investment earnings, unrestricted

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year, as restated (Note 17)

Net position - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (592,490)	\$ -	\$ (592,490)
(2,805,787)	-	(2,805,787)
(406,574)	-	(406,574)
(138,870)	-	(138,870)
(141,678)	-	(141,678)
(372,338)	-	(372,338)
(116,906)	-	(116,906)
<u>(4,574,643)</u>	<u>-</u>	<u>(4,574,643)</u>
-	(119,897)	(119,897)
-	393,736	393,736
-	447,362	447,362
-	(115,624)	(115,624)
-	44,518	44,518
-	650,095	650,095
<u>(4,574,643)</u>	<u>650,095</u>	<u>(3,924,548)</u>
859,457	-	859,457
1,162,834	-	1,162,834
379,119	-	379,119
24,493	-	24,493
226,004	-	226,004
45,175	-	45,175
428,017	-	428,017
1,362,579	-	1,362,579
12,535	18,103	30,638
(562,239)	562,239	-
<u>3,937,974</u>	<u>580,342</u>	<u>4,518,316</u>
(636,669)	1,230,437	593,768
<u>9,246,684</u>	<u>5,776,600</u>	<u>15,023,284</u>
<u>\$ 8,610,015</u>	<u>\$ 7,007,037</u>	<u>\$ 15,617,052</u>

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Funds Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund accounts for all financial resources except those to be accounted for in another fund. It is the general operating fund of the City.

State Revolving Loan Special Revenue Fund accounts for program income received from Community Development Block Grant loans given for Housing Rehabilitation that is then re-issued in the form of new loans.

HOME Revolving Loan Special Revenue Fund accounts for program income received from the Façade Improvement, Business Assistance, and First-Time Home Buyers loan re-payments that are then re-issued in the form of new loans.

STIP Capital Rehab Capital Project Fund accounts for expenditures of the 2012 Susanville Rehabilitation B Project funded through the State Transportation Improvement Program (STIP).

Mark Roos 92B Debt Service Fund accounts for assessments collected from the homebuyers within the Miller/Fletcher Housing Development that are used to repay the bond that was issued in 1992 to install the infrastructure within this development.

Other Governmental Funds is the aggregate of all the non-major governmental funds.

City of Susanville
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	State Revolving Loan Special Revenue Fund	HOME Revolving Loan Special Revenue Fund	STIP Rehab Capital Project Fund
ASSETS				
Cash and investments	\$ 919,868	\$ 186,497	\$ 190,403	\$ -
Restricted cash and investments held by fiscal agents	-	-	-	-
Investment in bonds	-	-	-	-
Accounts receivable	294,986	208	-	1,374,773
Interest receivable	1,640	129	132	-
Prepaid expenditures	17,191	-	-	-
Inventory	45,070	-	-	-
Due from other funds	1,222,163	-	-	-
Loans receivable	70,834	564,518	556,262	-
Advances to other funds	224,150	247,549	-	-
Total assets	\$ 2,795,902	\$ 998,901	\$ 746,797	\$ 1,374,773
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 47,771	\$ -	\$ -	\$ 634,772
Accrued wages	60,286	-	-	2,196
Deposits payable	72,798	-	-	-
Unearned and unavailable revenue	85,665	564,519	556,262	-
Due to other funds	-	-	-	1,216,468
Advances from other funds	381,372	-	-	-
Total liabilities	647,892	564,519	556,262	1,853,436
Fund Balances:				
Nonspendable	286,411	-	-	-
Restricted	-	434,382	190,535	-
Assigned	14,766	-	-	-
Unassigned	1,846,833	-	-	(478,663)
Total fund balances	2,148,010	434,382	190,535	(478,663)
Total liabilities and fund balances	\$ 2,795,902	\$ 998,901	\$ 746,797	\$ 1,374,773

See accompanying Notes to Basic Financial Statements.

Mark Roos 92B Debt Service Fund	Other Governmental Funds	Totals
\$ 209,850	\$ 1,361,725	\$ 2,868,343
152,273	-	152,273
600,000	-	600,000
-	45,558	1,715,525
-	547	2,448
742	-	17,933
-	15,614	60,684
-	-	1,222,163
-	54,335	1,245,949
-	133,823	605,522
<u>\$ 962,865</u>	<u>\$ 1,611,602</u>	<u>\$ 8,490,840</u>
\$ -	\$ 6,848	689,391
-	6,653	69,135
-	-	72,798
-	54,335	1,260,781
-	-	1,216,468
-	-	381,372
-	67,836	3,689,945
742	-	287,153
962,123	1,543,766	3,130,806
-	-	14,766
-	-	1,368,170
<u>962,865</u>	<u>1,543,766</u>	<u>4,800,895</u>
<u>\$ 962,865</u>	<u>\$ 1,611,602</u>	<u>\$ 8,490,840</u>

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City of Susanville
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2013

Total Fund Balances - Total Governmental Funds \$ 4,800,895

Amounts reported for governmental activities in the Statement of Net Position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. Except for the internal service funds reported below, the capital assets were adjusted as follows:

Non-depreciable	\$ 3,230,764
Depreciable, net	855,418
Total capital assets	4,086,182

Unavailable revenue recorded in the fund financial statements resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements. 1,245,949

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet. (34,388)

Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Position. 683,314

Costs related to the issuance of long-term debt were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. This amount is to be amortized over the life of the long-term debt. 80,313

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

	Government- Wide Statement of Net Position	Internal Service Funds	Total
Early retirement incentive - due within one year	\$ (44,640)	\$ 44,640	-
Sick leave conversion payable - due within one year	(11,452)	11,452	-
Compensated absences - due within one year	(29,206)	3,942	(25,264)
Early retirement incentive - due in more than one year	(128,340)	128,340	-
Sick leave conversion payable - due in more than one year	(23,836)	23,836	-
Compensated absences - due in more than one year	(177,889)	24,739	(153,150)
Bonds payable - due within one year	(188,367)	-	(188,367)
Bonds payable - due in more than one year	(1,885,469)	-	(1,885,469)
Total long-term liabilities	\$ (2,489,199)	\$ 236,949	(2,252,250)

Net Position of Governmental Activities **\$ 8,610,015**

See accompanying Notes to Basic Financial Statements.

City of Susanville
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2013

	General Fund	State Revolving Loan Special Revenue Fund	HOME Revolving Loan Special Revenue Fund	STIP Rehab Capital Project Fund
REVENUES:				
Taxes and assessments	\$ 4,487,678	\$ -	\$ -	\$ -
Licenses and permits	74,183	-	-	-
Fines and forfeitures	20,670	-	-	-
Use of money and property	25,011	468	402	-
Intergovernmental revenues	369,527	-	-	1,495,408
Program income	5,000	11,241	22,984	-
Charges for services	66,244	-	-	-
Other revenues	13,074	-	-	-
Total revenues	5,061,387	11,709	23,386	1,495,408
EXPENDITURES:				
Current:				
General government	605,024	-	-	-
Public safety	3,132,888	-	-	-
Streets	-	-	-	1,974,071
Protective inspections	218,394	-	-	-
Community services	185,481	-	-	-
Community development	127,407	102,229	-	-
Capital outlay	24,989	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	4,294,183	102,229	-	1,974,071
REVENUES OVER (UNDER) EXPENDITURES	767,204	(90,520)	23,386	(478,663)
OTHER FINANCING SOURCES (USES):				
Transfers in	5,000	-	-	-
Transfers out	(775,416)	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	(770,416)	-	-	-
Net change in fund balances	(3,212)	(90,520)	23,386	(478,663)
FUND BALANCES:				
Beginning of year	2,151,222	524,902	167,149	-
End of year	\$ 2,148,010	\$ 434,382	\$ 190,535	\$ (478,663)

See accompanying Notes to Basic Financial Statements.

Mark Roos 92B Debt Service Fund	Other Governmental Funds	Totals
\$ 11,282	\$ -	\$ 4,498,960
-	-	74,183
-	10,533	31,203
15	1,608	27,504
-	857,933	2,722,868
-	11,175	50,400
-	-	66,244
-	30,196	43,270
<u>11,297</u>	<u>911,445</u>	<u>7,514,632</u>
-	-	605,024
-	114,233	3,247,121
-	689,781	2,663,852
-	-	218,394
-	-	185,481
-	81,892	311,528
-	58,218	83,207
95,000	40,216	135,216
53,802	40,308	94,110
<u>148,802</u>	<u>1,024,648</u>	<u>7,543,933</u>
<u>(137,505)</u>	<u>(113,203)</u>	<u>(29,301)</u>
-	163,537	168,537
-	-	(775,416)
-	16,356	16,356
-	179,893	(590,523)
<u>(137,505)</u>	<u>66,690</u>	<u>(619,824)</u>
<u>1,100,370</u>	<u>1,477,076</u>	<u>5,420,719</u>
<u>\$ 962,865</u>	<u>\$ 1,543,766</u>	<u>\$ 4,800,895</u>

City of Susanville

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities For the year ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds	\$ (619,824)
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Amounts reported for governmental activities in the Statement of Activities were different because:

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.	105,564
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds.	(340,706)
Accrued compensated leave payable was an expenditure in governmental funds, but the accrued payable increased compensated leave liabilities in the Government-Wide Statement of Net Position.	(24,238)
Bond proceeds provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	135,216
Long-term debt repayments	135,216
Note and loan revenues that did not meet the revenue recognition criteria in the governmental funds but were recognized as revenue in the Government-Wide Financial Statements.	(101,921)
Cost of issuance of bonds was an expenditure in governmental funds, but in the Government-Wide Statement of Net Position, an asset was recorded and is being amortized over the life of the bond.	(5,669)
Long-term debt premium and discount was recorded as an other financing source or (use) in the governmental funds, but the payment was treated as an increase(decrease) in long-term liabilities and will be amortized over the life of the bonds in the Government-Wide Statement of Net Position.	(5,179)
Interest expense on long-term debt is reported on the accrual basis on the Government-Wide Statements, but expenditures on long-term debt in the governmental funds statements are recorded when paid. The following amount represents the change in accrued interest from the prior year.	(11,948)
Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds was reported with governmental activities.	<u>232,036</u>
Change in Net Position of Governmental Activities	<u>\$ (636,669)</u>

See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Airport Fund accounts for the activities of the City's airport

Water Fund accounts for the activities of providing water to the residents of the City

Geothermal Fund accounts for the activities of providing geothermal heat to the residents of the City

Natural Gas Fund accounts for the activities of providing natural gas to the residents of the City

Golf Course Fund accounts for the City's golf course

Internal Service Funds are used to account for the financial transactions related to the City's public works and engineering program, payroll, and risk management program. These services are provided to other departments or agencies of the City on a cost reimbursement basis

City of Susanville
Statement of Net Assets
Proprietary Funds
June 30, 2013

	Major Enterprise Funds			
	Airport Fund	Water Fund	Natural Gas Fund	Golf Course Fund
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 4,034,025	\$ 3,205,247	\$ 51,302
Accounts receivable	39,772	372,519	255,378	4,879
Interest receivable	-	2,779	2,074	42
Prepaid expenses	-	2,265	1,538	76
Inventory	-	117,578	43,738	3,927
Deposits	-	-	75,000	-
Total current assets	39,772	4,529,166	3,582,975	60,226
Noncurrent assets:				
Cash and investments with fiscal agents	-	638,836	1,807,234	-
Bond issuance costs, net of accumulated amortization	-	215,173	434,298	-
Advances to other funds	-	-	-	-
Capital assets:				
Non-depreciable, net	74,548	1,068,644	-	2,168,107
Depreciable, net	1,826,476	5,344,964	19,041,557	333,270
Total capital assets	1,901,024	6,413,608	19,041,557	2,501,377
Total noncurrent assets	1,901,024	7,267,617	21,283,089	2,501,377
Total assets	1,940,796	11,796,783	24,866,064	2,561,603
LIABILITIES				
Current liabilities:				
Accounts payable	32,673	20,596	99,070	22,078
Accrued wages	-	7,667	9,680	4,301
Due to other funds	5,695	-	-	-
Accrued interest	-	40,842	117,936	-
Deposits payable	-	60,226	120,696	-
Unearned revenue	5,000	-	-	47,100
Capital lease payable	-	-	-	18,297
Early retirement incentive - due in more than one year	-	-	-	-
Sick leave conversion payable - due in more than one year	-	-	-	-
Compensated absences - due in more than one year	-	4,612	4,611	-
Notes payable - due within one year	-	14,000	-	-
Revenue bonds payable - due within one year	-	255,000	205,000	-
Total current liabilities	43,368	402,943	556,993	91,776
Noncurrent liabilities:				
Advances from other funds	-	-	-	459,586
Early retirement incentive - due in more than one year	-	-	-	-
Sick leave conversion payable - due in more than one year	-	-	-	-
Compensated absences - due in more than one year	-	33,243	25,680	-
Notes payable - due in more than one year	-	856,000	-	-
Revenue bonds payable - due in more than one year	-	7,712,869	24,476,865	-
Total noncurrent liabilities	-	8,602,112	24,502,545	459,586
Total liabilities	43,368	9,005,055	25,059,538	551,362
NET POSITION				
Net investment in capital assets	1,901,024	(1,516,425)	(3,628,074)	2,501,377
Restricted for debt service	-	638,836	1,807,234	-
Unrestricted	(3,596)	3,669,317	1,627,366	(491,136)
Total net position	\$ 1,897,428	\$ 2,791,728	\$ (193,474)	\$ 2,010,241

See accompanying Notes to Basic Financial Statements.

Non-Major Enterprise Fund		Governmental Activities	
Geothermal Fund	Totals	Internal Service Funds	
\$ 239,835	\$ 7,530,409	\$ 503,369	
6,547	679,095	188,230	
168	5,063	286	
1,200	5,079	3,848	
-	165,243	-	
-	75,000	-	
<u>247,750</u>	<u>8,459,889</u>	<u>695,733</u>	
-	2,446,070	-	
-	649,471	-	
-	-	235,436	
249,124	3,560,423	-	
4,351	26,550,618	-	
<u>253,475</u>	<u>30,111,041</u>	<u>-</u>	
<u>253,475</u>	<u>33,206,582</u>	<u>235,436</u>	
<u>501,225</u>	<u>41,666,471</u>	<u>931,169</u>	
111	174,528	3,090	
-	21,648	7,816	
-	5,695	-	
-	158,778	-	
-	180,922	-	
-	52,100	-	
-	18,297	-	
-	-	44,640	
-	-	11,452	
-	9,223	3,942	
-	14,000	-	
-	460,000	-	
<u>111</u>	<u>1,095,191</u>	<u>70,940</u>	
-	459,586	-	
-	-	128,340	
-	-	23,836	
-	58,923	24,739	
-	856,000	-	
-	32,189,734	-	
<u>-</u>	<u>33,564,243</u>	<u>176,915</u>	
<u>111</u>	<u>34,659,434</u>	<u>247,855</u>	
253,475	(488,623)	-	
-	2,446,070	-	
<u>247,639</u>	<u>5,049,590</u>	<u>683,314</u>	
<u>\$ 501,114</u>	<u>\$ 7,007,037</u>	<u>\$ 683,314</u>	

City of Susanville
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2013

	Major Enterprise Funds			
	Airport Fund	Water Fund	Natural Gas Fund	Golf Course Fund
OPERATING REVENUES:				
Sales and charges for services	\$ 78,488	\$ 2,333,534	\$ 4,499,459	\$ 313,980
Total operating revenues	78,488	2,333,534	4,499,459	313,980
OPERATING EXPENSES:				
Direct:				
Purchase of natural gas	-	-	1,086,251	-
Administration	60,256	1,024,510	936,793	316,886
Insurance costs and claims	-	-	-	-
Depreciation and amortization	150,393	380,925	413,406	89,325
Total direct operating expenses	210,649	1,405,435	2,436,450	406,211
Indirect:				
Overhead allocation	25,700	216,909	198,956	8,590
Total indirect operating expenses	25,700	216,909	198,956	8,590
Total operating expenses	236,349	1,622,344	2,635,406	414,801
OPERATING INCOME (LOSS):	(157,861)	711,190	1,864,053	(100,821)
NONOPERATING REVENUES (EXPENSES):				
Interest income	202	9,894	7,423	96
Interest expense and fiscal charges	(610)	(419,104)	(1,416,950)	(15,097)
Reimbursements	-	1,965	259	294
Total nonoperating revenues (expenses)	(408)	(407,245)	(1,409,268)	(14,707)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(158,269)	303,945	454,785	(115,528)
Capital contributions	38,574	-	99,685	-
Transfers in	322,353	-	-	244,886
Transfers out	-	(5,000)	-	-
Total transfers	322,353	(5,000)	-	244,886
Change in net position	202,658	298,945	554,470	129,358
NET POSITION:				
Beginning of year (as restated)	1,694,770	2,492,783	(747,944)	1,880,883
End of year	\$ 1,897,428	\$ 2,791,728	\$ (193,474)	\$ 2,010,241

See accompanying Notes to Basic Financial Statements.

Non-Major Enterprise Fund Geothermal Fund	Totals	Governmental Activities Internal Service Funds
\$ 92,732	\$ 7,318,193	\$ 815,087
<u>92,732</u>	<u>7,318,193</u>	<u>815,087</u>
-	1,086,251	-
32,104	2,370,549	418,363
-	-	215,134
621	1,034,670	-
<u>32,725</u>	<u>4,491,470</u>	<u>633,497</u>
<u>15,489</u>	<u>465,644</u>	<u>-</u>
<u>15,489</u>	<u>465,644</u>	<u>-</u>
<u>48,214</u>	<u>4,957,114</u>	<u>633,497</u>
<u>44,518</u>	<u>2,361,079</u>	<u>181,590</u>
488	18,103	5,806
-	(1,851,761)	-
-	2,518	-
<u>488</u>	<u>(1,831,140)</u>	<u>5,806</u>
45,006	529,939	187,396
-	138,259	-
-	567,239	44,640
-	(5,000)	-
<u>-</u>	<u>562,239</u>	<u>44,640</u>
45,006	1,230,437	232,036
<u>456,108</u>	<u>5,776,600</u>	<u>451,278</u>
<u>\$ 501,114</u>	<u>\$ 7,007,037</u>	<u>\$ 683,314</u>

City of Susanville
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2013

	Major Enterprise Funds			
	Airport Fund	Water Fund	Natural Gas Fund	Golf Course Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 44,249	\$ 2,426,310	\$ 4,588,749	\$ 316,493
Payments to suppliers and users	(44,667)	(716,559)	(1,490,325)	(191,961)
Payments to employees	(11,195)	(634,962)	(684,350)	(113,987)
Net cash provided by (used in) operating activities	(11,613)	1,074,789	2,414,074	10,545
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash receipts from other funds	322,353	-	-	257,857
Cash payments to other funds	(317,547)	(5,000)	-	(181,982)
Net cash provided by (used in) noncapital financing activities	4,806	(5,000)	-	75,875
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(31,359)	(444,837)	(6,200)	-
Capital grants received	38,574	1,965	99,944	294
Interest paid	(621)	(419,518)	(1,417,108)	(15,100)
Principal payments - long-term debt	-	(269,000)	(75,000)	(20,766)
Net cash provided by (used in) capital and related financing activities	6,594	(1,131,390)	(1,398,364)	(35,572)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	213	10,505	7,144	54
Net cash provided by investing activities	213	10,505	7,144	54
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	(51,096)	1,022,854	50,902
CASH AND CASH EQUIVALENTS:				
Beginning of year	-	4,723,957	3,989,627	400
End of year	\$ -	\$ 4,672,861	\$ 5,012,481	\$ 51,302
FINANCIAL STATEMENT PRESENTATION:				
Cash and investments	\$ -	\$ 4,034,025	\$ 3,205,247	\$ 51,302
Restricted cash and investments with fiscal agents	-	638,836	1,807,234	-
Total	\$ -	\$ 4,672,861	\$ 5,012,481	\$ 51,302
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ (157,861)	\$ 711,190	\$ 1,864,053	\$ (100,821)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	150,393	380,925	413,406	89,325
Changes in assets and liabilities:				
Accounts receivable	(35,373)	95,065	178,370	6,333
Prepaid expenses	13	289	631	1,029
Inventory	-	(80,387)	2,230	8,224
Deposits	-	-	-	-
Accounts payable	30,984	(29,886)	59,573	11,400
Accrued wages	(310)	7,667	(2,735)	1,056
Deposits payable	-	(2,289)	10,605	(2,593)
Unearned revenue	1,134	-	(99,685)	(1,227)
Compensated absences	(593)	(7,785)	(12,374)	(2,181)
Early retirement incentive	-	-	-	-
Other postemployment benefits payable	-	-	-	-
Total adjustments	146,248	363,599	550,021	111,366
Net cash provided by operating activities	\$ (11,613)	\$ 1,074,789	\$ 2,414,074	\$ 10,545

See accompanying Notes to Basic Financial Statements.

Non-Major Enterprise Fund Geothermal Fund	Totals	Governmental Activities Internal Service Funds
\$ 94,743	\$ 7,470,544	\$ 627,286
(39,979)	(2,483,491)	(218,806)
(8,410)	(1,452,904)	(447,384)
<u>46,354</u>	<u>3,534,149</u>	<u>(38,904)</u>
-	580,210	44,640
-	(504,529)	(6,615)
-	<u>75,681</u>	<u>38,025</u>
-	(482,396)	-
-	140,777	-
-	(1,852,347)	-
-	<u>(364,766)</u>	<u>-</u>
-	<u>(2,558,732)</u>	<u>-</u>
484	18,400	11,026
<u>484</u>	<u>18,400</u>	<u>11,026</u>
46,838	1,069,498	10,147
192,997	8,906,981	493,222
<u>\$ 239,835</u>	<u>\$ 9,976,479</u>	<u>503,369</u>
\$ 239,835	\$ 7,530,409	\$ 503,369
-	2,446,070	-
<u>\$ 239,835</u>	<u>\$ 9,976,479</u>	<u>\$ 503,369</u>
\$ 44,518	\$ 2,361,079	\$ 181,590
621	1,034,670	-
2,011	246,406	(187,801)
-	1,962	(3,848)
-	(69,933)	-
-	-	-
(369)	71,702	176
-	5,678	251
-	5,723	-
-	(99,778)	-
(427)	(23,360)	28,681
-	-	(46,500)
-	-	(11,453)
<u>1,836</u>	<u>1,173,070</u>	<u>(220,494)</u>
<u>\$ 46,354</u>	<u>\$ 3,534,149</u>	<u>(38,904)</u>

FIDUCIARY FUND FINANCIAL STATEMENTS

Section 125 Aflac/Wageworks accounts for agency activities for Section 125 Aflac activities.

LAFCO Fund , accounts for agency activities for LAFCO.

HUSA Busines Improvement Fund accounts for agency activities for HUSA.

Air Pollution District Fund accounts for agency activities for the Air Pollution District.

City of Susanville
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Agency Funds				Totals
	Section 125	LAFCO	HUSA Business	Air	
	Aflac/ Wageworks	Fund	Improvement Fund	Pollution District Fund	
ASSETS					
Cash and investments	\$ -	\$ 26,644	\$ 2,011	\$ 593,951	\$ 622,606
Accounts receivable	-	-	5,837	26,839	32,676
Interest receivable	-	21	-	413	434
Total assets	\$ -	\$ 26,665	\$ 7,848	\$ 621,203	\$ 655,716
LIABILITIES					
Liabilities:					
Accounts payable	-	-	-	2,817	2,817
Deposits payable	-	26,665	7,848	613,121	647,634
Compensated absences	-	-	-	5,265	5,265
Total liabilities	\$ -	\$ 26,665	\$ 7,848	\$ 621,203	\$ 655,716

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Susanville, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental 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.

A. Financial Reporting Entity

The City of Susanville (City) was incorporated in 1900, and provides the following services: public safety, including police and fire; building inspection; parks and streets; water; geothermal; natural gas; leisure services; planning and zoning; and general administration services.

These basic financial statements present the City and its component units; entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. The City had no discretely presented component units. Each blended component unit has a June 30 year-end. The following entity is reported as a blended component unit:

The City of Susanville Public Financing Authority (Authority) was established solely to assist the City in the issuance of certain revenue bonds. It is controlled by and financially dependent on the City; its financial activities were accounted for as part of the respective funds.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity with its own self-balancing set of accounts that comprise its assets; liabilities, fund equity, revenues and expenditures or expenses. These funds are established for the purpose of carrying out specific activities or certain objectives in accordance with specific regulations, restrictions or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column.

These financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liabilities are incurred.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements, Continued

Certain types of transactions reported as program revenues for the City are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Transfers in/out

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect).

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that meet specific qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

The City reports the following funds as major governmental funds of the City.

General Fund accounts for resources traditionally associated with governmental activities that are not required legally or by sound financial management to be accounted for in another fund.

State Revolving Loan Special Revenue Fund accounts for program income received from Community Development Block Grant loans given for housing rehabilitation that is then re-issued in the form of new loans.

HOME Revolving Loan Special Revenue Fund accounts for program income received from the Façade Improvement, Business Assistance, and First-Time Home Buyers loan re-payments that are then re-issued in the form of new loans.

STIP Capital Rehab Capital Project Fund accounts for expenditures of the 2012 Susanville Rehabilitation B Project funded through the State Transportation Improvement Program (STIP).

Mark Roos 92B Debt Service Fund accounts for assessments collected from the property owners within the Miller/Fletcher Housing Development that are used to repay the bond that was issued in 1992 to install infrastructure within this development.

The City reports the following governmental funds as non-major governmental funds of the City.

Local Law Enforcement Block Grant Special Revenue Fund accounts for a State grant issued to fund a Police Sergeant's position to supplement the number of personnel assigned to provide law enforcement services to the City.

Gas Tax Special Revenue Fund accounts for gas tax monies received from the State of California, which are used to construct maintain streets, alleys, etc. and provide emergency snow-removal services within the City.

Street, Police, and Fire Mitigation Special Revenue Funds account for fees collected from new developments within the City used for the purchase and maintenance of vehicles, equipment, and various facilities.

Park Land In-Lieu Special Revenue Fund accounts for fees collected from new developments within the City, which are used to purchase necessary equipment and land to maintain and expand the City's parks.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

State Revolving Economic Development Special Revenue Fund accounts for program income received from the Façade Improvement, Business Assistance, and First-Time Home Buyers loan repayments which are re-issued in the form of new loans.

Traffic Safety Special Revenue Fund accounts for a portion of fines and forfeitures received by the City for any arrests by a City Officer under VC 42200 that is used for the purchase and maintenance of equipment associated with Traffic Law Enforcement.

Barry Creek Development and Chestnut Street Culvert Special Revenue Funds account for fees collected from new developments within the Barry Creek and Chestnut Street areas used to repay the City for installation of the culverts.

Skyline Rt. 139 Signal, Skyline Numa Signal, and Skyline Bicycle Lane Special Revenue Funds account for fees collected from new developments within the Skyline area to be used for the installation and maintenance of traffic signals, parks and parkways.

State of California Prop 30 AB109 Special Revenue Fund accounts for expenditures funded by Proposition 30 AB109 revenues.

City Hall Debt Service Fund accounts for debt service payments on bond issued to remodel the City Hall.

Prop 1B Local Streets and Road Capital Projects Fund accounts for Proposition 1B revenues and expenditures.

2010 Federal ARRA Rehab Project Capital Projects Fund accounts for American Recovery and Reinvestment Act revenues and expenditures.

Sierra Park Project Capital Projects Fund accounts for Proposition 84 grant revenues used to create a sports complex on Sierra Road.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally those received 60 days after year-end) are recognized when due. The primary revenue sources that have been treated as susceptible to accrual by the City are property taxes, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes, franchise taxes, etc.), grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

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

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which a liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

The City reports the Airport, Water, Geothermal, Natural Gas, Golf Course and Internal Service Funds as proprietary funds of the City.

Airport Fund accounts for the activities of the City’s airport

Water Fund accounts for the activities of providing water to the residents of the City

Geothermal Fund accounts for the activities of providing geothermal heat to the residents of the City

Natural Gas Fund accounts for the activities of providing natural gas to the residents of the City.

Golf Course Fund accounts for the City’s golf course.

Internal service fund balances and activities have been combined with governmental activities in the Government-Wide Financial Statements, and are comprised of the following funds:

Public Works Administration Fund accounts for all the City’s public works administration activities.

Risk Administration Fund accounts for the City’s administration activities.

Retirement Benefits Fund accounts for expenses related to other postemployment benefit costs.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Fiduciary Fund Financial Statements

Fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds are agency funds used to account for assets held by the City as an agent for individuals, private organizations, and other governmental units. The City maintains four agency funds - HUSA Business Improvement, Section 125 Aflac/Wageworks, LAFCO, and Air Pollution District.

GASB Statement No. 34 defines major funds and requires that the City's major governmental funds and major proprietary funds are identified and presented separately in the fund financial statements. All other funds, called nonmajor funds, are combined and reported in a single column, regardless of their fund-type.

C. Cash, Cash Equivalents, and Investments

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

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

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash, Cash Equivalents, and Investments, Continued

The City participates in an investment pool managed by the State of California entitled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to the change in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as "Cash and Investments" in the accompanying Basic Financial Statements.

For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash. The City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

D. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects. Cash and investments are also restricted for deposits held for others within the enterprise funds.

E. Compensated Absences

In compliance with Governmental Accounting Standards Board Statement No. 16, the City has established a liability for accrued compensatory and vacation time in relevant funds. For governmental type funds, the current liability appears in the respective funds. All vacation is accrued when incurred in the government-wide and proprietary funds financial statements. This liability is set up for the current employees at the current rates of pay. If compensatory and vacation time are not used by the employee during the term of employment, compensation is payable to the employee at the time of retirement. Such compensation is calculated at the employee's prevailing rate at the time of retirement or termination. Each fiscal year, an adjustment to the liability is made based on pay rate changes and adjustments for the current portion. The General Fund is primarily responsible for the repayment of the governmental portion of compensated absences.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Property Taxes

California Constitution Article XIII A, limits the combined property tax rate to one percent of a property’s assessed valuation. Additional taxes may be imposed with voter approval. Assessed value is calculated at one hundred percent of a property’s fair value, as defined by Article XIII A, and may be increased no more than two percent per year unless a change in ownership occurs.

The state legislature has determined the method of distributing the one percent tax levy among the various taxing jurisdictions. Property tax revenues are recognized in the fiscal year for which taxes have been levied and collected within sixty days of fiscal year end. Property taxes are billed and collected as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation/Lien Date(s)	January 1	January 1
Levy Date(s)	July 1	July 1
Due Date(s)	November 1 (50%) February 1 (50%)	August 1
Delinquency Date(s)	December 10 (Nov.) April 10 (Feb.)	August 31

G. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical costs are not available. Contributed capital assets are valued at their estimated fair value on the date contributed. The City’s policy is to capitalize all assets with costs exceeding \$5,000 and with useful lives exceeding two years.

As required under GASB Statement No. 34, phase III governments were required to report the cost and accumulated depreciation of infrastructure as of June 30, 2008. Phase III governments also had the option of reporting all infrastructure assets acquired prior to July 1, 2004, but were required to report all infrastructure assets acquired on July 1, 2004 and thereafter. The City has elected not to report infrastructure acquired prior to July 1, 2004 and has not had any infrastructure acquisitions or contributions/donations since that time.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Capital Assets, Continued

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets.

Buildings	20-40	Years
Improvements	10-45	Years
Equipment	2-15	Years
Parks	20	Years

H. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB, require management to make assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

I. Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of supplies are expended when purchased because the amounts are not considered to be material. Inventories of governmental funds are recorded as expenditures when used or consumed.

J. New Pronouncements

In 2013, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 60, *Accounting and Financial Reporting for Concession Arrangements* - The objective of this statement is to improve financial reporting by addressing issues related to service concession arrangements which are a type of public-private or public-public partnership. There was no effect on net position by the City implementing this new accounting standard.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. New Pronouncements, Continued

- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* - The requirements of this statement result in financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. There was no effect on net position by the City implementing the new accounting standard
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* - The requirements of this statement will improve financial reporting by contributions to the Governmental Accounting Standards Board's (GASB) effort to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. There was no effect on net position by the City implementing this new accounting standard.
- GASB Statement No. 63, *The Financial Reporting Entity: Omnibus, Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* - The objective of this statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of position and related disclosures.

2. CASH AND INVESTMENTS

Cash and investment within the basic financial statements are reported as:

	Government-Wide Statement of Net Position			Total
	Governmental Activities	Business-Type Activities	Fiduciary Funds	
Cash and investments	\$ 3,371,712	\$ 7,530,409	\$ 622,606	\$ 11,524,727
Restricted cash and investments	152,273	2,446,070	-	2,598,343
Investments in bonds with fiscal agent	600,000	-	-	600,000
Total cash and investments	\$ 4,123,985	\$ 9,976,479	\$ 622,606	\$ 14,723,070

Cash and investment as of June 30, 2013 consist of the following:

Cash on hand	\$ 1,250
Deposits with financial institution	308,666
Local Agency Investment funds	11,214,811
	<u>11,524,727</u>
Restricted cash and investments	2,598,343
Investments in bonds with fiscal agent	600,000
Total cash and investments	\$ 14,723,070

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

2. CASH AND INVESTMENTS, CONTINUED

A. Deposits

The carrying amount of the City's cash deposit was a positive amount of \$308,666 at June 30, 2013. Bank balances before reconciling items were \$516,530 at June 30, 2013. The City has waived the collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities held by the pledging financial institutions in the City's name.

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

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

B. Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City of Susanville by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage/Amount of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	\$50 million	\$50 million
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Issues	5 years	None	None
Insured Deposits with Banks and Savings and Loans	N/A	None	None
Bankers Acceptance (must be dollar denominated)	6 months	30%	None
Commercial Paper	6 months	15%	None
Negotiable Time Certificates of Deposit	6 months	30%	None
Non-negotiable Time Certificates of Deposit	1 year	20%	None
Federally Insured Time Deposits	1 year	20%	None

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

2. CASH AND INVESTMENTS, CONTINUED

B. Investments Authorized by the California Government Code and the City's Investment Policy, Continued

Investments are stated at fair value using the aggregate method in all funds, resulting in the following investment income in all funds:

Interest income	\$ 27,575
Unrealized gain in changes in fair value of investments	<u>3,063</u>
Total investment income	<u>\$ 30,638</u>

The City's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise. The portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold. Generally the City's practice is to buy and hold investments until maturity dates. Consequently, the City's investments are carried at fair value.

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2013, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

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

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

As of June 30, 2013, the City had \$11,214,811 invested in LAIF, which had invested 1.96% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 3.47% in the previous year. The LAIF fair value factor of 1.000273207 was used to calculate the fair value of the investments in LAIF.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

2. CASH AND INVESTMENTS, CONTINUED

C. Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee is governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy.

D. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Totals	Remaining Maturity (in Months)					
		12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	49-60 Months	More Than 60 Months
State Pool	11,214,811	11,214,811	-	-	-	-	-
Held by fiscal agents:							
Money market funds	2,598,343	2,598,343	-	-	-	-	-
Miller Fletcher bonds	600,000	-	-	600,000	-	-	-
	<u>\$ 14,413,154</u>	<u>\$ 13,813,154</u>	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

2. CASH AND INVESTMENTS, Continued

E. Disclosures Relating to Credit Risk

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

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
State Pool	\$ 11,214,811	N/A	\$ -	\$ -	\$ -	\$ -	\$ 11,214,811
Held by fiscal agents:							
Money market funds	2,598,343	N/A	-	2,598,343	-	-	-
Miller Fletcher bonds	600,000		-	-	-	-	600,000
Total	\$ 14,413,154		\$ -	\$ 2,598,343	\$ -	\$ -	\$ 11,814,811

F. Concentration of Credit Risk

The City's investment policy contains certain limitations on the amount that can be invested in any one issuer. There were no investments other than the State Investment Pool in any issuer that represents 5% or more of the City's total investments as of June 30, 2013.

G. Custodial Credit Risk

The custodial credit risk for an investment is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. None of the City's investments were subject to custodial credit risk.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

3. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Prior Period Adjustment	Additions	Deletions	Balance June 30, 2013
Governmental Activities					
Nondepreciable capital assets:					
Land	\$ 3,230,764	\$ -	\$ -	\$ -	\$ 3,230,764
Total nondepreciable capital assets	3,230,764	-	-	-	3,230,764
Depreciable capital assets:					
Buildings	1,252,436	-	-	-	1,252,436
Machinery and equipment	2,309,184	-	76,980	-	2,386,164
Other improvements	2,365,050	-	28,584	-	2,393,634
Total depreciable capital assets	5,926,670	-	105,564	-	6,032,234
Less accumulated depreciation	(4,836,110)	-	(340,706)	-	(5,176,816)
Net depreciable capital assets	1,090,560	-	(235,142)	-	855,418
Net capital assets	\$ 4,321,324	\$ -	\$ (235,142)	\$ -	\$ 4,086,182

	Balance July 1, 2012	Prior Period Adjustment	Additions	Deletions	Balance June 30, 2013
Business-type Activities					
Nondepreciable capital assets:					
Land	\$ 2,226,085	\$ 1,177,518	\$ -	\$ -	\$ 3,403,603
Construction in progress	187,367	-	156,820	(187,367)	156,820
Total nondepreciable capital assets	2,413,452	1,177,518	156,820	(187,367)	3,560,423
Depreciable capital assets:					
Infrastructure	26,488,635	-	-	-	26,488,635
Buildings	904,147	(41,664)	-	-	862,483
Machinery and equipment	4,875,989	(155,559)	6,200	-	4,726,630
Other improvements	7,945,778	(1,413,021)	506,743	-	7,039,500
Total depreciable capital assets	40,214,549	(1,610,244)	512,943	-	39,117,248
Less accumulated depreciation	(11,947,345)	328,902	(948,187)	-	(12,566,630)
Net depreciable capital assets	28,267,204	(1,281,342)	(435,244)	-	26,550,618
Net capital assets	\$ 30,680,656	\$ (103,824)	\$ (278,424)	\$ (187,367)	\$ 30,111,041

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

3. CAPITAL ASSETS, Continued

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Business-type Activities				
Airport				
Nondepreciable capital assets:				
Land	\$ 43,189	\$ -	\$ -	\$ 43,189
Construction in progress	-	31,359	-	31,359
Total nondepreciable capital assets	43,189	31,359	-	74,548
Depreciable capital assets:				
Buildings	166,873	-	-	166,873
Machinery and equipment	280,969	-	-	280,969
Other improvements	2,447,519	-	-	2,447,519
Total depreciable capital assets	2,895,361	-	-	2,895,361
Less accumulated depreciation	(918,492)	(150,393)	-	(1,068,885)
Net depreciable capital assets	1,976,869	(150,393)	-	1,826,476
Net capital assets	\$ 2,020,058	\$ (119,034)	\$ -	\$ 1,901,024
	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Business-type Activities				
Water				
Nondepreciable capital assets:				
Land	\$ 943,183	\$ -	\$ -	\$ 943,183
Construction in progress	187,367	125,461	(187,367)	125,461
Total nondepreciable capital assets	1,130,550	125,461	(187,367)	1,068,644
Depreciable capital assets:				
Infrastructure	4,112,864	-	-	4,112,864
Buildings	315,266	-	-	315,266
Machinery and equipment	3,862,384	-	-	3,862,384
Other improvements	3,935,030	506,743	-	4,441,773
Total depreciable capital assets	12,225,544	506,743	-	12,732,287
Less accumulated depreciation	(7,067,492)	(319,831)	-	(7,387,323)
Net depreciable capital assets	5,158,052	186,912	-	5,344,964
Net capital assets	\$ 6,288,602	\$ 312,373	\$ (187,367)	\$ 6,413,608

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

3. CAPITAL ASSETS, Continued

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Geothermal				
Nondepreciable capital assets:				
Land	\$ 249,124	\$ -	\$ -	\$ 249,124
Total nondepreciable capital assets	249,124	-	-	249,124
Depreciable capital assets:				
Buildings	24,852	-	-	24,852
Machinery and equipment	228,666	-	-	228,666
Total depreciable capital assets	253,518	-	-	253,518
Less accumulated depreciation	(248,546)	(621)	-	(249,167)
Net depreciable capital assets	4,972	(621)	-	4,351
Net capital assets	\$ 254,096	\$ (621)	\$ -	\$ 253,475

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Business-type Activities				
Natural Gas				
Depreciable capital assets:				
Infrastructure	\$ 22,375,771	\$ -	\$ -	\$ 22,375,771
Machinery and equipment	280,688	6,200	-	286,888
Total depreciable capital assets	22,656,459	6,200	-	22,662,659
Less accumulated depreciation	(3,233,085)	(388,017)	-	(3,621,102)
Net depreciable capital assets	19,423,374	(381,817)	-	19,041,557
Net capital assets	\$ 19,423,374	\$ (381,817)	\$ -	\$ 19,041,557

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

3. CAPITAL ASSETS, Continued

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Prior Period Adjustment	Additions	Deletions	Balance June 30, 2013
Golf Course					
Nondepreciable capital assets:					
Land	\$ 990,589	\$ 1,177,518	\$ -	\$ -	\$ 2,168,107
Total nondepreciable capital assets	990,589	1,177,518	-	-	2,168,107
Depreciable capital assets:					
Buildings	397,156	(41,664)	-	-	355,492
Machinery and equipment	223,282	(155,559)	-	-	67,723
Other improvements	1,563,229	(1,413,021)	-	-	150,208
Total depreciable capital assets	2,183,667	(1,610,244)	-	-	573,423
Less accumulated depreciation	(479,730)	328,902	(89,325)	-	(240,153)
Net depreciable capital assets	1,703,937	(1,281,342)	(89,325)	-	333,270
Net capital assets	\$ 2,694,526	\$ (103,824)	\$ (89,325)	\$ -	\$ 2,501,377

Depreciation Allocations

Depreciation expense was charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program was as follows:

Governmental Activities:	
General government	\$ 189,773
Public safety	84,683
Streets	5,112
Protective inspections	1,160
Community services	59,978
Total Depreciation Expense-Governmental Activities	<u>\$ 340,706</u>
Business-type Activities:	
Airport	\$ 150,393
Water	319,831
Geothermal	621
Natural Gas	388,017
Golf Course	89,325
Total Depreciation Expense-Governmental Activities	<u>\$ 948,187</u>

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances at June 30, 2013 as follows:

Due to/from other funds:

<u>Due To General Fund</u>	<u>Due From Other Funds</u>
STIP Rehab Capital Project Fund	\$ 1,216,468
Airport Enterprise Fund	5,695
Total	<u>\$ 1,222,163</u>

The amounts due to the General Fund from other funds represent reclassified temporary negative cash balances pending grant reimbursements or other receivables. Current interfund balances arise in the normal course of operations and are expected to be repaid shortly after the end of the fiscal year.

Advances to/from other funds:

	<u>Advances from Other Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>Golf Course Enterprise Fund</u>	
<u>Advances to Other Funds</u>			
General Fund	\$ -	\$ 224,150	\$ 224,150
State Revolving Loan Fund	247,549	-	247,549
Internal Service Fund:			
Risk Management Fund	-	235,436	235,436
Nonmajor Governmental Funds:			
State Revolving Economic Development Fund	133,823	-	133,823
Total	<u>\$ 381,372</u>	<u>\$ 459,586</u>	<u>\$ 840,958</u>

The amounts due from the General Fund represent interfund loans made by the State Revolving Loan and State Revolving Economic Development Funds previously issued to the dissolved Susanville Redevelopment. Amounts payable from the Golf Course Enterprise Fund represent loans for the operation of the City's golf course.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS, Continued

Interfund transfers:

Transfers Out	Transfers In					Total
	General Fund	Nonmajor Gov't Funds	Airport Enterprise Fund	Golf Course Enterprise Fund	Internal Service Funds	
General Fund	\$ -	\$ 163,537	\$ 322,353	\$ 244,886	\$ 44,640	\$ 775,416
Water Enterprise Fund	5,000	-	-	-	-	5,000
Total	<u>\$ 5,000</u>	<u>\$ 163,537</u>	<u>\$ 322,353</u>	<u>\$ 244,886</u>	<u>\$ 44,640</u>	<u>\$ 780,416</u>

In general, the City uses interfund transfers to (1) move revenues from the funds that collect them to the funds that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to help finance various programs and capital projects accounted for in other funds in accordance with budgetary authorization, and (3) move cash to debt service funds from the funds responsible for payment as debt service payments become due. The transfer from the Water Fund to the General fund was for fire hydrant maintenance costs. The transfer from the General fund to the Gas tax Fund was a contribution made for snow removal costs. The transfer from the General fund to the City Hall Debt Service Fund was made for pay debt service requirements. The transfers from the General fund to the Airport and Golf Course Enterprise funds were transfers made for operations.

5. LOANS RECEIVABLE

The following schedule summarizes notes and loans receivables as of June 30, 2013:

Note Receivable for business assistance - General Fund	\$ 70,834
State Revolving Fund notes receivables	564,518
State Revolving Economic Development fund notes receivable	54,335
Home Revolving Loan funds notes receivable	<u>556,262</u>
Total notes receivable	<u>\$ 1,245,949</u>

These loans represent amounts loaned to individuals and businesses to assist in the purchase or rehabilitation of residences or businesses.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

6. LONG-TERM DEBT

A. Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	July 1, 2012 Balance	Additions	Reductions	June 30, 2013 Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
1992 Revenue Bond	\$ 700,000	\$ -	\$ (95,000)	\$ 605,000	\$ 105,000
2012 Lease Financing	1,581,555	-	(40,216)	1,541,339	83,367
Deferred loss on refunding	(77,682)	-	5,179	(72,503)	-
Compensated absences	154,176	76,234	(23,315)	207,095	29,206
Early retirement incentive	219,480	-	(46,500)	172,980	44,640
Sick leave conversion	46,741	-	(11,453)	35,288	11,452
	<u> </u>				
Governmental activities Long-term liabilities	<u>\$ 2,624,270</u>	<u>\$ 76,234</u>	<u>\$ (211,305)</u>	<u>\$ 2,489,199</u>	<u>\$ 273,665</u>
Business-type activities:					
Bonds Payable:					
Revenue	\$ 34,230,000	\$ -	\$ (330,000)	\$ 33,900,000	\$ 460,000
Deferred loss on refunding	(923,433)	-	51,301	(872,132)	-
Original issue discounts	(389,951)	-	11,817	(378,134)	-
Notes payable	884,000	-	(14,000)	870,000	14,000
Capital lease payable	39,063	-	(20,766)	18,297	18,297
Compensated absences	91,506	-	(23,360)	68,146	9,223
	<u> </u>				
Business-type activities Long-term liabilities	<u>\$ 33,931,185</u>	<u>\$ -</u>	<u>\$ (325,008)</u>	<u>\$ 33,606,177</u>	<u>\$ 501,520</u>

B. Revenue Bonds

1992 Revenue Bond, Series B - Interest from 6.6% to 7.75% is payable on March 1 and September 1, maturities are payable on September 1 in annual redemptions of \$35,000 and above. Final payment is on September 1, 2017. Original issue was \$1,650,000. The balance at June 30, 2013 is \$605,000.

Future debt service requirements on the 1992 Revenue bonds are:

Fiscal Year Ended June 30,	Revenue Bonds		Total
	Principal	Interest	
2014	105,000	42,819	147,819
2015	110,000	34,487	144,487
2016	120,000	25,575	145,575
2017	130,000	15,888	145,888
2018	140,000	5,425	145,425
Total	<u>\$ 605,000</u>	<u>\$ 124,194</u>	<u>\$ 729,194</u>

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

6. LONG-TERM DEBT, Continued

B. Revenue Bonds. Continued

2012 Lease Financing (2012 City Hall Refunding Project) – On June 1, 2012, the City entered into a lease agreement with Compass Bank in the amount of \$1,581,555, with interest and principal payable each September 1 and March 1, beginning September 1, 2012 at an interest rate of 3.5%. The lease ends on September 1, 2027. The City has leased five properties, including improvements on those properties to Compass Bank in exchange for an advance rental payment of \$1,581,555 from Compass Bank. Compass Bank has leased back the five properties, including improvements on those properties, to the City, in exchange for future monthly lease payments. The purpose of the lease is to (i) fund an escrow to defease the 2002 City Hall Revenue Bonds, (ii) fund certain costs relating to the lease agreement.

\$1,787,682 from the 2012 Lease Financing, including \$166,775 from the Reserve Fund and \$125,806 from the Lease Payment Fund were place in an irrevocable trust that will be used to pay off the 2002 City Hall Revenue Bonds on September 1, 2012. The refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debts) of \$451,743

Annual debt service requirements, to maturity, for the 2012 Lease Financing are as follows:

Fiscal Year Ended June 30,	Revenue Bonds		Total
	Principal	Interest	
2014	83,367	53,230	136,597
2015	87,778	50,274	138,052
2016	89,488	47,163	136,651
2017	90,989	44,039	135,028
2018	94,877	40,819	135,696
2019-2023	529,741	150,867	680,608
2024-2028	565,099	57,598	622,697
Total	<u>\$ 1,541,339</u>	<u>\$ 443,990</u>	<u>\$ 1,985,329</u>

Defeased Debt:

During fiscal year ended June 30, 2012, \$1,787,682 from the 2012 Lease Financing was placed in an irrevocable trust that would be used to redeem the 2002 City Halls Bonds on September 1, 2012. Accordingly, the trust account assets and the liability for the defeased 2002 City Hall Bonds are not included in the City’s financial statements. At June 30, 2013, the 2002 City Hall Bonds outstanding balance which is considered defeased was \$0.

The City defeased the 2004 Water Revenue Bonds by placing the proceeds of the 2010 Refunding Revenue Bonds Senior, Series A in an irrevocable trust to provide for future debt service payments on the 2004 Water Revenue Bonds. Accordingly, the trust account assets and the liability for the defeased 2004 Water Revenue Bonds are not included in the City’s financial statements. At June 30, 2013, the 2004 Water Revenue Bonds outstanding balances which is considered defeased was \$3,300,000.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

6. LONG-TERM DEBT, Continued

B. Revenue Bonds, Continued

The 2010 Refunding Revenue Bonds Senior, Series A - Interest from .6% to 5.0% is payable on June 1 and December 1, maturities are payable on June 1 in annual redemptions of \$250,000 to \$605,000. Final payment is on June 1, 2036. Original issue was \$9,700,000. Proceeds were used to repay the 2000 Water Revenue Bond, fund a reserve account, and pay the costs of issuance incurred in connection with the issuance, sale, and delivery of the new bond. The liability is shown in the Water Enterprise Fund. The balance at June 30, 2012 is \$8,840,000.

The 2010 Refunding Revenue Subordinate, Series B - Interest from 2.0% to 6.0% is payable on June 1 and December 1, maturities are payable on June 1 in annual redemptions of \$25,000 to \$1,700,000. Final payment is on June 1, 2045. Original issue was \$25,160,000. Proceeds were used to repay the 2001-1 Certification of Participation (COP's), Series A, B, C, and D, fund a reserve account, and pay the costs of issuance incurred in connection with the issuance, sale, and delivery of the new bond. The liability is shown in the Natural Gas Enterprise Fund. The balance at June 30, 2012 is \$25,060,000.

The City defeased the 2000 Water Revenue bond and 2001-1 COP's Series A, B, C, and D by placing the proceeds from the issuance of the 2010 Refunding Revenue Bonds Senior, Series A and 2010 Refunding Revenue Subordinate, Series B in an irrevocable trust to provide for all future debt service payments. Accordingly, the trust account assets and the liability for the defeased debt is not included in the City's financial statements. At June 30, 2013, the outstanding balances on the defeased debt was \$0, as the entire balance has been redeemed.

Water Enterprise and Natural Gas debt service requirements for the 2010 Refunding Revenue bonds are:

Fiscal Year Ended June 30,	Revenue Bonds		Total
	Principal	Interest	
2014	460,000	1,794,408	\$ 2,254,408
2015	485,000	1,785,262	2,270,262
2016	510,000	1,773,962	2,283,962
2017	540,000	1,760,064	2,300,064
2018	575,000	1,743,525	2,318,525
2019-2023	3,490,000	8,366,503	11,856,503
2024-2028	4,780,000	7,408,027	12,188,027
2029-2033	6,200,000	6,014,563	12,214,563
2034-2038	6,790,000	4,138,851	10,928,851
2039-2043	6,765,000	2,256,600	9,021,600
2044-2045	3,305,000	300,300	3,605,300
Total	\$ 33,900,000	\$ 37,342,065	\$ 71,242,065

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

6. LONG-TERM DEBT, Continued

C. Notes Payable

Notes payable at June 30, 2013, consisted of the following:

Water Fund to United States Department of Agriculture, bears interest at 4.25%. Principal is payable annually on September 23 and interest is payable semi-annually on March and September 23. The note matures on September 23, 2043. \$ 870,000

Total Notes Payable \$ 870,000

The scheduled annual minimum debt service requirements at June 30, 2012, are as follows:

Fiscal Year Ended June 30,	Notes Payable		Total
	Principal	Interest	
2014	14,000	36,677	\$ 50,677
2015	15,000	36,061	51,061
2016	15,000	35,424	50,424
2017	16,000	34,765	50,765
2018	17,000	34,064	51,064
2019-2023	96,000	158,654	254,654
2024-2028	120,000	135,788	255,788
2029-2033	147,000	107,546	254,546
2034-2038	181,000	72,780	253,780
2039-2043	225,000	29,855	254,855
2044	24,000	510	24,510
Total	<u>\$ 870,000</u>	<u>\$ 682,124</u>	<u>\$ 1,552,124</u>

D. Capital Lease Payable

The City entered into a capital lease agreement with Business Equipment Financing for golf course equipment during the fiscal year ended June 30, 2010. The lease terms are 48 months with monthly payments of \$2,033, which includes sales tax, and commenced June 12, 2010. The fair value of the leased property was \$80,000.

The scheduled annual minimum debt service requirements at June 30, 2013 were as follows:

Fiscal Year Ended June 30,	Total
2014	\$ 22,363
Total requirements	22,363
Less: interest	(4,066)
Present value of remaining payments	<u>\$ 18,297</u>

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

6. LONG-TERM DEBT, Continued

E. Deferred Debt Expense

Bond issuance costs and original issue discounts are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method. Deferred losses on refundings are capitalized and amortized over the remaining life of the refunded issuance or the refunding issuance, whichever is shorter.

F. Compensated Absences

City employees accumulate earned but unused vacation and compensatory time benefits which can be converted to cash at termination of employment. Since no means exists to reasonably estimate the amounts that might be liquidated with expendable currently available financial resources, if any, they are reported as long-term debt on the Statement of Net Position. Expenditures are only reported in the fund statements when payments are made. However, in the Statement of Activities the expenditure is allocated to each function based on usage. The non-current portion of these vested benefits, payable in accordance with various collective bargaining agreements, at June 30, 2013, total \$207,095 for governmental activities and \$68,146 for business-type activities. Compensated absences for governmental activities are generally liquidated by the fund where the accrued liability accrued, which is usually the General Fund.

7. CITY EMPLOYEES' RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)

Plan Description

The City's defined benefit pension plan, Public Employees' Retirement System (PERS), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is a part of the Public Agency portion of the California Public Employees' Retirement System, (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes with the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

Funding Policy

The City contributes the employees and employer shares for the Miscellaneous Plan and the Safety Plan. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year 2012-13 was 25.321% for miscellaneous employees and 40.427% for safety employees. The contribution requirements of the plan members are established by the State statute and the employer contribution rate is established and may be amended by CalPERS. The City's contributions to CalPERS for the fiscal years ending June 30, 2013, 2012, and 2011, were \$886,347, \$871,623, and \$780,344, respectively, and equal 100% of the required contributions for each fiscal year. The City also paid the employees' portion of their required contribution, which was \$230,258, \$237,397, and \$256,882, for the fiscal years ending June 30, 2013, 2012, and 2011, respectively.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

7. CITY EMPLOYEES' REITREMENT PLAN (DEFINED BENEFIT PENSION PLAN), CONTINUED

The following table shows the City's required contributions and percentage contributed for the current year and two preceding years:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	780,344	100%	-
6/30/2012	871,623	100%	-
6/30/2013	886,347	100%	-

The City retirement plans for police safety employees and miscellaneous employees are part of the CalPERS risk pool for cities and other governmental entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, standalone information of the schedule of funding progress for the City's police safety and miscellaneous employees are no longer available.

8. EARLY RETIREMENT INCENTIVE

During the fiscal year ended June 30, 2012, the City offered early retirement incentives to approximately 20 employees. The incentive included the opportunity to retire from the City and receive health insurance through the City's contract with the Laborer's Health and Welfare Fund for the retiree plan, in an amount up to \$930/month, for a period of 60 months from the date of retirement. To be eligible, employees had to be full-time, at least 45 years old, and have at least 7 years of employment with the City of Susanville. As of June 30, 2013, 4 employees agreed to the early retirement incentives. The balance of the accrued benefits, as of June 30, 2013 was \$172,980. This balance is included in the long-term debt disclosed in Note 6 - Long-Term Debt.

9. INSURANCE

The City is a member of a Joint Powers Agreement (JPA) with the Small Cities Organized Risk Effort (SCORE). This JPA provides liability and workers compensation coverage for its members by pooling risk.

Member cities participate in a Banking Plan for the first \$25,000 of loss. The portion of loss greater than \$25,000 but less than \$250,000 is shared among the Member Cities in the Shared Risk Pool. The JPA participates in the California Joint Powers Risk Management Authority (CJPRMA) for the portion of losses greater than \$250,000. The JPA is comprised of twenty one small cities located in Northern and Central California. Upon review of the application, a new member may be admitted by a three-quarters (3/4) vote of the board. Members may be expelled by a two-thirds (2/3) vote. Upon entry into the JPA, members may not voluntarily withdraw for a period of three years and in no case before the JPA's commitment to CJPRMA is satisfied. Members must submit six months written notice prior to voluntarily withdrawing. After withdrawal a member may not re-enter the JPA for a period of three years.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

9. INSURANCE, Continued

The City adopted the provisions of GASB Statement Number 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues".

The City makes payments to SCORE based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

Condensed financial information of the Small Cities Organized Risk Effort (SCORE) for the fiscal year ended June 30, 2012, is as follows:

	Liability Program	Workers Comp. Program	Total
Total Assets	\$ 6,784,777	\$ 6,822,646	\$ 13,607,423
Total Liabilities	\$ 1,652,151	\$ 4,434,655	\$ 6,086,806
Fund Equity	5,132,626	2,387,991	7,520,617
Total Liabilities and Equity	<u>\$ 6,784,777</u>	<u>\$ 6,822,646</u>	<u>\$ 13,607,423</u>
Total Revenues	\$ 1,718,643	\$ 1,321,815	\$ 3,040,458
Total Expenditures	2,854,424	4,088,698	6,943,122
Net Increase/(Decrease)	<u>\$ (1,135,781)</u>	<u>\$ (2,766,883)</u>	<u>\$ (3,902,664)</u>

The financial information above is the latest available information, as the June 30, 2013 information was not available as of the date of these financial statements.

Copies of the financial statements are available from SCORE, located in Sacramento, California.

The City is also a member of a Joint Powers Agreement with Employment Risk Management Authority (ERMA).

Condensed financial information of ERMA for the fiscal year ended June 30, 2012 (most recent available), is as follows:

Total Assets	<u>\$ 28,220,311</u>
Total Liabilities	\$ 10,995,566
Fund Equity	<u>17,224,745</u>
Total Liabilities and Equity	<u>\$ 28,220,311</u>
Total Revenues	\$ 7,183,137
Total Expenditures	<u>137,389</u>
Net Increase	<u>\$ 7,045,748</u>

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

10. SICK LEAVE CONVERSION PAYABLE

The City provides post-retirement health care benefits to eligible employees who retire from the City. Since June 30, 2012, all full time permanent City employees are eligible for this benefit, upon retirement. The City utilizes an internal service fund (Retiree Benefits) to fund these future benefits.

The retirement benefit is limited to one-half of the employee's unused sick leave at the date of retirement, which may be applied only to fifty percent of health benefits for as long as the employee is eligible to receive those benefits. All employees other than members of the Susanville Police Officer's Association are limited to \$15,000 of conversion of unused sick leave upon retirement. This cost is funded on a pay-as-you-go basis and is accrued as a long-term liability in the long-term debt disclosed in Note 6 - Long-Term Debt once the retiree elects to retire and utilize one-half of their unused sick leave. As of June 30, 2013, the balance was \$35,288.

11. DEFERRED COMPENSATION PLANS

The City offers its employees deferred compensation plans through three different financial services companies. These plans were created in accordance with Internal Revenue Code Section 457. The plans are available to all employees. The Omnibus Budget Reconciliation Act of 1990 mandates social security coverage for state and local government employees who are not covered by a retirement plan. The Internal Revenue Service regulations allow an employer to designate a 457(b) Deferred Compensation Plan as an alternative to social security. The plans permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City matches employee contributions at rate of 2% to 100%, with a maximum of \$25 to \$40 per pay period.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust by a third party administrator (AIG Valic, Pebsco, or ICMA) for the exclusive benefit of the plan participants and their beneficiaries as prescribed by Internal Revenue Code Section 457 (g). Accordingly, these assets have been excluded from the accompanying financial statements.

12. NET POSITION AND FUND BALANCES

A. Net Position

Net position are the excess of all the City's assets over all its liabilities, regardless of fund. Net position are divided into three captions under GASB Statement No. 34. These captions apply only to net position, which are determined at the government-wide, proprietary fund, and fiduciary fund level and are described below.

Net investment in capital assets describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

12. NET POSITION AND FUND BALANCES, Continued

A. Net Position, Continued

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes.

Unrestricted describes the portion of net position which is not restricted as to use.

When both restricted and unrestricted net position is available, restricted resources are depleted first before the unrestricted resources are used.

Restricted net position as of June 30, 2013:

	Governmental Activities	Business-type Activities
Restricted for:		
Public Safety	\$ 165,050	\$ -
Parks	24,858	-
Housing Rehabilitation	369,326	-
Economic Development	1,609,497	-
HOME Program	190,535	-
Traffic Safety	81,454	-
Traffic Signals	129,008	-
Streets and Roads	425,391	-
Debt Service	1,067,226	2,446,070
Capital Projects	24,674	-
<i>Total Restricted</i>	<u>\$ 4,087,019</u>	<u>\$ 2,446,070</u>

B. Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

12. NET POSITION AND FUND BALANCES, Continued

B. Fund Balances, Continued

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or the Finance Director delegated that authority by City ordinance.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

12. NET POSITION AND FUND BALANCES, Continued

B. Fund Balances, Continued

The constraints placed on fund balance for the major governmental funds and all other governmental funds at June 30, 2013 are as follows:

Fund Balances	General Fund	State Revolving Loan Fund	Home Revolving Loan Fund	STIP Rehab Capital Project Fund	Mark Roos 92B Debt Service Fund	Nonmajor Governmental Funds	Total
Nonspendable:							
Prepays	\$ 17,191	\$ -	\$ -	\$ -	\$ 742	\$ -	\$ 17,933
Inventory	45,070	-	-	-	-	-	45,070
Advances	224,150	-	-	-	-	-	224,150
<i>Total Nonspendable</i>	<u>286,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>742</u>	<u>-</u>	<u>287,153</u>
Restricted for:							
Public Safety	-	-	-	-	-	165,050	165,050
Parks	-	-	-	-	-	175,393	175,393
Housing Rehabilitation	-	-	-	-	-	369,326	369,326
Economic Development	-	434,382	-	-	-	-	434,382
HOME Program	-	-	190,535	-	-	-	190,535
Traffic Safety	-	-	-	-	-	81,454	81,454
Traffic Signals	-	-	-	-	-	110,497	110,497
Streets and Roads	-	-	-	-	-	512,522	512,522
Debt Service	-	-	-	-	962,123	104,361	1,066,484
Capital Projects	-	-	-	-	-	25,163	25,163
<i>Total Restricted</i>	<u>-</u>	<u>434,382</u>	<u>190,535</u>	<u>-</u>	<u>962,123</u>	<u>1,543,766</u>	<u>3,130,806</u>
Assigned for:							
Capital Projects	14,766	-	-	-	-	-	14,766
<i>Total Assigned</i>	<u>14,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,766</u>
Unassigned	1,846,833	-	-	(478,663)	-	-	1,368,170
<i>Total Fund Balances</i>	<u>\$ 2,148,010</u>	<u>\$ 434,382</u>	<u>\$ 190,535</u>	<u>\$ (478,663)</u>	<u>\$ 962,865</u>	<u>\$ 1,543,766</u>	<u>\$ 4,800,895</u>

*Included in the Unassigned Fund Balance for the General Fund is \$662,462 that is set-aside as a reserve, by Council Resolution.

13. REVENUE LIMITATIONS IMPOSED BY CALIFORNIA PROPOSITION 218

Proposition 218, which was approved by the voters in November 1996, will regulate the City's ability to impose, increase, and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218, require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future years by the voters.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

14. CONTINGENCIES AND COMMITMENTS

The City is involved in various litigations. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the City’s financial statements.

The City has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

The City leases three copiers under an operating lease which requires 60 monthly payments of \$872. The City also leases fifteen new golf carts under an operating lease which require 18 seasonal monthly payments (May - October) of \$2,145 plus tax and fifteen used golf carts under an operating lease with requires 7.5 monthly payments of \$1,650. The City entered into a lease for an additional fifteen golf carts under an operating lease which requires 18 seasonal monthly payments (May - October) of \$2,160 plus tax. The following is a schedule, by year, of future minimum lease payments required under the operating leases as of June 30, 2013:

Fiscal Year Ended June 30,	Total
2014	36,289
2015	31,998
2016	19,098
2017	10,458
Total	<u>\$ 97,843</u>

15. DEBT WITHOUT GOVERNMENT COMMITMENT

Local Agency Revenue Bonds - 1992

On October 29, 1992, the Susanville Public Financing Authority issued \$1,650,000 of 1992 Revenue Bonds - Series B (the "Authority Bonds") for the purpose of acquiring the Assessment District 92-1 Miller Fletcher Bonds, (the "District Bonds") in the amount of \$1,465,000. The Miller Fletcher Bonds were issued to provide the District with funds to design or acquire certain public improvements relating to the District.

The Authority Bonds are payable from and secured by repayment of the District Bonds. Interest was payable on March 1, 1993, and semiannually thereafter on March 1 and September 1 of each year until maturity, with principal due every September 1. Series B Bonds have interest rates of 6.60% to 7.75% and are due September 1, 2017.

The District Bonds are not general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bond reserves, these bonds have not been reflected in the long-term debt in the accompanying financial statements. The outstanding indebtedness on June 30, 2013 was \$600,000.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

16. DEFICIT FUND BALANCES/NET POSITION

Major Funds

A deficit net position of \$478,663 exists in the STIP Rehab Capital Project Fund. The deficit is due to the City incurring expenditures prior to receiving reimbursements from the State of California, the deficit will be covered by the State of California.

A deficit net position of \$193,474 exists for the Natural Gas Fund. The difference is due to the past years of accumulated expenses over revenues.

Internal Service Fund

A deficit of net position of \$344 exists in the Public Works Administration Fund. The deficit is due to the fund incurring more costs than charges to other funds.

A deficit of net position of \$174,344 exists in the Retirement Benefits Fund. The deficit is due to liabilities recorded for the agreed payments for health benefits to certain retirees.

17. PRIOR PERIOD ADJUSTMENT

The City recorded a prior period adjustments to reduce cost of donated assets to the estimated fair market value at the time of donation, reclassify certain capital assets which were previously reported as depreciable improvements to nondepreciable land improvements, and remove capital assets that did not meet the City's capitalization threshold.

Government-wide Statements

	Net Position, as Previously Reported	Prior Period Adjustment Capital Assets	Net Position, as Restated
Government-Wide Statements			
Business-type Activities	\$ 5,880,424	\$ (103,824)	\$ 5,776,600

Fund Statements

	Net Position, as Previously Reported	Prior Period Adjustment Capital Assets	Net Position, as Restated
Fund Statements			
Golf Course Enterprise Fund	\$ 1,984,707	\$ (103,824)	\$ 1,880,883

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2013

18. SUBSEQUENT EVENTS

On September 1, 2013, the City entered into a loan agreement with UMPQUA bank to provide funds in the amount of \$4,907,000 to refund certain obligations of city to the California Public Employees Retirement System. This loan shall bear a fixed interest rate of 4.75% through September 2021 with an option to reset the loan to a Fixed Reset Rate or convert to a Variable Rate and will be redeemed over the next 15 years using gross revenues.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

City of Susanville
Required Supplementary Information
For the year ended June 30, 2013

1. BUDGETS AND BUDGETARY ACCOUNTING

A. Budgetary Control and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for governmental funds. The City's budget ordinance requires that in June of each year the City Administrator must submit a preliminary budget that includes projected expenditures and the means of financing them to the City Council for the fiscal year commencing the following July 1. As modified during public study sessions, the preliminary budget becomes the proposed budget. Following public hearings on the proposed budget, the final annual budget is adopted by the City Council in June of the fiscal year. After adoption of the final budget, transfers of appropriations within the general fund departments may be done by the City Administrator. Budget transfers within a department/fund may be done by department heads. Budget modifications between funds and increases or decreases to a fund's overall budget must be approved by the City Council or Agency Board. Numerous properly authorized amendments are made during the fiscal year.

Budgetary control is enhanced by integrating the budget into the general ledger accounts. Encumbrance accounting (e.g. purchase orders) is employed by the City.

There were no budgets adopted for the HOME Revolving Fund, Barry Creek Development Fund, Chestnut Street Culvert Fund, or Sierra Park Project Fund.

City of Susanville
Required Supplementary Information, Continued
For the year ended June 30, 2013

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

B. Budgetary Comparison Schedules

The following are the budget comparison schedules for all major Governmental Funds.

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 4,244,272	\$ 4,354,957	\$ 4,487,678	\$ 132,721
Licenses and permits	75,200	84,700	74,183	(10,517)
Fines and forfeitures	28,250	28,250	20,670	(7,580)
Use of money and property	26,205	35,995	25,011	(10,984)
Intergovernmental	164,970	386,853	369,527	(17,326)
Program income	5,600	5,600	5,000	(600)
Charges for services	60,405	66,014	66,244	230
Other revenues	35,064	25,296	13,074	(12,222)
Total revenues	4,639,966	4,987,665	5,061,387	73,722
EXPENDITURES:				
Current:				
General government:	629,417	767,015	605,024	161,991
Public Safety	3,150,014	3,345,792	3,132,888	212,904
Protective inspections	222,265	230,657	218,394	12,263
Community development	160,194	146,557	127,407	19,150
Community services	215,874	228,874	185,481	43,393
Capital outlay	20,950	32,588	24,989	7,599
Total expenditures	4,398,714	4,751,483	4,294,183	457,300
REVENUES OVER (UNDER) EXPENDITURES	241,252	236,182	767,204	531,022
OTHER FINANCING SOURCES (USES):				
Transfers in	5,000	5,000	5,000	-
Transfers out	(208,179)	(775,419)	(775,416)	3
Total other financing sources (uses)	(203,179)	(770,419)	(770,416)	-
Net change in fund balance	\$ 38,073	\$ (534,237)	(3,212)	\$ 531,025
FUND BALANCE:				
Beginning of year			2,151,222	
End of year			\$ 2,148,010	

City of Susanville
Required Supplementary Information, Continued
For the year ended June 30, 2013

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

B Budgetary Comparison Schedules, Continued

Budgetary Comparison Schedule, State Revolving Loan Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ 763	\$ 468	\$ (295)
Program income	50,000	20,000	11,241	(8,759)
Total revenues	<u>50,000</u>	<u>20,763</u>	<u>11,709</u>	<u>(9,054)</u>
EXPENDITURES:				
Community development	-	102,117	102,229	(112)
Total expenditures	<u>-</u>	<u>102,117</u>	<u>102,229</u>	<u>(112)</u>
Net change in fund balance	<u>\$ 50,000</u>	<u>\$ (81,354)</u>	(90,520)	<u>\$ (9,166)</u>
FUND BALANCE:				
Beginning of year			<u>524,902</u>	
End of year			<u>\$ 434,382</u>	

City of Susanville
Required Supplementary Information, Continued
For the year ended June 30, 2013

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

B. Budgetary Comparison Schedules, Continued

Budgetary Comparison Schedule, HOME Revolving Loan Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ 543	\$ 402	\$ (141)
Program income	-	22,220	22,984	764
Total revenues	-	22,763	23,386	623
Net change in fund balance	\$ -	\$ 22,763	23,386	\$ 623
FUND BALANCE:				
Beginning of year			167,149	
End of year			\$ 190,535	

2. DEFINED BENEFIT PENSION PLAN

The City retirement plans for police safety employees and miscellaneous employees are part of the CalPERS risk pool for cities and other governmental entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, standalone information of the schedule of funding progress for the City's police safety and miscellaneous employees are no longer available.

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SUPPLEMENTARY INFORMATION

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MAJOR GOVERNMENTAL FUNDS, OTHER THAN GENERAL FUND AND SPECIAL REVENUE FUNDS

STIP Rehab Capital Project Fund

STIP Capital Rehab Capital Project Fund accounts for expenditures of the 2012 Susanville Rehabilitation B Project funded through the State Transportation Improvement Program (STIP).

Mark Roos 92B Debt Service Fund

Mark Roos 92B Debt Service Fund accounts for assessments collected from the homebuyers within the Miller/Fletcher Housing Development that are used to repay the bond that was issued in 1992 to install the infrastructure within this development.

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City of Susanville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

STIP Rehab Capital Project Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 2,426,000	\$ 1,495,408	\$ (930,592)
Total revenues	-	2,426,000	1,495,408	(930,592)
EXPENDITURES:				
Current:				
Streets	-	2,426,000	1,974,071	451,929
Total expenditures	-	2,426,000	1,974,071	451,929
Net change in fund balance	\$ -	\$ -	(478,663)	\$ (478,663)
FUND BALANCE:				
Beginning of year			-	
End of year			\$ (478,663)	

City of Susanville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Mark Roos 92B Debt Service Fund

For the year ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 150,069	\$ 150,069	\$ 11,282	\$ (138,787)
Use of money and property	-	15	15	-
Total revenues	150,069	150,084	11,297	(138,787)
EXPENDITURES:				
Debt service:				
Principal	95,000	95,000	95,000	-
Interest and fiscal charges	55,069	55,069	53,802	1,267
Total expenditures	150,069	150,069	148,802	1,267
Net change in fund balance	\$ -	\$ 15	(137,505)	\$ (137,520)
FUND BALANCE:				
Beginning of year			1,100,370	
End of year			\$ 962,865	

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Local Law Enforcement Block Grant Fund accounts for a State grant is used to fund a Police Sergeant's position to supplement the number of personnel assigned to provide law enforcement services to the City.

Gas Tax Fund accounts for gas tax monies received from the State of California, which are used to construct and maintain streets, alleys, etc., and provide emergency snow-removal services within the City.

Street, Police, & Fire Mitigation Funds account for fees collected from new developments within the City used for the purchase and maintenance of vehicles, equipment, and various facilities

Park Land In-Lieu Fund accounts for fees collected from new developments within the City which are used to purchase necessary equipment and land to maintain and expand the City's parks.

State Revolving Economic Development Fund accounts for program income received from the Façade Improvement, Business Assistance, and First-Time Home Buyers loan re-payments which are re-issued in the form of new loans.

Traffic Safety Fund accounts for a portion of fines and forfeitures received by the City for any arrests by a City Officer under VC 42200 that is used for the purchase and maintenance of equipment associated with Traffic Law Enforcement.

Barry Creek Development and Chestnut Street Culvert Funds account for fees collected from new developments within the Barry Creek and Chestnut Street areas used to repay the City for installation of the culverts.

Skyline Rt. 139 Signal, Skyline Numa Signal, and Skyline Bicycle Lane Funds account for fees collected from new development within the Skyline area to be used for the installation and maintenance of traffic signals, parks and parkways.

State of California Prop 30 AB109 Fund account for expenditures funded by Proposition 30 AB109 revenues.

NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

City Hall Debt Service Fund accounts for debt service payments on bond issued to remodel the City Hall.

CAPITAL PROJECT FUND

Prob 1B Local Streets and Road Fund Fund accounts for Proposition 1B revenues and expenditures.

2010 Federal ARRA Rehab Project Fund accounts for American Recovery and Reinvestment Act revenues and expenditures.

Sierra Park Project Fund accounts for Proposition 84 grant revenues used to create a sports complex on Sierra Road.

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City of Susanville
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2013

	Special Revenue Funds			
	Local Law	Gas	Street	Police
	Enforcement Block Grant Fund	Tax Fund	Mitigation Fund	Mitigation Fund
ASSETS				
Cash and investments	\$ 38,336	\$ 332,796	\$ 43,156	\$ 37,086
Accounts receivable	-	41,464	-	-
Interest receivable	4	-	31	26
Inventory	-	15,614	-	-
Loans receivable	-	-	-	-
Advanced to other funds	-	-	-	-
	<u>\$ 38,340</u>	<u>\$ 389,874</u>	<u>\$ 43,187</u>	<u>\$ 37,112</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 4,348	\$ -	\$ -
Accrued salaries and wages payable	2,043	3,322	-	-
Unearned and unavailable revenue	-	-	-	-
Total liabilities	<u>2,043</u>	<u>7,670</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	36,297	382,204	43,187	37,112
Unassigned	-	-	-	-
Total fund balances	<u>36,297</u>	<u>382,204</u>	<u>43,187</u>	<u>37,112</u>
Total liabilities and fund balances	<u>\$ 38,340</u>	<u>\$ 389,874</u>	<u>\$ 43,187</u>	<u>\$ 37,112</u>

Special Revenue Funds

Fire Mitigation Fund	Park Land In-lieu Fund	State Revolving Economic Development Fund	Traffic Safety Fund	Barry Creek Development Fund	Skyline Rt. 139 Signal Fund	Chestnut Street Culvert Fund
\$ 91,577	\$ 24,744	\$ 231,248	\$ 81,396	\$ 489	\$ 18,009	\$ 25,220
-	-	4,094	-	-	-	-
64	114	161	58	-	13	17
-	-	-	-	-	-	-
-	-	54,335	-	-	-	-
-	-	133,823	-	-	-	-
<u>\$ 91,641</u>	<u>\$ 24,858</u>	<u>\$ 423,661</u>	<u>\$ 81,454</u>	<u>\$ 489</u>	<u>\$ 18,022</u>	<u>\$ 25,237</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	54,335	-	-	-	-
-	-	54,335	-	-	-	-
91,641	24,858	369,326	81,454	489	18,022	25,237
-	-	-	-	-	-	-
<u>91,641</u>	<u>24,858</u>	<u>369,326</u>	<u>81,454</u>	<u>489</u>	<u>18,022</u>	<u>25,237</u>
<u>\$ 91,641</u>	<u>\$ 24,858</u>	<u>\$ 423,661</u>	<u>\$ 81,454</u>	<u>\$ 489</u>	<u>\$ 18,022</u>	<u>\$ 25,237</u>

City of Susanville
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2013

	Special Revenue Funds			Debt
	Skyline	Skyline	State of	Service Fund
	Numa Signal	Bicycle Lane	California	City Hall
	Fund	Fund	Prop 30 AB 109	Debt Service
	Fund	Fund	Fund	Fund
ASSETS				
Cash and investments	\$ 77,742	\$ 7,459	24,674	\$ 104,361
Accounts receivable	-	-	-	-
Interest receivable	53	6	-	-
Inventory	-	-	-	-
Loans receivable	-	-	-	-
Advanced to other funds	-	-	-	-
	<u>\$ 77,795</u>	<u>\$ 7,465</u>	<u>\$ 24,674</u>	<u>\$ 104,361</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and wages payable	-	-	-	-
Unearned and unavailable revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	77,795	7,465	24,674	104,361
Unassigned	-	-	-	-
Total fund balances	<u>77,795</u>	<u>7,465</u>	<u>24,674</u>	<u>104,361</u>
Total liabilities and fund balances	<u>\$ 77,795</u>	<u>\$ 7,465</u>	<u>\$ 24,674</u>	<u>\$ 104,361</u>



Capital Projects Funds			Total
Prop 1B Local Streets and Road Fund	2010 Federal ARRA Rehab Project Fund	Sierra Park Project Fund	Non-Major Governmental Funds
\$ 70,397	\$ -	\$ 153,035	\$ 1,361,725
-	-	-	45,558
-	-	-	547
-	-	-	15,614
-	-	-	54,335
-	-	-	133,823
<u>\$ 70,397</u>	<u>\$ -</u>	<u>\$ 153,035</u>	<u>\$ 1,611,602</u>

\$ -	\$ -	\$ 2,500	\$ 6,848
1,288	-	-	6,653
-	-	-	54,335
<u>1,288</u>	<u>-</u>	<u>2,500</u>	<u>67,836</u>
69,109	-	150,535	1,543,766
-	-	-	-
<u>69,109</u>	<u>-</u>	<u>150,535</u>	<u>1,543,766</u>
<u>\$ 70,397</u>	<u>\$ -</u>	<u>\$ 153,035</u>	<u>\$ 1,611,602</u>

City of Susanville

Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2013

	Special Revenue Funds			
	Local Law Enforcement Block Grant Fund	Gas Tax Fund	Street Mitigation Fund	Police Mitigation Funds
REVENUES:				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Use of money and property	47	-	59	110
Intergovernmental revenues	80,589	523,619	-	-
Program income	-	-	-	-
Other revenues	-	158	7,941	10,271
Total revenues	80,636	523,777	8,000	10,381
EXPENDITURES:				
Current:				
Public safety	114,233	-	-	-
Streets	-	649,511	-	-
Community development	-	-	-	-
Capital outlay	-	640	-	36,348
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	120	-	-
Total expenditures	114,233	650,271	-	36,348
REVENUES OVER (UNDER) EXPENDITURES	(33,597)	(126,494)	8,000	(25,967)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	17,328	-	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	-	3,400
Total other financing sources (uses)	-	17,328	-	3,400
Net change in fund balances	(33,597)	(109,166)	8,000	(22,567)
FUND BALANCES:				
Beginning of year	69,894	491,370	35,187	59,679
End of year	\$ 36,297	\$ 382,204	\$ 43,187	\$ 37,112

Special Revenue Funds

Fire Mitigation Fund	Park Land In-lieu Fund	State Revolving Economic Development Fund	Traffic Safety Fund	Barry Creek Development Fund	Skyline Rt. 139 Signal Fund	Chestnut Street Culvert Fund
\$ -	\$ -	\$ -	\$ 10,533	\$ -	\$ -	\$ -
118	211	508	277	1	37	55
-	-	-	-	-	-	-
-	-	11,175	-	-	-	-
10,802	572	-	-	-	47	-
10,920	783	11,683	10,810	1	84	55
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
15,000	-	-	6,230	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
15,000	-	-	6,230	-	-	-
(4,080)	783	11,683	4,580	1	84	55
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12,956	-	-	-	-	-	-
12,956	-	-	-	-	-	-
8,876	783	11,683	4,580	1	84	55
82,765	24,075	357,643	76,874	488	17,938	25,182
<u>\$ 91,641</u>	<u>\$ 24,858</u>	<u>\$ 369,326</u>	<u>\$ 81,454</u>	<u>\$ 489</u>	<u>\$ 18,022</u>	<u>\$ 25,237</u>

City of Susanville
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2013

	Special Revenue Funds			Debt Service Fund
	Skyline Numa Signal Fund	Skyline Bicycle Lane Fund	State of California Prop 30 AB 109 Fund	City Hall Debt Service Fund
REVENUES:				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Use of money and property	168	16	-	1
Intergovernmental revenues	-	-	24,674	-
Program income	-	-	-	-
Other revenues	231	174	-	-
Total revenues	399	190	24,674	1
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Streets	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	40,216
Interest and fiscal charges	-	-	-	40,188
Total expenditures	-	-	-	80,404
REVENUES OVER (UNDER) EXPENDITURES	399	190	24,674	(80,403)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	146,209
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	146,209
Net change in fund balances	399	190	24,674	65,806
FUND BALANCES:				
Beginning of year	77,396	7,275	-	38,555
End of year	<u>\$ 77,795</u>	<u>\$ 7,465</u>	<u>\$ 24,674</u>	<u>\$ 104,361</u>

Capital Projects Fund			Total
Prop 1B Local Streets and Road Fund	2010 Federal ARRA Rehab Project Fund	Sierra Park Project Fund	Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 10,533
-	-	-	1,608
-	156,372	72,679	857,933
-	-	-	11,175
-	-	-	30,196
-	156,372	72,679	911,445
-	-	-	114,233
40,270	-	-	689,781
-	-	81,892	81,892
-	-	-	58,218
-	-	-	40,216
-	-	-	40,308
40,270	-	81,892	1,024,648
(40,270)	156,372	(9,213)	(113,203)
-	-	-	163,537
-	-	-	-
-	-	-	16,356
-	-	-	179,893
(40,270)	156,372	(9,213)	66,690
109,379	(156,372)	159,748	1,477,076
\$ 69,109	\$ -	\$ 150,535	\$ 1,543,766

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City of Susanville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Local Law Enforcement Block Grant Fund

For the year ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ 88	\$ 47	\$ (41)
Intergovernmental revenue	100,000	100,000	80,589	(19,411)
Total revenues	100,000	100,088	80,636	(19,452)
EXPENDITURES:				
Current:				
Public safety:	112,711	112,711	114,233	(1,522)
Total expenditures	112,711	112,711	114,233	(1,522)
Net change in fund balance	\$ (12,711)	\$ (12,623)	(33,597)	\$ (20,974)
FUND BALANCE:				
Beginning of year			69,894	
End of year			\$ 36,297	

City of Susanville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Gas Tax Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ 100	\$ -	\$ (100)
Intergovernmental	631,829	631,829	523,619	(108,210)
Other revenues	-	157	158	1
Total revenues	<u>631,829</u>	<u>632,086</u>	<u>523,777</u>	<u>(108,309)</u>
EXPENDITURES:				
Current:				
Streets	753,674	794,981	649,511	145,470
Capital outlay	-	15,000	640	14,360
Debt service:				
Interest and fiscal charges	-	-	120	(120)
Total expenditures	<u>753,674</u>	<u>809,981</u>	<u>650,271</u>	<u>159,710</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(121,845)</u>	<u>(177,895)</u>	<u>(126,494)</u>	<u>51,401</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	37,330	37,330	17,328	(20,002)
Total other financing sources (uses)	<u>37,330</u>	<u>37,330</u>	<u>17,328</u>	<u>(20,002)</u>
Net change in fund balance	<u>\$ (84,515)</u>	<u>\$ (140,565)</u>	<u>(109,166)</u>	<u>\$ 31,399</u>
FUND BALANCE:				
Beginning of year			<u>491,370</u>	
End of year			<u>\$ 382,204</u>	

City of Susanville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Street Mitigation Fund

For the year ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ 117	\$ 59	\$ (58)
Other revenues	13,800	13,800	7,941	(5,859)
Total revenues	13,800	13,917	8,000	(5,917)
REVENUES OVER (UNDER) EXPENDITURES	13,800	13,917	8,000	(5,917)
OTHER FINANCING SOURCES:				
Transfers out	(20,000)	(20,000)	-	20,000
Total other financing sources (uses)	(20,000)	(20,000)	-	20,000
Net change in fund balance	\$ 33,800	\$ 33,917	8,000	\$ 14,083
FUND BALANCE:				
Beginning of year			35,187	
End of year			\$ 43,187	

City of Susanville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Police Mitigation Fund

For the year ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ 163	\$ 110	\$ (53)
Other revenues	17,350	17,350	10,271	(7,079)
Total revenues	17,350	17,513	10,381	(7,132)
EXPENDITURES:				
Capital outlay	42,751	37,751	36,348	1,403
Total expenditures	42,751	37,751	36,348	1,403
REVENUES OVER (UNDER) EXPENDITURES	(25,401)	(20,238)	(25,967)	(5,729)
OTHER FINANCING SOURCES:				
Proceeds from sale of capital assets	-	3,400	3,400	-
Net change in fund balance	\$ (25,401)	\$ (16,838)	(22,567)	\$ (5,729)
FUND BALANCE:				
Beginning of year			59,679	
End of year			<u>\$ 37,112</u>	

City of Susanville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Fire Mitigation Fund

For the year ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ 244	\$ 118	\$ (126)
Other revenues	15,150	15,150	10,802	(4,348)
Total revenues	15,150	15,394	10,920	(4,474)
EXPENDITURES:				
Capital outlay	73,500	17,323	15,000	2,323
Total expenditures	73,500	17,323	15,000	2,323
REVENUE OVER (UNDER) EXPENDITURES	(58,350)	(1,929)	(4,080)	(2,151)
OTHER FINANCING SOURCES:				
Proceeds from sale of capital assets	25,000	15,000	12,956	(2,044)
Total other financing sources	25,000	15,000	12,956	(2,044)
Net change in fund balance	\$ (33,350)	\$ 13,071	8,876	\$ (4,195)
FUND BALANCE:				
Beginning of year			82,765	
End of year			<u>\$ 91,641</u>	

City of Susanville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Park Land In-lieu Fund

For the year ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ 359	\$ 211	\$ (148)
Other revenues	850	850	572	(278)
Total revenues	850	1,209	783	(426)
Net change in fund balance	\$ 850	\$ 1,209	783	\$ (426)
FUND BALANCE:				
Beginning of year			24,075	
End of year			\$ 24,858	

City of Susanville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

State Revolving Economic Development Fund

For the year ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ 690	\$ 508	\$ (182)
Program income	13,322	13,322	11,175	(2,147)
Total revenues	13,322	14,012	11,683	(2,329)
Net change in fund balance	\$ 13,322	\$ 14,012	11,683	\$ (2,329)
FUND BALANCE:				
Beginning of year			357,643	
End of year			\$ 369,326	

City of Susanville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Traffic Safety Fund

For the year ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 8,000	\$ 10,533	\$ 10,533	\$ -
Use of money and property	-	333	277	(56)
Total revenues	8,000	10,866	10,810	(56)
EXPENDITURES:				
Capital outlay	10,000	10,000	6,230	3,770
Total expenditures	10,000	10,000	6,230	3,770
Net change in fund balance	\$ (2,000)	\$ 866	4,580	\$ 3,714
FUND BALANCE:				
Beginning of year			76,874	
End of year			\$ 81,454	

City of Susanville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Skyline Rt 139 Signal Fund

For the year ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ 55	\$ 37	\$ (18)
Other revenues	100	100	47	(53)
Total revenues	100	155	84	(71)
Net change in fund balance	\$ 100	\$ 155	84	\$ (71)
FUND BALANCE:				
Beginning of year			17,938	
End of year			\$ 18,022	

City of Susanville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Skyline Numa Signal Fund

For the year ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ 236	\$ 168	\$ (68)
Other revenues	500	500	231	(269)
Total revenues	500	736	399	(337)
Net change in fund balance	\$ 500	\$ 736	399	\$ (337)
FUND BALANCE:				
Beginning of year			77,396	
End of year			\$ 77,795	

City of Susanville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Skyline Bicycle Lane Fund

For the year ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ 22	\$ 16	\$ (6)
Other revenues	100	173	174	1
Total revenues	100	195	190	(5)
Net change in fund balance	\$ 100	\$ 195	190	\$ (5)
FUND BALANCE:				
Beginning of year			7,275	
End of year			\$ 7,465	

City of Susanville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

State of California Prop 30 AB 109 Fund

For the year ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ -	\$ 26,674	\$ 24,674	\$ (2,000)
Total revenues	<u>-</u>	<u>26,674</u>	<u>24,674</u>	<u>(2,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 26,674</u>	<u>24,674</u>	<u>\$ (2,000)</u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u>\$ 24,674</u>	

City of Susanville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

City Hall Debt Service Fund

For the year ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 100	\$ 100	\$ 1	\$ (99)
Total revenues	100	100	1	(99)
EXPENDITURES:				
Debt service:				
Principal	99,156	40,216	40,216	-
Interest and fiscal charges	47,153	84,100	40,188	43,912
Total expenditures	146,309	124,316	80,404	43,912
REVENUES OVER (UNDER) EXPENDITURES	(146,209)	(124,216)	(80,403)	43,813
OTHER FINANCING SOURCES (USES):				
Transfers in	146,209	146,209	146,209	-
Total other financing sources (uses)	146,209	146,209	146,209	-
Net change in fund balance	\$ -	\$ 21,993	65,806	\$ 43,813
FUND BALANCE:				
Beginning of year			38,555	
End of year			<u>\$ 104,361</u>	

City of Susanville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Prop 1B Local Streets and Road Fund

For the year ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Current:				
Streets	\$ 96,054	\$ 96,054	\$ 40,270	\$ 55,784
Total expenditures	<u>96,054</u>	<u>96,054</u>	<u>40,270</u>	<u>55,784</u>
Net change in fund balance	<u>\$ 96,054</u>	<u>\$ 96,054</u>	(40,270)	<u>\$ 55,784</u>
FUND BALANCE:				
Beginning of year			<u>109,379</u>	
End of year			<u>\$ 69,109</u>	

City of Susanville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

2010 Federal ARRA Rehab Project Fund

For the year ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ -	\$ -	\$ 156,372	\$ 156,372
Total revenues	-	-	156,372	156,372
Net change in fund balance	\$ -	\$ -	156,372	\$ 156,372
FUND BALANCE:				
Beginning of year			(156,372)	
End of year			\$ -	

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INTERNAL SERVICE FUNDS

Public Works Administration Fund accounts for the City's public works administration activities

Risk Administration Fund accounts for the City's risk administration activities

Retirement Benefits Fund accounts for expenses related to other postemployment benefit costs.

City of Susanville
Combining Statement of Net Position
All Internal Service Funds
June 30, 2013

	Public Works Administration Fund	Risk Management Fund	Retirement Benefits Fund	Total
ASSETS				
Current assets:				
Cash and investments	\$ 37,483	\$ 431,962	\$ 33,924	\$ 503,369
Accounts receivable	-	188,230	-	188,230
Interest receivable	8	278	-	286
Prepaid expenses	1,313	2,535	-	3,848
Total current assets	38,804	623,005	33,924	695,733
Noncurrent assets:				
Advances to other funds	-	235,436	-	235,436
Total noncurrent assets	-	235,436	-	235,436
Total assets	38,804	858,441	33,924	931,169
LIABILITIES				
Liabilities:				
Current liabilities:				
Accounts payable	2,651	439	-	3,090
Accrued wages	7,816	-	-	7,816
Compensated absences - due within one year	3,942	-	-	3,942
Early retirement incentive - due within one year	-	-	44,640	44,640
Sick leave conversion payable - due within one year	-	-	11,452	11,452
Total current liabilities	14,409	439	56,092	70,940
Noncurrent liabilities:				
Compensated absences - due in more than one year	24,739	-	-	24,739
Early retirement incentive - due in more than one year	-	-	128,340	128,340
Sick leave conversion payable - due in more than one year	-	-	23,836	23,836
Total noncurrent liabilities	24,739	-	152,176	176,915
Total liabilities	39,148	439	208,268	247,855
NET POSITION				
Unrestricted	(344)	858,002	(174,344)	683,314
Total net position	\$ (344)	\$ 858,002	\$ (174,344)	\$ 683,314

City of Susanville
Combining Statement of Revenues, Expenses and Changes in Net Position
All Internal Service Funds
For the year ended June 30, 2013

	Public Works Administration Fund	Risk Management Fund	Retirement Benefits Fund	Total
OPERATING REVENUES:				
Charges for services	\$ 271,232	\$ 543,855	\$ -	\$ 815,087
Total operating revenues	271,232	543,855	-	815,087
OPERATING EXPENSES:				
Administration	247,146	171,217	-	418,363
Insurance costs and claims	24,500	190,634	-	215,134
Total operating expenses	271,646	361,851	-	633,497
OPERATING INCOME (LOSS)	(414)	182,004	-	181,590
NONOPERATING REVENUES EXPENSES:				
Interest income	-	5,806	-	5,806
Total nonoperating revenues (expenses)	-	5,806	-	5,806
INCOME (LOSS) BEFORE TRANSFERS	(414)	187,810	-	187,396
Transfers in	-	-	44,640	44,640
Total transfers in (out)	-	-	44,640	44,640
Change in net position	(414)	187,810	44,640	232,036
NET POSITION:				
Beginning of year	70	670,192	(218,984)	451,278
End of year	\$ (344)	\$ 858,002	\$ (174,344)	\$ 683,314

City of Susanville
Combining Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2013

	Public Works Administration Fund	Risk Management Fund	Retirement Benefits Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from city charges	\$ 271,259	\$ 356,027	\$ -	\$ 627,286
Payment to suppliers and users	(26,013)	(192,793)	-	(218,806)
Payment to employees	(210,875)	(178,556)	(57,953)	(447,384)
Net cash provided by (used in) operating activities	34,371	(15,322)	(57,953)	(38,904)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash receipts from other funds	-	-	44,640	44,640
Cash payments to other funds	-	(6,615)	-	(6,615)
Net cash provided by (used in) noncapital financing activities	-	(6,615)	44,640	38,025
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income received	2,516	8,510	-	11,026
Net cash provided by investing activities	2,516	8,510	-	11,026
Net increase (decrease) in cash and cash equivalents	36,887	(13,427)	(13,313)	10,147
CASH AND CASH EQUIVALENTS:				
Beginning of year	596	445,389	47,237	493,222
End of year	\$ 37,483	\$ 431,962	\$ 33,924	\$ 503,369
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (414)	\$ 182,004	\$ -	\$ 181,590
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Changes in assets and liabilities:				
Accounts receivable	27	(187,828)	-	(187,801)
Prepaid expenses	(1,313)	(2,535)	-	(3,848)
Accounts payable	(200)	376	-	176
Accrued wages	7,590	(7,339)	-	251
Compensated absences	28,681	-	-	28,681
Early retirement incentive	-	-	(46,500)	(46,500)
Sick leave conversion payable	-	-	(11,453)	(11,453)
Total adjustments	34,785	(197,326)	(57,953)	(220,494)
Net cash provided by (used in) operating activities	\$ 34,371	\$ (15,322)	\$ (57,953)	\$ (38,904)

FIDUCIARY FUNDS

Section 125 Aflac/Wageworks accounts for agency activities for Section 125 Aflac activities.

LAFCO Fund, accounts for agency activities for LAFCO.

HUSA Business Improvement Fund accounts for agency activities for HUSA.

Air Pollution District Fund accounts for agency activities for the Air Pollution District.

City of Susanville
Agency Funds
Combining Statement of Changes in Assets and Liabilities
June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Section 125 Aflac/Wageworks				
ASSETS				
Cash and investments	\$ 721	\$ -	\$ (721)	\$ -
Total Assets	<u>\$ 721</u>	<u>\$ -</u>	<u>\$ (721)</u>	<u>\$ -</u>
LIABILITIES				
Deposits payable	\$ 721	\$ -	\$ (721)	\$ -
Total Liabilities	<u>\$ 721</u>	<u>\$ -</u>	<u>\$ (721)</u>	<u>\$ -</u>
LAFCO Fund				
ASSETS				
Cash and investments	\$ 29,931	\$ 52,078	\$ (55,365)	\$ 26,644
Interest receivable	30	21	(30)	21
Total Assets	<u>\$ 29,961</u>	<u>\$ 52,099</u>	<u>\$ (55,395)</u>	<u>\$ 26,665</u>
LIABILITIES				
Accounts payable	\$ 7,925	\$ -	\$ (7,925)	\$ -
Deposits payable	22,036	52,099	(47,470)	26,665
Total Liabilities	<u>\$ 29,961</u>	<u>\$ 52,099</u>	<u>\$ (55,395)</u>	<u>\$ 26,665</u>
HUSA Business Improvement Fund				
ASSETS				
Cash and investments	\$ 2,048	\$ 777	\$ (814)	\$ 2,011
Accounts receivable	5,862	-	(25)	5,837
Total Assets	<u>\$ 7,910</u>	<u>\$ 777</u>	<u>\$ (839)</u>	<u>\$ 7,848</u>
LIABILITIES				
Accounts payable	\$ 814	\$ -	\$ (814)	\$ -
Deposits payable	7,096	752	-	7,848
Total Liabilities	<u>\$ 7,910</u>	<u>\$ 752</u>	<u>\$ (814)</u>	<u>\$ 7,848</u>
Air Pollution District Fund				
ASSETS				
Cash and investments	\$ 339,275	\$ 258,810	\$ (4,134)	\$ 593,951
Accounts receivable	17,919	8,920	-	26,839
Interest receivable	300	413	(300)	413
Prepaid expenses	425	-	(425)	-
Total Assets	<u>\$ 357,919</u>	<u>\$ 268,143</u>	<u>\$ (4,859)</u>	<u>\$ 621,203</u>
LIABILITIES				
Accounts payable	\$ -	\$ 2,817	\$ -	\$ 2,817
Deposits payable	354,311	258,810	-	613,121
Compensated absences	3,608	5,265	(3,608)	5,265
Total Liabilities	<u>\$ 357,919</u>	<u>\$ 266,892</u>	<u>\$ (3,608)</u>	<u>\$ 618,386</u>

Total Agency Funds

ASSETS

Cash and investments	\$	371,975	\$	311,665	\$	(61,034)	\$	622,606
Accounts receivable		23,781		8,920		(25)		32,676
Interest receivable		330		434		(330)		434
Prepaid expenses		425		-		(425)		-
		<u>425</u>		<u>-</u>		<u>(425)</u>		<u>-</u>
Total Assets	\$	<u>396,511</u>	\$	<u>321,019</u>	\$	<u>(61,814)</u>	\$	<u>655,716</u>

LIABILITIES

Accounts payable	\$	8,739	\$	2,817	\$	(8,739)	\$	2,817
Deposits payable		384,164		311,661		(48,191)		647,634
Compensated absences		3,608		5,265		(3,608)		5,265
		<u>3,608</u>		<u>5,265</u>		<u>(3,608)</u>		<u>5,265</u>
Total Liabilities	\$	<u>396,511</u>	\$	<u>319,743</u>	\$	<u>(60,538)</u>	\$	<u>655,716</u>

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Statistical Section

This part of the report is consisted of the City of Susanville's comprehensive annual financial report which presents detailed information as a context for understanding in regarding to what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparison over time and with other governments.

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 as of June 30, 2004; schedules presenting government-wide information, include information beginning in that year.

Schedule 1
City of Susanville
Net Position by Component,
Last Ten Fiscal Years
Accrual Basis of Accounting

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	\$ 2,154,482	\$ 2,525,295	\$ 2,648,771	\$ 2,480,051
Restricted	253,461	1,600,652	1,565,208	1,651,776
Unrestricted	3,378,973	3,515,171	3,830,893	4,404,242
Total governmental activities net position	<u>\$ 5,786,916</u>	<u>\$ 7,641,118</u>	<u>\$ 8,044,872</u>	<u>\$ 8,536,069</u>
Business-type activities				
Net investment in capital assets	\$ 352,514	\$ 1,651,318	\$ (3,892,035)	\$ 3,673,059
Restricted for Debt Service	2,373,866	3,328,579	3,089,827	2,971,552
Unrestricted	(844,764)	(3,708,004)	1,368,985	(5,823,491)
Total business-type activities net position	<u>\$ 1,881,616</u>	<u>\$ 1,271,893</u>	<u>\$ 566,777</u>	<u>\$ 821,120</u>
Primary government				
Net investment in capital assets	\$ 2,506,996	\$ 4,176,613	\$ (1,243,264)	\$ 6,153,110
Restricted	2,627,327	4,929,231	4,655,035	4,623,328
Unrestricted	2,534,209	(192,833)	5,199,878	(1,419,249)
Total primary government net position	<u>\$ 7,668,532</u>	<u>\$ 8,913,011</u>	<u>\$ 8,611,649</u>	<u>\$ 9,357,189</u>

Source: City of Susanville's audited financial statements

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003-04.

		Fiscal Year									
		2008	2009	2010	2011	2012	2013				
\$	2,274,687	\$	2,062,283	\$	1,849,411	\$	1,829,076	\$	2,308,372	\$	2,012,346
	1,780,484		1,547,711		1,568,520		1,498,398		4,528,631		4,087,019
	5,396,427		5,607,906		5,810,858		5,908,797		2,409,681		2,510,650
\$	9,451,598	\$	9,217,900	\$	9,228,789	\$	9,236,271	\$	9,246,684	\$	8,610,015
\$	(2,285,127)	\$	(1,804,335)	\$	(2,877,539)	\$	(990,783)	\$	(2,692,970)	\$	(488,623)
	2,864,661		2,864,798		2,864,195		2,287,718		2,289,356		2,446,070
	2,044,780		2,269,768		3,649,199		3,672,627		6,180,214		5,049,590
\$	2,624,314	\$	3,330,231	\$	3,635,855	\$	4,969,562	\$	5,776,600	\$	7,007,037
\$	(10,440)	\$	257,948	\$	(1,028,128)	\$	838,293	\$	(384,598)	\$	1,523,723
	4,645,145		4,412,509		4,432,715		3,786,116		6,817,987		6,533,089
	7,441,207		7,877,674		9,460,057		9,581,424		8,589,895		7,560,240
\$	12,075,912	\$	12,548,131	\$	12,864,644	\$	14,205,833	\$	15,023,284	\$	15,617,052

Schedule 2
City of Susanville
Changes in Net Position
Last Ten Fiscal Years
Accrual Basis of Accounting

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government	\$2,055,249	\$1,991,240	\$1,629,410	\$1,616,449
Public safety	3,451,988	3,407,302	3,398,809	3,537,646
Streets	887,797	763,635	663,794	884,532
Protective Inspections	213,806	190,003	203,979	212,454
Community services	473,055	415,340	328,252	504,755
Community development	255,211	185,535	867,183	336,742
Interest on long term debt	199,930	402,890	294,672	230,157
Total governmental activities expenses	7,537,036	7,355,945	7,386,099	7,322,735
Business-type activities:				
Rodeo	\$70,032	55,031	36,508	-
Airport	81,362	116,260	113,600	145,780
Water	1,442,121	2,207,464	2,200,070	2,180,730
Geothermal	190,297	207,914	104,637	46,800
Natural Gas	2,814,468	3,858,071	4,855,872	4,783,357
Swimming Pool (closed in 2004-05)	193,679	148,842	-	-
Day Care	130,794	140,657	140,796	133,493
Golf Course	1,036	7,701	6,400	37,749
Total business-type activities expenses	4,923,789	6,741,940	7,457,883	7,327,909
Total primary government expenses	\$12,460,825	\$14,097,885	\$14,843,982	\$14,650,644
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$362,530	\$854,062	\$1,020,336	\$743,153
Public safety	273,909	448,104	179,907	308,352
Streets	97,142	277,403	-	265,907
Protective Inspections	195,483	219,654	232,684	167,645
Community services	24,349	31,918	4,784	5,932
Community development	44,159	48,584	45,392	48,620
Operating grants and contributions	2,834,407	675,192	890,930	690,816
Capital grants and contributions	-	53,172	337,178	494,448
Total governmental activities program revenues	3,831,979	2,608,089	2,711,211	2,724,873
Business-type activities:				
Charges for services:				
Rodeo	61,297	50,700	29,654	-
Airport	32,867	36,553	41,302	50,190
Water	1,796,393	2,118,368	2,046,516	2,064,187
Geothermal	250,742	223,565	71,124	73,653
Natural Gas	1,749,040	2,724,148	4,264,151	4,325,805
Swimming Pool	93,474	43,391	-	-
Day Care	98,485	134,231	121,386	117,446
Golf Course	-	-	-	-
Operating grants and contributions	25,666	174,347	202,667	283,641
Capital grants and contributions	-	-	-	438,934
Total business-type activities program revenues	4,107,964	5,505,303	6,776,800	7,353,856
Total primary government program revenues	\$7,939,943	\$8,113,392	\$9,488,011	\$10,078,729

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$816,839	\$1,228,083	\$1,094,945	\$1,149,706	\$1,105,539	\$787,118
3,696,206	3,479,617	3,517,162	3,461,796	3,371,428	3,249,421
1,427,687	935,540	963,197	1,240,131	839,484	2,580,926
244,966	235,270	210,793	239,869	203,416	214,070
325,669	288,355	255,316	255,719	242,259	240,801
462,648	416,103	149,961	106,432	214,604	405,626
194,800	186,060	175,910	166,008	288,284	116,906
7,168,815	6,769,028	6,367,284	6,619,661	6,265,014	7,594,868
-	-	-	-	-	-
166,609	189,488	171,886	227,608	248,776	236,959
2,145,401	2,396,179	2,126,843	1,997,499	1,976,560	2,041,448
63,868	55,889	52,561	67,755	47,435	48,214
4,941,853	4,924,613	4,557,201	4,341,673	4,093,592	4,052,356
-	-	-	-	-	-
118,160	144,912	120,890	93,502	-	-
99,865	112,179	136,267	311,089	442,571	429,898
7,535,756	7,823,260	7,165,648	7,039,126	6,808,934	6,808,875
\$14,704,571	\$14,592,288	\$13,532,932	\$13,658,787	\$13,073,948	\$14,403,743
\$27,937	\$132,822	\$155,256	\$303,864	\$487,912	\$12,830
121,247	137,948	172,430	201,942	127,275	68,428
-	36,417	49,047	61,704	86,309	436
-	31,433	9,491	8,749	1,761	75,200
8,931	18,526	22,472	20,461	24,152	99,123
176,485	100,443	94,344	86,654	95,094	33,288
1,178,902	1,183,468	748,635	741,230	799,904	994,075
1,098,653	98,210	162,515	600,507	155,084	1,736,845
2,612,155	1,739,267	1,414,190	2,025,111	1,777,491	3,020,225
-	-	-	-	-	-
52,477	58,097	58,284	70,632	70,075	78,488
2,049,605	2,424,802	2,315,996	2,271,480	2,358,189	2,335,499
69,389	69,391	69,783	100,728	92,731	92,732
4,650,665	4,271,575	4,723,849	4,667,746	4,431,883	4,499,718
-	-	-	-	-	-
107,890	76,875	60,676	39,895	-	-
-	-	-	182,573	318,888	314,274
439,104	10,000	-	-	-	38,574
1,672,609	1,490,068	29,175	24,176	154,941	99,685
9,041,739	8,400,808	7,257,763	7,357,230	7,426,707	7,458,970
\$11,653,894	\$10,140,075	\$8,671,953	\$9,382,341	\$9,204,198	\$10,479,195

(Schedule 2 continued)

Net (Expense)/Revenue			
Governmental activities	(\$3,705,057)	(\$4,747,856)	(\$4,674,888)
Business-type activities	(815,825)	(1,236,637)	(681,083)
Total primary government net expense	<u>(\$4,520,882)</u>	<u>(\$5,984,493)</u>	<u>(\$5,355,971)</u>

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes			
Property taxes	\$717,840	\$746,508	\$884,863
Sales taxes	1,605,629	1,516,274	1,263,661
Transient Lodging Taxes	354,338	462,246	465,369
Franchise taxes	47,608	45,275	39,161
Business license taxes	205,664	233,690	276,044
Other taxes	163,305	326,140	330,685
Property tax in lieu of VLF, unrestricted	-	988,907	1,138,723
Property tax in lieu of sales tax, unrestricted	-	308,668	417,836
Use of Money and Property	45,068	351,453	227,236
Gain (loss) on sale of capital assets	-	-	-
Miscellaneous revenues	-	277,911	227,752
Transfers	760,288	(239,569)	5,000
Total governmental activities	<u>3,899,740</u>	<u>5,017,503</u>	<u>5,276,330</u>
Business-type activities:			
Use of Money and Property	42,627	184,777	142,518
Gain on sale of capital assets	-	-	-
Miscellaneous revenues	-	-	-
Transfers	(760,288)	239,569	(5,000)
Total business-type activities	<u>(717,661)</u>	<u>424,346</u>	<u>137,518</u>
Total primary government	<u>3,182,079</u>	<u>5,441,849</u>	<u>5,413,848</u>
Change in Net Position			
Governmental activities	194,683	269,647	601,442
Business-type activities	(1,533,486)	(812,291)	(543,565)
Total primary government	<u>(\$1,338,803)</u>	<u>(\$542,644)</u>	<u>\$57,877</u>

Source: City of Susanville's audited financial statements

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003-04.

(Schedule 2 continued)

(\$4,597,862)	(\$4,556,660)	(\$5,029,761)	(\$4,953,094)	(\$4,594,550)	(\$4,487,523)	(\$4,574,643)
25,947	1,505,983	577,548	92,115	318,104	617,773	650,095
(\$4,571,915)	(\$3,050,677)	(\$4,452,213)	(\$4,860,979)	(\$4,276,446)	(\$3,869,750)	(\$3,924,548)

\$906,170	\$924,914	\$913,055	\$829,452	\$824,578	\$757,463	\$859,457
1,398,022	1,326,767	1,193,085	1,076,014	1,081,602	1,161,677	1,162,834
523,774	517,214	405,860	380,354	366,382	391,546	379,119
48,027	55,428	45,197	48,855	60,840	49,988	24,493
240,592	247,732	235,283	231,796	227,101	220,339	226,004
36,479	246,035	70,723	188,948	105,350	79,625	45,175
1,256,457	1,396,408	1,488,666	298,882	409,887	304,260	428,017
506,153	419,193	474,943	1,523,051	1,461,838	1,407,887	1,362,579
161,206	163,501	(35,749)	29,896	28,872	61,101	12,535
-	(6,491)	-	-	-	-	-
42,099	100,101	-	351,735	142,288	59,050	-
(29,920)	5,000	5,000	5,000	(375,069)	5,000	(562,239)
5,089,059	5,395,802	4,796,063	4,963,983	4,333,669	4,497,936	3,937,974

189,756	282,717	120,656	27,132	25,297	21,743	18,103
3,637	17,982	-	-	-	-	-
5,083	1,512	12,713	42,542	20,098	276,346	-
29,920	(5,000)	(5,000)	(5,000)	375,069	(5,000)	562,239
228,396	297,211	128,369	64,674	420,464	293,089	580,342
5,317,455	5,693,013	4,924,432	5,028,657	4,754,133	4,791,025	4,518,316

491,197	839,142	(233,698)	10,889	(260,881)	10,413	(636,669)
254,343	1,803,194	705,917	156,789	738,568	910,862	1,230,437
\$745,540	\$2,642,336	\$472,219	\$167,678	\$477,687	\$921,275	\$593,768

Schedule 3
City of Susanville
Fund Balances - Governmental Funds,
Last Ten Fiscal Years
Modified Accrual Basis of Accounting

	Fiscal Year			
	2004	2005	2006	2007
General Fund				
Reserved	\$83,392	\$102,413	\$305,858	\$370,296
Unreserved	711,771	844,902	971,144	1,281,067
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>795,163</u>	<u>947,315</u>	<u>1,277,002</u>	<u>1,651,363</u>
All Other Governmental Funds				
Reserved	574,208	420,365	688,726	399,192
Unreserved, reported in:				
Special revenue funds	753,032	589,990	501,016	566,069
Capital projects funds	503,734	281,564	13,370	275,168
Debt Service Funds	(178,461)	1,657,994	1,620,694	1,712,950
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$1,652,513</u>	<u>\$2,949,913</u>	<u>\$2,823,806</u>	<u>\$2,953,379</u>

Source: City of Susanville's audited financial statements

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$418,932	\$434,141	\$441,654	-	-	-
1,608,564	1,838,236	2,010,551	-	-	-
-	-	-	550,746	270,650	286,411
-	-	-	17,931	18,011	-
-	-	-	123,142	-	-
-	-	-	13,776	25,212	14,776
-	-	-	1,537,145	1,837,349	1,846,833
2,027,496	2,272,377	2,452,205	2,242,740	2,151,222	2,148,020
382,257	508,891	511,888	-	-	-
1,108,885	811,082	870,418	-	-	-
289,433	309,930	148,527	-	-	-
1,840,120	1,604,737	1,622,026	-	-	-
-	-	-	-	-	742
-	-	-	3,836,585	2,934,499	3,130,806
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(736,872)	(156,372)	(478,663)
\$3,620,695	\$3,234,640	\$3,152,859	\$3,099,713	\$2,778,127	\$2,652,885

Schedule 4
City of Susanville
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
Modified Accrual Basis of Accounting

	Fiscal Year				
	2004	2005	2006	2007	2008
Revenues					
Taxes and assessments	\$3,191,838	\$4,019,990	\$4,518,116	\$5,113,507	\$4,749,716
Licenses and permits	195,483	324,535	258,277	189,740	151,143
Fines and forfeitures	28,343	41,118	54,872	67,621	74,585
Use of money and property	45,068	680,604	232,778	141,181	145,591
Intergovernmental revenues	2,567,689	1,001,651	1,228,108	1,185,264	2,277,555
Program income	0	138,092	590,316	1,103,399	222,302
Charges for services	132,043	1,322,127	1,115,460	792,797	318,628
Other revenues	810,967	763,810	608,611	333,591	276,331
Total revenues	6,971,431	8,291,927	8,606,538	8,927,100	8,215,851
Expenditures					
General government	1,553,060	1,806,528	1,591,271	1,399,497	722,770
Public safety	3,347,798	3,211,146	3,453,212	3,486,523	3,601,675
Streets	506,158	712,216	670,762	848,692	1,397,936
Protective Inspections	212,278	188,475	203,470	212,454	244,966
Community services	443,568	324,616	273,198	441,325	265,023
Community development	255,211	414,785	863,933	1,500,658	634,274
Capital Outlay	1,085,611	593,457	717,791	119,358	104,490
Debt service:					
Principal	245,192	213,106	400,559	152,884	144,355
Interest	191,951	375,182	290,388	217,507	191,019
Debt issuance cost	-	-	-	-	-
Total expenditures	7,840,827	7,839,511	8,464,584	8,378,898	7,306,508
Excess of revenues over (under) expenditures	(869,396)	452,416	141,954	548,202	909,343
Other Financing Sources (Uses)					
Contributions from trust funds	-	-	56,626	-	-
Transfers in	1,030,131	830,452	736,834	377,575	555,154
Transfers out	(696,723)	(1,073,316)	(731,834)	(421,843)	(550,154)
Payment to refunded debt escrow agent	-	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-	-
Proceeds of long-term debt	-	-	-	-	-
Total other financing sources (uses)	333,408	(242,864)	61,626	(44,268)	5,000
Net changes in fund balances	(535,988)	209,552	203,580	503,934	914,343
Debt service as a percentage of non-capital expenditures	6.5%	8.1%	8.9%	4.5%	4.7%

Source: City of Susanville's audited financial statements

	Fiscal Year				
2009	2010	2011	2012	2012	
\$4,591,529	\$4,345,556	\$4,537,578	\$4,372,785	\$4,498,960	
103,413	100,231	92,956	100,385	74,183	
47,614	34,400	26,667	20,246	31,203	
(45,822)	26,242	17,202	11,477	27,504	
1,157,971	812,150	1,299,139	990,261	2,722,868	
53,969	67,644	60,693	36,831	50,400	
308,690	331,481	98,356	76,106	66,244	
356,862	719,459	602,319	651,310	43,270	
<hr/>					
6,574,226	6,437,163	6,734,910	6,259,401	7,514,632	
<hr/>					
996,337	969,963	944,718	661,910	605,024	
3,379,768	3,417,876	3,359,711	3,286,106	3,247,121	
912,577	948,044	1,224,596	816,587	2,663,852	
234,303	209,633	238,709	202,256	218,394	
219,456	193,714	193,759	181,416	185,481	
475,789	265,687	247,892	214,604	311,528	
184,642	25,910	106,003	200,718	83,207	
<hr/>					
135,000	140,000	145,000	160,000	135,216	
182,529	173,289	162,064	154,957	94,110	
-	-	-	86,454	-	
<hr/>					
6,720,400	6,344,115	6,622,451	5,965,008	7,543,933	
<hr/>					
(146,174)	93,047	112,458	294,392	(29,301)	
<hr/>					
-	-	-	-	-	
883,648	492,437	358,322	1,083,137	168,537	
(878,648)	(487,437)	(733,391)	(1,093,137)	(775,416)	
-	-	-	(1,787,682)	-	
-	-	-	-	16,356	
-	-	-	1,581,555	-	
<hr/>					
5,000	5,000	(375,069)	(216,127)	(590,523)	
<hr/>					
(141,174)	98,047	(262,611)	78,266	(619,823)	
<hr/>					
4.9%	5.0%	4.7%	7.0%	3.1%	

Schedule 5
City of Susanville
Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Less: Tax Exemptions</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2004	\$375,828,965	\$207,787	\$25,279,665	\$12,003,306	\$389,313,111	1.0000
2005	\$399,569,372	\$206,940	\$25,966,041	\$12,284,799	\$413,457,554	1.0000
2006	\$435,313,349	\$206,482	\$26,084,788	\$12,428,869	\$449,175,750	1.0000
2007	\$484,139,014	\$13,587	\$26,234,905	\$12,657,141	\$497,730,365	1.0000
2008	\$532,562,134	\$12,621	\$24,895,905	\$12,659,754	\$544,810,906	1.0000
2009	\$568,493,249	\$12,420	\$26,872,204	\$12,432,005	\$582,945,868	1.0000
2010	\$578,912,881	\$12,420	\$30,360,571	\$12,561,467	\$596,724,405	1.0000
2011	\$557,198,947	\$12,420	\$27,185,570	\$12,331,805	\$572,065,132	1.0000
2012	\$538,897,975	\$12,420	\$23,844,638	\$12,071,824	\$550,683,209	1.0000
2013	\$521,207,925	\$41,856	\$23,462,897	\$11,615,402	\$533,097,276	1.0000

Source:
Lassen County - Assessor's Office

Notes:
The voters of the State of California passed Proposition 13 in 1978 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property. Each year, the assessed value of property may be increased by an "Inflation factor" of no more than 2%. Property is assessed at 100% of the original purchase price and is reassessed upon each subsequent sale.

Tax rates are per \$1,000 of assessed value.

Schedule 6
 City of Susanville
 Direct and Overlapping Property Tax Rates,
 Last Fourteen Fiscal Years
 Rate per \$1,000 of assessed value

Fiscal Year	<u>City Direct Rate</u>	<u>Overlapping Rates (a)</u>		Total Direct Rate
	Basic Rate	Elementary School Bond	Elementary Bond 2009	
2000	1.0000	0.0605		1.0605
2001	1.0000	0.0586		1.0586
2002	1.0000	0.0606		1.0606
2003	1.0000	0.0606		1.0606
2004	1.0000	0.0598		1.0598
2005	1.0000	0.0090		1.0090
2006	1.0000	0.0096		1.0096
2007	1.0000	0.0008		1.0008
2008	1.0000			1.0000
2009	1.0000			1.0000
2010	1.0000		0.0279	1.0279
2011	1.0000		0.0264	1.0264
2012	1.0000		0.0268	1.0268
2013	1.0000		0.0288	1.0288

Source:
 Lassen County

Notes:
 The city's basic property tax rate is the same rate as Lassen County.
 Refer to Schedule 5 for explanation on direct rate limits.

(a) Overlapping rates are those of city and county governments that apply to property owners within the City of Susanville. Not all overlapping rates apply to all Susanville property owners.

Schedule 7
 City of Susanville
 Principal Property Tax Payers
 Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>2013</u>		<u>2004(b)</u>
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value (a)
Wal-Mart	11,296,903	1	2.05%
Rassier-Mariani	10,204,027	2	1.85%
Triple E Investment Co. Inc.	7,856,334	3	1.43%
Susanville Limited Partnership	6,846,208	4	1.24%
Foxdale Associates LTD (Walgreens)	6,280,769	5	1.14%
Lassen Station LP	4,360,865	6	0.79%
Susanville Citrus Manor	4,355,889	7	0.79%
Trav-Cor & Investment Inc	3,951,136	8	0.72%
Tritex Real Estate	3,618,635	9	0.66%
Standiford, Larry & Reta	3,366,706	10	0.61%
Total	<u>\$62,137,472</u>		<u>11.28%</u>

Source:
 Lassen County Assessors Office

Notes:
 (a) For total taxable assessed value, see schedule 5.
 (b) Information for 9 years ago unavailable, but will be accumulated over time as it becomes available.

Schedule 8
City of Susanville
Property Tax Levies and Collections,
Last Eleven Fiscal Years

Fiscal Year Ended June 30	County Taxes Levied	AB8 City Allocation Factor	Percent Growth	AB8 Allocations Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Levy		Amount	Percentage of Levy
2003	13,685,201	0.04209031	1.05503834	\$586,769	\$560,471	95.52%	\$29,938	\$590,409	100.62%
2004	13,940,708	0.04209031	1.05503834	\$597,587	\$560,471	93.79%	\$29,938	\$590,409	98.80%
2005	14,508,790	0.04118791	1.01843656	\$632,964	\$583,624	92.20%	\$32,765	\$616,389	97.38%
2006	15,302,568	0.04136327	1.03366934	\$684,095	\$613,665	89.70%	\$48,911	\$662,576	96.85%
2007	16,409,859	0.04168806	1.08078017	\$752,391	\$661,347	87.90%	\$43,224	\$704,571	93.64%
2008	18,125,879	0.04150919	1.09983310	\$818,267	\$707,387	86.45%	\$67,882	\$775,269	94.75%
2009	19,437,444	0.04209745	1.08755598	\$872,175	\$773,822	88.72%	\$67,890	\$841,712	96.51%
2010	20,699,884	0.04252227	1.06588089	\$909,755	\$773,350	85.01%	\$49,919	\$823,269	90.49%
2011	21,394,891	0.04143931	0.95963029	\$856,069	\$774,719	90.50%	\$11,422	\$786,141	91.83%
2012	21,394,891	0.04141142	0.96529843	\$861,126	\$820,883	95.33%	\$30,972	\$851,855	98.92%
2013	20,794,398	0.04141142	0.96946497	\$834,831	\$749,821	89.82%	\$0	\$828,698	99.27%

Sources:
Lassen County Assessors Office

Notes:
Taxes levied are totals for Lassen County. Taxes are based on 1% of assessed value. Taxes are distributed using an AB8 allocation factor. Therefore, city tax amounts will not compute using this 1% as a basis.

Schedule 9
City of Susanville
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities				
	General Obligation Bonds (7)	Capital Leases	Special Assessment Bonds (3)	Total Governmental Activities	Revenue Bonds (6)	Term Loan (4)	Certificate of Participation (6)	Capital Leases (5)
2004	2,215,000	185,904	1,200,000	3,600,904	6,405,000	973,390	24,240,000	5,572
2005	2,155,000	87,798	1,145,000	3,387,798	9,610,000	963,000	24,240,000	4,669
2006	2,095,000	52,238	1,140,000	3,287,238	9,480,000	953,000	24,240,000	4,669
2007	2,035,000	19,549	1,080,000	3,134,549	9,345,000	943,000	24,240,000	-
2008	1,975,000	-	1,015,000	2,990,000	9,200,000	1,285,222	24,240,000	-
2009	1,910,000	-	945,000	2,855,000	9,050,000	1,306,123	24,240,000	-
2010	1,845,000	-	870,000	2,715,000	9,050,000	1,336,194	24,240,000	77,034
2011	1,780,000	-	790,000	2,570,000	34,860,000	1,321,967	-	58,608
2012	-	1,581,555	700,000	2,281,555	34,230,000	1,330,615	-	39,063
2013	-	1,541,339	600,000	2,141,339	33,900,000	1,329,587	-	18,297

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) Personal Income for the City is unavailable. Substituted property values in this calculation. See Schedule 5 for values.*
- (2) Population data can be found in schedule 13.*
- (3) Payment for this bond is responsibility of property owners within the assessment district.*
- (4) In 2008 the Golf Course Loan was established*
- (5) In 2010 the Golf Course entered into a Capital Lease to acquire new equipment.*
- (6) In August of 2010, The Susanville Public Financing Authority issued new Revenue Refinancing Bonds and paid off the 2000 & 2004 Water Revenue Bonds and the Series 2003, A, B, & C Certificate of Participation Natural Gas Bonds*
- (7) In June 2012, The Susanville Public Financing Authority issued a new lease financing (City Hall Refunding Project) and paid off the 2002 Refunding Lease Bonds with Union Bank*

Total Business-type Activities	Total Primary Government	Percentage of Property Values (1)	Per Capita (2)
31,623,962	35,224,866	9.05%	3,871
34,817,669	38,205,467	9.24%	4,098
34,677,669	37,964,907	8.45%	4,097
34,528,000	37,662,549	7.57%	4,116
34,725,222	37,715,222	6.92%	4,149
34,596,123	37,451,123	6.42%	4,114
34,703,228	37,418,228	6.27%	4,161
36,240,575	38,810,575	6.78%	4,047
35,599,678	37,881,233	6.88%	4,051
35,247,884	37,389,223	7.01%	3,937

Schedule 10
City of Susanville
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2004	2005	2006	2007
Assessed Valuation	\$389,313,111	\$413,457,554	\$449,175,750	\$497,730,365
Conversion Percentage	25%	25%	25%	25%
Adjusted Assessed Valuation	\$97,328,278	\$103,364,389	\$112,293,938	\$124,432,591
Debt Limit Percentage	15%	15%	15%	15%
Debt Limit	\$14,599,242	\$15,504,658	\$16,844,091	\$18,664,889
Total net debt applicable to limit	\$2,215,000	\$2,155,000	\$2,095,000	\$2,035,000
Legal debt margin	\$12,384,242	\$13,349,658	\$14,749,091	\$16,629,889
Total net debt applicable to the limit as a percentage of debt limit	15.2%	13.9%	12.4%	10.9%

Source:
Lassen County Assessors Office
City of Susanville Finance Department

Notes:
The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. With the implementation of Prop 13, property is now assessed at 100% of market value (as of the most recent ownership of that parcel). The computations above reflect the 25% conversion from full valuation that would have been in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Fiscal Year

2008	2009	2010	2011	2012	2013
\$544,810,906	\$582,945,868	\$596,724,405	\$572,065,132	\$550,683,209	\$533,097,276
25%	25%	25%	25%	25%	25%
\$136,202,727	\$145,736,467	\$149,181,101	\$143,016,283	\$137,670,802	\$133,274,319
15%	15%	15%	15%	15%	15%
\$20,430,409	\$21,860,470	\$22,377,165	\$21,452,442	\$20,650,620	\$19,991,148
\$1,975,000	\$1,910,000	\$1,845,000	\$1,780,000	\$1,581,555	\$1,541,339
\$18,455,409	\$19,950,470	\$20,532,165	\$19,672,442	\$19,069,065	\$18,449,809
9.7%	8.7%	8.2%	8.3%	7.7%	7.7%

Schedule 11
City of Susanville
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita (a)
	General Obligation Bonds	Capital Leases	Total		
2004	2,215,000	185,904	2,400,904	0.62%	264
2005	2,155,000	87,798	2,242,798	0.54%	241
2006	2,095,000	52,238	2,147,238	0.48%	232
2007	2,035,000	19,549	2,054,549	0.41%	225
2008	1,975,000	-	1,975,000	0.36%	217
2009	1,910,000	-	1,910,000	0.33%	210
2010	1,845,000	-	1,845,000	0.31%	205
2011	1,780,000	-	1,780,000	0.31%	186
2012	-	1,581,555	1,581,555	0.29%	169
2013	-	1,541,339	1,541,339	0.29%	162

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(a) Population data can be found in Schedule 13

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Schedule 12
City of Susanville
Pledged Revenue Coverage
Last Ten Fiscal Years

Water Revenue Bonds						
Fiscal Year	Gross Income and Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2004	\$ 1,804,093	\$ 1,088,017	\$ 716,076	\$ 115,000	\$ 373,114	1.47
2005	2,327,816	1,338,483	989,333	134,440	503,440	1.54
2006	2,188,482	1,313,937	874,545	140,000	553,358	1.26
2007	2,255,916	1,333,562	922,354	145,000	547,213	1.33
2008	2,225,392	1,280,646	944,746	156,000	540,691	1.36
2009	2,514,097	1,531,625	982,472	161,000	532,967	1.42
2010	2,370,463	1,269,644	1,100,819	172,000	526,020	1.58
2011	2,296,647	1,274,530	1,022,117	355,000	282,626	1.60
2012	2,509,812	1,197,900	1,311,912	250,000	384,735	2.07
2013	2,345,393	1,246,419	1,098,974	255,000	382,235	1.72

Natural Gas Revenue Bonds						
Fiscal Year	Gross Income and Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2004	\$ 1,749,040	\$ 1,656,334	\$ 92,706	\$ -	\$ 1,414,075	0.07
2005	2,724,148	1,908,214	815,934	-	1,414,075	0.58
2006	4,264,151	2,920,251	1,343,900	-	1,414,075	0.95
2007	4,327,730	2,941,944	1,385,786	-	1,414,075	0.98
2008	4,650,665	3,010,223	1,640,442	-	1,414,075	1.16
2009	4,426,856	2,999,389	1,427,467	-	1,414,075	1.01
2010	4,728,040	2,622,739	2,105,301	-	1,414,075	1.49
2011	4,680,593	2,914,924	1,765,669	-	1,035,641	1.70
2012	4,570,796	2,164,607	2,406,189	25,000	1,417,565	1.67
2013	4,507,141	2,222,000	2,285,141	75,000	1,417,106	1.53

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Operating expenses do not include principal, interest, depreciation, amortization or grant expenses.
(a) Special Assessment Collections will not tie to the financial statement due to the yearly principal payment being booked to the revenue account to reduce the investment in bonds on the balance sheet
(b) In June 2012, the City refinanced the 2002 Refunding Lease Revenue Bonds held with Union Bank. The City new lease agreement with Compass bank and did not require any pledged revenues.

Miller /Fletcher Assessment Bonds

Special (a) Assessment Collections	Debt Service		Coverage
	Principal	Interest	
	72,163	50,000	
572,406	55,000	94,744	3.82
417,794	55,000	90,481	2.87
228,473	60,000	86,025	1.56
112,407	65,000	81,181	0.77
138,964	70,000	75,950	0.95
236,383	75,000	70,331	1.63
146,991	80,000	64,325	1.02
124,871	90,000	57,738	0.85
106,282	95,000	55,069	0.71

City Hall Improvement Lease (b)

Vehicle License Fees	Property Tax In Lieu of VLF	Debt Service		Coverage
		Principal	Interest	
		952,051	-	
120,328	988,907	60,000	106,605	6.66
174,072	1,138,723	60,000	105,015	7.96
116,605	1,256,457	60,000	103,215	8.41
83,753	1,396,408	60,000	101,265	9.18
63,206	1,488,666	65,000	99,043	9.46
54,597	1,523,051	65,000	96,573	9.76
85,151	1,461,838	65,000	94,005	9.73
9,022	1,407,887	70,000	91,235	8.79
		40,216	40,747	

Schedule 13

City of Susanville and County of Lassen

Demographic and Economic Statistics

Last Fourteen Years

Fiscal Year	City Population	Prison Population	Total City & Prison Population	Total County Population	County Personal Income	County Per Capita Personal Income	City Unemployment Rate
2000	8,620	8,469	17,089	33,960	\$589,375,000	\$17,355	6.90%
2001	8,733	8,676	17,409	33,883	\$605,104,000	\$17,859	7.10%
2002	8,936	8,456	17,392	34,183	\$628,276,000	\$18,380	7.50%
2003	9,216	8,670	17,886	34,955	\$666,873,000	\$19,078	7.50%
2004	9,099	9,000	18,099	34,846	\$708,056,000	\$20,320	7.40%
2005	9,323	9,001	18,324	35,455	\$736,266,000	\$20,766	7.70%
2006	9,267	9,070	18,337	35,452	\$783,732,000	\$22,107	7.60%
2007	9,151	8,987	18,138	36,375	\$824,244,000	\$23,563	7.80%
2008	9,091	8,479	17,570	35,757	\$888,241,000	\$25,375	9.10%
2009	9,104	8,298	17,402	35,550	\$923,137,000	\$26,721	12.70%
2010	8,992	8,439	17,431	35,889	\$960,891,000	\$27,603	14.00%
2011	9,591	7,963	17,554	34,577	\$986,835,000	\$28,855	11.60%
2012	9,352	7,442	16,794	34,167	n/a	n/a	11.90%
2013	9,496	6,482	15,978	33,422	n/a	n/a	12.40%

Sources:

Personal income and unemployment data - Labor Market Info - Employment Development Department

City and County population - State of California Department of Finance Demographic

Total County population includes the correctional facilities

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Schedule 14
City of Susanville
Principal Employers
Current Year and Nine Years Ago

Employer (c)	2013		
	Employees	Rank	Percentage of Total City Employment (a)
High Desert State Prison	1269	1	26.06%
California Correctional Center	1037	2	21.29%
Lassen County	437	3	8.97%
Susanville Indian Rancheria	307	5	6.30%
Banner Lassen Medical Center	219	4	4.50%
Diamond Mountain Casino	182	7	3.74%
Wal-Mart	176	6	3.61%
Lassen Community College	147	8	3.02%
Susanville School District	103	9	2.11%
Countryvilla Riverview Rehab	102	12	2.09%
Safeway	95	10	1.95%
Lassen Union High School	86	11	1.77%
Northeastern Rural Health	85	13	1.75%
City of Susanville	59	14	1.21%
Susanville Supermarket	50	15	1.03%
	4354		89.40%

Source:
Employment Development Department, Lassen County Chamber of Commerce

Notes:
(a) Total Labor Force for the City is 4870.
(b) Information unavailable for past nine years, but will be accumulated over time as it becomes available.
(c) Employers listed are within the city limits or have been annexed.

2004(b)

Employer	Employees	Rank	Percentage of Total City Employment (a)
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Information Unavailable

Schedule 15
 City of Susanville
 Full-time City Governmental Employees by Function/Program,
 Last Fourteen Fiscal Years

	Fiscal Year								
	2000	2001	2002	2003	2004	2005	2006	2007	2008
Administration	3.1	3.4	3.4	3.5	3.5	2.5	2.5	2.5	2.5
City Clerk	4.1	4.1	4.1	1.5	1.5	1.5	1.5	1.5	1.5
Finance	6.5	6.5	6.5	7	7	7	6	6	6
Police	23	24	24	24	22	22	20	21	20
Fire	8.8	9.7	9.7	11	10.5	8.5	8.5	9	11
Community Development	10	9.8	9.8	5	4.5	4.5	4.5	4	4
Community Services	5.9	6.9	6.9	9	9	8	5	6	3
Public Works	16.6	18.6	18.6	19	20	17	18	18	18
Total	78	83	83	80	78	71	66	68	66

Source:
 City Finance Department

Notes:
 A full-time employee is scheduled to work 2,080 hours per year.

Fiscal Year

2009	2010	2011	2012	2013
2.5	2.5	1.25	1.75	3.5
1.5	1.5	1	1	1.5
6	5	5	4.5	4
20	19	18	18	17
11	11	9	9	9
3	3	3.75	3.75	3
2	2	1	1	1
18	18	18	18	20
64	62	57	57	59

Schedule 16
City of Susanville
Operating Indicators by Function/Program,
Last Thirteen Fiscal Years

Function/Program	Fiscal Year						
	2001	2002	2003	2004	2005	2006	2007
General Government							
Building Permits Issued	300	377	465	532	453	467	352
Building Inspections Conducted	n/a	690	1094	1452	1821	2249	1921
Police							
Physical arrests	634	578	601	485	681	479	400
Parking violations	-	-	-	271	819	498	401
Traffic violations	677	1093	472	425	650	724	832
Fire							
Emergency responses	738	1098	1067	1087	1311	1309	1383
Fires extinguished	72	84	70	73	82	96	89
Inspections	n/a	n/a	n/a	406	217	350	224
Public Works							
Street resurfacing (miles)	-	6.27	-	-	-	0.25	-
Potholes repaired	110	75	125	150	150	180	165
Community Services							
Athletic field permits issued	4	4	4	4	4	4	4
Water							
New connections	16	31	41	91	34	8	68
Average daily consumption (thousands of gallons)	3026	3057	2954	3039	3152	2758	2116
Peak daily consumption (thousands of gallons)	4932	5055	4394	4642	4900	4777	4809
Natural Gas							
New connections	-	1480	329	323	124	69	109
Average daily consumption MMBTU's	-	246	328	441	457	513	499
Peak daily consumption MMBTU's	-	481	824	768	834	870	1044

Sources:
Various City Departments

Notes:
City's Natural Gas Department began operating in 2002
1 MMBTU equals one million British thermal units

Fiscal Year

2008	2009	2010	2011	2012	2013
281	332	262	260	342	264
1152	1145	716	574	884	915
565	483	532	609	712	663
338	256	248	159	122	114
1180	790	834	564	432	469
1390	1467	1552	1586	770	784
94	67	81	51	46	47
n/a	201	252	200	44	47
2.30	-	1	1.2	1.21	2.2
172	168	159	280	187	147
4	4	4	4	4	4
-12	22	-	-	-	-
2123	3173	1931	1833	1949	2121
5308	5500	5500	3484	4258	3637
73	84	71	63	90	134
539	472	553	579	548	565
1099	980	887	913	1116	1403

Schedule 17
City of Susanville
Capital Asset Statistics by Function/Program
Last Thirteen Fiscal Years

Function/Program	Fiscal Year					
	2001	2002	2003	2004	2005	2006
Police						
Stations	1	1	1	1	1	1
Patrol units	7	7	7	7	7	8
Fire						
Fire Stations	1	1	1	1	1	1
Fire engines	5	5	5	5	6	6
Public works						
Streets (miles)	53	53	53	54	54	54
Highways (miles)	-	-	-	-	-	-
Street lights	494	496	502	512	528	532
Traffic signals	-	-	-	-	-	-
Community Services						
Parks acreage	97	97	97	147	147	147
Playgrounds	2	2	2	2	2	2
Baseball/softball diamonds	3	3	3	3	3	3
Soccer/football fields	1	1	1	1	1	1
Museums	1	1	1	1	1	1
Swimming pools	1	1	1	1	-	-
Water						
Water mains (miles)	63	63	64	64	65	65
Fire Hydrants	344	352	356	371	389	396
Storage capacity (thousands of gallons)	2000	2000	3000	4000	4000	4000
Water meters	3436	3467	3508	3599	3633	3641
Natural Gas						
Gas mains (miles)	44	56	56	56	57	57
Gas meters	-	1480	1809	2063	2143	2212

Sources:
Various City departments

Notes:
Traffic Signals and Highways are owned and maintained by CalTrans.
City's Natural Gas Department began operating in 2002
In December 2005, Roosevelt Pool was closed due to structural damage to the building that housed the pool.

Fiscal Year

2007	2008	2009	2010	2011	2012	2013
1	1	1	1	1	1	1
7	8	13	14	14	13	13
1	1	1	1	1	1	1
6	6	6	7	7	7	7
54	54	54	54	54	54	54
-	-	-	-	-	-	-
532	532	532	532	532	532	532
-	-	-	-	-	-	-
147	147	147	147	147	147	147
2	2	2	2	2	2	2
3	3	3	3	3	3	3
1	1	1	1	1	1	1
1	1	1	1	1	1	1
-	-	-	-	-	-	-
65	65	65	65	65	65	65
403	403	410	414	414	414	414
4000	4000	4000	4000	4000	4000	4000
3709	3788	3797	3807	3800	3803	3803
59	59	59	60	61	61	61
2281	2462	2546	2630	2694	2785	2846

Schedule 18
City of Susanville
Water Department
Water Sold by Type of Customer
Last Ten Fiscal Years
(In Millions of Gallons)

	Fiscal Year				
	2004	2005	2006	2007	2008
Residential	569.45	548.37	567.09	558.7	549.86
Commercial	245.6	216.2	209.1	214.91	205.6
Total	815.0	764.5	776.2	773.6	755.5
Water Sales	\$1,796,393	\$2,118,368	\$2,046,516	\$2,064,187	\$2,049,605
City Direct Rate Per Gallon	0.0022	0.0028	0.0026	0.0027	0.0027

Source:
City of Susanville Finance Department

Notes:
Total Water Revenue equals charges for services as found in schedule 2.
Ten years of data unavailable due to software conversion.
Data will be accumulated from 2004 forward.

Fiscal Year

2009	2010	2011	2012	2013
541.7	514.31	478.38	519.60	548.43
206.75	190.50	190.24	191.80	225.28
748.5	704.8	668.6	711.4	773.7
\$2,424,802	\$2,315,996	\$2,271,480	\$2,358,189	\$2,333,534
0.0032	0.0033	0.0034	0.0033	0.0030

Schedule 19
 City of Susanville
 Water Department
 Water Rates
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Monthly Base Rates		Average Rate per 1,000 Gallons
2004	\$12.85		\$1.23
2005	\$16.50		\$1.41
2006	\$18.20		\$1.41
2007	\$18.20		\$1.41
2008	\$18.20		\$1.41
2009	\$23.65	**	\$1.16
2010	\$23.65	**	\$1.16
2011	\$23.65	**	\$1.16
2012	\$23.65	**	\$1.16
2013	\$23.65	**	\$1.16

Source

City of Susanville Finance Department

Notes:

Rates are based on 5/8" meter, which is standard household meter size.

Commercial accounts charged differently based on meter size.

*** First 300 cubic feet now included in base rate.*

Schedule 20
 City of Susanville
 Water Department
 Top Ten Water Customers
 Current Year and Nine Years Ago

Water Customer	2013		2004(b)	
	Water Charges (a)	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
Lassen County	\$70,004.00	3.00%	Information Unavailable	
City of Susanville	\$36,102.00	1.55%		
Lassen High School District	\$29,521.00	1.27%		
Susanville Indian Rancheria/Casino	\$19,688.00	0.84%		
Hidden Acres Mobile Home Park	\$18,486.00	0.79%		
Diamond View School	\$15,867.00	0.68%		
Meadowview Elementary School	\$15,553.00	0.67%		
Citrus Manor Apartments	\$13,605.00	0.58%		
Millview Apartments	\$10,158.00	0.44%		
Mountain View Mobile Home Park	\$8,714.00	0.37%		
	\$237,698.00	10.19%		

Source:
 City of Susanville Finance Department

Notes:
 (a) Total Water Revenue equals charges for services as found in schedule 2.
 (b) Ten years of information unavailable but will be accumulated as available.

Schedule 21
 City of Susanville
 Gas Department
 Gas Sold by Type of Customer
 Last Ten Fiscal Years
 (In Therms)

	Fiscal Year				
	2004	2005	2006	2007	2008
Residential	749,716	974,574	932,384	881,058	942,696
Commercial	548,769	730,538	941,029	943,663	1,024,591
Total	1,298,485	1,705,112	1,873,413	1,824,721	1,967,287
Nat Gas Sales	\$1,749,040	\$2,724,148	\$4,264,151	\$4,325,805	\$4,650,665
City Direct Rate per Therm	\$1.35	\$1.60	\$2.28	\$2.37	\$2.36

Source:
 City of Susanville Finance Department - Utility Billing

Notes:
 Total Gas Revenue equals charges for services as found in schedule 2.
 100 cubic feet=100,000 BTUs=1 Therm
 BTU is British Thermal Unit
 Ten years of information unavailable but will be accumulated as available.

Fiscal Year				
2009	2010	2011	2012	2013
837,390	937,912	969,365	970,855	989,815
926,457	1,092,072	1,145,538	1,059,126	1,072,065
1,763,847	2,029,984	2,114,903	2,029,981	2,061,880
\$4,271,575	\$4,723,849	\$4,667,746	\$4,431,883	\$4,499,459
\$2.42	\$2.33	\$2.21	\$2.18	\$2.18

Schedule 22
 City of Susanville
 Gas Department
 Gas Rates
 Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Monthly Base Rates</u>	<u>Rate per Therm</u>	
2004	\$6.00	\$1.42	
2005	\$7.00	\$1.65	
2006	\$7.00	\$2.44	
2007	\$7.00	\$2.21	(A)(B)
2008	\$7.00	\$2.21	(A)(B)(C)
2009	\$7.00	\$2.30	(A)(B)(C)
2010	\$7.00	\$2.20	(A)(B)(C)
2011	\$7.00	\$2.20	(A)(B)(C)
2012	\$7.00	\$2.20	(A)(B)(C)
2013	\$7.00	\$2.14	(A)(B))(C)(D)

Source:
 City of Susanville Finance Department

Notes:
 City of Susanville Natural Gas Department began operation in 2002
 (A) - The City of Susanville passed new gas rates in May of 2010 with Resolution #10-4625 removing winter and summer rates and applying one rate for customers. It have new customer sign-ups a welcome rate for one year at \$1.95 per therm.

	<u>Rates</u>
0-450 Therms	\$2.20
450 + Therms	\$2.12

(B) - Resolution 07-4306 set variable price index billing for the city's largest consuming customers capable of using alternate fuels as their primary energy source in place of natural gas. The variable gas rate is set monthly by comparing one or both of the propane and heating oil indexes to the city's variable monthly gas cost. The lowest of the three shall be used as the current billing rate.

(C) - Resolution 07-4119 gave the city's largest users that qualify for the variable price index the opportunity to lock into a fixed price for all or a portion of their supply. The fixed price is a mutually agreeable fixed price offered through City of Susanville by Susanville's gas supplier for the quantities specified by the customer, plus customer's variable price natural gas adder.

(D) - Resolution 13-4952 reduced the natural gas rates by .06 cents beginning July 1, 2013 and expiring June 30, 2014. Rates effective July 1, 2013 will be \$2.14/therm (0-450 therms) and \$2.06/therm (450 or more therms)

1 Therm=100,000 BTUs

Schedule 23
 City of Susanville
 Gas Department
 Top Ten Gas Customers
 Current Year and Nine Years Ago

Gas Customer	2013		2004 (b)	
	Gas Charges (a)	Percent of Total Gas Revenues	Gas Charges	Percent of Total Gas Revenues
Banner Lassen Hospital	\$276,428	6.14%	Information Unavailable	
Lassen Community College	\$217,012	4.82%		
Lassen County	\$128,223	2.85%		
Susanville Indian Rancheria	\$83,345	1.85%		
Lassen High School/Credence	\$57,143	1.27%		
Safeway	\$54,474	1.21%		
Northeastern Rural Health	\$49,962	1.11%		
McKinley School	\$43,349	0.96%		
Meadowview Elementary	\$32,799	0.73%		
California Division of Forestry	\$29,370	0.65%		
	\$972,105	21.60%		

Source:
 City of Susanville Finance Department

Notes:
 (a) Total Gas Revenue equals charges for services as found in schedule 2.
 (b) Ten years of information unavailable but will be accumulated as available.