



2012

CITY OF SUSANVILLE

Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30

CITY OF SUSANVILLE
CALIFORNIA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the fiscal year ended
June 30, 2012

Finance Department
City of Susanville

CITY OF SUSANVILLE

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66 North Lassen Street
Susanville, California 93130
Telephone (530) 252-5100
Fax (530) 252-1020

December 26, 2012

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, 2012 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 Moss, Levy & Hartzhiem, 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, 2012 are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified 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 position of the Mayor and Mayor Pro-Tempore are elected 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 Clerk. All municipal elections are non-partisan.

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. 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. Declining housing prices over the last year has made an impact on the revenues received for property taxes but we did see an increase in our sales taxes. Property taxes accounted for approximately 14% of the general fund revenues in 2012 as compared to 11% in 2011. Sales tax comprised 27% of general fund revenues in 2012 as compared to 20% in 2011.

Economically the City has continued to balance decreasing revenues by restructuring City functions and leaving vacant positions unfilled. 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 only a modest 4% decline in total population (17,554 to 16,794) from 2011 to 2012. 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 of Susanville continues to focus priority efforts on projects that promote quality new development that includes 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.
- Update the City of Susanville's General Plan.
- 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.

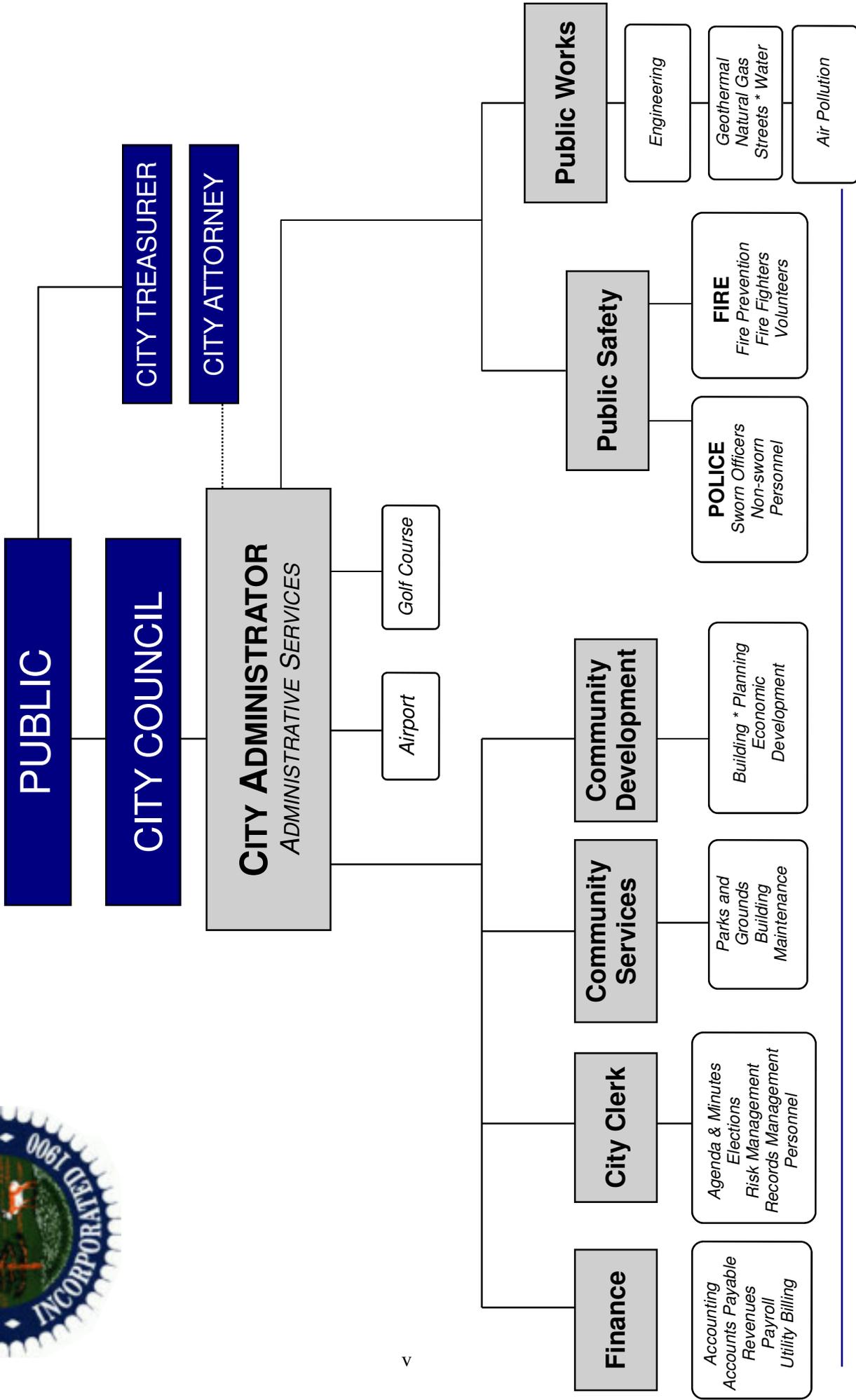
I wish to express my thanks and appreciation to the Mayor, Members of the City Council and Management for their leadership, interest, and continued support in planning and conducting the financial operations of the City of Susanville in a responsible and prudent manner in the best interests of the citizens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



City Council

Fiscal Year 2011-12

Mayor

Rodney E. DeBoer

Mayor Pro-Tempore

Brian Wilson

Council Members

Lino Callegari

Cheryl McDonald

Nicholas McBride

City of Susanville
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
for the Fiscal Year Ending June 30, 2011***

Presented to the

City of Susanville

This certificate is issued in recognition of meeting professional standards and criteria in reporting which reflect a high level of quality in the annual financial statements and in the underlying accounting systems from which reports were prepared.

February 29, 2012



Scott Johnson
CSMFO President



Chu Thai, Chair
***Professional Standards and
Recognition Committee***



Dedicated Excellence in Municipal Financial Reporting



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
9107 WILSHIRE BLVD. SUITE 500
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 E. HANNUM AVE, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the
City Council of the City of Susanville
Susanville, California

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 (City), California, as of and for the fiscal year ended June 30, 2012, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. 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* as issued by the Controller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position and cash flows where applicable thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 of the notes to the basic financial statements effective July 1, 2011, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*.

In accordance with the *Government Auditing Standards*, we have also issued a report dated December 26, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 17 and budgetary comparison information on pages 67 and 68 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Susanville, California's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, combining internal service fund statements, agency fund statement of changes in assets and liabilities, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules, combining internal service fund statements, and agency fund statement of changes in assets and liabilities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim LLP
Culver City, California
December 26, 2012



City of Susanville
Management's Discussion & Analysis
June 30, 2012

This is the management's discussion and analysis of the financial performance of the City of Susanville for the fiscal year ended June 30, 2012. 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

Fund Financial Statements - 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.

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 financial statements presented are:

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

These financial statements, together with the note disclosures, constitute the basic financial statements of the City.

Government-Wide Funds

Generally accepted accounting principles (GAAP) for state and local governments prescribe two basic government-wide financial statements: the government-wide *statement of net assets* and the 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.

Government-wide statement of net assets

Format

This is the basic government-wide statement of all the city's *permanent accounts* (assets, liabilities, and equity/net assets).

The format is: Assets – Liabilities = Net assets

The difference between assets and liabilities is referred to as *net assets* (rather than *equity*).

Activities columns

GAAP requires that the primary government's governmental activities be reported separately from its business-type activities. Business-type activities include enterprise funds; however, Internal Service funds will be included as part of governmental activities. GAAP requires that the government-wide statement of net assets provide a total column for the primary government. All internal balances (payables and receivables between governmental activities) are generally eliminated from this total column.

Government-wide statement of activities

The government-wide *Statement of Activities* is used to report changes in the net assets reported in the government-wide statement of net assets.

Format

Unlike the operating statement, 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, protective inspections, 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 other than taxes and other general revenues. 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 FUNDS

GAAP requires two basic statements: Governmental Funds Balance Sheet and the 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*. GASB statement #54 outlines five new components of fund balance designation. Fund balance is divided into *non-spendable, restricted, committed, assigned, and unassigned*.

Major fund reporting

GAAP requires that each *major* fund be reported on a separate column (the general fund is always considered a major fund). All other non-major governmental funds are reported into a single column regardless of fund type.

10 % Criterion – An individual governmental fund reports at least 10 percent of any of the following:

- Total governmental fund assets
- Total governmental fund liabilities
- Total governmental fund expenditures
- Total governmental fund revenues

5% Criterion – An individual governmental 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 must be presented for the general fund and for each major individual special revenue fund for which an annual budget is legally adopted. At a minimum, the budgetary comparison must include the following:

- Original appropriated budget
- Final amended budget
- Actual amounts

PROPRIETARY FUNDS

GAAP prescribes three basic financial statements for proprietary funds:

- Statement of net assets/balance sheet
- Statement of revenues, expenses, and changes in fund net assets/equity
- Statement of cash flows

GAAP requires the same major fund reporting for enterprise funds described earlier for governmental funds. However, GAAP also indicates that internal service funds are *never* to be reported as major funds. Internal service funds are in a unique situation. Although internal service funds are proprietary funds (like enterprise funds) they are consolidated as part of governmental activities because their primary customers are typically the governmental operations. Therefore, internal service funds will be reported in a separate aggregated column on the proprietary fund statement of net assets (balance sheet).

FIDUCIARY FUNDS

Fiduciary funds statements provide information about the financial relationship 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 assets and liabilities (or “net assets” for trust funds)
- Statement of changes in fiduciary net assets (for trust funds only)

Fiduciary funds are never reported as major funds. Therefore, the focus of reporting for the fiduciary fund statements should be the various fund types. That is, the statement should present one column for each fund type reported. The statement of changes in fiduciary net assets is unique in that all changes in net assets are classified as either *additions* or *deletions*.

The City has four fiduciary funds: Historic Uptown Susanville Association Business Improvement District (HUSA), Section 125 AFLAC, Air Pollution District, and Local Agency Formation Commission (LAFCO).

COMPARATIVE DATA

FINANCIAL ANALYSIS

Net assets act as an indicator of a government’s financial position. In the case of the City, assets exceeded liabilities by \$14.2 million as of June 30, 2011 (\$9.2 million for Governmental Activities and \$5.0 million for Business-type Activities), and by \$15.1 million as of June 30 2012 (\$9.2 million for Governmental Activities and \$5.9 million for Business-Enterprise 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. Tables A-1 and A-2 below, present a summary of the City’s Statement of Net Assets for fiscal years ended June 30, 2011 and 2012.

Table A-1
Government Net Assets for June 30, 2011 and 2012
Governmental activities

	<u>2011</u>	<u>2012</u>
Cash & investments	\$ 4,039,721	\$ 4,029,902
Capital assets	4,544,076	4,321,324
Other assets, including cash and Investments with fiscal agents	4,459,541	4,017,798
Total assets	<u>\$ 13,043,338</u>	<u>\$ 12,369,024</u>
Long-term liabilities	2,743,618	2,624,270
Other liabilities	1,063,449	498,070
Total liabilities	<u>\$ 3,807,067</u>	<u>\$ 3,122,340</u>
Invested in capital assets, net of related debt	2,072,326	2,308,372
Restricted	4,958,166	4,528,631
Unrestricted net assets	2,205,779	2,409,681
Total net assets	<u>\$ 9,236,271</u> =====	<u>\$ 9,246,684</u> =====

Table A-2
Government Net Assets for June 30, 2011 and 2012
Business-type activities

	<u>2011</u>	<u>2012</u>
Cash & investments	\$ 5,044,623	\$ 6,458,288
Capital assets	31,422,411	30,680,656
Other assets	3,117,505	3,277,875
Total assets	<u>\$ 39,584,539</u>	<u>\$ 40,416,819</u>
Long-term liabilities	34,181,039	33,519,735
Other liabilities	433,938	605,210
Total liabilities	<u>\$ 34,614,977</u>	<u>\$ 34,536,395</u>
Invested in capital assets, net of related debt	(990,783)	(2,692,970)
Restricted for debt service	2,287,718	2,289,356
Unrestricted net assets	3,672,627	6,284,038
Total net assets	<u>\$ 4,969,562</u> =====	<u>\$ 5,880,424</u> =====

The Statement of Activities presents program revenues and expenses and general revenues in detail. All these are elements in the Changes in Governmental Net Assets summarized in Tables B-1 and B-2.

Table B-1
Changes in Governmental Net Assets
For the Fiscal Years Ended June 30, 2011 and 2012
Governmental Activities

EXPENSES	<u>2011</u>	<u>2012</u>
<u>Program expenses (by function):</u>		
General Government	\$ 1,149,706	\$ 1,105,539
Public Safety	3,461,796	3,371,428
Streets	1,240,131	839,484
Protective Inspections	239,869	203,416
Community Services	255,719	242,259
Community Development	106,432	214,604
Interest on long term debt	166,008	288,284
Total expenses	<u>\$ 6,619,661</u>	<u>\$ 6,265,014</u>
 REVENUES		
<u>Program Revenues (by major source):</u>		
Charges for services	\$ 683,374	\$ 822,503
Operating Contributions, Capital Contributions and Grants	1,341,737	954,988
Total program revenues	<u>\$ 2,025,111</u>	<u>\$ 1,777,491</u>
 <u>General Revenues (by major source):</u>		
Property taxes	\$ 824,578	\$ 757,463
Sales & use taxes	1,081,602	1,161,677
Transient lodging taxes	366,382	391,546
Franchise taxes	60,840	49,988
Business license taxes	227,101	220,339
Other taxes	105,350	79,625
Property tax in lieu of Sales tax	409,887	304,260
Property tax in lieu of VLF	1,461,838	1,407,887
Use of money and property	28,872	61,101
Miscellaneous revenues	142,288	59,050
Total general revenues	<u>\$ 4,708,738</u>	<u>\$ 4,492,936</u>
Total revenues	<u>\$ 6,733,849</u>	<u>\$ 6,270,427</u>
Excess (deficiency) before transfers:	\$ 114,188	\$ 5,413
Transfers	<u>(375,069)</u>	<u>5,000</u>
Changes in net assets	<u>\$ (260,881)</u>	<u>\$ 10,413</u>
Net assets at July 1, 2010 and 2011	9,228,789	9,236,271
Prior Period Adjustments	<u>268,363</u>	<u> </u>
Net assets at July 1, 2010 and 2011, restated	<u>9,497,152</u>	<u>9,236,271</u>
Ending net assets at June 30, 2011 and 2012	<u>\$ 9,236,271</u> =====	<u>\$ 9,246,684</u> =====

Table B-2
 Changes in Governmental Net Assets
 For the Fiscal Year Ended June 30, 2011 and 2012
Business-Type Activities

EXPENSES	<u>2011</u>	<u>2012</u>
<u>Expenses (by function)</u>		
Airport	\$ 227,608	248,776
Water	1,997,499	1,976,560
Geothermal	67,755	47,435
Natural Gas	4,341,673	4,093,592
Day Care	93,502	-
Golf Course	<u>311,089</u>	<u>442,571</u>
Total expenses	\$ <u>7,039,126</u>	\$ <u>6,808,934</u>
 REVENUES		
<u>Program revenues (by major source)</u>		
Charges for Services	\$ 7,333,054	\$ 7,271,766
Operating, Capital Contributions and grants	24,176	154,941
 <u>General revenues (by major source)</u>		
Use of money and property	25,297	21,743
Miscellaneous revenue	20,098	276,346
Total program and general revenues	<u>\$ 7,402,625</u>	<u>\$ 7,724,796</u>
Excess (deficiency) before transfers:	\$ 363,499	\$ 915,862
Transfers	<u>375,069</u>	<u>(5,000)</u>
Change in net assets	<u>\$ 738,568</u>	<u>\$ 910,862</u>
Net Assets, July 1, 2010 and 2011	3,635,855	4,969,562
Prior Period Adjustments	<u>595,139</u>	<u></u>
Net Assets, July 1, 2010 and 2011 Restated	\$ 4,230,994	\$ 4,969,562
Net Assets, June 30, 2011 and 2012	<u>\$ 4,969,562</u> =====	<u>\$ 5,880,424</u> =====

OVERALL ANALYSIS

The Fiscal Year 2011-12 annual budget was prepared and approved on time and became effective July 1, 2011. As with most cities in the State of California, we have had to deal with declining revenues each fiscal year. To balance the General Fund budget, the City used a base budget with no additions and left unfilled positions vacant for three months to give the General Fund a small beginning surplus. 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.

Overall, the financial position of the City improved from the prior fiscal year. At June 30, 2012 the total pooled cash and investments for all funds increased by \$1,403,846 (from \$9,084,344 to \$10,488,190). Of the largest funds, the General Fund cash increased by \$242,665 (from \$1,256,094 to \$1,498,759). This increase in cash is mostly due to a SCORE retrospective adjustment for \$228,281, and a decrease of DUE FROM other funds for \$14,384 (from \$519,608 to \$505,224).

The Natural Gas Fund cash increased by \$902,663 (from \$1,278,083 to \$2,180,746). This increase is due mostly from the declining cost of 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.

The Water Fund increased by \$463,660 (from \$3,620,485 to \$4,084,145). This increase is mostly due to a water rate increase approved in 2008 that designated setting aside the increased revenue for meter and water lines replacement. The cash is set aside in a CIP fund until enough cash is collected to fund each phase of the project. Total net assets in the business-type activities increased by \$910,862 (from \$4,969,562 to \$5,880,424); again the main reasons for this increase are explained above.

Governmental Activities

Overall, in fiscal year 2011-12, the City's ability to keep its commitments has remained the same.

FUND ANALYSIS

ANALYSIS OF MAJOR GOVERNMENTAL FUNDS

GENERAL FUND - Fiscal year 2011-12 ended with a very small decrease in fund balance of -\$91,518 (from \$2,242,740 to \$2,151,222). The decrease in fund balance is mostly due the transfer of \$669,252 to close the Redevelopment Agency Fund. The City had an RDA fund that had accumulated debt during the start up process, but an approved project area was never completed and this debt was transferred to the General Fund to close the RDA Fund. This would have created a very large decrease in fund balance, but a retrospective reimbursement from SCORE (our JPA that provides liability and workers compensation coverage) of \$473,000 and salary savings from delaying the hiring of positions that became vacant, drastically reduced this hit to fund balance. The continual staff reductions have helped the City cope with the economic downfall of the last few fiscal years; however, the City's ability to provide services has started to degrade in quality and quantity.

Total General Fund revenues and transfers-in decreased from the prior fiscal year by a total of -\$18,347 (from \$5,235,158 to \$5,216,811). This decrease is due to a combination of a decrease in taxes and assessments of \$-132,673, an increase in

Licenses and permits of \$7,429, a decrease in Fines and forfeitures of \$-6,421, a decrease in Use of money and property \$-3,425, an increase in Intergovernmental revenues of \$60,990, an increase of Program Income of \$834, a decrease in Charges for Services of \$-22,250, an increase in other revenue of \$79,125 and a decrease in transfers in by \$-1,956.

Compared to the prior fiscal year, the General Fund expenditures and transfers-out decreased by -\$136,294 (from \$5,444,623 to \$5,308,329). The change is a combination of a decrease in the General Government of \$-282,808, a decrease in Public Safety of \$-48,808, a decrease in Protective Inspections of \$-36,453, a decrease in the Community Services Department of \$-12,343, an increase in Community Development Department of \$7,522, an increase in capital outlay of \$14,894, and an increase in transfers-out of \$221,702.

GAS TAX AND OTHER GOVERNMENTAL FUNDS

Cash transfers from the General Fund and Street Mitigation Fund to the Gas Tax Fund decreased by \$-97,409 (from \$184,458 to \$87,049). Fiscal Year 2011-12 ended with an increase to fund balance of \$244,410 (from \$246,960 to \$491,370). This increase is due to the City receiving Section 2103 gas tax funds. When the State of California exchanged Proposition 42 funding with Section 2103, our small City was able to collect these revenues as they were not tied to meeting a Memorandum of Effort.

The Other Governmental Funds are not presented separately in the Basic Financial Statements, but are individually presented as Other Supplemental Information. At June 30, 2012, the total fund balance of these funds was \$2,778,127, a decrease of \$-74,626 when compared to the prior fiscal year of \$2,852,753.

ANALYSIS OF MAJOR PROPRIETARY FUNDS

Business-type Activities

WATER UTILITY ENTERPRISE FUND – At June 30, 2012, the Water Fund shows an increase in net assets of \$528,252 (from \$1,964,531 to \$2,492,783). Total assets increased by \$344,368 (due to an increase in cash of \$463,660, an increase in accounts receivable of \$173,736, offset by a decrease in deferred charges of -9,780, a decrease in interest receivable of \$-1,300, a decrease in inventory of \$-12,707 and a net change in depreciable assets of \$-269,241); and total liabilities decreased by \$183,884 (due to an increase in accounts payable \$21,558 and an increase in deposits payable for \$14,880 offset by a decrease in noncurrent liabilities of \$-220,322).

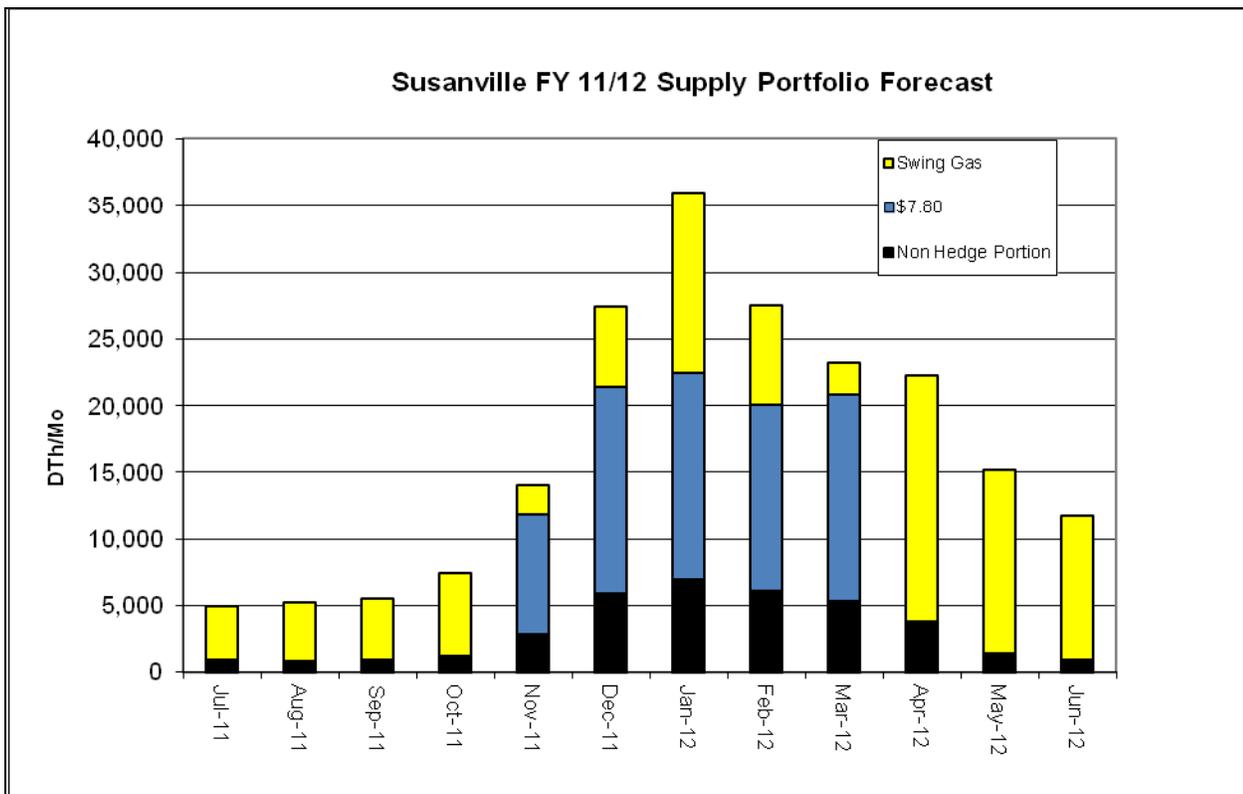
The Water system remained the same during the fiscal year. The number of water accounts increased from 3,800 at June 30, 2011 to 3,803 at June 30, 2012.

NATURAL GAS ENTERPRISE FUND – The Natural Gas system did very well in FY 2011-12 by exceeding expectations and ultimately reducing its net assets deficit by \$ 477,204 (from negative \$-1,225,148 to negative \$-747,944). This reduction was largely due to an increase in total assets of \$575,972 (an increase in cash of \$902,663, in accounts receivable of \$69,841, miscellaneous assets of \$4,064 offset by a reduction in

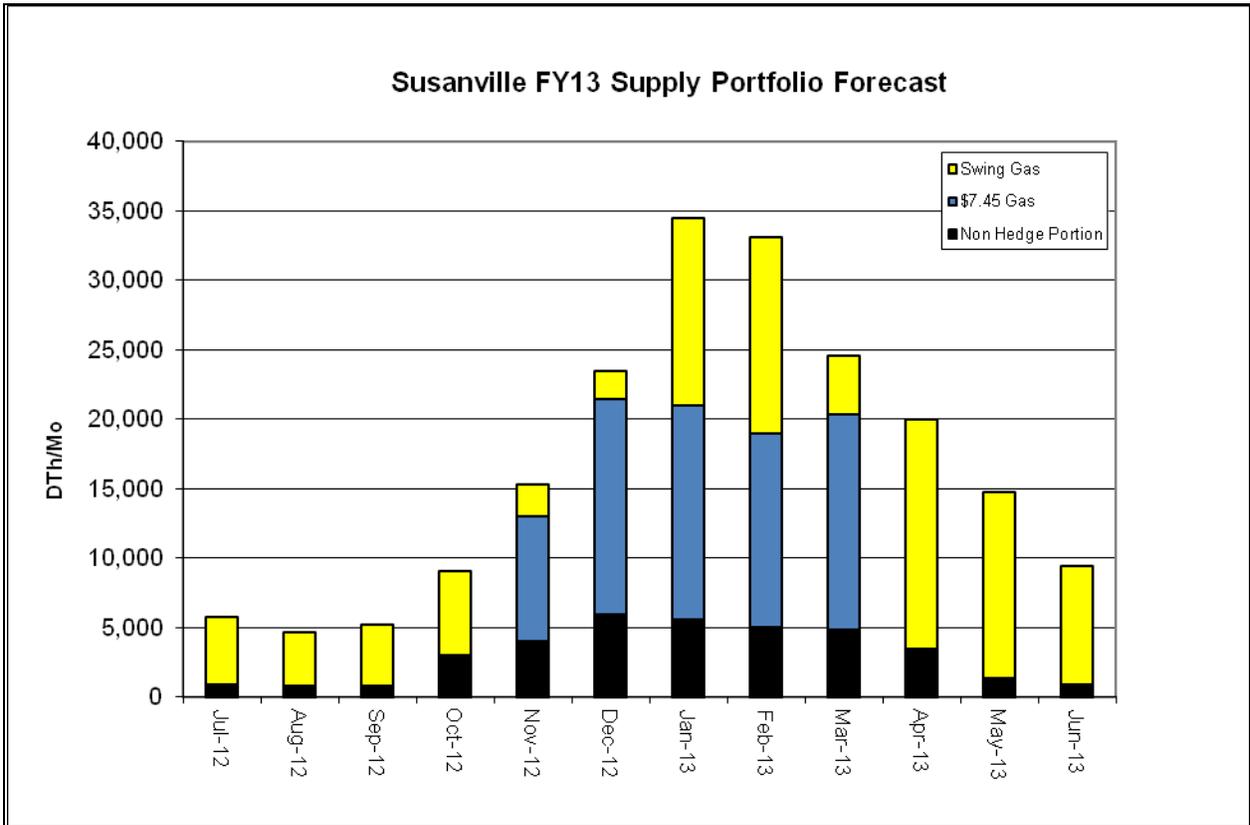
depreciable assets of \$-400,596.) combined with an increase in total liabilities of \$98,768 (an increase in accounts payable of \$14,926, in customer deposits of \$37,654, in unearned revenue of \$92,623, in current portion of long term debt of \$50,000 offset by a decrease in noncurrent liabilities of \$96,435.)

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 2,696 at June 30, 2011 to 2,785 at June 30, 2012 equivalent to approximately a 3% increase.

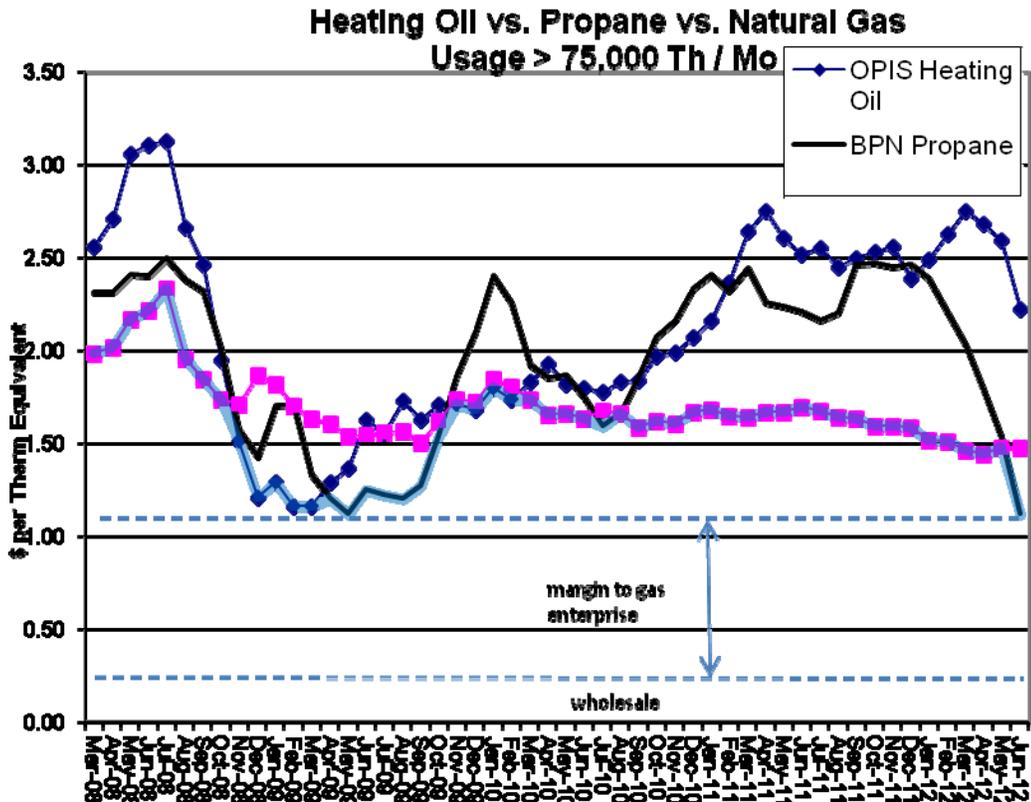
The gas purchased in FY 2011-12 was as follows:



The cost of natural gas in the open marked 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 FY 2012-13 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 the fiscal year a net of 89 new customers were added to the system for an estimated 34,200 additional gas therms.

The City has continued to utilize the services of Interstate Gas Services (IGS), a consulting firm specialized in natural gas, and it is projected that we will continue using their services through the 2012-13 fiscal year. IGS was originally hired to evaluate and monitor the natural gas system operations and its performance. The firm now also acts as an advisor to the City Administrator in the periodical task of purchasing gas in the open market.

AIRPORT ENTERPRISE FUND - The net assets of the Airport Fund decreased by \$-21,039 due to expenses exceeding revenues. Consistent with prior fiscal years, the operating revenues of the Airport remain insufficient to pay for operating expenses. On a cash-basis, the Airport cash balance at June 30 decreased slightly from negative \$-303,718 to negative \$-323,242.

GOLF COURSE ENTERPRISE FUND - The net assets of the Golf Course decreased by \$-121,306 due to expenses exceeding revenues. On a cash-basis, the Golf Course balance at June 30 only decreased by \$-7,453, from negative \$-174,529 to \$-181,982. This is possible because revenues covered almost all of the expenses except for depreciation of \$89,237 which is a non cash expense. The City began operating the golf course in fiscal year 2010-11.

BUDGET VARIANCES IN THE GENERAL FUND

	Original Budget	Final Budget	Difference	Actual	Variance
Revenues	\$5,002,890	\$5,139,464	\$ 136,574	\$5,211,811	\$ 72,347
Expenditures	\$4,670,312	\$4,645,177	\$ 25,135	\$4,375,192	\$ 269,985
Difference	\$ 332,578	\$ 494,287	\$ 161,709	\$ 836,619	\$ 342,332

Other financing sources and (uses):

Transfers-In	5,000	5,000	0	5,000	0
Transfers-Out	(337,578)	(252,182)	85,396	(933,137)	(680,955)
Difference	(332,578)	(247,182)	85,396	(928,137)	(680,955)
Net change in Fund balance	0	(247,105)	247,105	(91,518)	(338,623)

Reasons for Variances

General Fund - Original Budget to Final Budget variance:

After the original 2011-12 budget was adopted, the City Council approved several budget amendments. Changes were as follows:

		Increases <u>(Decreases)</u>
REVENUES	\$ 16,292	Increase for Indian Gaming Allocation
	(113,824)	Decrease In-Lieu of Sales Tax
	(83,188)	Decrease In-Lieu of VLF
	(38,978)	Decrease VLF for state suspension
	372,040	Increase for SCORE Retro Reimbursement
	4,232	Increase for Indian Gaming allocation for 2011-12
	(20,000)	Decrease Property tax revenue
	136,574	Net Revenues
 EXPENDITURES		
	16,292	Increase for Indian Gaming Allocation
	(26,772)	Decrease Professional Services in City Attorney budget
	(36,387)	Decrease Police payroll for Chief Retirement and CSO changes
	(10,500)	Decrease Technical Services in Planning
	4,232	Increase for Indian Gaming allocation for 2011-12
	28,000	Increase for Employee Bonus approved by Council
	(25,135)	Net Expenditures
	(40,587)	Decrease Transfer out to Snow Removal
	(44,809)	Decrease Transfer out to State Cops- Full Allocation from State of CA
	(85,396)	Net Transfers-Out
	(110,531)	Net Expenditures and Transfers-Out

Final Budget to Actual Variance

REVENUES: As of June 30, 2012, total General Fund actual revenues were \$5,211,811 or \$11,492 more than budgeted. This variance comes due to an extra retrospective adjustment refund from the Small Cities Organized Risk Effort (SCORE).

EXPENDITURES: Actual expenditures were \$4,375,192 or \$507,554 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 notes to the financial statements and with the City's financial statements, which follow this discussion.

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, and all other tangible and intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

Infrastructure

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 of Susanville depreciates its capital assets according to their estimated useful lives and does not use the Modified Approach.

Long-term debt activity

The City's secured outstanding debt at June 30, 2012 was as follows:

Natural Gas Utility	\$25,135,000	Secured by gas revenues
Water Utility	\$ 9,979,000	Secured by water revenues
City Hall	\$ 1,581,555	Secured by vehicle license fees
Golf Course	\$ 485,677	Secured by equipment/assets (including advances from General Fund and Risk Management)
Mark Roos Assessment	\$ 700,000	Secured by property assessments

All debt service principal and interest payments are current.

OTHER POTENTIALLY SIGNIFICANT MATTERS

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 freezes to offset the decline in revenues. So far, the City has done an excellent job in maintaining services to the public despite increased costs. Due to the limitations, imposed on California cities by Proposition 13 and 218 in generating new revenues, the City continues to look for ways of alternate revenue sources.

The City had a Redevelopment Agency; however, it did not have an approved redevelopment project. This has saved the City from having to relinquish any Redevelopment Agency revenues to the State of California as required by adoption of Assembly Bill XI 26 (Dissolution Act) and Assembly Bill XI 27 (Continuation Act) on June 28, 2011.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Country's mortgage crisis, the stock plunge, the drop in retail sales, the continued unemployment, the economic recession, the banks' rescue by the federal government and the repercussions on the European and World markets, have created a very difficult economic condition that is slowly improving. Weak housing markets and job growth have been the major factors in slowing California's economic recovery. The impending "fiscal cliff" and the implementation of additional tax hikes to pay for Obamacare could have the Nation's economic growth coming to a halt.

Despite declining revenues and the threat of State budget takeaways, the City Council of the City of Susanville adopted a balanced budget on July 1, 2012. The budget reflects Council priorities and maintains the same level of services provided in 2010-11. The General Fund expenditures budget for 2012-13 is \$270,456 or 5% less than the prior fiscal year. The reduction (from \$4,869,359 in 2011-12 to \$4,598,903 in 2012-13) reflects reduced cash transfers to other funds and reduced salaries and benefits costs. The reduction in salaries was achieved by the early retirement of the City Administrator/Finance Director, City Clerk, Police Chief and Fire Captain allowing the City to fill the vacancies at a lower cost. 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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CITY OF SUSANVILLE
STATEMENT OF NET ASSETS

June 30, 2012

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 4,029,902	\$ 6,458,288	\$ 10,488,190
Cash and investments with fiscal agents	190,921	2,448,693	2,639,614
Investment in bonds with fiscal agent	695,000		695,000
Accounts receivable	831,791	925,498	1,757,289
Internal balances	951,839	(951,839)	
Interest receivable	4,274	5,349	9,623
Prepaid expenses	26,650	7,041	33,691
Inventory	48,317	95,310	143,627
Deposits		75,000	75,000
Loans receivable	1,183,024		1,183,024
Deferred charges - net of accumulated amortization	85,982	672,823	758,805
Capital assets:			
Nondepreciable:			
Land	3,230,764	2,226,085	5,456,849
Construction in progress		187,367	187,367
Depreciable:			
Buildings, other improvements equipment, and vehicles	5,926,670	40,214,549	46,141,219
Accumulated depreciation	(4,836,110)	(11,947,345)	(16,783,455)
Total assets	<u>12,369,024</u>	<u>40,416,819</u>	<u>52,785,843</u>
LIABILITIES			
Accounts payable	339,849	102,826	442,675
Accrued wages	66,302	15,970	82,272
Accrued interest payable	22,440	159,337	181,777
Deposits payable	65,268	175,199	240,467
Unearned revenue	4,211	151,878	156,089
Noncurrent liabilities:			
Due within one year	134,248	301,647	435,895
Due in more than one year	2,490,022	33,629,538	36,119,560
Total liabilities	<u>3,122,340</u>	<u>34,536,395</u>	<u>37,658,735</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,308,372	(2,692,970)	(384,598)
Restricted	4,528,631	2,289,356	6,817,987
Unrestricted	2,409,681	6,284,038	8,693,719
Total net assets	<u>\$ 9,246,684</u>	<u>\$ 5,880,424</u>	<u>\$ 15,127,108</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SUSANVILLE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 1,105,539	\$ 487,912	\$ 98,022	\$ -
Public safety	3,371,428	127,275	111,200	
Streets	839,484	86,309	590,682	155,084
Protective inspections	203,416	1,761		
Community services	242,259	24,152		
Community development	214,604	95,094		
Interest on long term debt	288,284			
Total governmental activities	6,265,014	822,503	799,904	155,084
Business-type activities:				
Airport	248,776	70,075		154,941
Water	1,976,560	2,358,189		
Geothermal	47,435	92,731		
Natural gas	4,093,592	4,431,883		
Golf course	442,571	318,888		
Total business-type activities	6,808,934	7,271,766		154,941
Total government	\$ 13,073,948	\$ 8,094,269	\$ 799,904	\$ 310,025

General Revenues

Taxes:

- Secured and unsecured property taxes
- Sales and use taxes
- Transient lodging taxes
- Franchise taxes
- Business license tax
- Other taxes
- Property tax in lieu of sales tax, unrestricted
- Property tax in lieu of VLF, unrestricted
- Use of money and property
- Miscellaneous revenue

Transfers

Total general revenues and transfers

Change in net assets

Net Assets, July 1, 2011

Net Assets, June 30, 2012

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Change in Net Assets

Net Governmental Activities	Net Business-type Activities	Totals
\$ (519,605)	\$ -	\$ (519,605)
(3,132,953)		(3,132,953)
(7,409)		(7,409)
(201,655)		(201,655)
(218,107)		(218,107)
(119,510)		(119,510)
(288,284)		(288,284)
<u>(4,487,523)</u>		<u>(4,487,523)</u>
	(23,760)	(23,760)
	381,629	381,629
	45,296	45,296
	338,291	338,291
	(123,683)	(123,683)
	<u>617,773</u>	<u>617,773</u>
<u>(4,487,523)</u>	<u>617,773</u>	<u>(3,869,750)</u>
757,463		757,463
1,161,677		1,161,677
391,546		391,546
49,988		49,988
220,339		220,339
79,625		79,625
304,260		304,260
1,407,887		1,407,887
61,101	21,743	82,844
59,050	276,346	335,396
5,000	(5,000)	
<u>4,497,936</u>	<u>293,089</u>	<u>4,791,025</u>
10,413	910,862	921,275
<u>9,236,271</u>	<u>4,969,562</u>	<u>14,205,833</u>
<u>\$ 9,246,684</u>	<u>\$ 5,880,424</u>	<u>\$ 15,127,108</u>

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CITY OF SUSANVILLE
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2012

	General Fund	Gas Tax Fund	Other Governmental Funds	Totals
ASSETS				
Cash and investments	\$ 1,498,759	\$ 383,670	\$ 1,654,251	\$ 3,536,680
Cash and investments with fiscal agent			190,921	190,921
Investment in bonds			695,000	695,000
Accounts receivable	542,423	116,024	173,344	831,791
Interest receivable	2,563	238	1,044	3,845
Prepaid expenditures	20,153		991	21,144
Inventory	32,703	15,614		48,317
Due from other funds	505,224			505,224
Loans receivable	75,833		1,107,191	1,183,024
Advances to other funds	217,794		381,372	599,166
 Total assets	 <u>\$ 2,895,452</u>	 <u>\$ 515,546</u>	 <u>\$ 4,204,114</u>	 <u>\$ 7,615,112</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 159,358	\$ 17,495	\$ 160,082	\$ 336,935
Accrued wages	49,714	6,681	2,342	58,737
Deposits payable	65,268			65,268
Deferred revenue	88,518		1,263,563	1,352,081
Advances from other funds	381,372			381,372
 Total liabilities	 <u>744,230</u>	 <u>24,176</u>	 <u>1,425,987</u>	 <u>2,194,393</u>
Fund Balances:				
Reserved:				
Nonspendable	270,650			270,650
Restricted	18,011	491,370	2,934,499	3,443,880
Assigned	25,212			25,212
Unassigned	1,837,349		(156,372)	1,680,977
 Total fund balances	 <u>2,151,222</u>	 <u>491,370</u>	 <u>2,778,127</u>	 <u>5,420,719</u>
 Total liabilities and fund balances	 <u>\$ 2,895,452</u>	 <u>\$ 515,546</u>	 <u>\$ 4,204,114</u>	 <u>\$ 7,615,112</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SUSANVILLE
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
June 30, 2012

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 5,420,719

In the governmental funds balance sheet, only current assets are reported.
In the statement of net assets, all assets are reported,
including capital assets and accumulated depreciation.

Capital assets at historical cost	\$	9,157,434	
Accumulated depreciation		<u>(4,836,110)</u>	
Net			4,321,324

In the governmental funds balance sheet, interest on long-term debt is not recognized until the period in which it matures and is paid.
In government-wide statement of net assets, it is recognized in the period that it is incurred. (22,440)

In governmental funds balance sheet, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt.

Issuance costs		153,515	
Accumulated amortization		<u>(67,533)</u>	
Net			85,982

Internal service funds are used by management to charge the costs of certain activities, such as fleet, to individual funds.
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 451,278

Long-term liabilities: In the governmental funds balance sheet, only current liabilities are reported. In the statement of net assets, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Bonds payable		(2,281,555)	
Compensated absences payable		(154,176)	
Loss on refunding		<u>77,682</u>	
Total			(2,358,049)

In the governmental funds balance sheet, other long-term assets are not available to pay for current-period expenditures and, therefore, are offset by deferred revenue. 1,347,870

TOTAL NET ASSETS, GOVERNMENTAL ACTIVITIES \$ 9,246,684

The notes to the financial statements are an integral part of this statement.

CITY OF SUSANVILLE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2012

	General Fund	Gas Tax Fund	Other Governmental Funds	Totals
Revenues:				
Taxes and assessments	\$ 4,337,914	\$ -	\$ 34,871	\$ 4,372,785
Licenses and permits	100,385			100,385
Fines and forfeitures	20,246			20,246
Use of money and property	6,251	1,382	3,844	11,477
Intergovernmental revenues	177,035	663,898	149,328	990,261
Program income	5,417		31,414	36,831
Charges for services	65,706	10,400		76,106
Other revenues	498,857	105,756	46,697	651,310
Total revenues	5,211,811	781,436	266,154	6,259,401
Expenditures:				
Current:				
General government	661,910			661,910
Public safety	3,168,027		118,079	3,286,106
Streets		624,075	192,512	816,587
Protective inspections	202,256			202,256
Community services	181,416			181,416
Community development	146,689		67,915	214,604
Capital outlay	14,894		185,824	200,718
Debt service:				
Principal			160,000	160,000
Interest and fiscal agent fees			154,957	154,957
Debt issuance cost			86,454	86,454
Total expenditures	4,375,192	624,075	965,741	5,965,008
Excess of revenues over (under) expenditures	836,619	157,361	(699,587)	294,393
Other Financing Sources (Uses):				
Transfers in	5,000	87,049	991,088	1,083,137
Transfers out	(933,137)		(160,000)	(1,093,137)
Payment to refunded debt escrow agent			(1,787,682)	(1,787,682)
Proceeds of long-term debt			1,581,555	1,581,555
Total other financing sources (uses)	(928,137)	87,049	624,961	(216,127)
Net changes in fund balances	(91,518)	244,410	(74,626)	78,266
Fund balances - July 1, 2011	2,242,740	246,960	2,852,753	5,342,453
Fund balances - June 30, 2012	<u>\$ 2,151,222</u>	<u>\$ 491,370</u>	<u>\$ 2,778,127</u>	<u>\$ 5,420,719</u>

The notes to the financial statements are an integral part of this statement.

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CITY OF SUSANVILLE
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES \$ 78,266

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are therefore added back to fund balances	137,243
Depreciation expense is not reported in governmental funds	(349,754)

Cost write-off for canceled capital projects: If a planned capital project is canceled and will not be completed, cost previously capitalized as Construction in Progress must be written off to expense. Costs written off for canceled projects were:	(10,241)
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but deferred and amortized throughout the period during which the related debt is outstanding in the Statement of Net Assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balances	160,000
Amortization expense of costs of issuance not reported in governmental funds	(5,629)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds the costs are deferred and amortized throughout the period during which the related debt is outstanding.

Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities:

Issuance costs incurred during the period	86,454
Issuance costs amortized during the period	(93,093)
Proceeds of long-term debt	(1,581,555)
	(1,588,194)

In Governmental Funds, payments to refunded debt escrow agent are recognized as other financing uses. In the Government-wide Statements, payments to refunded debt escrow agent are reported as a reduction of long-term debt.	1,787,682
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The amounts below included in the Statement of Activities do not provide (require) the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds (net change):

Interest payable	28,870
Compensated absences	19,442

Certain revenues are offset by deferred revenue in the governmental funds because they are not available to pay for current period expenditures. This amount represents the amount by which current year deferred revenue exceeded prior year.	1,170
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Internal service funds are used by management to charge the costs of certain activities, such as fleet, to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental activities.	(248,442)
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 10,413
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The notes to the financial statements are an integral part of this statement.

CITY OF SUSANVILLE
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2012

	Business-type Activities - Enterprise Funds		
	Airport Fund	Water Fund	Geothermal Fund
ASSETS			
Current Assets:			
Cash and investments	\$ -	\$ 4,084,145	\$ 192,997
Cash and investments with fiscal agents		639,812	
Accounts receivable - net	4,399	467,584	8,558
Interest receivable		3,390	164
Prepaid expenses	13	2,554	1,200
Inventory		37,191	
Deposits			
Total Current Assets	<u>4,412</u>	<u>5,234,676</u>	<u>202,919</u>
Noncurrent Assets:			
Deferred charges, net of accumulated amortization		224,954	
Advances to other funds			
Total Noncurrent Assets		<u>224,954</u>	
Capital Assets:			
Nondepreciable			
Land	43,189	943,183	249,124
Construction in progress		187,367	
Total Nondepreciable Capital Assets	<u>43,189</u>	<u>1,130,550</u>	<u>249,124</u>
Depreciable			
Buildings	166,873	315,266	24,852
Improvements	2,447,519	8,047,894	
Equipment	280,969	3,862,384	228,666
Total Depreciable Capital Assets	<u>2,895,361</u>	<u>12,225,544</u>	<u>253,518</u>
Less accumulated depreciation	<u>(918,492)</u>	<u>(7,067,492)</u>	<u>(248,546)</u>
Net Depreciable Capital Assets	<u>1,976,869</u>	<u>5,158,052</u>	<u>4,972</u>
Net Capital Assets	<u>2,020,058</u>	<u>6,288,602</u>	<u>254,096</u>
Total Noncurrent Assets	<u>2,020,058</u>	<u>6,513,556</u>	<u>254,096</u>
Total Assets	<u>2,024,470</u>	<u>11,748,232</u>	<u>457,015</u>

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			Governmental
Natural Gas Fund	Golf Course Fund	Totals	Activities - Internal Service Funds
\$ 2,180,746	\$ 400	\$ 6,458,288	\$ 493,222
1,808,881		2,448,693	
433,748	11,209	925,498	
1,795		5,349	429
2,169	1,105	7,041	5,506
45,968	12,151	95,310	
75,000		75,000	
4,548,307	24,865	10,015,179	499,157
447,869		672,823	228,821
447,869		672,823	228,821
	990,589	2,226,085	
		187,367	
	990,589	2,413,452	
	397,156	904,147	
22,375,771	1,563,229	34,434,413	
280,688	223,282	4,875,989	
22,656,459	2,183,667	40,214,549	
(3,233,085)	(479,730)	(11,947,345)	
19,423,374	1,703,937	28,267,204	
19,423,374	2,694,526	30,680,656	
19,871,243	2,694,526	31,353,479	228,821
24,419,550	2,719,391	41,368,658	727,978

(Continued)

CITY OF SUSANVILLE
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS (Continued)
June 30, 2012

	Business-type Activities - Enterprise Funds		
	Airport Fund	Water Fund	Geothermal Fund
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 1,689	\$ 50,482	\$ 480
Accrued wages	310		
Due to other funds	323,242		
Accrued interest		41,245	
Deposits payable		62,515	
Unearned revenue	3,866		
Current portion - long-term debt		217,698	
Total Current Liabilities	329,107	371,940	480
Noncurrent Liabilities:			
Advances from other funds			
Capital lease payable			
Notes payable		870,000	
Revenue bonds payable		7,967,869	
Compensated absences	593	45,640	427
Early retirement incentive			
Other postemployment benefits payable			
Total Noncurrent Liabilities	593	8,883,509	427
Total Liabilities	329,700	9,255,449	907
NET ASSETS			
Investment in capital assets, net of related debt	2,020,058	(1,902,199)	254,096
Restricted for debt service		598,567	
Unrestricted	(325,288)	3,796,415	202,012
Total Net Assets (Deficit)	\$ 1,694,770	\$ 2,492,783	\$ 456,108

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			Governmental
Natural	Golf		Activities-
Gas	Course		Internal
Fund	Fund	Totals	Service
			Funds
\$ 39,497	\$ 10,678	\$ 102,826	\$ 2,914
12,415	3,245	15,970	7,565
	181,982	505,224	
118,092		159,337	
110,091	2,593	175,199	
99,685	48,327	151,878	
63,183	20,766	301,647	
442,963	267,591	1,412,081	10,479
	446,615	446,615	
	18,297	18,297	
		870,000	
24,681,866		32,649,735	
42,665	2,181	91,506	
			219,480
			46,741
24,724,531	467,093	34,076,153	266,221
25,167,494	734,684	35,488,234	276,700
(3,064,925)		(2,692,970)	
1,690,789		2,289,356	
626,192	1,984,707	6,284,038	451,278
\$ (747,944)	\$ 1,984,707	\$ 5,880,424	\$ 451,278

CITY OF SUSANVILLE
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS
For the Fiscal Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds		
	Airport Fund	Water Fund	Geothermal Fund
Operating Revenues:			
Sales and charges for services	\$ 70,075	\$ 2,358,189	\$ 92,731
Total Operating Revenues	<u>70,075</u>	<u>2,358,189</u>	<u>92,731</u>
Operating Expenses:			
Direct:			
Purchase of natural gas			
Administration	85,281	995,388	43,089
Insurance costs and claims			
Depreciation and amortization	<u>150,365</u>	<u>398,926</u>	<u>621</u>
Total Direct Operating Expenses	<u>235,646</u>	<u>1,394,314</u>	<u>43,710</u>
Indirect:			
Overhead allocation	<u>12,403</u>	<u>156,403</u>	<u>3,725</u>
Total Indirect Operating Expenses	<u>12,403</u>	<u>156,403</u>	<u>3,725</u>
Total Operating Expenses	<u>248,049</u>	<u>1,550,717</u>	<u>47,435</u>
Operating Income (Loss)	<u>(177,974)</u>	<u>807,472</u>	<u>45,296</u>
Non-Operating Revenues (Expenses):			
Interest income		13,518	585
Interest expense	(727)	(425,843)	
Reimbursements	<u>2,721</u>	<u>138,105</u>	<u>1,870</u>
Total Non-Operating Revenue(Expenses)	<u>1,994</u>	<u>(274,220)</u>	<u>2,455</u>
Income (Loss) Before Transfers and Capital Contributions and Grants	(175,980)	533,252	47,751
Capital contributions and grants	154,941		
Transfers:			
Transfers in		383,677	
Transfers out		<u>(388,677)</u>	
Change in Net Assets	(21,039)	528,252	47,751
Net Assets (Deficit), July 1, 2011	<u>1,715,809</u>	<u>1,964,531</u>	<u>408,357</u>
Net Assets (Deficit), June 30, 2012	<u>\$ 1,694,770</u>	<u>\$ 2,492,783</u>	<u>\$ 456,108</u>

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			Governmental
Natural	Golf		Activities-
Gas	Course	Totals	Internal
Fund	Fund		Service
			Funds
\$ 4,431,883	\$ 318,888	\$ 7,271,766	\$ 513,074
4,431,883	318,888	7,271,766	513,074
985,154		985,154	
1,073,636	264,619	2,462,013	221,216
			565,156
419,921	89,237	1,059,070	
2,478,711	353,856	4,506,237	786,372
195,666	72,410	440,607	
195,666	72,410	440,607	
2,674,377	426,266	4,946,844	786,372
1,757,506	(107,378)	2,324,922	(273,298)
7,287	353	21,743	9,856
(1,419,215)	(16,305)	(1,862,090)	
131,626	2,024	276,346	
(1,280,302)	(13,928)	(1,564,001)	9,856
477,204	(121,306)	760,921	(263,442)
		154,941	
1,107,075		1,490,752	15,000
(1,107,075)		(1,495,752)	
477,204	(121,306)	910,862	(248,442)
(1,225,148)	2,106,013	4,969,562	699,720
\$ (747,944)	\$ 1,984,707	\$ 5,880,424	\$ 451,278

CITY OF SUSANVILLE
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds		
	Airport Fund	Water Fund	Geothermal Fund
Cash Flows from Operating Activities:			
Receipts from customers	\$ 74,525	\$ 2,193,333	\$ 92,890
Proceeds from advances			
Payments to suppliers and users	(65,851)	(960,503)	(44,037)
Payments to other funds for advances			
Payments to employees	(13,040)	(158,680)	(3,984)
Net Cash Provided (Used) by Operating Activities	(4,366)	1,074,150	44,869
Cash Flow from Non-Capital Financing Activities:			
Other non-operating revenues	2,721	138,105	1,870
Transfers in/(out)		(5,000)	
Net Cash Provided (Used) by Non-Capital Financing Activities	2,721	133,105	1,870
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(152,569)	(68,602)	
Capital grants received	154,941		
Interest paid	(727)	(426,190)	
Principal payments - long-term debt		(263,000)	
Net Cash Provided (Used) by Capital and Related Financing Activities	1,645	(757,792)	
Cash Flows from Investing Activities:			
Interest received		14,818	603
Net Cash Provided (Used) by Investing Activities		14,818	603
Net Increase (Decrease) in Cash and Cash Equivalents		464,281	47,342
Cash and Cash Equivalents, July 1, 2011		4,259,676	145,655
Cash and Cash Equivalents, June 30, 2012	\$ -	\$ 4,723,957	\$ 192,997
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets			
Cash and investments	\$ -	\$ 4,084,145	\$ 192,997
Cash and investments with fiscal agents		639,812	
Total Cash and Investments	\$ -	\$ 4,723,957	\$ 192,997

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			Governmental
Natural	Golf		Activities -
Gas	Course		Internal
Fund	Fund	Totals	Service
			Funds
\$ 4,492,319	\$ 339,533	\$ 7,192,600	\$ 517,229
	12,972	12,972	
(2,076,693)	(244,920)	(3,392,004)	(294,860)
			(6,616)
(199,024)	(71,949)	(446,677)	(222,762)
<u>2,216,602</u>	<u>35,636</u>	<u>3,366,891</u>	<u>(7,009)</u>
131,626	2,024	276,346	
		(5,000)	15,000
<u>131,626</u>	<u>2,024</u>	<u>271,346</u>	<u>15,000</u>
(7,509)	(2,164)	(230,844)	
		154,941	
(1,419,257)	(16,305)	(1,862,479)	
(25,000)	(19,544)	(307,544)	
<u>(1,451,766)</u>	<u>(38,013)</u>	<u>(2,245,926)</u>	
<u>6,829</u>	<u>353</u>	<u>22,603</u>	<u>9,994</u>
<u>6,829</u>	<u>353</u>	<u>22,603</u>	<u>9,994</u>
903,291		1,414,914	17,985
<u>3,086,336</u>	<u>400</u>	<u>7,492,067</u>	<u>475,237</u>
<u>\$ 3,989,627</u>	<u>\$ 400</u>	<u>\$ 8,906,981</u>	<u>\$ 493,222</u>
\$ 2,180,746	\$ 400	\$ 6,458,288	\$ 493,222
1,808,881		2,448,693	
<u>\$ 3,989,627</u>	<u>\$ 400</u>	<u>\$ 8,906,981</u>	<u>\$ 493,222</u>

(Continued)

CITY OF SUSANVILLE
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds		
	Airport Fund	Water Fund	Geothermal Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (177,974)	\$ 807,472	\$ 45,296
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and amortization	150,365	398,926	621
(Increase) Decrease in Operating Assets:			
Accounts receivable	584	(173,736)	159
Inventory		13,246	
Prepaid expenses	1	82	
Due from other funds			
Increase (Decrease) in Operating Liabilities:			
Accounts payable	(95)	21,557	(948)
Accrued wages	(199)		
Due to other funds	19,524		
Unearned revenue	3,866		
Advances from other funds			
Compensated absences	(438)	(2,277)	(259)
Deposits payable		8,880	
Early retirement incentive			
Other postemployment benefits payable			
Net Cash Provided (Used) by Operating Activities	<u>\$ (4,366)</u>	<u>\$ 1,074,150</u>	<u>\$ 44,869</u>

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds			Governmental
Natural	Golf		Activities-
Gas	Course		Internal
Fund	Fund	Totals	Service
			Funds
\$ 1,757,506	\$ (107,378)	\$ 2,324,922	\$ (273,298)
419,921	89,237	1,059,070	
(69,841)	(10,561)	(253,395)	4,155
(3,573)	19,981	29,654	
595	(219)	459	(1,588)
			(6,616)
(14,925)	(7,516)	(1,927)	(3,448)
(396)	(46)	(641)	7,565
	7,453	26,977	
92,623	30,796	127,285	
	12,972	12,972	
(2,962)	507	(5,429)	
37,654	410	46,944	
			219,480
			46,741
<u>\$ 2,216,602</u>	<u>\$ 35,636</u>	<u>\$ 3,366,891</u>	<u>\$ (7,009)</u>

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CITY OF SUSANVILLE
FIDUCIARY FUNDS
STATEMENT OF ASSETS AND LIABILITIES
June 30, 2012

	<u>Agency Funds</u>				<u>Totals</u>
	<u>Section 125 Aflac Fund</u>	<u>LAFCO Fund</u>	<u>HUSA Business Improvement Fund</u>	<u>Air Pollution District Fund</u>	
ASSETS					
Cash and investments	\$ 721	\$ 29,931	\$ 2,048	\$ 339,275	\$ 371,975
Accounts receivable			5,862	17,919	23,781
Interest receivable		30		300	330
Prepaid expenses				425	425
Total Assets	\$ 721	\$ 29,961	\$ 7,910	\$ 357,919	\$ 396,511
LIABILITIES					
Liabilities:					
Accounts payable	\$ -	\$ 7,925	\$ 814	\$ 354,311	\$ 363,050
Deposits payable	721	22,036	7,096		29,853
Compensated absences				3,608	3,608
Total Liabilities	\$ -	\$ 29,961	\$ 7,910	\$ 357,919	\$ 396,511

The notes to the financial statements are an integral part of this statement.

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying basic financial statements present the financial activities of the City of Susanville (City), which is the primary government, along with the financial activities of its component units which is an entity for which the City is financially accountable. Although it was a separate legal entity, blended component unit is in a substance part of the City's operations and was reported as an integral part of the City's basic financial statements. This City's component unit, which is described below, was a blended component unit of the City.

The City Council served in a separate session as the governing body of the Susanville Redevelopment Agency (Agency), although the Agency was a legal entity apart from the City.

The Agency is included as a component unit in the accompanying financial statements. The financial activities of the foregoing entity has been aggregated and merged (termed "blending") with those of the City in the accompanying financial statements, as it meets the criteria for inclusion as set forth in the Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39.

The Agency was established, by the City Council to eliminate blight within the defined project areas by encouraging and assisting planned development of low income housing and commercial projects. As of February 1, 2012, the Agency has been dissolved.

B. Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard-setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Government-wide Statements

The Statement of Net Assets and the Statement of Activities display information about the primary government (City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Change in Net Assets, and a Statement of Cash Flows for all proprietary funds. Internal service funds are 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 Assets. The Statement of Revenues, Expenses, and Change in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. 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 liabilities are incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operation 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.

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains three funds – HUSA Business Improvement, Section 125 Aflac, LAFCO, and Air Pollution District.

C. Major Funds

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.

Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures/expenses equal to at least ten percent of their fund-type total and at least five percent of the grand total of all funds excluding fiduciary. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund

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

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds (Continued)

Gas Tax Fund

This 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.

The City reported the following major proprietary funds:

Airport Fund

This fund accounts for the activities of the City's airport.

Water Fund

This fund accounts for the activities of providing water to the residents of the City.

Geothermal Fund

This fund accounts for the activities of providing geothermal heat to the residents of the City.

Natural Gas Fund

This fund accounts for the activities of providing natural gas to the residents of the City.

Golf Course Fund

This fund accounts for the City's golf course.

Additionally, the government reports the following fund types:

The Internal Service Funds are used to account for 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.

D. Basis of Accounting

The government-wide, proprietary funds, and fiduciary funds financial statements are reported using the *economic resources measurement focus* and the *full accrual basis* of accounting. Agency funds have no measurement focus. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary funds financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year-end. However, due to the complexities of the State of California's "Triple Flip" calculations, the City is using ninety days in accruing these revenues. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent that they have matured. Capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual include other taxes, intergovernmental revenues, interest, and charges for services.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures/expenses. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

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.

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:

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property Taxes (Continued)

	<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.

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 and American Institute of Certified Public Accountants (AICPA), 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.

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. New Accounting Pronouncements

The City has implemented the requirements of Governmental Accounting Standards Board (GASB) Statement No. 64 during the fiscal year ended June 30, 2012.

GASB Statement No. 64 - Derivative Instruments: Application of Hedge Accounting Termination Provisions

For the fiscal year ended June 30, 2012, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 64, "*Derivative Instruments: Application of Hedge Accounting Termination Provisions.*" This Statement is effective for periods beginning after June 15, 2011. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Implementation of the GASB Statement No. 64, did not have an impact on the City's financial statements for the fiscal year ended June 30, 2012.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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.

There was approximately a (\$444,414) change in appropriations from the original budget to the final budget, for all funds.

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

B. Deficit Fund Balances/Net Assets

Major Funds

A deficit net assets of \$747,944 exists in the Natural Gas Fund. The deficit is due to the City incurring costs in excess of revenues.

Nonmajor Funds

A deficit of net assets of \$156,372 exists in the 2010 Federal ARRA Rehab Project Fund. The deficit is due to the City incurring costs in excess of revenues.

Internal Service Fund

A deficit of net assets of \$218,984 exists in the Other Postemployment Benefits Fund. The deficit is due to the accrual of the early retirement incentive program which is paid to retirees over a period of time.

NOTE 3 – CASH AND INVESTMENTS

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

Statement of Net Assets:		
Cash and investments	\$	10,488,190
Cash and investments with fiscal agent		2,639,614
Investment in bonds with fiscal agent		695,000
Statement of Fiduciary Assets and Liabilities:		
Cash and investments		371,975
Total	\$	14,194,779

Cash and investments as of June 30, 2012 consist of the following:

Cash on hand	\$	1,050
Deposits with financial institutions		120,739
Investments in bonds		695,000
Investments		13,377,990
Total	\$	14,194,779

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.

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investments Authorized by the California Government Code and the City’s Investment Policy (Continued)

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

Investments Authorized by Debt Agreements

Investments of debt proceeds held by trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City’s investment policy. The table below identifies the investment types that are authorized for investments held by trustee. The table also identifies certain provisions of the debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage/Amount of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Certificates of Deposit	1 year	20%	None
Insured Deposits with Banks and Savings and Loans	N/A	None	None
Repurchase Agreements	90 days	None	None
Money Market Accounts	N/A	None	None
Local Agency Investment Fund (State Pool)	N/A	\$50 million	\$50 million
Guaranteed Investment Contracts	N/A	None	None
Local Assessment District Bonds	30 years	None	None

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.

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 3 – CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

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 Investment Pool	\$ 10,738,376	\$ 10,738,376	\$ -	\$ -	\$ -	\$ -	\$ -
Held by fiscal agents:							
Money market funds	2,639,614	2,639,614					
Miller Fletcher bonds	695,000				695,000		
	<u>\$ 14,072,990</u>	<u>\$ 13,377,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 695,000</u>	<u>\$ -</u>	<u>\$ -</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City’s investments (including investments held by bond trustees) do not include any investments that are highly sensitive to interest rate fluctuations.

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 Investment Pool	\$ 10,738,376	N/A	\$ -	\$ -	\$ -	\$ -	\$ 10,738,376
Held by fiscal agents:							
Money market funds	2,639,614	N/A		2,639,614			
Miller Fletcher bonds	695,000						695,000
Total	<u>\$ 14,072,990</u>		<u>\$ -</u>	<u>\$ 2,639,614</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,433,376</u>

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 3 – CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There is one investment that represents more than 5% of total City investments (Miller Fletcher bonds), other than the State Investment Pool. These bonds exceed 5% of investments in the governmental activities and aggregate remaining fund information opinion units. These bonds are payable annually on a set schedule from the property owners in the assessment district. These annual payments are used to pay the principal and interest of the 1992 Series B Revenue bonds.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2012, the City did not have any deposits with financial institutions in excess of federal depository insurance limits.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Governmental Activities				
Nondepreciable capital assets:				
Land	\$ 3,230,764	\$ -	\$ -	\$ 3,230,764
Construction in progress	10,241		(10,241)	
Total nondepreciable capital assets	<u>3,241,005</u>		<u>(10,241)</u>	<u>3,230,764</u>
Depreciable capital assets:				
Buildings	1,252,436			1,252,436
Machinery and equipment	2,253,208	137,243	(81,267)	2,309,184
Other improvements	2,365,050			2,365,050
Total depreciable capital assets	<u>5,870,694</u>	<u>137,243</u>	<u>(81,267)</u>	<u>5,926,670</u>
Less accumulated depreciation	<u>(4,567,623)</u>	<u>(349,754)</u>	<u>81,267</u>	<u>(4,836,110)</u>
Net depreciable capital assets	<u>1,303,071</u>	<u>(212,511)</u>		<u>1,090,560</u>
Net capital assets	<u>\$ 4,544,076</u>	<u>\$ (212,511)</u>	<u>\$ (10,241)</u>	<u>\$ 4,321,324</u>
	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Business-type Activities				
Airport				
Nondepreciable capital assets:				
Land	\$ 43,189	\$ -	\$ -	\$ 43,189
Total nondepreciable capital assets	<u>43,189</u>			<u>43,189</u>
Depreciable capital assets:				
Buildings	166,873			166,873
Machinery and equipment	128,400	152,569		280,969
Other improvements	2,447,519			2,447,519
Total depreciable capital assets	<u>2,742,792</u>	<u>152,569</u>		<u>2,895,361</u>
Less accumulated depreciation	<u>(768,127)</u>	<u>(150,365)</u>		<u>(918,492)</u>
Net depreciable capital assets	<u>1,974,665</u>	<u>2,204</u>		<u>1,976,869</u>
Net capital assets	<u>\$ 2,017,854</u>	<u>\$ 2,204</u>	<u>\$ -</u>	<u>\$ 2,020,058</u>

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 4 – CAPITAL ASSETS (Continued)

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Business-type Activities				
Water				
Nondepreciable capital assets:				
Land	\$ 943,183	\$ -	\$ -	\$ 943,183
Construction in progress	118,765	68,602		187,367
Total nondepreciable capital assets	1,061,948	68,602		1,130,550
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			3,935,030
Total depreciable capital assets	12,225,544			12,225,544
Less accumulated depreciation	(6,729,649)	(337,843)		(7,067,492)
Net depreciable capital assets	5,495,895	(337,843)		5,158,052
Net capital assets	<u>\$ 6,557,843</u>	<u>\$ (269,241)</u>	<u>\$ -</u>	<u>\$ 6,288,602</u>
	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
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	(247,925)	(621)		(248,546)
Net depreciable capital assets	5,593	(621)		4,972
Net capital assets	<u>\$ 254,717</u>	<u>\$ (621)</u>	<u>\$ -</u>	<u>\$ 254,096</u>

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 4 – CAPITAL ASSETS (Continued)

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Additions	Deletions	Transfers	Balance June 30, 2012
Business-type Activities					
Natural Gas					
Depreciable capital assets:					
Infrastructure	\$ 22,368,262	\$ 7,509	\$ -	\$ -	\$ 22,375,771
Machinery and equipment	280,688				280,688
Total depreciable capital assets	22,648,950	7,509			22,656,459
Less accumulated depreciation	(2,838,552)	(394,533)			(3,233,085)
Net depreciable capital assets	19,810,398	(387,024)			19,423,374
Net capital assets	\$ 19,810,398	\$ (387,024)	\$ -	\$ -	\$ 19,423,374
Golf Course					
Nondepreciable capital assets:					
Land	\$ 990,589	\$ -	\$ -	\$ -	\$ 990,589
Construction in progress	4,505	2,164		(6,669)	
Total nondepreciable capital assets	995,094	2,164		(6,669)	990,589
Depreciable capital assets:					
Buildings	390,487			6,669	397,156
Machinery and equipment	223,282				223,282
Other improvements	1,563,229				1,563,229
Total depreciable capital assets	2,176,998			6,669	2,183,667
Less accumulated depreciation	(390,493)	(89,237)			(479,730)
Net depreciable capital assets	1,786,505	(89,237)		6,669	1,703,937
Net capital assets	\$ 2,781,599	\$ (87,073)	\$ -	\$ -	\$ 2,694,526

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 were as follows:

Governmental Activities:	
General government	\$ 189,773
Public safety	85,322
Streets	12,656
Protective inspections	1,160
Community services	<u>60,843</u>
Total Depreciation Expense-Governmental Activities	<u>\$ 349,754</u>

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 4 – CAPITAL ASSETS (Continued)

Depreciation Allocations (Continued)

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

Business-type Activities:		
Airport	\$	150,365
Water		337,843
Geothermal		621
Natural gas		394,533
Golf course		<u>89,237</u>
Total Depreciation Expense-Business-type Activities	\$	<u>972,599</u>

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances at June 30, 2012, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Fund: General Fund	Major Proprietary Funds: Airport Fund Golf Course Fund	<u>\$ 323,242</u> <u>181,982</u> <u>\$ 505,224</u>

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Fund: General Fund	Major Proprietary Fund: Golf Course Fund	\$ 217,794
Internal Service Fund: Risk Management Fund	Golf Course Fund	228,821
Nonmajor Governmental Funds: Special Revenue Funds:	Major Governmental Funds:	
State Revolving Fund	General Fund	247,549
State Revolving Economic Development Fund	General Fund	<u>133,823</u> <u>\$ 827,987</u>

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

Interfund transfers:

	Transfer In	Explanation	Transfer Out	Explanation
Major Governmental Funds:				
General Fund	\$ 5,000	Fire Hydrant Maintenance	\$ (933,137)	Street Maintenance, Street
Gas Tax Fund	87,049	Street Maintenance, Street		lights and Snow Removal.
		lights and Snow Removal		To Close RDA.
				General Fund Vehicle License
				Fees for Debt Service.
				Set up Retiree Benefit
Major Proprietary Funds:				
Water Fund			(5,000)	Fire Hydrant Maintenance
Nonmajor Governmental Funds:				
Special Revenue Funds:				
Park Land In-lieu Fund			(160,000)	City Match for Prop 84 Grant
Community Redevelopment Agency Fund	669,252	To Close RDA		
Debt Service Fund:				
City Hall Debt Service Fund	161,836	General Fund Vehicle License		
Capital Project Fund:		Fees for Debt Service		
Sierra Park Fund	160,000	City Match for Prop 84 Grant		
Internal Service Fund:				
Other Postemployment Benefits Fund	15,000	Set up Retiree Benefit		
Total	<u>\$ 1,098,137</u>	Total	<u>\$ (1,098,137)</u>	

Current interfund balances arise in the normal course of business and to assist funds with negative cash balance at the fiscal year end. They are expected to be repaid shortly after the end of the fiscal year.

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.

NOTE 6 – NOTES AND LOANS RECEIVABLE

The following schedule summarizes notes and loans receivables as of June 30, 2012:

Note Receivable for business assistance - General Fund	\$ 75,833
State Revolving Fund notes receivables	469,093
State Revolving Economic Development fund notes receivable	64,419
Home Revolving Loan funds notes receivable	<u>573,679</u>
Total notes receivable Nonmajor Governmental Funds	<u>\$ 1,183,024</u>

These notes and 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
June 30, 2012

NOTE 7 – LONG-TERM DEBT

A. 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 Assets. No expenditure is reported for these amounts in the fund statements. 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, 2012, total \$154,176 for governmental activities and \$91,506 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.

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, 2012 is \$700,000.

Future debt service requirements on the 1992 Revenue bonds are:

Fiscal Year Ended June 30,	Revenue Bonds		Total
	Principal	Interest	
2013	\$ 95,000	\$ 50,569	\$ 145,569
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>\$ 700,000</u>	<u>\$ 174,763</u>	<u>\$ 874,763</u>

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 lease 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

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 7 – LONG-TERM DEBT (Continued)

B. Revenue Bonds (Continued)

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

Fiscal Year Ended June 30,	Revenue Bonds		Total
	Principal	Interest	
2013	\$ 40,216	\$ 40,747	\$ 80,963
2014	83,367	53,231	136,598
2015	87,777	50,273	138,050
2016	89,488	47,163	136,651
2017	90,989	44,039	135,028
2018-2022	511,948	168,924	680,872
2023-2027	610,141	72,393	682,534
2028	67,629	1,183	68,812
Total	<u>\$ 1,581,555</u>	<u>\$ 477,953</u>	<u>\$ 2,059,508</u>

Defeased Debt:

\$1,787,682 from the 2012 Lease Financing was placed in an irrevocable trust that is to 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, 2012, the 2002 City Hall Bonds outstanding balance which is considered defeased was \$1,710,000.

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, 2012, the 2004 Water Revenue Bonds outstanding balances which is considered defeased was \$3,305,000.

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 \$9,095,000.

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 \$25,135,000.

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, 2012, the outstanding balances on the defeased debt was \$0, as the entire balance has been redeemed.

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 7 – LONG-TERM DEBT (Continued)

B. Revenue Bonds (Continued)

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	
2013	\$ 330,000	\$ 1,799,342	\$ 2,129,342
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
2018-2022	3,275,000	8,496,986	11,771,986
2023-2027	4,510,000	7,638,026	12,148,026
2028-2032	5,885,000	6,329,430	12,214,430
2033-2037	7,035,000	4,535,026	11,570,026
2038-2042	6,380,000	2,639,400	9,019,400
2043-2045	4,820,000	589,500	5,409,500
Total	<u>\$ 34,230,000</u>	<u>\$ 39,141,406</u>	<u>\$ 73,371,406</u>

C. Notes Payable

Notes payable at June 30, 2012, 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.

\$ 884,000

Total Notes Payable

\$ 884,000

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

Fiscal Year Ended June 30,	Notes Payable		Total
	Principal	Interest	
2013	\$ 14,000	\$ 37,273	\$ 51,273
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
2018-2022	92,000	162,646	254,646
2023-2027	115,000	140,781	255,781
2028-2032	141,000	115,665	256,665
2033-2037	174,000	80,325	254,325
2038-2042	215,000	39,207	254,207
2043-2044	73,000	2,571	75,571
Total	<u>\$ 884,000</u>	<u>\$ 721,395</u>	<u>\$ 1,605,395</u>

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 7 – LONG-TERM DEBT (Continued)

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, 2012 were as follows:

Fiscal Year Ended June 30,	Total
2013	\$ 22,541
2014	18,803
Total requirements	41,344
Less: interest	(2,281)
Present value of remaining payments	\$ 39,063

E. Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2012, was as follows:

	July 1, 2011 Balance	Additions	Reductions	June 30, 2012 Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
1992 Revenue Bond	\$ 790,000	\$ -	\$ (90,000)	\$ 700,000	\$ 95,000
2002 Revenue Bond	1,780,000		(1,780,000)		
2012 Lease Financing		1,581,555		1,581,555	40,216
Deferred loss on refunding		(77,682)		(77,682)	(5,179)
Compensated absences	173,618	15,951	(35,393)	154,176	4,211
Early retirement incentive		219,480		219,480	
Other postemployment benefits payable		46,741		46,741	
	\$ 2,743,618	\$ 1,786,045	\$ (1,905,393)	\$ 2,624,270	\$ 134,248
Business-type activities:					
Bonds Payable:					
Revenue	\$ 34,505,000	\$ -	\$ (275,000)	\$ 34,230,000	\$ 330,000
Deferred loss on refunding	(974,735)		51,302	(923,433)	(51,302)
Original issue discounts	(401,768)		11,817	(389,951)	(11,817)
Notes payable	897,000		(13,000)	884,000	14,000
Capital lease payable	58,607		(19,544)	39,063	20,766
Compensated absences	96,935	5,126	(10,555)	91,506	
	\$ 34,181,039	\$ 5,126	\$ (254,980)	\$ 33,931,185	\$ 301,647

F. Deferred Debt Expenses

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.

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 8 – 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 2011-12 was 24.367% for miscellaneous employees and 38.387% 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, 2012, 2011, and 2010, were \$871,623, \$780,344, and \$804,776, 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 \$237,397, \$256,882, and \$261,837, for the fiscal years ending June 30, 2012, 2011, and 2010, respectively.

NOTE 9 – 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, 2012, 4 employees agreed to the early retirement incentives. The balance of the accrued benefits, as of June 30, 2012 was \$219,480. This balance is included in the long-term debt disclosed in Note 7 – Long-Term Debt.

NOTE 10 – 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
June 30, 2012

NOTE 10 – 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, 2011, is as follows:

	<u>Liability Program</u>	<u>Workers Comp. Program</u>	<u>Total</u>
Total Assets	\$ 7,630,754	\$ 8,637,829	\$ 16,268,583
Total Liabilities	<u>\$ 1,362,347</u>	<u>\$ 3,482,955</u>	<u>\$ 4,845,302</u>
Fund Equity	6,268,407	5,154,874	11,423,281
Total Liabilities and Equity	<u>\$ 7,630,754</u>	<u>\$ 8,637,829</u>	<u>\$ 16,268,583</u>
Total Revenues	\$ 2,481,357	\$ 1,930,592	\$ 4,411,949
Total Expenditures	<u>722,067</u>	<u>1,537,450</u>	<u>2,259,517</u>
Net Increase/(Decrease)	<u>\$ 1,759,290</u>	<u>\$ 393,142</u>	<u>\$ 2,152,432</u>

The financial information above is the latest available information, as the June 30, 2012 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). ERMA is in an overall deficit position.

Condensed financial information of ERMA for the fiscal year ended June 30, 2011 (most recent available), is as follows:

Total Assets	<u>\$ 23,630,453</u>
Total Liabilities	\$ 13,726,234
Fund Equity	<u>9,904,219</u>
Total Liabilities and Equity	<u>\$ 23,630,453</u>
Total Revenues	\$ 7,770,128
Total Expenditures	<u>62,144</u>
Net Increase	<u>\$ 7,707,984</u>

NOTE 11 – POSTRETIREMENT BENEFITS OTHER THAN PENSION BENEFITS

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

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 11 – POSTRETIREMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

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 7 – Long-Term Debt once the retiree elects to retire and utilize one-half of their unused sick leave. As of June 30, 2012, the balance was \$46,741.

NOTE 12 – 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.

NOTE 13 – NET ASSETS AND FUND BALANCES

A. Net Assets

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

Invested in capital assets, net of related debt describes the portion of net assets 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.

Restricted describes the portion of net assets 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.

Included in restricted net assets at June 30, 2012 are net assets restricted by enabling legislation of \$930,734.

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

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

At June 30, 2012, the City had recorded restricted net assets in the Governmental Activities and Business-type Activities as follows:

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 13 – NET ASSETS AND FUND BALANCES (Continued)

A. Net Assets (continued)

Net Assets	Governmental Activities	Business-type Activities
<u>Restricted for:</u>		
Public Safety	\$ 212,338	\$ -
Parks	24,075	
Housing Rehabilitation	993,995	
Economic Development	422,062	
HOME Program	740,828	
Traffic Safety	76,874	
Culvert Installations	25,670	
Traffic Signals	102,609	
Streets and Roads	526,557	
Debt Service	1,116,485	2,289,356
Capital Projects	287,138	
<i>Total Restricted</i>	<u>\$ 4,528,631</u>	<u>\$ 2,289,356</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.

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.

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 13 – NET ASSETS AND FUND BALANCES (Continued)

B. Fund Balances (Continued)

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 a City official 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.

The constraints placed on fund balance for the major governmental funds and all other governmental funds at June 30, 2012 are as follows:

Fund Balances	General Fund	Gas Tax Fund	Nonmajor Governmental Funds	Total
<u>Nonspendable:</u>				
Prepays	\$ 20,153	\$ -	\$ -	\$ 20,153
Inventory	32,703			32,703
Advances	217,794			217,794
<i>Total Nonspendable</i>	<u>270,650</u>			<u>270,650</u>
<u>Restricted for:</u>				
Public Safety			212,338	212,338
Parks			24,075	24,075
Housing Rehabilitation			524,902	524,902
Economic Development			357,643	357,643
HOME Program			167,149	167,149
Traffic Safety			76,874	76,874
Culvert Installations			25,670	25,670
Traffic Signals			102,609	102,609
Streets and Roads		491,370	35,187	526,557
Debt Service			1,138,925	1,138,925
Capital Projects	18,011		269,127	287,138
<i>Total Restricted</i>	<u>18,011</u>	<u>491,370</u>	<u>2,934,499</u>	<u>3,443,880</u>
<u>Assigned for:</u>				
Capital Projects	25,212			25,212
<i>Total Assigned</i>	<u>25,212</u>			<u>25,212</u>
Unassigned	1,837,349		(156,372)	1,680,977
<i>Total Fund Balances</i>	<u>\$ 2,151,222</u>	<u>\$ 491,370</u>	<u>\$ 2,778,127</u>	<u>\$ 5,420,719</u>

*Included in the Unassigned Fund Balance for the General Fund is \$213,529 that is set-aside as a reserve, by Council Resolution.

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE 14 – 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.

NOTE 15 – 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 has secured a future price of \$7.45/Dth for natural gas purchases for the months of November 2011 through March 2012. The total amount of this future commitment is \$517,775 as of June 30, 2012. This represents approximately two thirds of the City’s winter gas requirements.

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 payment of \$1,650. The following is a schedule, by year, of future minimum lease payments required under the operating leases as of June 30, 2012:

Fiscal Year Ended June 30,	Total
2013	\$ 30,754
2014	23,329
2015	19,038
2016	10,458
2017	10,458
Total	<u>\$ 94,037</u>

NOTE 16 – 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, 2012 was \$695,000.

CITY OF SUSANVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 17 – SUBSEQUENT EVENT

Management of the City has evaluated subsequent events through December 26, 2012, the date of these financial statements were available to be issued, and has determined there were no material events requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SUSANVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
Revenues:				
Property taxes	\$ 2,774,182	\$ 2,557,170	\$ 2,469,610	\$ (87,560)
Taxes other than property	1,806,296	1,806,296	1,868,304	62,008
Licenses and permits	95,200	95,200	100,385	5,185
Fines and forfeitures	27,250	27,250	20,246	(7,004)
Use of money and property	12,000	12,000	6,251	(5,749)
Intergovernmental	196,678	178,224	177,035	(1,189)
Program income	5,600	5,600	5,417	(183)
Charges for services	48,610	48,610	65,706	17,096
Other revenues	37,074	409,114	498,857	89,743
	<u>5,002,890</u>	<u>5,139,464</u>	<u>5,211,811</u>	<u>72,347</u>
Expenditures:				
Current:				
General government	715,784	716,011	661,910	54,101
Public safety	3,354,722	3,324,109	3,168,027	156,082
Protective inspections	208,235	210,781	202,256	8,525
Community development	163,132	151,521	146,689	4,832
Community services	214,480	214,088	181,416	32,672
Capital outlay	13,959	28,667	14,894	13,773
	<u>4,670,312</u>	<u>4,645,177</u>	<u>4,375,192</u>	<u>269,985</u>
Excess of revenues over (under) expenditures	<u>332,578</u>	<u>494,287</u>	<u>836,619</u>	<u>342,332</u>
Other Financing Sources (Uses):				
Transfers in	5,000	5,000	5,000	
Transfers out	(337,578)	(252,182)	(933,137)	(680,955)
	<u>(332,578)</u>	<u>(247,182)</u>	<u>(928,137)</u>	<u>(680,955)</u>
Net changes in fund balance		247,105	(91,518)	(338,623)
Fund balance - July 1, 2011	<u>2,242,740</u>	<u>2,242,740</u>	<u>2,242,740</u>	
Fund balance - June 30, 2012	<u>\$ 2,242,740</u>	<u>\$ 2,489,845</u>	<u>\$ 2,151,222</u>	<u>\$ (338,623)</u>

CITY OF SUSANVILLE
GAS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Use of money and property	\$ -	\$ -	\$ 1,382	\$ 1,382
Intergovernmental	547,318	630,219	663,898	33,679
Charges for services	10,400	10,400	10,400	
Other revenues		31,000	105,756	74,756
Total revenues	<u>557,718</u>	<u>671,619</u>	<u>781,436</u>	<u>109,817</u>
Expenditures:				
Current:				
Streets	705,352	773,666	624,075	149,591
Total expenditures	<u>705,352</u>	<u>773,666</u>	<u>624,075</u>	<u>149,591</u>
Excess of revenues over (under) expenditures	<u>(147,634)</u>	<u>(102,047)</u>	<u>157,361</u>	<u>259,408</u>
Other Financing Sources (Uses):				
Transfers in	73,634	72,634	87,049	14,415
Total other financing sources (uses)	<u>73,634</u>	<u>72,634</u>	<u>87,049</u>	<u>14,415</u>
Net changes in fund balance	(74,000)	(29,413)	244,410	273,823
Fund balance - July 1, 2011	<u>246,960</u>	<u>246,960</u>	<u>246,960</u>	
Fund balance - June 30, 2012	<u>\$ 172,960</u>	<u>\$ 217,547</u>	<u>\$ 491,370</u>	<u>\$ 273,823</u>

OTHER SUPPLEMENTAL INFORMATION

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

Street, Police, & Fire Mitigation Funds – Fees collected from new developments within the City are placed in these separate funds and used to purchase and maintain vehicles, equipment, and various facilities.

Park Land In-lieu Fund – Fees collected from new developments within the City are used to purchase necessary equipment and land to maintain and expand the City’s parks.

State Revolving Fund – Program income received from Community Development Block Grant loans given for Housing Rehabilitation are deposited to this fund and re-issued in the form of new loans.

State Revolving Economic Development & Home Revolving Funds - Program income received from the Façade Improvement, Business Assistance, and First-Time Home Buyers loan re-payments are deposited to these funds and re-issued in the form of new loans.

Community Redevelopment Agency Fund - This fund represented the City’s Redevelopment Area.

Traffic Safety Fund – A portion of the fines and forfeitures received by the City for any arrests by a City Officer under VC 42200 shall be deposited in this fund for the purchase and maintenance of equipment associated with Traffic Law Enforcement.

Barry Creek Development & Chestnut Street Culvert Funds – Fees collected from new development within the Barry Creek and Chestnut Street areas are deposited in these funds to repay the City for installation of the culverts.

Skyline Route 139 Signal, Skyline Numa Signal, and Skyline Bicycle Lane Funds – Fees collected from new development within the Skyline area are deposited in these funds to be used for installation and maintenance of traffic signals, parks and parkways.

DEBT SERVICE FUNDS

Mark Roos 92B Fund – Assessments collected from the homeowners within the Miller/Fletcher Housing Development are deposited in this Debt Service account to repay the bond that was issued in 1992 to install the infrastructure within this development.

City Hall Debt Service Fund – Payment of the bond issued to remodel the City Hall is charged to this Debt Service Fund.

Nonmajor Governmental Funds (Continued)

CAPITAL PROJECTS FUNDS

Prop 1B Local Streets and Road Fund – Proposition 1B revenues and expenditures are accounted for in this fund.

2010 Federal ARRA Rehab Project Fund – American Recovery and Reinvestment Act revenues and expenditures are accounted for in this fund.

Sierra Park Capital Project Fund – Proposition 84 grant to create a sports complex on Sierra Road is accounted for in this fund.

CITY OF SUSANVILLE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2012

	Special Revenue Funds		
	Local Law Enforcement Block Grant Fund	Street Mitigation Fund	Police Mitigation Fund
Assets			
Cash and investments	\$ 58,372	\$ 35,156	\$ 60,321
Cash and investments with fiscal agent			
Investment in bonds			
Accounts receivable	13,407		
Interest receivable	59	31	57
Advances to other funds			
Prepaid expenditures			
Loans receivable			
Total assets	\$ 71,838	\$ 35,187	\$ 60,378
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 699
Accrued wages	1,944		
Deferred revenue			
Total liabilities	1,944		699
Fund Balances:			
Restricted	69,894	35,187	59,679
Unassigned			
Total fund balances (deficits)	69,894	35,187	59,679
Total liabilities and fund balances	\$ 71,838	\$ 35,187	\$ 60,378

Special Revenue Funds

Fire Mitigation Fund	Park Land In-lieu Fund	State Revolving Fund	State Revolving Economic Development Fund	Home Revolving Fund
\$ 85,698	\$ 24,009	\$ 276,513	\$ 220,664	\$ 167,004
75	66	600 240 247,549	2,965 191 133,823	145
		469,093	64,419	573,679
<u>\$ 85,773</u>	<u>\$ 24,075</u>	<u>\$ 993,995</u>	<u>\$ 422,062</u>	<u>\$ 740,828</u>
\$ 3,008	\$ -	\$ -	\$ -	\$ -
		469,093	64,419	573,679
<u>3,008</u>		<u>469,093</u>	<u>64,419</u>	<u>573,679</u>
82,765	24,075	524,902	357,643	167,149
<u>82,765</u>	<u>24,075</u>	<u>524,902</u>	<u>357,643</u>	<u>167,149</u>
<u>\$ 85,773</u>	<u>\$ 24,075</u>	<u>\$ 993,995</u>	<u>\$ 422,062</u>	<u>\$ 740,828</u>

(Continued)

CITY OF SUSANVILLE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (Continued)
June 30, 2012

	Special Revenue Funds		
	Community Redevelopment Agency Fund	Traffic Safety Fund	Barry Creek Development Fund
Assets			
Cash and investments	\$ -	\$ 76,807	\$ 487
Cash and investments with fiscal agent			
Investment in bonds			
Accounts receivable			
Interest receivable		67	1
Advances to other funds			
Prepaid expenditures			
Loans receivable			
Total assets	\$ -	\$ 76,874	\$ 488
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued wages			
Deferred revenue			
Total liabilities			
Fund Balances:			
Restricted		76,874	488
Unassigned			
Total fund balances (deficits)		76,874	488
Total liabilities and fund balances	\$ -	\$ 76,874	\$ 488

Special Revenue Funds				Debt Service Funds
Skyline Rt. 139 Signal Fund	Chestnut Street Culvert Fund	Skyline Numa Signal Fund	Skyline Bicycle Lane Fund	Mark Roos 92B Fund
\$ 17,922	\$ 25,160	\$ 77,329	\$ 7,268	\$ 252,016
				152,626
				695,000
16	22	67	7	
				731
<u>\$ 17,938</u>	<u>\$ 25,182</u>	<u>\$ 77,396</u>	<u>\$ 7,275</u>	<u>\$ 1,100,373</u>
\$ -	\$ -	\$ -	\$ -	\$ 3
				3
17,938	25,182	77,396	7,275	1,100,370
<u>17,938</u>	<u>25,182</u>	<u>77,396</u>	<u>7,275</u>	<u>1,100,370</u>
<u>\$ 17,938</u>	<u>\$ 25,182</u>	<u>\$ 77,396</u>	<u>\$ 7,275</u>	<u>\$ 1,100,373</u>

(Continued)

CITY OF SUSANVILLE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (Continued)
June 30, 2012

	<u>Debt Service Funds</u>		<u>Capital Projects Fund</u>	
	<u>City Hall Debt Service Fund</u>	<u>Prop 1B Local Streets and Road Fund</u>	<u>2010 Federal ARRA Rehab Project Fund</u>	
Assets				
Cash and investments	\$ -	\$ 109,777	\$ -	
Cash and investments with fiscal agent	38,295			
Investment in bonds				
Accounts receivable			156,372	
Interest receivable				
Advances to other funds				
Prepaid expenditures	260			
Loans receivable				
	<hr/>	<hr/>	<hr/>	
Total assets	<u>\$ 38,555</u>	<u>\$ 109,777</u>	<u>\$ 156,372</u>	
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 156,372	
Accrued wages		398		
Deferred revenue			156,372	
	<hr/>	<hr/>	<hr/>	
Total liabilities	<hr/>	<u>398</u>	<u>312,744</u>	
Fund Balances:				
Restricted	38,555	109,379		
Unassigned			(156,372)	
	<hr/>	<hr/>	<hr/>	
Total fund balances (deficits)	<u>38,555</u>	<u>109,379</u>	<u>(156,372)</u>	
	<hr/>	<hr/>	<hr/>	
Total liabilities and fund balances	<u>\$ 38,555</u>	<u>\$ 109,777</u>	<u>\$ 156,372</u>	

Capital Projects Fund

<u>Sierra Park Project Fund</u>	<u>Totals</u>
\$ 159,748	\$ 1,654,251
	190,921
	695,000
	173,344
	1,044
	381,372
	991
	1,107,191
<hr/>	<hr/>
<u>\$ 159,748</u>	<u>\$ 4,204,114</u>
\$ -	\$ 160,082
	2,342
	1,263,563
<hr/>	<hr/>
	1,425,987
<hr/>	<hr/>
159,748	2,934,499
	(156,372)
<hr/>	<hr/>
159,748	2,778,127
<hr/>	<hr/>
<u>\$ 159,748</u>	<u>\$ 4,204,114</u>

CITY OF SUSANVILLE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2012

	Special Revenue Funds		
	Local Law Enforcement Block Grant Fund	Street Mitigation Fund	Police Mitigation Fund
Revenues:			
Taxes and assessments	\$ -	\$ -	\$ -
Use of money and property	131	229	75
Intergovernmental revenues	100,000		
Program income			
Other revenues	23,292	2,242	2,901
Total revenues	123,423	2,471	2,976
Expenditures:			
Current:			
Public safety	110,889		
Streets			
Community development			
Capital outlay			43,089
Debt service:			
Principal			
Interest and fiscal agent fees			
Debt issuance cost			
Total expenditures	110,889		43,089
Excess of revenues over (under) expenditures	12,534	2,471	(40,113)
Other Financing Sources (Uses):			
Transfers in			
Transfers out			
Payment to refunded debt escrow agent			
Proceeds of long-term debt			
Total other financing sources (uses)			
Net changes in fund balances	12,534	2,471	(40,113)
Fund balances (deficits) - July 1, 2011	57,360	32,716	99,792
Fund balances (deficits) - June 30, 2012	\$ 69,894	\$ 35,187	\$ 59,679

Special Revenue Funds

Fire Mitigation Fund	Park Land In-lieu Fund	State Revolving Fund	State Revolving Economic Development Fund	Home Revolving Fund
\$ -	\$ -	\$ -	\$ -	\$ -
244	430	890	667	505
8,316	1,945	15,078	14,840	1,496
8,560	2,375	15,968	15,507	2,001
7,190				
134,147	5,000	67,212		
141,337	5,000	67,212		
(132,777)	(2,625)	(51,244)	15,507	2,001
	(160,000)			
	(160,000)			
(132,777)	(162,625)	(51,244)	15,507	2,001
215,542	186,700	576,146	342,136	165,148
<u>\$ 82,765</u>	<u>\$ 24,075</u>	<u>\$ 524,902</u>	<u>\$ 357,643</u>	<u>\$ 167,149</u>

(Continued)

CITY OF SUSANVILLE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
For the Fiscal Year Ended June 30, 2012

	Special Revenue Funds		
	Community Redevelopment Agency Fund	Traffic Safety Fund	Barry Creek Development Fund
Revenues:			
Taxes and assessments	\$ -	\$ -	\$ -
Use of money and property		236	2
Intergovernmental revenues			
Program income			
Other revenues		7,549	
		<hr/>	<hr/>
Total revenues		7,785	2
		<hr/>	<hr/>
Expenditures:			
Current:			
Public safety			
Streets			
Community development	451		
Capital outlay		3,588	
Debt service:			
Principal			
Interest and fiscal agent fees			
Debt issuance cost			
		<hr/>	<hr/>
Total expenditures	451	3,588	
		<hr/>	<hr/>
Excess of revenues over (under) expenditures	(451)	4,197	2
		<hr/>	<hr/>
Other Financing Sources (Uses):			
Transfers in	669,252		
Transfers out			
Payment to refunded debt escrow agent			
Proceeds of long-term debt			
		<hr/>	<hr/>
Total other financing sources (uses)	669,252		
		<hr/>	<hr/>
Net changes in fund balances	668,801	4,197	2
Fund balances (deficits) - July 1, 2011	(668,801)	72,677	486
		<hr/>	<hr/>
Fund balances (deficits) - June 30, 2012	\$ -	\$ 76,874	\$ 488
		<hr/> <hr/>	<hr/> <hr/>

Special Revenue Funds

Skyline Rt. 139 Signal Fund	Chestnut Street Culvert Fund	Skyline Numa Signal Fund	Skyline Bicycle Lane Fund	Mark Roos 92B Fund
\$ -	\$ -	\$ -	\$ -	\$ 34,871
56	76	234	21	15
47		231	174	
103	76	465	195	34,886
				90,000
				60,119
				150,119
103	76	465	195	(115,233)
103	76	465	195	(115,233)
17,835	25,106	76,931	7,080	1,215,603
<u>\$ 17,938</u>	<u>\$ 25,182</u>	<u>\$ 77,396</u>	<u>\$ 7,275</u>	<u>\$ 1,100,370</u>

(Continued)

CITY OF SUSANVILLE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
For the Fiscal Year Ended June 30, 2012

	<u>Debt Service Funds</u>	<u>Capital Projects Fund</u>	
	<u>City Hall Debt Service Fund</u>	<u>Prop 1B Local Streets and Road Fund</u>	<u>2010 Federal ARRA Rehab Project Fund</u>
Revenues:			
Taxes and assessments	\$ -	\$ -	\$ -
Use of money and property	33		
Intergovernmental revenues			49,328
Program income			
Other revenues			
	<hr/>	<hr/>	<hr/>
Total revenues	33		49,328
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Public safety			
Streets		54,883	137,629
Community development			
Capital outlay			
Debt service:			
Principal	70,000		
Interest and fiscal agent fees	94,838		
Debt issuance cost	86,454		
	<hr/>	<hr/>	<hr/>
Total expenditures	251,292	54,883	137,629
	<hr/>	<hr/>	<hr/>
Excess of revenues over (under) expenditures	(251,259)	(54,883)	(88,301)
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses):			
Transfers in	161,836		
Transfers out			
Payment to refunded debt escrow agent	(1,787,682)		
Proceeds of long-term debt	1,581,555		
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(44,291)		
	<hr/>	<hr/>	<hr/>
Net changes in fund balances	(295,550)	(54,883)	(88,301)
	<hr/>	<hr/>	<hr/>
Fund balances (deficits) - July 1, 2011	334,105	164,262	(68,071)
	<hr/>	<hr/>	<hr/>
Fund balances (deficits) - June 30, 2012	\$ 38,555	\$ 109,379	\$ (156,372)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Capital Projects Fund

<u>Sierra Park Project Fund</u>	<u>Totals</u>
\$ -	\$ 34,871
	3,844
	149,328
	31,414
	<u>46,697</u>
	266,154
	118,079
	192,512
252	67,915
	185,824
	160,000
	154,957
	<u>86,454</u>
252	965,741
<u>(252)</u>	<u>(699,587)</u>
160,000	991,088
	(160,000)
	(1,787,682)
	<u>1,581,555</u>
<u>160,000</u>	<u>624,961</u>
159,748	(74,626)
	<u>2,852,753</u>
<u>\$ 159,748</u>	<u>\$ 2,778,127</u>

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**NONMAJOR GOVERNMENTAL FUNDS
BUDGET AND ACTUAL SCHEDULES**

CITY OF SUSANVILLE
LOCAL LAW ENFORCEMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 131	\$ 131
Intergovernmental revenues	100,000	100,000	
Other revenues		23,292	23,292
Total revenues	100,000	123,423	23,423
Expenditures:			
Current:			
Public safety	100,000	110,889	(10,889)
Total expenditures	100,000	110,889	(10,889)
Net changes in fund balance		12,534	12,534
Fund balance - July 1, 2011	57,360	57,360	
Fund balance - June 30, 2012	<u>\$ 57,360</u>	<u>\$ 69,894</u>	<u>\$ 12,534</u>

CITY OF SUSANVILLE
STREET MITIGATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 229	\$ 229
Other revenues	20,000	2,242	(17,758)
Total revenues	20,000	2,471	(17,529)
Excess of revenues over (under) expenditures	20,000	2,471	(17,529)
Other Financing Sources (Uses):			
Transfers out	(20,000)		20,000
Total other financing sources (uses)	(20,000)		20,000
Net changes in fund balance		2,471	2,471
Fund balance - July 1, 2011	32,716	32,716	
Fund balance - June 30, 2012	\$ 32,716	\$ 35,187	\$ 2,471

CITY OF SUSANVILLE
POLICE MITIGATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 75	\$ 75
Other revenues	25,000	2,901	(22,099)
Total revenues	<u>25,000</u>	<u>2,976</u>	<u>(22,024)</u>
Expenditures:			
Capital outlay	72,382	43,089	29,293
Total expenditures	<u>72,382</u>	<u>43,089</u>	<u>29,293</u>
Net changes in fund balance	(47,382)	(40,113)	7,269
Fund balance - July 1, 2011	<u>99,792</u>	<u>99,792</u>	
Fund balance - June 30, 2012	<u><u>\$ 52,410</u></u>	<u><u>\$ 59,679</u></u>	<u><u>\$ 7,269</u></u>

CITY OF SUSANVILLE
FIRE MITIGATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 244	\$ 244
Other revenues	23,000	8,316	(14,684)
Total revenues	<u>23,000</u>	<u>8,560</u>	<u>(14,440)</u>
Expenditures:			
Current:			
Public safety	62,088	7,190	54,898
Capital outlay	108,512	134,147	(25,635)
Total expenditures	<u>170,600</u>	<u>141,337</u>	<u>29,263</u>
Net changes in fund balance	(147,600)	(132,777)	14,823
Fund balance - July 1, 2011	<u>215,542</u>	<u>215,542</u>	
Fund balance - June 30, 2012	<u>\$ 67,942</u>	<u>\$ 82,765</u>	<u>\$ 14,823</u>

CITY OF SUSANVILLE
PARK LAND IN-LIEU FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 430	\$ 430
Other revenues	7,000	1,945	(5,055)
Total revenues	<u>7,000</u>	<u>2,375</u>	<u>(4,625)</u>
Expenditures:			
Capital outlay	5,000	5,000	
Total expenditures	<u>5,000</u>	<u>5,000</u>	
Other Financing Sources (Uses):			
Transfers out	(160,000)	(160,000)	
Total other financing sources (uses)	<u>(160,000)</u>	<u>(160,000)</u>	
Net changes in fund balance	(158,000)	(162,625)	(4,625)
Fund balance - July 1, 2011	<u>186,700</u>	<u>186,700</u>	
Fund balance - June 30, 2012	<u>\$ 28,700</u>	<u>\$ 24,075</u>	<u>\$ (4,625)</u>

CITY OF SUSANVILLE
STATE REVOLVING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 890	\$ 890
Program income	50,000	15,078	(34,922)
Total revenues	50,000	15,968	(34,032)
Expenditures:			
Current:			
Community development	357,252	67,212	290,040
Total expenditures	357,252	67,212	290,040
Net changes in fund balance	(307,252)	(51,244)	256,008
Fund balance - July 1, 2011	576,146	576,146	
Fund balance - June 30, 2012	\$ 268,894	\$ 524,902	\$ 256,008

CITY OF SUSANVILLE
STATE REVOLVING ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 667	\$ 667
Program income	13,322	14,840	1,518
Total revenues	<u>13,322</u>	<u>15,507</u>	<u>2,185</u>
Net changes in fund balance	13,322	15,507	2,185
Fund balance - July 1, 2011	<u>342,136</u>	<u>342,136</u>	
Fund balance - June 30, 2012	<u><u>\$ 355,458</u></u>	<u><u>\$ 357,643</u></u>	<u><u>\$ 2,185</u></u>

CITY OF SUSANVILLE
COMMUNITY REDEVELOPMENT AGENCY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Expenditures:			
Current:			
Community development	\$ 5,611	\$ 451	\$ 5,160
Total expenditures	5,611	451	5,160
Other Financing Sources (Uses):			
Transfers in		669,252	(669,252)
Total other financing sources (uses)		669,252	669,252
Net changes in fund balance	(5,611)	668,801	674,412
Fund balance (deficits) - July 1, 2011	(668,801)	(668,801)	
Fund balance (deficits) - June 30, 2012	\$ (674,412)	\$ -	\$ 674,412

CITY OF SUSANVILLE
TRAFFIC SAFETY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 236	\$ 236
Other revenues	8,000	7,549	(451)
Total revenues	<u>8,000</u>	<u>7,785</u>	<u>(215)</u>
Expenditures:			
Capital outlay	10,000	3,588	6,412
Total expenditures	<u>10,000</u>	<u>3,588</u>	<u>6,412</u>
Net changes in fund balance	(2,000)	4,197	6,197
Fund balance - July 1, 2011	<u>72,677</u>	<u>72,677</u>	
Fund balance - June 30, 2012	<u><u>\$ 70,677</u></u>	<u><u>\$ 76,874</u></u>	<u><u>\$ 6,197</u></u>

CITY OF SUSANVILLE
SKYLINE RT. 139 SIGNAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 56	\$ 56
Other revenues	100	47	(53)
Total revenues	<u>100</u>	<u>103</u>	<u>3</u>
Net changes in fund balance	100	103	3
Fund balance - July 1, 2011	<u>17,835</u>	<u>17,835</u>	
Fund balance - June 30, 2012	<u>\$ 17,935</u>	<u>\$ 17,938</u>	<u>\$ 3</u>

CITY OF SUSANVILLE
SKYLINE NUMA SIGNAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 234	\$ 234
Other revenues	500	231	(269)
Total revenues	<u>500</u>	<u>465</u>	<u>(35)</u>
Net changes in fund balance	500	465	(35)
Fund balance - July 1, 2011	<u>76,931</u>	<u>76,931</u>	
Fund balance - June 30, 2012	<u><u>\$ 77,431</u></u>	<u><u>\$ 77,396</u></u>	<u><u>\$ (35)</u></u>

CITY OF SUSANVILLE
SKYLINE BICYCLE LANE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 21	\$ 21
Other revenues	100	174	74
Total revenues	100	195	95
 Net changes in fund balance	 100	 195	 95
 Fund balance - July 1, 2011	 7,080	 7,080	
 Fund balance - June 30, 2012	 <u>\$ 7,180</u>	 <u>\$ 7,275</u>	 <u>\$ 95</u>

CITY OF SUSANVILLE
MARK ROOS 92B FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes and assessments	\$ 152,238	\$ 34,871	\$ (117,367)
Use of money and property		15	15
Total revenues	<u>152,238</u>	<u>34,886</u>	<u>(117,352)</u>
Expenditures:			
Debt service:			
Principal	90,000	90,000	
Interest and fiscal agent fees	<u>62,238</u>	<u>60,119</u>	<u>2,119</u>
Total expenditures	<u>152,238</u>	<u>150,119</u>	<u>2,119</u>
Net changes in fund balance		(115,233)	(115,233)
Fund balance - July 1, 2011	<u>1,215,603</u>	<u>1,215,603</u>	
Fund balance - June 30, 2012	<u><u>\$ 1,215,603</u></u>	<u><u>\$ 1,100,370</u></u>	<u><u>\$ (115,233)</u></u>

CITY OF SUSANVILLE
CITY HALL DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ 100	\$ 33	\$ (67)
Total revenues	100	33	(67)
Expenditures:			
Debt service:			
Principal	70,000	70,000	
Interest and fiscal agent fees	95,235	94,838	397
Debt issuance cost		86,454	(86,454)
Total expenditures	165,235	251,292	(86,057)
Excess of revenues over (under) expenditures	(165,135)	(251,259)	(86,124)
Other Financing Sources (Uses):			
Transfers in	165,135	161,836	(3,299)
Payment to refunded debt escrow agent		(1,787,682)	(1,787,682)
Proceeds of long-term debt		1,581,555	1,581,555
Total other financing sources (uses)	165,135	(44,291)	(209,426)
Net changes in fund balance		(295,550)	(295,550)
Fund balance - July 1, 2011	334,105	334,105	
Fund balance - June 30, 2012	\$ 334,105	\$ 38,555	\$ (295,550)

CITY OF SUSANVILLE
PROP 1B LOCAL STREETS AND ROAD FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 164,262	\$ -	\$ (164,262)
Total revenues	<u>164,262</u>		<u>(164,262)</u>
Expenditures:			
Current:			
Streets	<u>164,262</u>	<u>54,883</u>	<u>109,379</u>
Total expenditures	<u>164,262</u>	<u>54,883</u>	<u>109,379</u>
Net changes in fund balance		(54,883)	(54,883)
Fund balance - July 1, 2011	<u>164,262</u>	<u>164,262</u>	
Fund balance - June 30, 2012	<u><u>\$ 164,262</u></u>	<u><u>\$ 109,379</u></u>	<u><u>\$ (54,883)</u></u>

CITY OF SUSANVILLE
2010 FEDERAL ARRA REHAB PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 304,526	\$ 49,328	\$ (255,198)
Total revenues	<u>304,526</u>	<u>49,328</u>	<u>(255,198)</u>
Expenditures:			
Current:			
Streets	<u>304,526</u>	<u>137,629</u>	<u>166,897</u>
Total expenditures	<u>304,526</u>	<u>137,629</u>	<u>166,897</u>
Net changes in fund balance		(88,301)	(88,301)
Fund balance (deficit) - July 1, 2011	<u>(68,071)</u>	<u>(68,071)</u>	
Fund balance (deficit) - June 30, 2012	<u><u>\$ (68,071)</u></u>	<u><u>\$ (156,372)</u></u>	<u><u>\$ (88,301)</u></u>

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CITY OF SUSANVILLE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2012

	Public Works Administration Fund	Risk Management Fund	Other Postemployment Benefits Fund	Totals
ASSETS				
Current Assets:				
Cash and investments	\$ 596	\$ 445,389	\$ 47,237	\$ 493,222
Interest receivable	27	402		429
Prepaid expenses	2,524	2,982		5,506
Noncurrent Assets:				
Advances to other funds		228,821		228,821
Total current assets	<u>3,147</u>	<u>677,594</u>	<u>47,237</u>	<u>727,978</u>
Total assets	<u>3,147</u>	<u>677,594</u>	<u>47,237</u>	<u>727,978</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	2,851	63		2,914
Accrued wages	226	7,339		7,565
Noncurrent Liabilities:				
Early retirement incentive			219,480	219,480
Other postemployment benefits payable			46,741	46,741
Total liabilities	<u>3,077</u>	<u>7,402</u>	<u>266,221</u>	<u>276,700</u>
NET ASSETS				
Unrestricted	<u>70</u>	<u>670,192</u>	<u>(218,984)</u>	<u>451,278</u>
Total net assets	<u>\$ 70</u>	<u>\$ 670,192</u>	<u>\$ (218,984)</u>	<u>\$ 451,278</u>

CITY OF SUSANVILLE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS
For the Fiscal Year Ended June 30, 2012

	Public Works Administration Fund	Risk Management Fund	Other Postemployment Benefits Fund	Totals
Revenues:				
Charges for services	\$ 13,944	\$ 499,130	\$ -	\$ 513,074
Total Revenues	<u>13,944</u>	<u>499,130</u>	<u>-</u>	<u>513,074</u>
Expenses:				
Administration	7,662	213,554		221,216
Insurance costs and claims	6,516	282,162	276,478	565,156
Total Expenses	<u>14,178</u>	<u>495,716</u>	<u>276,478</u>	<u>786,372</u>
Operating Income (Loss)	(234)	3,414	(276,478)	(273,298)
Non-Operating Revenues (Expenses):				
Interest income	54	9,802		9,856
Income (loss) before transfer	(180)	13,216	(276,478)	(263,442)
Transfers in			15,000	15,000
Change in Net Assets	(180)	13,216	(261,478)	(248,442)
Net Assets July 1, 2011	<u>250</u>	<u>656,976</u>	<u>42,494</u>	<u>699,720</u>
Net Assets (Deficit), June 30, 2012	<u>\$ 70</u>	<u>\$ 670,192</u>	<u>\$ (218,984)</u>	<u>\$ 451,278</u>

CITY OF SUSANVILLE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2012

	Public Works Administration Fund	Risk Management Fund	Other Postemployment Benefits Fund	Totals
Cash Flows from Operating Activities:				
Receipts from city charges	\$ 18,099	\$ 499,130	\$ -	\$ 517,229
Payment to suppliers and users	(11,243)	(283,617)		(294,860)
Payments to other funds for advances		(6,616)		(6,616)
Payment to employees	(6,290)	(206,215)	(10,257)	(222,762)
Net Cash Provided (Used) by Operating Activities	<u>566</u>	<u>2,682</u>	<u>(10,257)</u>	<u>(7,009)</u>
Cash flows from Non-Capital Financing Activities:				
Transfers in/(out)			15,000	15,000
Net Cash Provided by Non-Capital Financing Activities			<u>15,000</u>	<u>15,000</u>
Cash flows from Investing Activities:				
Interest received	30	9,964		9,994
Net Cash Provided by Investing Activities	<u>30</u>	<u>9,964</u>		<u>9,994</u>
Net Increase in Cash and Cash Equivalents	596	12,646	4,743	17,985
Cash and Cash Equivalents, July 1, 2011		432,743	42,494	475,237
Cash and Cash Equivalents, June 30, 2012	<u>\$ 596</u>	<u>\$ 445,389</u>	<u>\$ 47,237</u>	<u>\$ 493,222</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (234)	\$ 3,414	\$ (276,478)	\$ (273,298)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
(Increase) Decrease in Operating Assets:				
Prepaid expenses	(1,685)	97		(1,588)
Accounts receivable	4,155			4,155
Advances to other funds		(6,616)		(6,616)
Increase (Decrease) in Operating Liabilities:				
Accounts payable	(1,896)	(1,552)		(3,448)
Accrued wages	226	7,339		7,565
Early retirement incentive			219,480	219,480
Other postemployment benefits payable			46,741	46,741
Net Cash Provided (Used) by Operating Activities	<u>\$ 566</u>	<u>\$ 2,682</u>	<u>\$ (10,257)</u>	<u>\$ (7,009)</u>

CITY OF SUSANVILLE
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2012

	Balance			Balance
	July 1, 2011	Additions	Deletions	June 30, 2012
Section 125 Aflac Fund				
ASSETS				
Cash and investments	\$ 1,523	\$ -	\$ (802)	\$ 721
Total Assets	<u>\$ 1,523</u>	<u>\$ -</u>	<u>\$ (802)</u>	<u>\$ 721</u>
LIABILITIES				
Deposits payable	\$ 1,523	\$ -	\$ (802)	\$ 721
Total Liabilities	<u>\$ 1,523</u>	<u>\$ -</u>	<u>\$ (802)</u>	<u>\$ 721</u>
LAFCO Fund				
ASSETS				
Cash and investments	\$ 62,965	\$ 2,660	\$ (35,694)	\$ 29,931
Interest receivable	84		(54)	30
Total Assets	<u>\$ 63,049</u>	<u>\$ 2,660</u>	<u>\$ (35,748)</u>	<u>\$ 29,961</u>
LIABILITIES				
Accounts payable	\$ 5,265	\$ 2,660	\$ -	\$ 7,925
Deposits payable	57,784		(35,748)	22,036
Total Liabilities	<u>\$ 63,049</u>	<u>\$ 2,660</u>	<u>\$ (35,748)</u>	<u>\$ 29,961</u>
HUSA Business Improvement Fund				
ASSETS				
Cash and investments	\$ 298	\$ 1,750	\$ -	\$ 2,048
Accounts receivable	8,510		(2,648)	5,862
Total Assets	<u>\$ 8,808</u>	<u>\$ 1,750</u>	<u>\$ (2,648)</u>	<u>\$ 7,910</u>
LIABILITIES				
Accounts payable	\$ -	\$ 814	\$ -	\$ 814
Deposits payable	8,808	936	(2,648)	7,096
Total Liabilities	<u>\$ 8,808</u>	<u>\$ 1,750</u>	<u>\$ (2,648)</u>	<u>\$ 7,910</u>
Air Pollution District Fund				
ASSETS				
Cash and investments	\$ -	\$ 339,275	\$ -	\$ 339,275
Accounts receivable		17,919		17,919
Interest receivable		300		300
Prepaid expenses		425		425
Total Assets	<u>\$ -</u>	<u>\$ 357,919</u>	<u>\$ -</u>	<u>\$ 357,919</u>
LIABILITIES				
Accounts payable	\$ -	\$ 354,311	\$ -	\$ 354,311
Compensated absences		3,608		3,608
Total Liabilities	<u>\$ -</u>	<u>\$ 357,919</u>	<u>\$ -</u>	<u>\$ 357,919</u>
Total Agency Funds				
ASSETS				
Cash and investments	\$ 64,786	\$ 343,685	\$ (36,496)	\$ 371,975
Accounts receivable	8,510	17,919	(2,648)	23,781
Interest receivable	84	300	(54)	330
Prepaid expenses		425		425
Total Assets	<u>\$ 73,380</u>	<u>\$ 362,329</u>	<u>\$ (39,198)</u>	<u>\$ 396,511</u>
LIABILITIES				
Accounts payable	\$ 5,265	\$ 357,785	\$ -	\$ 363,050
Deposits payable	68,115	936	(39,198)	29,853
Compensated absences		3,608		3,608
Total Liabilities	<u>\$ 73,380</u>	<u>\$ 362,329</u>	<u>\$ (39,198)</u>	<u>\$ 396,511</u>

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 Assets by Component,
Last Nine Fiscal Years
Accrual Basis of Accounting

	2004	2005	2006	2007	Fiscal Year		2009	2010	2011	2012
					2008					
Governmental activities										
Invested in capital assets, net of related debt	\$ 2,154,482	\$ 2,525,295	\$ 2,648,771	\$ 2,480,051	\$ 2,274,687	\$ 2,062,283	\$ 1,849,411	\$ 2,072,326	\$ 2,308,372	
Restricted	253,461	1,600,652	1,565,208	1,651,776	1,780,484	1,547,711	1,568,520	4,958,166	4,528,631	
Unrestricted	3,378,973	3,515,171	3,830,893	4,404,242	5,396,427	5,607,906	5,810,858	2,205,779	2,409,681	
Total governmental activities net assets	\$ 5,786,916	\$ 7,641,118	\$ 8,044,872	\$ 8,536,069	\$ 9,451,598	\$ 9,217,900	\$ 9,228,789	\$ 9,236,271	\$ 9,246,684	
Business-type activities										
Invested in capital assets, net of related debt	\$ 352,514	\$ 1,651,318	\$ (3,892,035)	\$ 3,673,059	\$ (2,285,127)	\$ (1,804,335)	\$ (2,877,539)	\$ (990,783)	\$ (2,692,970)	
Restricted for Debt Service	2,373,866	3,328,579	3,089,827	2,971,552	2,864,661	2,864,798	2,864,195	2,287,718	2,289,356	
Unrestricted	(844,764)	(3,708,004)	1,368,985	(5,823,491)	2,044,780	2,269,768	3,649,199	3,672,627	6,284,038	
Total business-type activities net assets	\$ 1,881,616	\$ 1,271,893	\$ 566,777	\$ 821,120	\$ 2,624,314	\$ 3,330,231	\$ 3,635,855	\$ 4,969,562	\$ 5,880,424	
Primary government										
Invested in capital assets, net of related debt	\$ 2,506,996	\$ 4,176,613	\$ (1,243,264)	\$ 6,153,110	\$ (10,440)	\$ 257,948	\$ (1,028,128)	\$ 1,081,543	\$ (384,598)	
Restricted	2,627,327	4,929,231	4,655,035	4,623,328	4,645,145	4,412,509	4,432,715	7,245,884	6,817,987	
Unrestricted	2,534,209	(192,833)	5,199,878	(1,419,249)	7,441,207	7,877,674	9,460,057	5,878,406	8,693,719	
Total primary government net assets	\$ 7,668,532	\$ 8,913,011	\$ 8,611,649	\$ 9,357,189	\$ 12,075,912	\$ 12,548,131	\$ 12,864,644	\$ 14,205,833	\$ 15,127,108	

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
City of Susanville
Changes in Net Assets
Last Nine Fiscal Years
Accrual Basis of Accounting

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental activities:									
General government	\$2,055,249	\$1,991,240	\$1,629,410	\$1,616,449	\$816,839	\$1,228,083	\$1,094,945	\$1,149,706	\$1,105,539
Public safety	3,451,988	3,407,302	3,398,809	3,537,646	3,696,206	3,479,617	3,517,162	3,461,796	3,371,428
Streets	887,797	763,635	663,794	884,532	1,427,687	935,540	963,197	1,240,131	839,484
Protective Inspections	213,806	190,003	203,979	212,454	244,966	235,270	210,793	239,869	203,416
Community services	473,055	415,340	328,252	504,755	325,669	288,355	255,316	255,719	242,259
Community development	255,211	185,535	867,183	336,742	462,648	416,103	149,961	106,432	214,604
Interest on long term debt	199,930	402,890	294,672	230,157	194,800	186,060	175,910	166,008	288,284
Total governmental activities expenses	7,537,036	7,355,945	7,386,099	7,322,735	7,168,815	6,769,028	6,367,284	6,619,661	6,265,014
Business-type activities:									
Rodeo	\$70,032	55,031	36,508						
Airport	81,362	116,260	113,600	145,780	166,609	189,488	171,886	227,608	248,776
Water	1,442,121	2,207,464	2,200,070	2,180,730	2,145,401	2,396,179	2,126,843	1,997,499	1,976,560
Geothermal	190,297	207,914	104,637	46,800	63,868	55,889	52,561	67,755	47,435
Natural Gas	2,814,468	3,858,071	4,855,872	4,783,357	4,941,853	4,924,613	4,557,201	4,341,673	4,093,592
Swimming Pool (closed in 2004-05)	193,679	148,842							
Day Care	130,794	140,657	140,796	133,493	118,160	144,912	120,890	93,502	
Golf Course	1,036	7,701	6,400	37,749	99,865	112,179	136,267	311,089	442,571
Total business-type activities expenses	4,923,789	6,741,940	7,457,883	7,327,909	7,535,756	7,823,260	7,165,648	7,039,126	6,808,934
Total primary government expenses	\$12,460,825	\$14,097,885	\$14,843,982	\$14,650,644	\$14,704,571	\$14,592,288	\$13,532,932	\$13,658,787	\$13,073,948
Program Revenues									
Governmental activities:									
Charges for services:									
General government	\$362,530	\$854,062	\$1,020,336	\$743,153	\$27,937	\$132,822	\$155,256	\$303,864	\$487,912
Public safety	273,909	448,104	179,907	308,352	121,247	137,948	172,430	201,942	127,275
Streets	97,142	277,403	265,907	265,907	36,417	36,417	49,047	61,704	86,309
Protective Inspections	195,483	219,654	232,684	167,645		31,433	9,491	8,749	1,761
Community services	24,349	31,918	4,784	5,932	8,931	18,526	22,472	20,461	24,152
Community development	44,159	48,584	45,392	48,620	176,485	100,443	94,344	86,654	95,094
Operating grants and contributions	2,834,407	675,192	890,930	690,816	1,178,902	1,183,468	748,635	741,230	799,904
Capital grants and contributions		53,172	337,178	494,448	1,098,653	98,210	162,515	600,507	155,084
Total governmental activities program revenues	3,831,979	2,608,089	2,711,211	2,724,873	2,612,155	1,739,267	1,414,190	2,025,111	1,777,491
Business-type activities:									
Charges for services:									
Rodeo	61,297	50,700	29,654						
Airport	32,867	36,553	41,302	50,190	52,477	58,097	58,284	70,632	70,075
Water	1,796,393	2,118,368	2,046,516	2,064,187	2,049,605	2,424,802	2,315,996	2,271,480	2,358,189
Geothermal	250,742	223,565	71,124	73,653	69,389	69,391	69,783	100,728	92,731
Natural Gas	1,749,040	2,724,148	4,264,151	4,325,805	4,650,665	4,271,575	4,723,849	4,667,746	4,431,883
Swimming Pool	93,474	43,391							
Day Care	98,485	134,231	121,386	117,446	107,890	76,875	60,676	39,895	
Golf Course								182,573	318,888
Operating grants and contributions	25,666	174,347	202,667	283,641	439,104	10,000			
Capital grants and contributions				438,934	1,672,609	1,490,068	29,175	24,176	154,941
Total business-type activities program revenues	4,107,964	5,505,303	6,776,800	7,353,856	9,041,739	8,400,808	7,257,763	7,357,230	7,426,707
Total primary government program revenues	\$7,939,943	\$8,113,392	\$9,488,011	\$10,078,729	\$11,653,894	\$10,140,075	\$8,671,953	\$9,382,341	\$9,204,198

(continued)

Net (Expense)/Revenue									
Governmental activities	(\$3,705,057)	(\$4,747,856)	(\$4,674,888)	(\$4,597,862)	(\$4,556,660)	(\$5,029,761)	(\$4,953,094)	(\$4,594,550)	(\$4,487,523)
Business-type activities	(815,825)	(1,236,637)	(681,083)	25,947	1,505,983	577,548	92,115	318,104	617,773
Total primary government net expense	(\$4,520,882)	(\$5,984,493)	(\$5,355,971)	(\$4,571,915)	(\$3,050,677)	(\$4,452,213)	(\$4,860,979)	(\$4,276,446)	(\$3,869,750)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	\$717,840	\$746,508	\$884,863	\$906,170	\$924,914	\$913,055	\$829,452	\$824,578	\$757,463
Sales taxes	1,605,629	1,516,274	1,263,661	1,398,022	1,326,767	1,193,085	1,076,014	1,081,602	1,161,677
Transient Lodging Taxes	354,338	462,246	465,369	523,774	517,214	405,860	380,354	366,382	391,546
Franchise taxes	47,608	45,275	39,161	48,027	55,428	45,197	48,855	60,840	49,988
Business license taxes	205,664	233,690	276,044	240,592	247,732	235,283	231,796	227,101	220,339
Other taxes	163,305	326,140	330,685	36,479	246,035	70,723	188,948	105,350	79,625
Property tax in lieu of VLF, unrestricted		988,907	1,138,723	1,256,457	1,396,408	1,488,666	298,882	409,887	304,260
Property tax in lieu of sales tax, unrestricted		308,668	417,836	506,153	419,193	474,943	1,523,051	1,461,838	1,407,887
Use of Money and Property	45,068	351,453	227,236	161,206	163,501	(35,749)	29,896	28,872	61,101
Gain (loss) on sale of capital assets					(6,491)				
Miscellaneous revenues		277,911	227,752	42,099	100,101		351,735	142,288	59,050
Transfers	760,288	(239,569)	5,000	(29,920)	5,000	5,000	5,000	(375,069)	5,000
Total governmental activities	3,899,740	5,017,503	5,276,330	5,089,059	5,395,802	4,796,063	4,963,983	4,333,669	4,497,936
Business-type activities:									
Use of Money and Property	42,627	184,777	142,518	189,756	282,717	120,656	27,132	25,297	21,743
Gain on sale of capital assets				3,637	17,982				
Miscellaneous revenues				5,083	1,512	12,713	42,542	20,098	276,346
Transfers	(760,288)	239,569	(5,000)	29,920	(5,000)	(5,000)	(5,000)	375,069	(5,000)
Total business-type activities	(717,661)	424,346	137,518	228,396	297,211	128,369	64,674	420,464	293,089
Total primary government	3,182,079	5,441,849	5,413,848	5,317,455	5,693,013	4,924,432	5,028,657	4,754,133	4,791,025
Change in Net Assets									
Governmental activities	194,683	269,647	601,442	491,197	839,142	(233,698)	10,889	(260,881)	10,413
Business-type activities	(1,533,486)	(812,291)	(543,565)	254,343	1,803,194	705,917	156,789	738,568	910,862
Total primary government	(\$1,338,803)	(\$542,644)	\$57,877	\$745,540	\$2,642,336	\$472,219	\$167,678	\$477,687	\$921,275

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

	2004	2005	2006	2007	Fiscal Year 2008	2009	2010	2011	2012
General Fund									
Reserved	\$83,392	\$102,413	\$305,858	\$370,296	\$418,932	\$434,141	\$441,654	\$ -	\$ -
Unreserved	711,771	844,902	971,144	1,281,067	1,608,564	1,838,236	2,010,551		
Nonspendable								550,746	270,650
Restricted								17,931	18,011
Assigned								13,776	25,212
Unassigned								1,660,287	1,837,349
Total general fund	795,163	947,315	1,277,002	1,651,363	2,027,496	2,272,377	2,452,205	2,242,740	2,151,222
All Other Governmental Funds									
Reserved	574,208	420,365	688,726	399,192	382,257	508,891	511,888		
Unreserved, reported in:									
Special revenue funds	753,032	589,990	501,016	566,069	1,108,885	811,082	870,418		
Capital projects funds	503,734	281,564	13,370	275,168	289,433	309,930	148,527		
Debt Service Funds	(178,461)	1,657,994	1,620,694	1,712,950	1,840,120	1,604,737	1,622,026		
Nonspendable									
Restricted								3,836,585	3,425,869
Committed									
Assigned									
Unassigned								(736,872)	(156,372)
Total all other governmental funds	\$1,652,513	\$2,949,913	\$2,823,806	\$2,953,379	\$3,620,695	\$3,234,640	\$3,152,859	\$3,099,713	\$3,269,497

Source: City of Susanville's audited financial statements

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

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues									
Taxes and assessments	\$3,191,838	\$4,019,990	\$4,518,116	\$5,113,507	\$4,749,716	\$4,591,529	\$4,345,556	\$4,537,578	\$4,372,785
Licenses and permits	195,483	324,535	258,277	189,740	151,143	103,413	100,231	92,956	100,385
Fines and forfeitures	28,343	41,118	54,872	67,621	74,585	47,614	34,400	26,667	20,246
Use of money and property	45,068	680,604	232,778	141,181	145,591	(45,822)	26,242	17,202	11,477
Intergovernmental revenues	2,567,689	1,001,651	1,228,108	1,185,264	2,277,555	1,157,971	812,150	1,299,139	990,261
Program income	0	138,092	590,316	1,103,399	222,302	53,969	67,644	60,693	36,831
Charges for services	132,043	1,322,127	1,115,460	792,797	318,628	308,690	331,481	98,356	76,106
Other revenues	810,967	763,810	608,611	333,591	276,331	356,862	719,459	602,319	651,310
Total revenues	6,971,431	8,291,927	8,606,538	8,927,100	8,215,851	6,574,226	6,437,163	6,734,910	6,259,401
Expenditures									
General government	1,553,060	1,806,528	1,591,271	1,399,497	722,770	996,337	969,963	944,718	661,910
Public safety	3,347,798	3,211,146	3,453,212	3,486,523	3,601,675	3,379,768	3,417,876	3,359,711	3,286,106
Streets	506,158	712,216	670,762	848,692	1,397,936	912,577	948,044	1,224,596	816,587
Protective Inspections	212,278	188,475	203,470	212,454	244,966	234,303	209,633	238,709	202,256
Community services	443,568	324,616	273,198	441,325	265,023	219,456	193,714	193,759	181,416
Community development	255,211	414,785	863,933	1,500,658	634,274	475,789	265,687	247,892	214,604
Capital Outlay	1,085,611	593,457	717,791	119,358	104,490	184,642	25,910	106,003	200,718
Debt service:									
Principal	245,192	213,106	400,559	152,884	144,355	135,000	140,000	145,000	160,000
Interest	191,951	375,182	290,388	217,507	191,019	182,529	173,289	162,064	154,957
Debt issuance cost									86,454
Total expenditures	7,840,827	7,839,511	8,464,584	8,378,898	7,306,508	6,720,400	6,344,115	6,622,451	5,965,008
Excess of revenues over (under) expenditures	(869,396)	452,416	141,954	548,202	909,343	(146,174)	93,047	112,458	294,392
Other Financing Sources (Uses)									
Contributions from trust funds			56,626						
Transfers in	1,030,131	830,452	736,834	377,575	555,154	883,648	492,437	358,322	1,083,137
Transfers out	(696,723)	(1,073,316)	(731,834)	(421,843)	(550,154)	(878,648)	(487,437)	(733,391)	(1,093,137)
Payment to refunded debt escrow agent									(1,787,682)
Proceeds of long-term debt									1,581,555
Total other financing sources (uses)	333,408	(242,864)	61,626	(44,268)	5,000	5,000	5,000	(375,069)	(216,127)
Net changes in fund balances	(535,988)	209,552	203,580	503,934	914,343	(141,174)	98,047	(262,611)	78,266
Debt service as a percentage of non-capital expenditures	6.5%	8.1%	8.9%	4.5%	4.7%	4.9%	5.0%	4.7%	7.0%

Source: City of Susanville's audited financial statements

Schedule 5
City of Susanville
Assessed Value and Estimated Actual Value of Taxable Property,
Last Nine 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

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.

are per \$1,000 of assessed value.

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

<u>Fiscal Year</u>	<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

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>2012</u>		<u>2003(b)</u>	
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value (a)	Information Unavailable
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><u>\$62,137,472</u></u>		<u><u>11.28%</u></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 Nine 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	13,940,708	0.04209031	1.05503834	\$586,769	\$560,471	95.52%	\$29,938	\$590,409	100.62%
2004	14,508,790	0.04118791	1.01843656	\$608,604	\$583,624	95.90%	\$32,765	\$616,389	101.28%
2005	15,302,568	0.04136327	1.03366934	\$654,276	\$613,665	93.79%	\$48,911	\$662,576	101.27%
2006	16,409,859	0.04168806	1.08078017	\$739,357	\$661,347	89.45%	\$43,224	\$704,571	95.30%
2007	18,125,879	0.04150919	1.09983310	\$827,504	\$707,387	85.48%	\$67,882	\$775,269	93.69%
2008	19,437,444	0.04209745	1.08755598	\$889,911	\$773,822	86.95%	\$67,890	\$841,712	94.58%
2009	20,699,884	0.04252227	1.06588089	\$938,195	\$773,350	82.43%	\$49,919	\$823,269	87.75%
2010	21,394,891	0.04143931	1.02824930	\$911,635	\$774,719	84.98%	\$11,422	\$786,141	86.23%
2011	20,658,382	0.04143931	0.95963029	\$856,069	\$820,883	95.89%	\$7,642	\$828,525	96.78%
2012	20,794,398	0.04141142	0.96529843	\$861,126	\$749,821	87.07%		\$749,821	87.07%

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 Nine Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities								Percentage of Property Values (1)	Per Capita (2)
	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)	Total Business-type Activities	Total Primary Government			
2004	2,215,000	185,904	1,200,000	3,600,904	6,405,000	973,390	24,240,000	5,572	31,623,962	35,224,866	9.05%	3,871	
2005	2,155,000	87,798	1,145,000	3,387,798	9,610,000	963,000	24,240,000	4,669	34,817,669	38,205,467	9.24%	4,098	
2006	2,095,000	52,238	1,140,000	3,287,238	9,480,000	953,000	24,240,000	4,669	34,677,669	37,964,907	8.45%	4,097	
2007	2,035,000	19,549	1,080,000	3,134,549	9,345,000	943,000	24,240,000	0	34,528,000	37,662,549	7.57%	4,116	
2008	1,975,000	0	1,015,000	2,990,000	9,200,000	1,285,222	24,240,000	0	34,725,222	37,715,222	6.92%	4,149	
2009	1,910,000	0	945,000	2,855,000	9,050,000	1,306,123	24,240,000	0	34,596,123	37,451,123	6.42%	4,114	
2010	1,845,000	0	870,000	2,715,000	9,050,000	1,336,194	24,240,000	77,034	34,703,228	37,418,228	6.27%	4,161	
2011	1,780,000	0	790,000	2,570,000	34,505,000	897,000	0	58,607	35,460,607	38,030,607	6.65%	3,965	
2012		1,581,555	700,000	2,281,555	34,230,000	884,000	0	39,063	35,153,063	37,434,618	6.80%	4,003	

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*

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

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assessed Valuation	\$389,313,111	\$413,457,554	\$449,175,750	\$497,730,365	\$544,810,906	\$582,945,868	\$596,724,405	\$572,065,132	\$550,683,209
Conversion Percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted Assessed Valuation	\$97,328,278	\$103,364,389	\$112,293,938	\$124,432,591	\$136,202,727	\$145,736,467	\$149,181,101	\$143,016,283	\$137,670,802
Debt Limit Percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt Limit	\$14,599,242	\$15,504,658	\$16,844,091	\$18,664,889	\$20,430,409	\$21,860,470	\$22,377,165	\$21,452,442	\$20,650,620
Total net debt applicable to limit	\$2,215,000	\$2,155,000	\$2,095,000	\$2,035,000	\$1,975,000	\$1,910,000	\$1,845,000	\$1,780,000	\$1,581,555
Legal debt margin	\$12,384,242	\$13,349,658	\$14,749,091	\$16,629,889	\$18,455,409	\$19,950,470	\$20,532,165	\$19,672,442	\$19,069,065
Total net debt applicable to the limit as a percentage of debt limit	15.2%	13.9%	12.4%	10.9%	9.7%	8.7%	8.2%	8.3%	7.7%

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.

Schedule 11
City of Susanville
Ratios of General Bonded Debt Outstanding
Last Nine 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	0	1,975,000	0.36%	217
2009	1,910,000	0	1,910,000	0.33%	210
2010	1,845,000	0	1,845,000	0.31%	205
2011	1,780,000	0	1,780,000	0.31%	186
2012	0	1,581,555	1,581,555	0.29%	169

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

Schedule 12
City of Susanville
Pledged Revenue Coverage
Last Nine 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	2,305,085	1,274,530	1,030,555	355,000	282,626	1.62
2012	2,509,812	1,197,900	1,311,912	250,000	384,735	2.07

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	2,254,456	2,316,340	25,000	1,417,565	1.61

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.

Miller /Fletcher Assessment Bonds

Special Assessment Collections	Debt Service			Coverage
	Principal	Interest		
72,163	50,000	98,750		0.49
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

City Hall Improvement Bond

Vehicle License Fees	Property Tax In Lieu of VLF	Debt Service		Coverage
		Principal	Interest	
952,051	0	55,000	107,930	5.84
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

Schedule 13
 City of Susanville and County of Lassen
 Demographic and Economic Statistics
 Last Thirteen 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	n/a	n/a	11.60%
2012	9,352	7,442	16,794	34,167	n/a	n/a	11.90%

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

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

Employer (c)	2012			2003(b)			
	Employees	Rank	Percentage of Total City Employment (a)	Employer	Employees	Rank	Percentage of Total City Employment (a)
High Desert State Prison	1400	1	29.47%				
California Correctional Center	1055	2	22.21%				
Lassen County	445	3	9.37%				
Banner Lassen Medical Center	203	5	4.27%				
Wal-Mart	185	4	3.89%				
Lassen Community College	165	7	3.47%				
Diamond Mountain Casino	150	6	3.16%				
Susanville Indian Rancheria	129	8	2.72%				
Susanville School District	110	9	2.32%				
Countryvilla Riverview Rehab	102	12	2.15%				
Lassen Union High School	93	10	1.96%				
Northeastern Rural Health	93	11	1.96%				
Safeway	92	13	1.94%				
City of Susanville	57	14	1.20%				
Susanville Supermarket	54	15	1.14%				
	4333		91.22%				

Information Unavailable

Source:
Employment Development Department, Lassen County Chamber of Commerce

Notes:
(a) Total Labor Force for the City is 4750.
(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.

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

	Fiscal Year												
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Administration	3.1	3.4	3.4	3.5	3.5	2.5	2.5	2.5	2.5	2.5	2.5	1.75	1.75
City Clerk	4.1	4.1	4.1	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.75	1
Finance	6.5	6.5	6.5	7	7	7	6	6	6	6	5	4	4.5
Police	23	24	24	24	22	22	20	21	20	20	19	18	18
Fire	8.8	9.7	9.7	11	10.5	8.5	8.5	9	11	11	11	9	9
Community Development	10	9.8	9.8	5	4.5	4.5	4.5	4	4	3	3	3.5	3.75
Community Services	5.9	6.9	6.9	9	9	8	5	6	3	2	2	1	1
Public Works	16.6	18.6	18.6	19	20	17	18	18	18	18	18	18	18
Total	78	83	83	80	78	71	66	68	66	64	62	57	57

Source:
 City Finance Department

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

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

Function/Program	Fiscal Year											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government												
Building Permits Issued	300	377	465	532	453	467	352	281	332	262	260	342
Building Inspections Conducted	n/a	690	1094	1452	1821	2249	1921	1152	1145	716	574	884
Police												
Physical arrests	634	578	601	485	681	479	400	565	483	532	609	712
Parking violations	0	0	0	271	819	498	401	338	256	248	159	122
Traffic violations	677	1093	472	425	650	724	832	1180	790	834	564	432
Fire												
Emergency responses	738	1098	1067	1087	1311	1309	1383	1390	1467	1552	1586	770
Fires extinguished	72	84	70	73	82	96	89	94	67	81	51	46
Inspections	n/a	n/a	n/a	406	217	350	224	n/a	201	252	200	44
Public Works												
Street resurfacing (miles)	0	6.27	0	0	0	0.25	0	2.3	0	1	1.2	1.21
Potholes repaired	110	75	125	150	150	180	165	172	168	159	280	187
Community Services												
Athletic field permits issued	4	4	4	4	4	4	4	4	4	4	4	4
Water												
New connections	16	31	41	91	34	8	68	-12	22	0	0	0
Average daily consumption (thousands of gallons)	3026	3057	2954	3039	3152	2758	2116	2123	3173	1931	1833	1949
Peak daily consumption (thousands of gallons)	4932	5055	4394	4642	4900	4777	4809	5308	5500	5500	3484	4258
Natural Gas												
New connections		1480	329	323	124	69	109	73	84	71	63	90
Average daily consumption MMBTU's		246	328	441	457	513	499	539	472	553	579	548
Peak daily consumption MMBTU's		481	824	768	834	870	1044	1099	980	887	913	1116

Sources:
Various City Departments

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

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

Function/Program	Fiscal Year											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police												
Stations	1	1	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	7	7	7	8	7	8	13	14	14	13
Fire												
Fire Stations	1	1	1	1	1	1	1	1	1	1	1	1
Fire engines	5	5	5	5	6	6	6	6	6	7	7	7
Public works												
Streets (miles)	53	53	53	54	54	54	54	54	54	54	54	54
Street lights	494	496	502	512	528	532	532	532	532	532	532	532
Community Services												
Parks acreage	97	97	97	147	147	147	147	147	147	147	147	147
Playgrounds	2	2	2	2	2	2	2	2	2	2	2	2
Baseball/softball diamonds	3	3	3	3	3	3	3	3	3	3	3	3
Soccer/football fields	1	1	1	1	1	1	1	1	1	1	1	1
Museums	1	1	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	0	0	0	0	0	0	0	0
Water												
Water mains (miles)	63	63	64	64	65	65	65	65	65	65	65	65
Fire Hydrants	344	352	356	371	389	396	403	403	410	414	414	414
Storage capacity (thousands of gallons)	2000	2000	3000	4000	4000	4000	4000	4000	4000	4000	4000	4000
Water meters	3436	3467	3508	3599	3633	3641	3709	3788	3797	3807	3800	3803
Natural Gas												
Gas mains (miles)	44	56	56	56	57	57	59	59	59	60	61	61
Gas meters		1480	1809	2063	2143	2212	2281	2462	2546	2630	2694	2785

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.

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

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Residential	569.45	548.37	567.09	558.70	549.86	541.70	514.31	478.38	519.60
Commercial	245.55	216.15	209.09	214.91	205.60	206.75	190.50	190.24	191.80
Total	815.01	764.53	776.18	773.61	755.46	748.45	704.81	668.62	711.40
Water Sales	\$1,796,393	\$2,118,368	\$2,046,516	\$2,064,187	\$2,049,605	\$2,424,802	\$2,315,996	\$2,271,480	\$2,358,189
City Direct Rate Per Gallon	0.0022	0.0028	0.0026	0.0027	0.0027	0.0032	0.0033	0.0034	0.0033

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.

Schedule 19
 City of Susanville
 Water Department
 Water Rates
 Last Nine 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

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	2012		2003	
	Water Charges (a)	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
Lassen County	\$71,284.87	3.02%	Information Unavailable	
City of Susanville	\$43,270.85	1.83%		
Lassen High School District	\$36,123.21	1.53%		
Hidden Acres Mobile Home Park	\$20,191.82	0.86%		
Susanville Indian Rancheria	\$19,249.12	0.82%		
Diamond View School	\$15,050.05	0.64%		
Citrus Manor Apartments	\$14,009.37	0.59%		
Meadowview Elementary School	\$12,598.60	0.53%		
Meadowbrook Apartments	\$11,986.57	0.51%		
Millview Apartments	\$10,444.65	0.44%		
	\$254,209.11	10.78%		

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 Nine Fiscal Years
(In Therms)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Residential	749,716	974,574	932,384	881,058	942,696	837,390	937,912	969,365	970,855
Commercial	548,769	730,538	941,029	943,663	1,024,591	926,457	1,092,072	1,145,538	1,059,126
Total	1,298,485	1,705,112	1,873,413	1,824,721	1,967,287	1,763,847	2,029,984	2,114,903	2,029,981
Nat Gas Sales	\$1,749,040	\$2,724,148	\$4,264,151	\$4,325,805	\$4,650,665	\$4,271,575	\$4,723,849	\$4,667,746	\$4,431,883
City Direct Rate per Therm	\$1.35	\$1.60	\$2.28	\$2.37	\$2.36	\$2.42	\$2.33	\$2.21	\$2.18

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.

Schedule 22
 City of Susanville
 Gas Department
 Gas Rates
 Last Nine 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)

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.

1 Therm=100,000 BTUs

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

Gas Customer	2012		2003 (b)	
	Gas Charges (a)	Percent of Total Gas Revenues	Gas Charges	Percent of Total Gas Revenues
Banner Lassen Hospital	\$340,772.03	7.69%	Information Unavailable	
Lassen Community College	\$277,471.21	6.26%		
Lassen County	\$209,436.77	4.73%		
Susanville Indian Rancheria	\$106,394.27	2.40%		
Northeastern Rural Health Clinic	\$90,846.02	2.05%		
Safeway	\$66,337.77	1.50%		
Lassen High School/Credence	\$58,885.11	1.33%		
McKinley School	\$48,664.28	1.10%		
Susanville Garden Apartments	\$42,246.07	0.95%		
Emerald Cascade Restaurant	\$41,416.62	0.93%		
	\$1,282,470.15	28.94%		

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.