

2016

Comprehensive Annual Financial Report

Fiscal Year Ended June 30



CITY OF SUSANVILLE

CALIFORNIA

City of Susanville
Comprehensive Annual Financial Report
For the year ended June 30, 2016

Table of Contents

	<u>Page</u>
 <u>INTRODUCTORY SECTION</u>	
Table of Contents	i
Letter of Transmittal	v
Organization Chart	viii
City Council	ix
Executive Staff	x
CSMFO Certificate of Excellence in Financial Reporting	xi
 <u>FINANCIAL SECTION</u>	
Independent Auditors’ Report	1
Management’s Discussion and Analysis	5
 Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	27
Statement of Activities	28
 Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet	34
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	35
Statement of Revenues, Expenditures and Changes in Fund Balances	36
Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities	37

City of Susanville
Comprehensive Annual Financial Report
For the year ended June 30, 2016

Table of Contents, Continued

	<u>Page</u>
<u>FINANCIAL SECTION, Continued</u>	
Proprietary Fund Financial Statements:	
Statement of Net Position.....	40
Statement of Revenues, Expenses and Changes in Net Position.....	42
Statement of Cash Flows	44
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position.....	48
Notes to Basic Financial Statements	49
Required Supplementary Information (Unaudited):	
Budgets and Budgetary Accounting.....	94
Defined Benefit Pension Plan	97
Supplementary Information:	
Non-Major Governmental Funds:	
Combining Balance Sheet	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	108
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Local Law Enforcement Block Grant Special Revenue Fund.....	113
Street Mitigation Special Revenue Fund.....	114
Police Mitigation Special Revenue Fund	115

City of Susanville
Comprehensive Annual Financial Report
For the year ended June 30, 2016

Table of Contents, Continued

	<u>Page</u>
<u>FINANCIAL SECTION, Continued</u>	
Fire Mitigation Special Revenue Fund	116
Park Land In-lieu Special Revenue Fund.....	117
State Revolving Loan Special Revenue Fund	118
State Revolving Economic Development Special Revenue Fund.....	119
HOME Revolving Special Revenue Fund.....	120
Traffic Safety Special Revenue Fund	121
Skyline Bicycle Lane Special Revenue Fund	122
State of California Prop 30 AB109 Special Revenue Fund.....	123
Traffic Signals Fund Special Revenue Fund.....	124
City Hall Debt Service Fund	125
Mark Roos 92B Debt Service Fund.....	126
Side Fund Debt Service Fund	127
City Hall Parking Lot Project Capital Project Fund	128
 Non-Major Enterprise Funds:	
Combining Statement of Net Position	130
Combining Statement of Revenues, Expenses and Changes in Net Position	131
Combining Statement of Cash Flows.....	132
 Internal Service Funds:	
Combining Statement of Net Position	134
Combining Statement of Revenues, Expenses and Changes in Net Position	135
Combining Statement of Cash Flows.....	136
 Fiduciary Funds:	
Statement of Changes in Assets and Liabilities.....	138

City of Susanville
Comprehensive Annual Financial Report
For the year ended June 30, 2016

Table of Contents, Continued

	<u>Page</u>
<u>STATISTICAL SECTION (Unaudited)</u>	
Net Position by Component.....	142
Changes in Net Position.....	144
Fund Balances of Governmental Funds.....	148
Changes in Fund Balances of Governmental Funds.....	150
Assessed Value and Estimated Actual Value of Taxable Property	152
Direct and Overlapping Property Tax Rates.....	153
Principal Property Taxpayers.....	154
Property Tax Levies and Collections	155
Ratios of Outstanding Debt by Type.....	156
Legal Debt Margin Information.....	158
Direct and Overlapping Governmental Activities Debt	160
Ratios of General Bonded Debt Outstanding	161
Pledged-Revenue Coverage	162
Demographic and Economic Statistics.....	164
Principal Employers	165
Full-Time Equivalent City Government Employees by Function.....	166
Operating Indicators by Function	168
Capital Asset Statistics by Function	170
Water Sold by Type of Customer	172
Water Rates.....	174
Top Ten Water Customers.....	175
Gas Sold by Type of Customer	176
Gas Rates.....	178
Top Ten Gas Customers.....	179



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Susanville, California 93130
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Fax (530) 257-4725

November 28, 2016

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, 2016 is hereby submitted as mandated by State statutes. These statutes require that the accounts and fiscal affairs of all municipal entities be examined annually by an independent certified public accountant and a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) be published within six months of the close of each fiscal year.

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

The City of Susanville's financial statements have been audited by Badawi & Associates, a firm of licensed certified public accountants. The goal of the audit was to provide reasonable assurance that the financial statements of the City of Susanville for the fiscal year ended June 30, 2015 are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified or clean opinion and the City's financial statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that the management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Governmental Profile

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

The City of Susanville provides a wide range of municipal services, including police and fire protection, water, natural gas and geothermal utilities, street maintenance, snow removal, parks, planning, economic vitality, grant administration, contract administration services for other government agencies, zoning, building and safety, 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 most 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 needs.

The remoteness of our City (85 miles from Reno, Nevada and 112 miles from Redding, California) insulated us from some of the large challenges that other cities endured during the economic downturn, but it also slows our growth that aids in economic recovery. Increased housing values over the last year have had a positive impact on stabilizing the assessed values of properties within the City. Assessed values declined a total of 11% from 2010-2014 during the economic recession within the State. In 2014-2015 assessed property values marked its first increase by 2.8% and again we experienced another 2.8% increase in 2015-2016. Property tax revenue increased in 2015-2016 as compared to 2014-2015 by 2.1%. As a percentage of total revenue, property taxes accounted for approximately 16% of the general fund revenues in 2016 as compared to 16% in 2015, net of transfers. Sales tax revenue increased in 2016-2016 as compared to 2014-2015 by 6% (not including the one-time close out of triple flip). Sales tax comprised 28% of general revenues in 2015 as compared to 23% in 2015, net of transfers.

Economically the City continues to see retail growth that joins the additions of Auto Zone, Panda Express, new Rite-Aid Pharmacy, Ross, Dollar General, Big-5 Sporting Goods and Tractor Supply. With the addition of these new retail stores, the City's Business License tax revenue increased by 2% from 2014-2015. While most of the new development over the last three years has been commercial in nature, the City is starting to see permits for new residential construction and expects the good trend to continue. The population for the City has remained consistent at just under 9,200 since 2000 with a modest 5% decline in total population (9,129 to 8,648, excluding inmate populations) from 2015 to 2016. Government employment accounts for approximately 64% of the total labor force of residents within the City limits.

Long Range Planning

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

- Search for funding to improve/develop community recreational opportunities, especially along the Susan River Corridor.
- Programming of funds for the Gateway project to improve aesthetics and safety features along Highway 36/Main Street
- Replacing water lines throughout the City using the reserves created by the increase in water rates in 2008 and completing phase one of a water delivery project utilizing \$2 million in state water funds to improve water infrastructure.
- The completion and opening of a community swimming pool in the spring of 2017 through a City and County Joint Powers Authority, the Honey Lake Valley Recreation Authority.
- Improved economic vitality through promotion of recreation activities for residents and visitors.

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.

We wish to express our 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. We 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

Deborah Savage

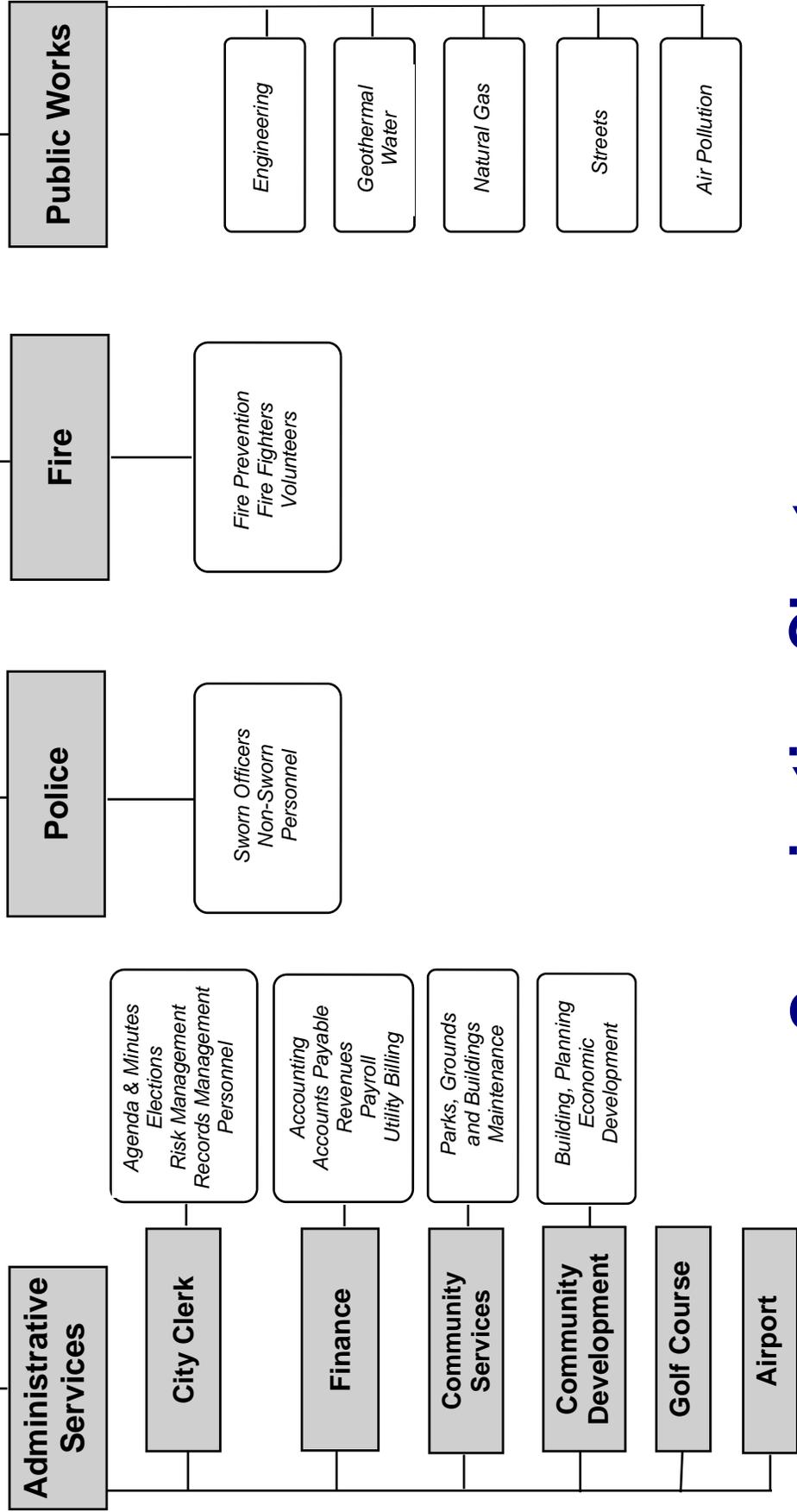
Deborah Savage
Finance Manager



PUBLIC
CITY COUNCIL

CITY ATTORNEY

CITY ADMINISTRATOR



Organization Chart



City Council

Fiscal Year 2015-16

Mayor

Kathie Garnier

Mayor Pro-Tempore

Joseph Franco

Council Members

Rodney E. DeBoer

Brian Wilson

Kevin Stafford

City of Susanville
Executive Staff

City Administrator	Jared G Hancock
City Clerk	Gwenna MacDonald
Interim Police Chief	James Uptegrove
Fire Chief	James Moore
Public Works Director	Dan Newton

California Society of Municipal Finance Officers

Certificate of Award

***Outstanding Financial Reporting Award
Fiscal Year Ending June 30, 2015***

Presented to the

City of Susanville

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

February 23, 2016



**Jesse Takahashi
CSMFO President**

**Michael Gomez, Chair
Professional Standards and
Recognition Committee**

Dedicated Excellence in Municipal Financial Reporting

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Susanville, California (City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Honorable Mayor and Members of the City Council
of the City of Susanville
Susanville, California
Page 2

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information on pages 5-21, 94-96, and 97 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules on pages 115 to 133, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 113 to 128 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 113 to 128 are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members of the City Council
of the City of Susanville
Susanville, California
Page 3

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Badawi and Associates
Certified Public Accountants
Oakland, California
November 28, 2016

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City of Susanville
Management's Discussion & Analysis
Year Ended June 30, 2016

This is the management's discussion and analysis of the financial performance of the City of Susanville for the fiscal year ended June 30, 2016. Please read this in conjunction with the transmittal letter, which can be found in the introductory section of this report, and with the City's financial statements, which follow this discussion.

BASIC FINANCIAL STATEMENTS

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

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

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

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

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

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

Governmental Fund Financial Statements

GAAP requires two basic governmental fund financial statements:

- Governmental Funds Balance Sheet

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

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

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

1. 10% Criterion – An individual fund reports at least 10 percent of any of the following:
 - Total governmental fund assets
 - Total governmental fund liabilities
 - Total governmental fund revenues
 - Total governmental fund expenditures
 - Total governmental fund net position
2. 5% Criterion – An individual fund reports at least 5 percent of the aggregate total for both governmental funds and enterprise funds of any one of the items for which it met the 10 percent criterion.

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

Proprietary Fund Financial Statements

GAAP prescribes three basic financial statements for proprietary funds:

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

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

Fiduciary Fund Financial Statements

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

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

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

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

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

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net position acts as an indicator of a government's financial position. Overall, the net position of the City shows a decline from the prior fiscal year. Assets exceeded liabilities by \$4.9 million as of June 30, 2015 (\$-2.4 million for governmental activities and \$7.4 million for business-type activities), and by \$4.1 million as of June 30, 2016 (\$-3.2 million for governmental activities and \$7.3 million for business-type activities). This decline is primarily due to the \$649,308 increase in net pension liability (\$592,884 for governmental activities and \$56,424 in business-type activities).

Governmental activities are generally financed through taxes and intergovernmental revenues. These activities are reported in the governmental funds (General Fund, special revenue funds, capital projects funds, debt service funds) and internal service funds. Business-type activities are generally funded through user fees and charges. These activities are reported in the proprietary funds.

Tables A-1 and A-2 on the following pages, present a summary of the City's Statements of Net Position as of June 30, 2015 and 2016.

Table A-1
Government-wide Net Position as of June 30, 2015 and 2016
Governmental Activities

	2015	2016
Cash & investments	\$ 5,449,263	\$ 4,980,646
Capital assets	4,117,542	4,354,812
Other assets	2,478,715	3,130,770
Total assets	<u>12,045,520</u>	<u>12,466,228</u>
Deferred Outflows of Resources	596,091	714,602
Current liabilities	1,088,345	1,617,267
Non-current liabilities	12,107,869	13,361,069
Total liabilities	<u>13,196,214</u>	<u>14,978,336</u>
Deferred Inflows of Resources	1,906,599	1,418,403
Net investment in capital assets	2,419,492	2,861,071
Restricted	3,939,682	3,228,998
Unrestricted	(8,820,376)	(9,305,978)
Total net position	<u>\$ (2,461,202)</u>	<u>\$(3,215,909)</u>

Table A-2
Government-wide Net Position as of June 30, 2015 and 2016
Business-type Activities

	<u>2015</u>	<u>2016</u>
Cash & investments	\$ 10,985,942	\$ 9,872,024
Capital assets	29,929,506	30,636,607
Other assets	1,163,416	857,766
 Total assets	 <u>42,078,864</u>	 <u>41,366,397</u>
 Deferred Outflows of Resources	 837,419	 809,810
 Current liabilities	 1,470,588	 1,389,034
Non-current liabilities	33,743,658	33,245,084
 Total liabilities	 <u>35,214,246</u>	 <u>34,634,118</u>
 Deferred Inflows of Resources	 275,292	 220,133
 Net investment in capital assets	 (2,742,485)	 (1,573,502)
Restricted	2,446,530	2,446,094
Unrestricted	7,722,700	6,449,364
 Total net position	 <u>\$ 7,426,745</u> =====	 <u>\$ 7,321,956</u> =====

The Statement of Activities presents program revenues and expenses and general revenues in detail. These elements are summarized for the year ended June 30, 2015 and 2016 in Tables B-1 and B-2 below and the following page.

Table B-1
Changes in Government-wide Net Position
For the Fiscal Years Ended June 30, 2015 and 2016
Governmental Activities

	<u>2015</u>	<u>2016</u>
<u>Expenses (by function):</u>		
General government	\$ 975,485	\$ 528,514
Public safety	3,701,118	3,742,579
Streets	956,939	1,898,033
Protective inspections	207,152	205,391
Community services	259,123	1,300,553
Community development	153,554	343,208
Debt service	311,569	327,131
	<u>6,564,940</u>	<u>8,345,409</u>
<u>Program revenues (by major source):</u>		
Charges for services	455,006	579,188
Operating grants and contributions	925,909	1,030,102
Capital grants and contributions	738,606	987,566
	<u>2,119,521</u>	<u>2,596,856</u>
<u>General revenues and transfers:</u>		
Property taxes	858,107	877,382
Sales & use taxes	1,209,899	1,449,788
Transient lodging taxes	442,376	455,099
Franchise taxes	24,242	36,767
Business license taxes	237,755	241,985
Other taxes	37,731	42,996
Property tax in lieu of sales tax	358,809	349,848
Property tax in lieu of VLF	1,353,298	1,389,739
Investment earnings	11,607	39,206
Sale of Capital Assets	7,514	0
Transfers	(55,164)	111,036
	<u>4,486,174</u>	<u>4,993,846</u>
Change in net position	40,755	(754,707)
Net position, beginning of year	<u>(2,501,957)</u>	<u>(2,461,202)</u>
Net position, end of year (restated)	\$ (2,461,202) =====	\$ (3,215,909) =====

Table B-2
 Changes in Government-wide Net Position
 For the Fiscal Years Ended June 30, 2015 and 2016
Business-type Activities

	<u>2015</u>	<u>2016</u>
<u>Expenses (by function):</u>		
Airport	\$ 217,642	\$ 274,051
Water	2,091,691	2,166,356
Geothermal	57,029	79,069
Natural gas	3,766,602	4,180,922
Golf course	386,181	354,273
	<u>6,519,145</u>	<u>7,054,671</u>
<u>Program revenues (by major source):</u>		
Charges for services	6,675,881	6,861,707
Operating grants and contributions	0	0
Capital grants and contributions	586,883	163,969
	<u>7,262,764</u>	<u>7,025,676</u>
<u>General revenues and transfers:</u>		
Use of money and property	24,380	35,242
Miscellaneous	0	0
Transfers	55,164	(111,036)
	<u>79,544</u>	<u>(75,794)</u>
Change in net position	823,163	(104,789)
Net position, beginning of year, as restated	6,603,582	7,426,745
Net position, end of year	<u>\$ 7,426,745</u> =====	<u>\$ 7,321,956</u> =====

At June 30, 2016, the total cash and investments for all funds decreased by \$1,702,436 (from \$16,975,214 to \$15,272,778). The primary reasons for this decrease are:

- The Natural Gas Fund cash increased by \$132,277 (from \$5,716,920 to \$5,849,197) down (\$198,425) from the increase of \$330,702 in 2015/2016. This is primarily the result of an increase from customer receipts \$244,860 as compared to last year with an increase in payments to suppliers and employees of (\$466,095) and a cash transfer out of (\$48,348) for the Natural Gas Fund portion of the CalPERS Refunding Loan, and cash for capital purchases and debt

service decreased by \$66,307. Cash received from LAIF interest allocations increased by \$4,851.

- General Fund cash decreased by (\$171,930), (from \$2,674,234 to \$2,502,304) during fiscal year 2015-16. This decrease is primarily due to the borrowing of cash from the Gas Tax Fund \$59,055 and the Airport Fund \$33,812. Both funds had negative cash balances at year end due to delay in reimbursements for projects. An additional cash transfer of \$44,024 was made to the OPEB fund for the final payment of the early retirement incentive. The sun setting of the Triple Flip also put a delay on the cash payment of sales tax revenue that would normally be received in the current year with the Property Tax In-Lieu of Sales Tax by approximately \$35,000.
- The Water Fund cash decreased by (\$1,166,046) (from \$4,852,235 to \$3,686,189). This is primarily due to the Water Main Replacement projects 15-02 and 16-04. These projects replaced aging infrastructure in various locations throughout the City ahead of the STIP funded street replacement projects at a cost of \$1.3 Million. These projects were funded with cash set aside in a reserve fund from the 2008 rate increase adopted by the City Council. The net difference of the old versus new rate is set aside monthly into a Capital Improvement Fund. The receipts from customers are down compared to 2015-16 by (\$229,263) due to the conservation order issued by the State of California but the payments to vendors and employees offset that by decreasing \$107,092.
- The Gas Tax Fund cash decreased by (\$355,323) (from \$413,233 to \$57,910). This decrease is primarily due to expenses being incurred before reimbursement from the State of California for construction on the various STIP projects.
- The Revolving Loan Funds cash decreased by \$223,982. This is mostly due to five new first time homebuyer loans issued.

ANALYSIS OF MAJOR GOVERNMENTAL FUNDS

Following is a short description of the financial highlights for each of the City's major governmental funds for fiscal year 2015-16:

General Fund

The General Fund ended fiscal year 2015-16 with an increase in fund balance of \$198,071 (from \$2,506,284 to \$2,704,355) compared to the prior year. This increase in fund balance can be attributed to the true up payment of \$218,879 due the City for the close out of the Triple Flip.

For the year, General Fund total revenues exceeded total expenditures (excluding transfers) by \$704,166, as compared to \$291,998 for fiscal year 2014-15.

Total General Fund revenues increased from the prior year by \$567,420 (from \$5,099,303 to \$5,666,723). This is primarily due to the City receiving \$ 218,000 in Property Tax In-Lieu of sales tax revenue for the close out of the Triple Flip, \$244,280 for a FEMA Grant replacing the fire departments SCBA's (self-contained breathing apparatus), as well as increases in Sales Tax \$91,420, and \$12,724 in Transient Occupancy Tax (TOT).

Compared to the prior year, the General Fund expenditures increased by \$155,252 (from \$4,807,305 to \$4,962,557). This is primarily due to an increase in personnel expenses of \$314,881 (\$221,529 in Public Safety and \$93,000 in Administrative) and an increase in operation costs of \$104,124 offset by an increase in the charge out to other funds of (\$263,753).

General Fund transfers out increased from the prior year by \$294,134 (from \$246,222 to \$540,356). This is primarily due to \$318,000 transferred out to the CalPERS refunding loan debt service for the General Fund portion, an increase of \$44,640 transfer out to OPEB for the final funding of the early retirement incentive, and a decrease of (\$60,168) for transfers out to the Airport and Golf Course funds.

Gas Tax Special Revenue Fund

This fund accounts for gas tax revenue received from the State of California and is used for street purposes within the City. The Gas Tax Fund ended fiscal year 2015-16 with a decrease in fund balance of (\$333,731) (from \$515,090 to \$181,359) compared to the prior year. This decrease is primarily due to expenses being incurred for a number of State Transportation Improvement Fund (STIP) projects before reimbursement billing was completed to the State of California. In 2015-16 the Gas Tax Fund had 8 projects at different phases throughout the City.

ANALYSIS OF MAJOR PROPRIETARY FUNDS

Following is a short description of the financial highlights for each of the City's major proprietary funds for fiscal year 2015-16:

Water Enterprise Fund

At June 30, 2016, the Water Fund ending net position shows a decrease of (\$23,911) (from \$2,631,735 to \$2,607,824). Overall the assets of the water fund decreased by \$47,802. This is primarily due to a decrease in cash of (\$1,165,435) (water main replacement projects), a decrease in inventory of (\$13,672) (only a small number of meters are on hand for emergency repairs if needed), increases in prepaids and interest

receivable of \$1,437, an increase in accounts receivable of \$118,992 (due to the water rate increase effective with the July billing for June usage) and an increase in capital assets of \$1,016,118 (due to addition of project infrastructure).

The total liabilities decreased by (\$38,086) mostly due to reductions in notes and bonds payable from debt service payments.

With the completion of the residential and small commercial meter conversion project, the City is now utilizing its remote read hand held devices that allow routes to be read in one day versus the 5 to 6 days of walking the routes. The City is in the process of upgrading its software for the hand held devices to use GPS coordinates for each address instead of the physical address. When this conversion is complete, it will allow for the collection of reads throughout the city in a matter of hours.

Total Water Fund revenues increased by \$2,365 (from, \$2,185,204 to \$2,187,569) from the previous year. This is primarily due to customers reducing usage to comply with the State mandate of 36% reduction in potable water production and one month of billing at the new irrigation rate. The Water Rate Analysis and Calculation report adopted by the City Council at the April 6 regular meeting provided the true cost of operating and distributing potable water to customers of the water system in addition to capital projects to repair and replace aging infrastructure. New water rates were adopted by resolution rescinding the previous tiered rate structure and replacing it with irrigation season rates (April-September) and non-irrigation rates (October-March). The new rates promote conservation and comply with the terms of Proposition 218. The new rate structure took effect on June 1, 2016.

Expenses increased \$132,349 (from \$2,096,695 to \$2,229,044). This is primarily due to a savings in salaries and benefits of (\$138,684) from vacant positions, retirements and the consolidation of two Meter Reader positions into one Utility Services Technician, an increase of \$236,326 in depreciation expense and overhead charges and an increase in transfers out of \$57,688 for the Water Fund portion of the CalPERS debt service.

There were approximately 3,811 water customer accounts at June 30, 2016. This increased by 4 new customer meter sets.

As with most cities and counties within the State of California, Susanville is not immune from experiencing drought conditions. The City however is located in the high desert and is accustomed to low rainfall and is not as impacted as the rest of the state. The City's water supply is fed by two natural springs and 3 wells. The wells are used to meet watering demand during irrigation season, which is typically April through September. With the exception of peak irrigation season, (June, July, August) the springs (Cady and Bagwell), supply the majority of the City's water. Although the City water supplies were not significantly impacted by the drought, the State's emergency water regulation mandated that the City achieve 36% conservation of potable water produced in 2015 compared to potable water produced in 2013.

The conservation achievement in summer of 2015 was significant; however, in September 2015 the City's cumulative conservation fell to 20.5%, more than 15% below the conservation mandate. This prompted the State Water Board to issue a Conservation Order to the City of Susanville. The order required the City to do many things, most notably, to adopt a modified rate structure that placed an emphasis on conservation. The modification of the City's water rate structure required the completion of a water rate study pursuant to Article XIII. D of the California Constitution. The City is in the final stages of rate adoption and should have the modified rate structure in place by the beginning of the 2017 calendar year.

The State's emergency water regulation has been modified from the 2015 version and the City is no longer mandated to achieve 36% conservation. The City is currently required to achieve 0% conservation. In addition, the conservation order has been rescinded.

Natural Gas Enterprise Fund

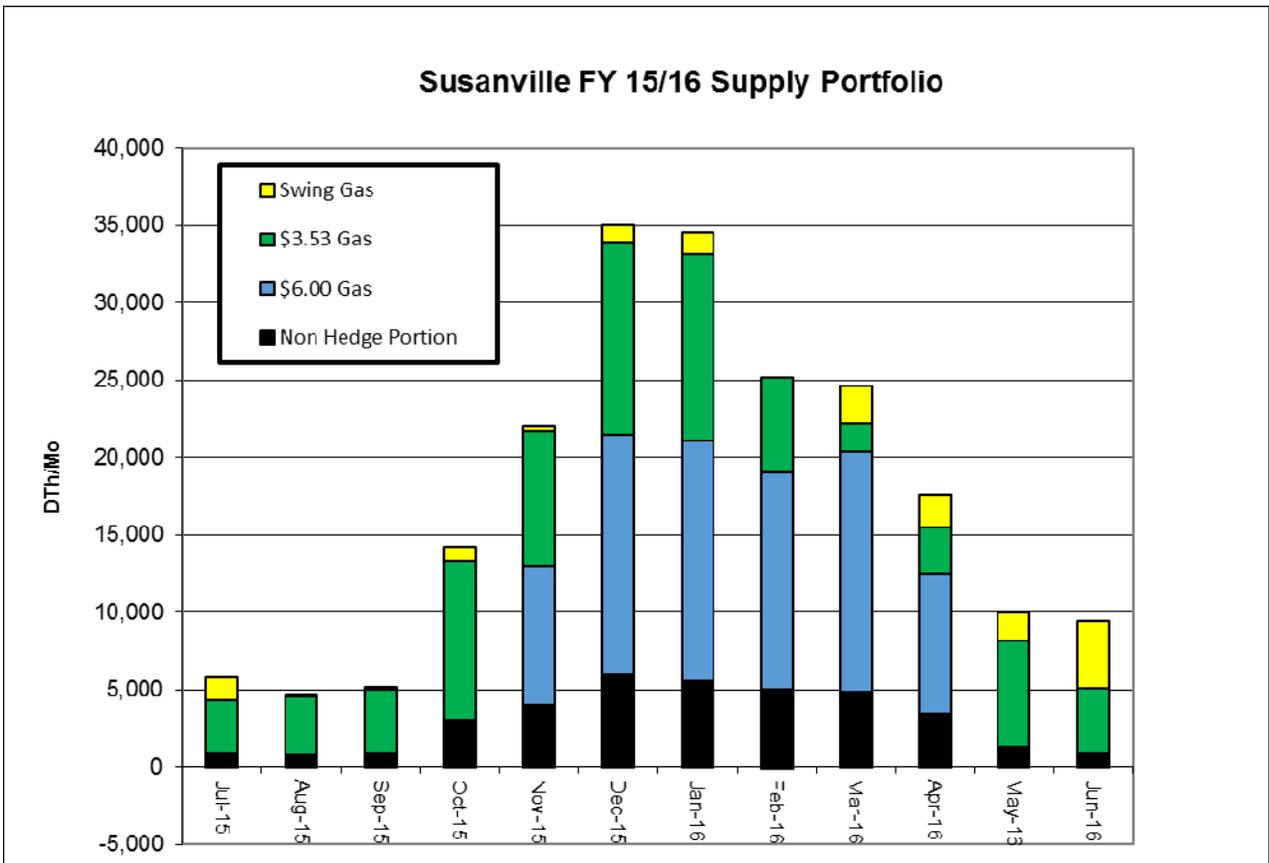
The Natural Gas Fund increased its net position deficit by \$29,201 during fiscal year 2015-16 (from negative \$541,538 to negative \$570,739). The winter of 2015-16 saw wetter conditions and colder temperatures than the previous winter. This helped increase the gas revenues by \$239,372. The addition of 27 new meters to the system also resulted in increased usage.

Expenses increased from the previous year by \$462,668. This is primarily due to an increase in the purchase of natural gas \$32,041, an increase in salaries and benefits by \$85,704, an increase in transfers out by \$48,348 for the natural gas portion of CalPERS Refunding debt service payment, an increase in machinery and equipment \$92,118 for expensing gas meters that were installed, and an increase in overhead allocation by \$197,250.

Total Assets decreased by (\$252,104), primarily due to a return to the city of a (\$75,000) deposit held by TransCanada our gas transportation company, a decrease in inventory of (\$12,199) for placing gas meters into service, a decrease of (\$22,340) in accounts receivable due to increased collection rate on old accounts, an increase in cash of \$132,102 and a decrease in capital assets of (\$277,311).

Total liabilities decreased by (\$181,158), primarily due to a decrease in revenue bonds payable of (\$233,184) for principal debt service payments made, an increase in accounts payable of \$14,689, and an increase of \$29,872 in net pension liability and an increase in compensated absences, accrued wages and deposits payable of \$5,924.

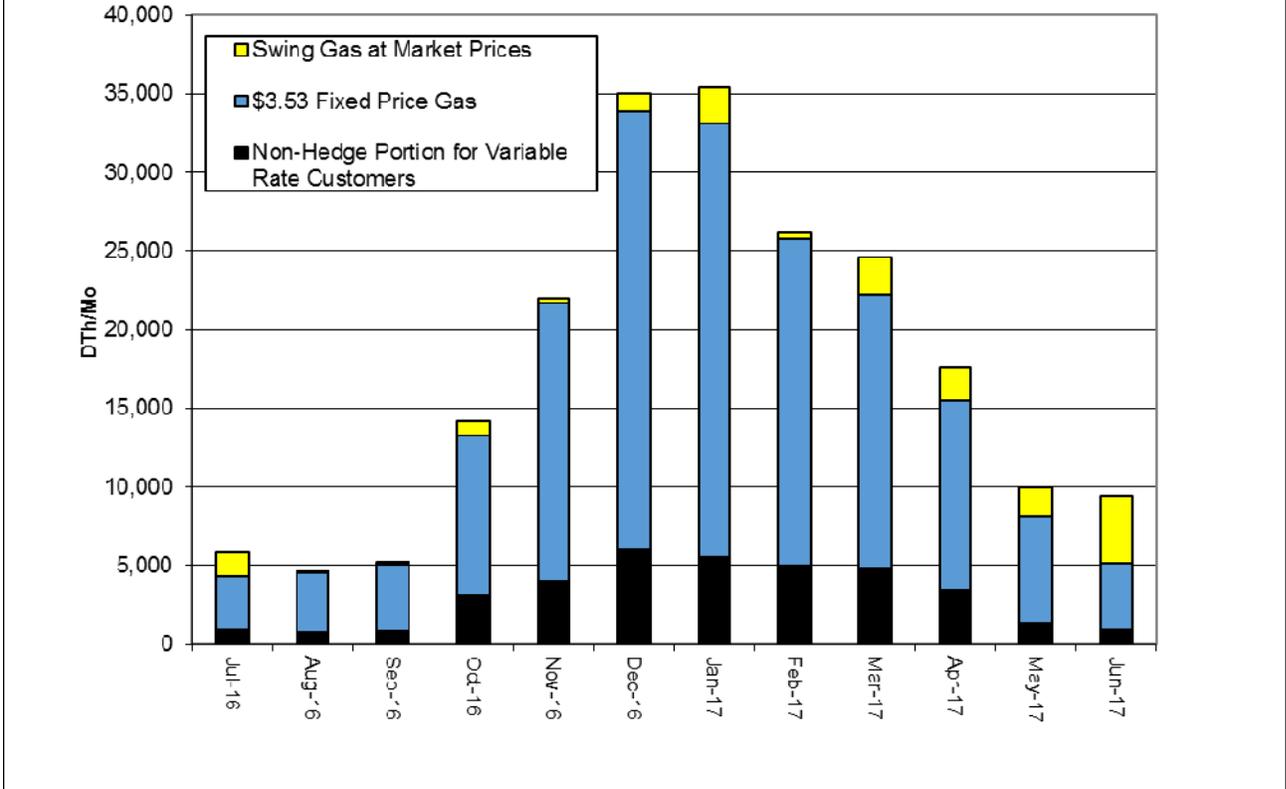
The gas purchased in FY 2015-16 was as follows:



The cost of natural gas in the open market has continued to decrease allowing the City to make critical purchases for the following year. As the gas is purchased in the market approximately a year in advance, the City has already secured its fiscal year 2016-17 supply portfolio as follows:

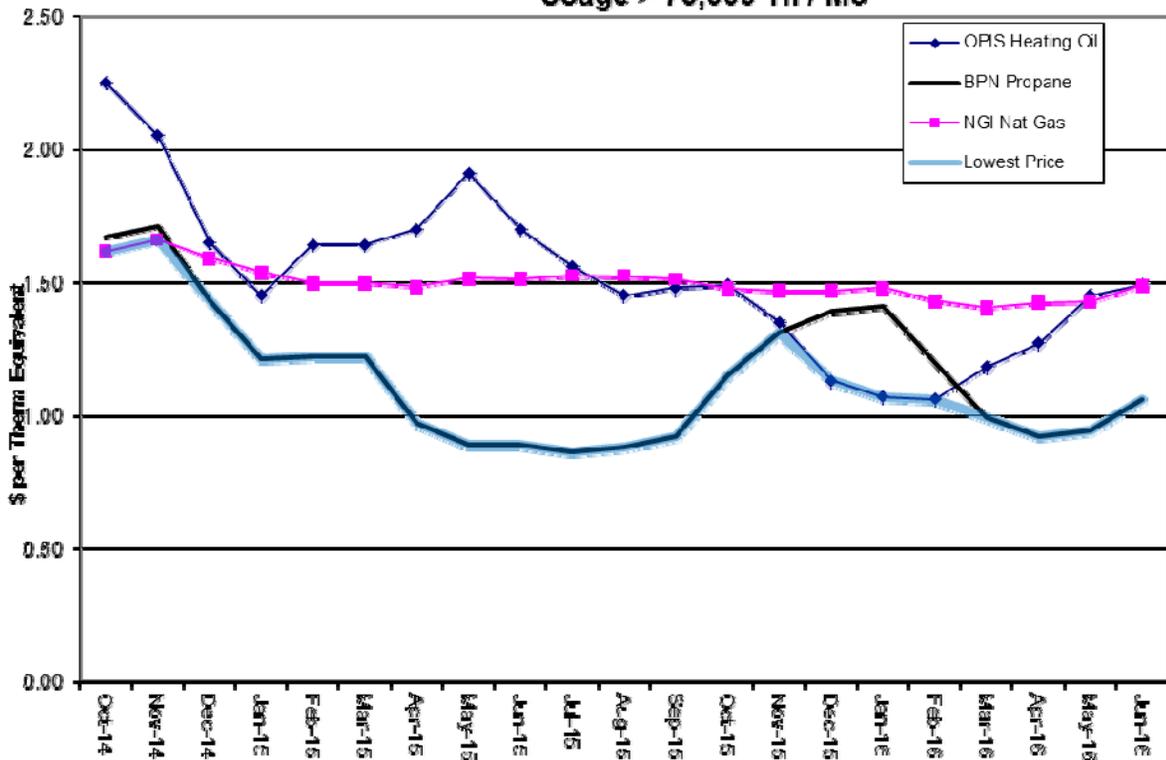
“The volume of swing gas varies from month to month as a function of outside temperature in Susanville. The volumes shown in the chart are representative to show that swing gas is incorporated in the portfolio. Regardless, the bulk of gas supply is presently hedged at the fixed price of \$3.53”

Susanville FY16/17 Supply Portfolio



Historically, the cost of natural gas has been lower than its competition (propane, electricity, kerosene and heating oil) in the winter months. This year, the cost of natural gas was higher than heating oil and propane during these key heating months. The Natural Gas division responds to customer service calls 24 hours a day at no cost to the customer. Customers are only charged for parts that might be necessary to fix an appliance or heating source. This quality customer service continues to draw new customers to our system when the price of propane and heating oil falls lower than natural gas.

Heating Oil vs. Propane vs. Natural Gas Usage > 75,000 Th / Mo



The City utilizes the services of Interstate Gas Services (IGS), a consulting firm specialized in natural gas. IGS evaluates and monitors the natural gas system operations and its performance, and periodically advises the City on industry change.

General Fund Budget Highlights:

The fiscal year 2015-16 annual budget was prepared and approved on time and became effective July 1, 2015 with a budgeted deficit spending of (\$41,344). With the addition of new business along Main Street, the City is beginning to see increases in the sales tax and business tax revenues as well as increases to our property tax revenues, but continues to budget conservatively to allow for building up reserves. Our reserve fund at June 30, 2016 currently has \$855,138 or 75% of our goal. As part of our budget policies adopted by Resolution No. 16-5625, the City will strive to maintain General Fund reserve equal to twenty percent (20%) of annual operating revenues. Prudent fiscal management by the City Council and City Administration has allowed the City to escape many of the tribulations faced by other cities throughout the State of California.

BUDGET VARIANCES IN THE GENERAL FUND

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Difference</i>	<i>Actual</i>	<i>Variance vs Final Budget</i>
Revenues	\$5,274,593	\$5,638,929	\$ 364,336	\$5,671,318	\$ 32,389
Expenditures	(4,768,337)	(5,176,962)	(408,625)	(4,962,566)	214,395
Other financing sources and (uses):					
Transfers in	29,674	41,887	12,213	29,674	(12,211)
Transfers out	(577,274)	(540,345)	36,929	(540,355)	(11)
Net change in fund balance	<u>\$(41,344)</u> =====	<u>\$(36,491)</u> =====	<u>\$ 33,863</u> =====	<u>\$ 198,071</u> =====	<u>\$ 234,562</u> =====

After the original 2015-16 budget was adopted, the City Council approved several budget amendments. Changes were as follows:

Increases (Decreases)

Revenues	244,280	Increase for FEMA Airpack Grant carry over budget
	120,000	Increase for Resolution #15-5313 Out of Area Fires
	3,125	Increase for Resolution #15-5203 VFA CalFire Grant
	1,331	Increase Property Tax In-Lieu of VLF
	(5,600)	Decrease loan repayment.
	1,200	Increase Credit Card Convenience Fee
	12,213	Increase transfer in from Fire Mitigation for FEMA Grant
	<u>376,549</u>	Total revenue changes
Expenditures	256,493	Increase for FEMA Air pack Grant carry over budget
	120,000	Increase for Resolution #15-5313 Out of Area Fires
	3,125	Increase for Resolution #15-5203 VFA CalFire Grant
	(27,853)	Decrease transfer out for housing loan repayment
	40,424	Increase for final transfer of OPEB funding
	(49,500)	Decrease transfer out for housing loan repayment
	29,010	Increase for Police Property Room Project
	<u>371,699</u>	Total expenditure changes
	4,850	Net change in budget

As of June 30, 2016, total General Fund actual revenues were \$5,700,992 or \$20,176 more than budgeted. This variance is primarily due to \$218,000 for the Triple-flip true up was not budgeted for and helped cover the \$30,000 write-off of uncollectible revenues and \$167,000 in unrealized budget projections.

Actual expenditures were \$5,502,921 or \$185,376 less than budgeted. This was due primarily as a result of judicious departmental spending.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

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

Capital Assets Activity

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

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

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

The City depreciates its capital assets according to their estimated useful lives and uses a straight line depreciation method.

The City's primary capital projects in 2015-16 were two water main replacement projects and the Airport PAPI design project. The water main replacement projects are for replacing aging water infrastructure using the cash reserves set aside from the 2008 rate increase. These projects are being completed before the STIP street overlay projects begin.

Long-term Debt Activity

The principal amount of the City's outstanding debt at June 30, 2016 was as follows:

2010 Refunding Revenue Bonds	\$32,445,000	Secured by natural gas and water revenues
Miller Fletcher Bonds	270,000	Secured by property assessments
City Hall Bonds	1,280,708	Secured by 2013 lease financing agreement with Compass Bank
U.S. Department of Agriculture Note	828,000	Secured by Water Fund Infrastructure

2013 CalPERS Refunding Loan	4,448,000	Secured by General Fund gross revenues
Community Pool Debt Service	\$1,200,000	Secured by General Fund gross revenues

Scheduled principal repayments of \$950,488 were made during fiscal year 2015-16. All debt service principal and interest payments are current. For more detailed information, please refer to the notes to the financial statements for long-term debt.

SUMMARY OF KNOWN FACTS, DECISIONS AND CONDITIONS

As many other cities in California, the City of Susanville’s ability to provide services to the public has been affected by balancing our budget with hiring constraints to offset flat or declining revenues. It has been a slow process coming out of the recession, however the City is experiencing new growth in retail. With this new growth, increasing assessed property values, and the sun setting of the triple flip in 2016, the City is anticipating positive changes in some of its major revenue sources. Due to the limitations imposed on California cities by Proposition 13 and 218 in generating new revenues, the City continues to look for alternate revenue sources.

The City Council adopted the budget for fiscal year 2016-17 on July 1, 2016. The budget reflects Council priorities and maintains the same level of services provided in fiscal year 2015-16. The General Fund expenditures budget for fiscal year 2016-17 is \$52,781 or 1% more than the prior fiscal year. The increase (from \$5,345,611 in fiscal year 2015-16 to \$5,398,392 in fiscal year 2016-17) reflects funding all approved positions within the budget with a 4% vacancy reduction and an increase in transfers out for debt service payment. General Fund revenues are projected to increase 1.5%.

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.

**BASIC
FINANCIAL STATEMENTS**

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Susanville
Statement of Net Position
June 30, 2016

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and investments	\$ 4,980,646	\$ 7,425,930	\$ 12,406,576
Accounts receivable	1,368,792	726,156	2,094,948
Interest receivable	7,064	10,364	17,428
Internal balances	33,812	(33,812)	-
Prepaid expenses	27,087	3,158	30,245
Inventory	42,475	63,905	106,380
Total current assets	6,459,876	8,195,701	14,655,577
Noncurrent assets:			
Loans receivable	1,231,432	-	1,231,432
Investments in bonds with fiscal agent	270,000	-	270,000
Restricted cash and investments with fiscal agents	150,108	2,446,094	2,596,202
Prepaid bond insurance	-	87,995	87,995
Capital assets:			
Non-depreciable	3,578,711	3,488,867	7,067,578
Depreciable, net	776,101	27,147,740	27,923,841
Total capital assets	4,354,812	30,636,607	34,991,419
Total noncurrent assets	6,006,352	33,170,696	39,177,048
Total assets	12,466,228	41,366,397	53,832,625
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	56,966	718,226	775,192
Deferred employer pension contributions	657,636	91,584	749,220
Total deferred outflows of resources	714,602	809,810	1,524,412
LIABILITIES			
Current liabilities:			
Accounts payable	775,415	366,691	1,142,106
Accrued wages	164,629	29,062	193,691
Accrued interest	34,372	155,449	189,821
Deposits payable	22,996	232,142	255,138
Unearned revenue	-	31,704	31,704
Early retirement incentive - due within one year	44,640	-	44,640
Sick leave conversion payable - due within one year	6,144	-	6,144
Compensated absences - due within one year	56,082	17,986	74,068
Notes payable - due within one year	-	16,000	16,000
Revenue bonds payable - due within one year	512,989	540,000	1,052,989
Total current liabilities	1,617,267	1,389,034	3,006,301
Noncurrent liabilities:			
Sick leave conversion payable - due in more than one year	27,670	-	27,670
Compensated absences - due in more than one year	187,225	46,144	233,369
Net pension liability	6,460,456	826,605	7,287,061
Notes payable - due in more than one year	-	810,000	810,000
Revenue bonds payable - due in more than one year	6,685,718	31,562,335	38,248,053
Total noncurrent liabilities	13,361,069	33,245,084	46,606,153
Total liabilities	14,978,336	34,634,118	49,612,454
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	1,418,403	220,133	1,638,536
Total deferred inflows of resources	1,418,403	220,133	1,638,536
NET POSITION			
Net investment in capital assets	2,861,071	(1,573,502)	1,287,569
Restricted	3,228,998	2,446,094	5,675,092
Unrestricted	(9,305,978)	6,449,364	(2,856,614)
Total net position	\$ (3,215,909)	\$ 7,321,956	\$ 4,106,047

See accompanying Notes to Basic Financial Statements.

City of Susanville
Statement of Activities
For the year ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	528,514	76,733	38,715	-	\$ 115,448
Public safety	3,742,579	83,481	601,515	-	684,996
Streets	1,898,033	197,411	389,872	987,566	1,574,849
Protective inspections	205,391	84,744	-	-	84,744
Community services	1,300,553	88,125	-	-	88,125
Community development	343,208	48,694	-	-	48,694
Interest on long-term debt	327,131	-	-	-	-
Total governmental activities	8,345,409	579,188	1,030,102	987,566	2,596,856
Business-type activities:					
Airport	274,051	69,394	-	163,969	233,363
Water	2,166,356	2,188,967	-	-	2,188,967
Natural gas	4,180,922	4,182,414	-	-	4,182,414
Golf course	354,273	334,800	-	-	334,800
Geothermal	79,069	86,132	-	-	86,132
Total business-type activities	7,054,671	6,861,707	-	163,969	7,025,676
Total primary government	\$ 15,400,080	\$ 7,440,895	\$ 1,030,102	\$ 1,151,535	\$ 9,622,532

General Revenues:

Taxes:

Secured and unsecured property taxes

Sales and use taxes

Transient lodging taxes

Franchise taxes

Business license taxes

Other taxes

Property tax in lieu of sales tax, unrestricted

Property tax in lieu of VLF, unrestricted

Total taxes

Investment earnings, unrestricted

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (413,066)	\$ -	\$ (413,066)
(3,057,583)	-	(3,057,583)
(323,184)	-	(323,184)
(120,647)	-	(120,647)
(1,212,428)	-	(1,212,428)
(294,514)	-	(294,514)
(327,131)	-	(327,131)
(5,748,553)	-	(5,748,553)
-	(40,688)	(40,688)
-	22,611	22,611
-	1,492	1,492
-	(19,473)	(19,473)
-	7,063	7,063
-	(28,995)	(28,995)
(5,748,553)	(28,995)	(5,777,548)
877,382	-	877,382
1,449,788	-	1,449,788
455,099	-	455,099
36,767	-	36,767
241,985	-	241,985
42,996	-	42,996
349,848	-	349,848
1,389,739	-	1,389,739
4,843,604	-	4,843,604
39,206	35,242	74,448
111,036	(111,036)	-
4,993,846	(75,794)	4,918,052
(754,707)	(104,789)	(859,496)
(2,461,202)	7,426,745	4,965,543
\$ (3,215,909)	\$ 7,321,956	\$ 4,106,047

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Funds Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

Community Swimming Pool Debt Service Fund accounts for the for debt service payments on the Community Swimming Pool Loan that was used to finance a portion of the costs of the construction of a community swimming pool and related costs and improvements there to by the Honey Lake Valley Recreational Authority.

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

City of Susanville
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Gas Tax Special Revenue Fund	Community Swimming Pool Debt Service Fund	Other Governmental Funds	Totals
ASSETS					
Cash and investments	\$ 2,502,304	\$ 57,910	\$ 35,959	\$ 1,788,174	\$ 4,384,347
Restricted cash and investments held by fiscal agents	-	-	-	150,108	150,108
Investment in bonds	-	-	-	270,000	270,000
Accounts receivable	656,296	711,995	-	501	1,368,792
Interest receivable	4,789	134	-	1,549	6,472
Prepaid expenditures	15,501	-	-	622	16,123
Inventory	26,861	15,614	-	-	42,475
Due from other funds	92,111	-	-	-	92,111
Loans receivable	59,055	-	-	1,172,377	1,231,432
Advances to other funds	-	-	-	249,954	249,954
Total assets	\$ 3,356,917	\$ 785,653	\$ 35,959	\$ 3,633,285	\$ 7,811,814
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 227,598	\$ 536,935	\$ -	\$ 3,691	768,224
Accrued wages	130,666	9,060	-	3,293	143,019
Deposits payable	22,996	-	-	-	22,996
Due to other funds	-	58,299	-	-	58,299
Advances from other funds	249,954	-	-	-	249,954
Total liabilities	631,214	604,294	-	6,984	1,242,492
Deferred Inflow of Resources:					
Unavailable revenue	21,348	-	-	-	21,348
Total deferred inflow of resources	21,348	-	-	-	21,348
Fund Balances:					
Nonspendable	101,417	-	-	-	101,417
Restricted	18,196	181,359	-	3,029,443	3,228,998
Assigned	63,462	-	35,959	596,858	696,279
Unassigned	2,521,280	-	-	-	2,521,280
Total fund balances	2,704,355	181,359	35,959	3,626,301	6,547,974
Total liabilities, deferred inflow of resources, and fund balances	\$ 3,356,917	\$ 785,653	\$ 35,959	\$ 3,633,285	\$ 7,811,814

See accompanying Notes to Basic Financial Statement:

City of Susanville

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position

June 30, 2016

Total Fund Balances - Total Governmental Funds \$ 6,547,974

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

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

Non-depreciable	\$	3,578,711
Depreciable, net		776,101
		4,354,812

Unavailable revenue recorded in the fund financial statements resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements. 21,348

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet. (34,372)

Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Position. 469,411

Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statement these contributions are deferred. 657,636

In the Government-Wide Financial Statements certain differences between actuarial estimates and actual results for pension and other employer specific items are deferred and amortized over a period of time, however in the governmental funds no transactions are recorded. (1,418,403)

Deferred amounts related to the refunding of long-term debt were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. This amount is to be amortized over the life of the long-term debt. 56,966

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

	Government-Wide Statement of Net Position	Internal Service Funds	Total
Early retirement incentive - due within one year	\$ (44,640)	\$ 44,640	-
Sick leave conversion payable - due within one year	(6,144)	6,144	-
Compensated absences - due within one year	(56,082)	3,605	(52,477)
Sick leave conversion payable - due in more than one year	(27,670)	27,670	-
Compensated absences - due in more than one year	(187,225)	27,584	(159,641)
Net pension liability	(6,460,456)		(6,460,456)
Bonds payable - due within one year	(512,989)	-	(512,989)
Bonds payable - due in more than one year	(6,685,718)	-	(6,685,718)
	\$ (13,980,924)	\$ 109,643	(13,871,281)

Net Position of Governmental Activities \$ (3,215,909)

See accompanying Notes to Basic Financial Statements.

City of Susanville
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2016

	General Fund	Gas Tax Special Revenue Fund	Community Swimming Pool Debt Service Fund	Other Governmental Funds	Totals
REVENUES:					
Taxes and assessments	\$ 4,877,520	\$ -	\$ -	\$ 29,933	\$ 4,907,453
Licenses and permits	86,142	-	-	-	86,142
Fines and forfeitures	92,088	-	-	7,283	99,371
Use of money and property	38,735	9,802	-	23,575	72,112
Intergovernmental revenues	490,709	1,363,976	-	144,750	1,999,435
Program income	2,910	-	-	-	2,910
Charges for services	83,214	-	-	-	83,214
Other revenues	-	197,411	-	64,293	261,704
Total revenues	5,671,318	1,571,189	-	269,834	7,512,341
EXPENDITURES:					
Current:					
General government	559,612	-	-	-	559,612
Public safety	3,591,765	-	-	114,159	3,705,924
Streets	-	2,003,878	-	-	2,003,878
Protective inspections	213,935	-	-	-	213,935
Community services	174,122	-	1,100,000	-	1,274,122
Community development	158,584	-	-	198,325	356,909
Capital outlay	264,549	4,275	-	46,692	315,516
Debt service:					
Principal	-	-	-	427,488	427,488
Interest and fiscal charges	-	-	18,597	295,042	313,639
Debt issuance cost	-	-	45,444	-	45,444
Total expenditures	4,962,567	2,008,153	1,164,041	1,081,706	9,216,467
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	708,751	(436,964)	(1,164,041)	(811,872)	(1,704,126)
OTHER FINANCING SOURCES (USES):					
Transfers in	29,676	115,617	-	573,708	719,001
Transfers out	(540,356)	(12,384)	-	(140,289)	(693,029)
Proceeds from debt issuance	-	-	1,200,000	-	1,200,000
Proceeds from sale of capital assets	-	-	-	1,500	1,500
Total other financing sources (uses)	(510,680)	103,233	1,200,000	434,919	1,227,472
Net change in fund balances	198,071	(333,731)	35,959	(376,953)	(476,654)
FUND BALANCES:					
Beginning of year	2,506,284	515,090	-	4,003,254	7,024,628
End of year	<u>\$ 2,704,355</u>	<u>\$ 181,359</u>	<u>\$ 35,959</u>	<u>\$ 3,626,301</u>	<u>\$ 6,547,974</u>

See accompanying Notes to Basic Financial Statements.

City of Susanville

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities For the year ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ (476,654)
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Amounts reported for governmental activities in the Statement of Activities were different because:

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.	380,048
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds.	(128,278)
In the statement of activities, only the gain or (loss) on the sale of capital assets is reported, whereas in the governmental funds proceeds from sales increases financial resources. The difference between proceeds and the loss on disposal of capital assets:	(14,500)
Accrued compensated leave payable was an expenditure in governmental funds, but the accrued payable increased compensated leave liabilities in the Government-Wide Statement of Net Position.	6,537
Bond proceeds provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
Long-term debt issuance	(1,200,000)
Long-term debt repayments	427,488
Revenues that did not meet the revenue recognition criteria in the governmental funds but were recognized as revenue in the Government-Wide Financial Statements.	(33,916)
Deferred amounts related to the refunding of long-term debt were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. This amount is to be amortized over the life of the long-term debt.	(5,179)
Interest expense on long-term debt is reported on the accrual basis on the Government-Wide Statements, but expenditures on long-term debt in the governmental funds statements are recorded when paid. The following amount represents the change in accrued interest from the prior year.	(8,311)
Current year employer pension contributions are recorded as expenditures in the governmental funds, however these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.	657,636
Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense is not recognized in the governmental funds.	(638,634)
Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds was reported with governmental activities.	279,056
Change in Net Position of Governmental Activities	<u>\$ (754,707)</u>

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PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

Other Enterprise Funds is the aggregate of all the non-major enterprise funds.

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

City of Susanville
Statement of Net Position
Proprietary Funds
June 30, 2016

	Major Enterprise Funds		Total	Totals
	Water Fund	Natural Gas Fund	Non-Major Enterprise Funds	
ASSETS				
Current assets:				
Cash and investments	\$ 3,047,601	\$ 4,041,691	\$ 336,638	\$ 7,425,930
Accounts receivable	454,948	223,361	47,847	726,156
Interest receivable	4,408	5,511	445	10,364
Prepaid expenses	830	1,129	1,199	3,158
Inventory	25,852	34,791	3,262	63,905
Total current assets	3,533,639	4,306,483	389,391	8,229,513
Noncurrent assets:				
Cash and investments with fiscal agents	638,588	1,807,506	-	2,446,094
Prepaid bond insurance	87,995	-	-	87,995
Capital assets:				
Non-depreciable, net	963,184	-	2,525,683	3,488,867
Depreciable, net	6,397,836	18,243,809	2,506,095	27,147,740
Total capital assets	7,361,020	18,243,809	5,031,778	30,636,607
Total noncurrent assets	8,087,603	20,051,315	5,031,778	33,170,696
Total assets	11,621,242	24,357,798	5,421,169	41,400,209
DEFERRED OUTFLOW OF RESOURCES				
Deferred loss on refunding	718,226	-	-	718,226
Deferred employer pension contributions	43,099	48,485	-	91,584
Total deferred outflow of resources	761,325	48,485	-	809,810
LIABILITIES				
Current liabilities:				
Accounts payable	249,250	51,409	66,032	366,691
Accrued wages	9,797	14,515	4,750	29,062
Due to other funds	-	-	33,812	33,812
Accrued interest	39,234	116,215	-	155,449
Deposits payable	65,877	166,265	-	232,142
Unearned revenue	-	-	31,704	31,704
Early retirement incentive - due within one year	-	-	-	-
Sick leave conversion payable - due within one year	-	-	-	-
Compensated absences - due within one year	10,799	7,187	-	17,986
Notes payable - due within one year	16,000	-	-	16,000
Revenue bonds payable - due within one year	270,000	270,000	-	540,000
Total current liabilities	660,957	625,591	136,298	1,422,846
Noncurrent liabilities:				
Sick leave conversion payable - due in more than one year	-	-	-	-
Compensated absences - due in more than one year	21,204	24,940	-	46,144
Net pension liability	388,990	437,615	-	826,605
Notes payable - due in more than one year	810,000	-	-	810,000
Revenue bonds payable - due in more than one year	7,790,000	23,772,335	-	31,562,335
Total noncurrent liabilities	9,010,194	24,234,890	-	33,245,084
Total liabilities	9,671,151	24,860,481	136,298	34,667,930
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pension	103,592	116,541	-	220,133
Total deferred inflows of resources	103,592	116,541	-	220,133
NET POSITION				
Net investment in capital assets	(806,754)	(5,798,526)	5,031,778	(1,573,502)
Restricted for debt service	638,588	1,807,506	-	2,446,094
Unrestricted	2,775,990	3,420,281	253,093	6,449,364
Total net position	\$ 2,607,824	\$ (570,739)	\$ 5,284,871	\$ 7,321,956

See accompanying Notes to Basic Financial Statements.

Governmental
Activities
Internal
Service Funds

\$ 596,299
-
592
10,964
-
607,855

-
-
-
-
-
-
607,855

-
-
-

7,191
21,610
-
-
-
-
44,640
6,144
3,605
-
-
83,190

27,670
27,584
-
-
-
55,254
138,444

-
-

-
-
469,411
\$ 469,411

City of Susanville
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2016

	Major Enterprise Funds		Total	Totals
	Water Fund	Natural Gas Fund	Non-Major Enterprise Funds	
OPERATING REVENUES:				
Sales and charges for services	\$ 2,187,569	\$ 4,181,963	\$ 490,326	\$ 6,859,858
Total operating revenues	<u>2,187,569</u>	<u>4,181,963</u>	<u>490,326</u>	<u>6,859,858</u>
OPERATING EXPENSES:				
Direct:				
Purchase of natural gas	-	981,790	-	981,790
Administration	768,037	832,082	386,408	1,986,527
Insurance costs and claims	-	-	-	-
Depreciation and amortization	375,000	395,268	184,393	954,661
Total direct operating expenses	<u>1,143,037</u>	<u>2,209,140</u>	<u>570,801</u>	<u>3,922,978</u>
Indirect:				
Overhead allocation	618,000	569,628	136,500	1,324,128
Total indirect operating expenses	618,000	569,628	136,500	1,324,128
Total operating expenses	<u>1,761,037</u>	<u>2,778,768</u>	<u>707,301</u>	<u>5,247,106</u>
OPERATING INCOME (LOSS):	<u>426,532</u>	<u>1,403,195</u>	<u>(216,975)</u>	<u>1,612,752</u>
NONOPERATING REVENUES (EXPENSES):				
Interest income	16,166	17,655	1,421	35,242
Interest expense and fiscal charges	(405,319)	(1,402,154)	(92)	(1,807,565)
Reimbursements	1,398	451	-	1,849
Total nonoperating revenues (expenses)	<u>(387,755)</u>	<u>(1,384,048)</u>	<u>1,329</u>	<u>(1,770,474)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>38,777</u>	<u>19,147</u>	<u>(215,646)</u>	<u>(157,722)</u>
Capital contributions	-	-	163,969	163,969
Transfers in	-	-	-	-
Transfers out	(62,688)	(48,348)	-	(111,036)
Total transfers	<u>(62,688)</u>	<u>(48,348)</u>	<u>-</u>	<u>(111,036)</u>
Change in net position	<u>(23,911)</u>	<u>(29,201)</u>	<u>(51,677)</u>	<u>(104,789)</u>
NET POSITION:				
Beginning of year	2,631,735	(541,538)	5,336,548	7,426,745
End of year	<u>\$ 2,607,824</u>	<u>\$ (570,739)</u>	<u>\$ 5,284,871</u>	<u>\$ 7,321,956</u>

See accompanying Notes to Basic Financial Statements.



Governmental
Activities
Internal
Service Funds

\$ 1,457,480

1,457,480

-

905,613

359,101

-

1,264,714

-

-

1,264,714

192,766

1,226

-

-

1,226

193,992

-

85,064

-

85,064

279,056

190,355

\$ 469,411

City of Susanville
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2016

	Major Enterprise Funds		Total Non-Major Enterprise Funds	Totals
	Water Fund	Natural Gas Fund	Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 2,073,457	\$ 4,208,047	\$ 747,255	\$ 7,028,759
Payments to suppliers and users	(378,733)	(1,449,450)	(479,102)	(2,307,285)
Payments to employees	(792,625)	(839,545)	(394,511)	(2,026,681)
Net cash provided by (used in) operating activities	902,099	1,919,052	(126,358)	2,694,793
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash receipts from other funds	-	-	-	-
Cash payments to other funds	(62,688)	(48,348)	33,812	(77,224)
Net cash provided by (used in) noncapital financing activities	(62,688)	(48,348)	33,812	(77,224)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(1,342,418)	(106,140)	(152,687)	(1,601,245)
Capital grants received	1,398	451	163,969	165,818
Interest paid	(399,309)	(1,402,844)	(92)	(1,802,245)
Principal payments - long-term debt	(280,000)	(245,000)	-	(525,000)
Net cash used in capital and related financing activities	(2,020,329)	(1,753,533)	11,190	(3,762,672)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	14,872	15,106	1,207	31,185
Net cash provided by investing activities	14,872	15,106	1,207	31,185
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,166,046)	132,277	(80,149)	(1,113,918)
CASH AND CASH EQUIVALENTS:				
Beginning of year	4,852,235	5,716,920	416,787	10,985,942
End of year	\$ 3,686,189	\$ 5,849,197	336,638	\$ 9,872,024
FINANCIAL STATEMENT PRESENTATION:				
Cash and investments	\$ 3,047,601	\$ 4,041,691	336,638	\$ 7,425,930
Restricted cash and investments	638,588	1,807,506	-	2,446,094
Total	\$ 3,686,189	\$ 5,849,197	336,638	\$ 9,872,024
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 426,532	\$ 1,403,195	(216,975)	\$ 1,612,752
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	375,000	395,268	184,393	954,661
Changes in assets and liabilities:				
Accounts receivable	(118,992)	22,340	268,154	171,502
Prepaid expenses	(143)	80	170	107
Inventory	13,672	12,199	(1,216)	24,655
Accounts payable	225,738	14,689	(341,556)	(101,129)
Accrued wages	(1,039)	2,230	(8,103)	(6,912)
Deposits payable	4,880	3,744	-	8,624
Unearned revenue	-	-	(11,225)	(11,225)
Deferred employer pension contributions	(11,150)	(12,543)	-	(23,693)
Net pension liability	26,552	29,872	-	56,424
Deferred inflows of resources - pension	(25,957)	(29,202)	-	(55,159)
Compensated absences	(12,994)	2,180	-	(10,814)
Early retirement incentive	-	-	-	-
Other postemployment benefits payable	-	-	-	-
Total adjustments	475,567	515,857	90,617	1,082,041
Net cash provided by (used in) operating activities	\$ 902,099	\$ 1,919,052	(126,358)	\$ 2,694,793

See accompanying Notes to Basic Financial Statements.

Governmental
Activities
Internal
Service Funds

\$ 1,500,918
(367,033)
(919,438)
214,447

85,064
-
85,064

-
-
-
-
-

1,173
1,173
300,684

295,615
596,299

\$ 596,299
-
\$ 596,299

\$ 192,766

-
43,438
(7,501)
-
(431)
11,333
-
-
-
-
16,169
(39,060)
(2,267)
21,681
214,447

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FIDUCIARY FUND FINANCIAL STATEMENTS

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

LAFCO Fund , accounts for agency activities for the Local Agency Formation Commission.

HUSA Business Improvement Fund accounts for agency activities for Historic Uptown Susanville Association.

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

City of Susanville
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Agency Funds				Totals
	Section 125	LAFCO	HUSA Business	Air	
	Aflac/ Wageworks	Fund	Improvement Fund	Pollution District Fund	
ASSETS					
Cash and investments	\$ 1,483	\$ 39,996	\$ 7,740	\$ 512,559	\$ 561,778
Accounts receivable	-	-	169	21,519	21,688
Interest receivable	-	66	-	654	720
Prepaid expenses	-	840	-	-	840
Total assets	\$ 1,483	\$ 40,902	\$ 7,909	\$ 534,732	\$ 585,026
LIABILITIES					
Liabilities:					
Accounts payable	100	6,085	1,626	6,134	13,945
Deposits payable	1,383	34,817	4,478	528,598	569,276
Other liabilities	-	-	1,805	-	1,805
Total liabilities	\$ 1,483	\$ 40,902	\$ 7,909	\$ 534,732	\$ 585,026

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

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

B. Basis of Accounting and Measurement Focus

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

Government-Wide Financial Statements

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

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

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements, Continued

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

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

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

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

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

Governmental Fund Financial Statements

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

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

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

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

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

Gas Tax Special Revenue Fund accounts for gas tax monies received from the State of California

Community Swimming Pool Debt Service Fund accounts for debt service payments on the Community Swimming Pool Loan that was used to finance a portion of the costs of the construction of a community swimming pool and related costs and improvements there to by the Honey Lake Valley Recreational Authority.

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

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

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

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

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

State Revolving Economic Development Special Revenue Fund accounts for program income received from the Façade improvement, business assistance, and first-time home buyers loan re-payments, which are re-issued in the form of new loans.

HOME Revolving Special Revenue Fund accounts for program income received from the Façade improvement, business assistance, and first-time home buyers loan re-payments, which are re-issued in the form of new loans.

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

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

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

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

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

Traffic Signals Fund account for fees collected from new developments with the Skyline area to be used for the installation and maintenance of traffic signals.

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

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

Side Fund Debt Service Fund accounts for debt service payments on the 2013 CalPERS Refunding Loan that was used to refund the City's CalPERS Side Fund obligations.

City Hall Parking Lot Project Fund accounts for amounts set aside for the City's City Hall Parking Lot Project.

Governmental Fund Financial Statements, Continued

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

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

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Proprietary Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Fiduciary Fund Financial Statements

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

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

C. Cash, Cash Equivalents, and Investments

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

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

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

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 3 inputs.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash, Cash Equivalents, and Investments, Continued

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

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

The City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

D. Restricted Cash and Investments

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

E. Compensated Absences

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

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Property Taxes

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

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

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

G. Capital Assets

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

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

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Capital Assets, Continued

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

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

H. Use of Estimates

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

I. Inventory

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

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City reports unamortized deferred charge on refunding resulting from the difference in carrying value of refunded debt and its reacquisition price, and deferred employer pension contributions as deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Deferred Outflows/Inflows of Resources, Continued

The City reports two items in this category, unavailable revenues and amounts related to changes in the City's net pension liability that are deferred and amortized over a stated number of years. Unavailable revenue arises only under a modified accrual basis of accounting and accordingly is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from one source: sales tax revenues. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available. Certain changes in the City's net pension liability are required to be deferred and reflected in pension expense over a closed amortization period. The City reported the amounts related to the City's pension plan described in Note 7 as deferred inflows of resources.

K. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. New Pronouncements

In 2016, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 72, *Fair Value Measurement and Application*- This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. There was no impact on beginning net position as part of implementation of this accounting standard.
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*- The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. There was no impact on beginning net position as part of implementation of this accounting standard.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. New Pronouncements, Continued

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*– The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. There was no impact on beginning net position as part of implementation of this accounting standard.

- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* - This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. There was no impact on beginning net position as part of implementation of this accounting standard.

- GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statement No. 67, No. 68, and No. 73* - This Statement addresses certain issues that had been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68*. Specifically, this Statement addresses issued regarding (1) the presentation of payroll-related measures in the required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City updated covered employee payroll information in the required supplementary information as part of implementation of this accounting standard. There was no impact on beginning net position as part of implementation of this accounting standard.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

2. CASH AND INVESTMENTS

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

	Government-Wide Statement of Net Position			Total
	Governmental Activities	Business-Type Activities	Fiduciary Funds	
Cash and investments	\$ 4,980,646	\$ 7,425,930	\$ 561,778	\$ 12,968,354
Restricted cash and investments	150,108	2,446,094	-	2,596,202
Investments in bonds with fiscal agent	270,000	-	-	270,000
Total cash and investments	\$ 5,400,754	\$ 9,872,024	\$ 561,778	\$ 15,834,556

Cash and investment as of June 30, 2016 consist of the following:

Cash on hand	\$ 1,050
Deposits with financial institution	233,066
Local Agency Investment funds	12,734,238
Total City treasury	12,968,354
Restricted cash and investments	2,596,202
Investments in bonds with fiscal agent	270,000
Total cash and investments	\$ 15,834,556

A. Deposits

The carrying amount of the City's cash deposit was a positive amount of \$233,066 at June 30, 2016. Bank balances before reconciling items were \$458,369 at June 30, 2016. The City has waived the collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities held by the pledging financial institutions in the City's name.

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

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

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, CONTINUED

A. Deposits, Continued

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

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

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

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

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

Interest income	\$ 72,307
Unrealized gain in changes in fair value of investments	7,906
Total investment income	\$ 80,213

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, CONTINUED

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

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

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2016, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

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

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

As of June 30, 2016, the City had \$12,734,238 invested in LAIF, which had invested 2.81% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 2.08% in the previous year. The LAIF fair value factor of 1.000621222 was used to calculate the fair value of the investments in LAIF.

C. Investments Authorized by Debt Agreements

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

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, CONTINUED

D. Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Totals	Remaining Maturity (in Months)					
		12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	49-60 Months	More Than 60 Months
State Pool	\$ 12,734,238	\$ 12,734,238	\$ -	\$ -	\$ -	\$ -	\$ -
Investment in bonds	270,000	130,000	140,000	-	-	-	-
	<u>\$ 13,004,238</u>	<u>\$ 12,864,238</u>	<u>\$ 140,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

E. Disclosures Relating to Credit Risk

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

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End
				Not Rated
State Pool	\$ 12,734,238	N/A	\$ -	\$ 12,734,238
Investment in bonds	270,000	N/A	-	270,000
Total	<u>\$ 270,000</u>		<u>\$ -</u>	<u>\$ 270,000</u>

F. Concentration of Credit Risk

The City's investment policy contains certain limitations on the amount that can be invested in any one issuer. There were no investments other than the State Investment Pool in any issuer that represents 5% or more of the City's total investments as of June 30, 2016.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

G. Custodial Credit Risk

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

H. Investment Valuation

Investments (except money market accounts that are included as part of restricted cash and investments) are measured at fair value on a recurring basis. *Recurring* fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements at June 30, 2016 are described below:

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Local Agency Investment Fund	\$ 12,734,238	\$ -	\$ 12,734,238	\$ -
Investment in bonds with fiscal agent	270,000	-	270,000	-
Total	\$ 13,004,238	\$ -	\$ 13,004,238	\$ -

The City's fair value for its investment in the State of California Local Agency Investment Fund (LAIF) is based on the fair market value factors provided by LAIF that are calculated based on the total fair market value of the pool. LAIF includes investments categorized as Level 1 such as United States Treasury securities, Federal Agency securities, and supranational debentures that are valued based on prices quoted in active markets and investments categorized as Level 2 such as negotiable certificates of deposit and bank notes that are based on market corroborated pricing utilizing inputs such as yield curves and indices that are derived principally from or corroborated by observable market data by correlation to other means. The District categorized its investments in LAIF based on the lowest significant input used to determine the fair market value of the total pool.

Investments in municipal bonds categorized as Level 2 are valued based on matrix pricing which use observable market inputs such as yield curves and market indices that are derived principally from or corroborated by observable market data by correlation to other means.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

3. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Governmental Activities				
Nondepreciable capital assets:				
Land	\$ 3,578,711	\$ -	\$ -	\$ 3,578,711
Total nondepreciable capital assets	3,578,711	-	-	3,578,711
Depreciable capital assets:				
Buildings	1,122,436	-	(30,000)	1,092,436
Machinery and equipment	2,503,061	380,048	(110,926)	2,772,183
Other improvements	2,365,050	-	-	2,365,050
Total depreciable capital assets	5,990,547	380,048	(140,926)	6,229,669
Less accumulated depreciation	(5,451,716)	(128,278)	126,426	(5,453,568)
Net depreciable capital assets	538,831	251,770	(14,500)	776,101
Net capital assets	\$ 4,117,542	\$ 251,770	\$ (14,500)	\$ 4,354,812

	Balance July 1, 2015	Additions	Deletions or Transfer	Balance June 30, 2016
Business-type Activities				
Nondepreciable capital assets:				
Land	\$ 3,423,604	\$ -	\$ -	\$ 3,423,604
Construction in progress	-	590,641	(525,378)	65,263
Total nondepreciable capital assets	3,423,604	590,641	(525,378)	3,488,867
Depreciable capital assets:				
Infrastructure	26,731,209	28,793	-	26,760,002
Buildings	862,483	-	-	862,483
Machinery and equipment	4,764,441	98,210	(7,233)	4,855,418
Other improvements	8,391,156	1,408,979	-	9,800,135
Total depreciable capital assets	40,749,289	1,535,982	(7,233)	42,278,038
Less accumulated depreciation	(14,243,387)	(894,144)	7,233	(15,130,298)
Net depreciable capital assets	26,505,902	641,838	-	27,147,740
Net capital assets	\$ 29,929,506	\$ 1,232,479	\$ (525,378)	\$ 30,636,607

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

3. CAPITAL ASSETS, Continued

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Business-type Activities				
Airport				
Nondepreciable capital assets:				
Land	\$ 43,189	\$ -	\$ -	\$ 43,189
Construction in progress	-	152,687	(87,424)	65,263
Total nondepreciable capital assets	43,189	152,687	(87,424)	108,452
Depreciable capital assets:				
Buildings	166,873	-	-	166,873
Machinery and equipment	290,969	-	-	290,969
Other improvements	3,148,188	87,424	-	3,235,612
Total depreciable capital assets	3,606,030	87,424	-	3,693,454
Less accumulated depreciation	(1,325,568)	(159,667)	-	(1,485,235)
Net depreciable capital assets	2,280,462	(72,243)	-	2,208,219
Net capital assets	\$ 2,323,651	\$ 80,444	\$ (87,424)	\$ 2,316,671
	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Business-type Activities				
Water				
Nondepreciable capital assets:				
Land	\$ 963,184	\$ -	\$ -	\$ 963,184
Construction in progress	-	437,954	(437,954)	-
Total nondepreciable capital assets	963,184	437,954	(437,954)	963,184
Depreciable capital assets:				
Infrastructure	4,112,864	-	-	4,112,864
Buildings	315,266	-	-	315,266
Machinery and equipment	3,870,258	13,630	-	3,883,888
Other improvements	5,072,194	1,321,555	-	6,393,749
Total depreciable capital assets	13,370,582	1,335,185	-	14,705,767
Less accumulated depreciation	(7,988,864)	(319,067)	-	(8,307,931)
Net depreciable capital assets	5,381,718	1,016,118	-	6,397,836
Net capital assets	\$ 6,344,902	\$ 1,454,072	\$ (437,954)	\$ 7,361,020

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

3. CAPITAL ASSETS, Continued

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
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	(251,030)	(621)	-	(251,651)
Net depreciable capital assets	2,488	(621)	-	1,867
Net capital assets	\$ 251,612	\$ (621)	\$ -	\$ 250,991

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Business-type Activities				
Natural Gas				
Depreciable capital assets:				
Infrastructure	\$ 22,618,345	\$ 28,793	\$ -	\$ 22,647,138
Machinery and equipment	296,625	84,580	(7,233)	373,972
Total depreciable capital assets	22,914,970	113,373	(7,233)	23,021,110
Less accumulated depreciation	(4,393,850)	(390,684)	7,233	(4,777,301)
Net depreciable capital assets	18,521,120	(277,311)	-	18,243,809
Net capital assets	\$ 18,521,120	\$ (277,311)	\$ -	\$ 18,243,809

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

3. CAPITAL ASSETS, Continued

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Golf Course				
Nondepreciable capital assets:				
Land	\$ 2,168,107	\$ -	\$ -	\$ 2,168,107
Total nondepreciable capital assets	2,168,107	-	-	2,168,107
Depreciable capital assets:				
Buildings	355,492	-	-	355,492
Machinery and equipment	77,923	-	-	77,923
Other improvements	170,774	-	-	170,774
Total depreciable capital assets	604,189	-	-	604,189
Less accumulated depreciation	(284,075)	(24,105)	-	(308,180)
Net depreciable capital assets	320,114	(24,105)	-	296,009
Net capital assets	\$ 2,488,221	\$ (24,105)	\$ -	\$ 2,464,116

Depreciation Allocations

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

Governmental Activities:	
General government	\$ 13,223
Public safety	81,374
Streets	11,397
Protective inspections	1,893
Community services	<u>20,391</u>
Total Depreciation Expense-Governmental Activities	<u>\$ 128,278</u>
Business-type Activities:	
Airport	\$ 159,667
Water	319,067
Geothermal	621
Natural Gas	390,684
Golf Course	<u>24,105</u>
Total Depreciation Expense-Business-type Activities	<u>\$ 894,144</u>

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances at June 30, 2016 as follows:

Due to/from other funds:

<u>Due To General Fund</u>	<u>Due From Other Funds</u>
Gas Tax Fund	\$ 58,299
Non Major Enterprise Funds	33,812
Total	<u>\$ 92,111</u>

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

Advances to/from other funds:

<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>	
	<u>General Fund</u>	<u>Total</u>
Nonmajor Governmental Funds	\$ 249,954	\$ 249,954
Total	<u>\$ 249,954</u>	<u>\$ 249,954</u>

The amounts due from the General Fund represent interfund loans made by the State Revolving Loan and State Revolving Economic Development Funds for economic development activities that were to be carried out by the City's former redevelopment agency. Due to the dissolution of the City's redevelopment agency, these amounts are now payable from the City's General Fund.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS, Continued

Interfund transfers:

	Transfers Out					Total
	General Fund	Gas Tax Fund	Gov't Funds	Water Fund	Natural Gas Fund	
Transfers In						
Major Govtl Funds						
General Fund	\$ -	\$ -	\$ 24,672	\$ 5,004	\$ -	\$ 29,676
Gas Tax Fund	115,617	-	-	-	-	115,617
Non-major						
Govtl Funds	339,675	12,384	115,617	57,684	48,348	573,708
Internal service funds	85,064	-	-	-	-	85,064
Total	<u>\$ 540,356</u>	<u>\$ 12,384</u>	<u>\$ 140,289</u>	<u>\$ 62,688</u>	<u>\$ 48,348</u>	<u>\$ 804,065</u>

In general, the City uses interfund transfers to (1) move revenues from the funds that collect them to the funds that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to help finance various programs and capital projects accounted for in other funds in accordance with budgetary authorization, and (3) move cash to debt service funds from the funds responsible for payment as debt service payments become due. The transfer from the Water Fund to the General fund was for fire hydrant maintenance costs. The transfer from the General fund to the City Hall Debt Service Fund and the 2013 CalPERS Refunding Loan Debt Service Fund were made to pay debt service requirements. The transfer from the General Fund to the OPEB Fund was made to pay the final amounts for the Early Retirement Incentive (see page 72). The transfer from the Street Mitigation Fund to Streets Fund was for the purchase of a Elgin Street Sweeper and supplies to maintain various streets. Transfers from the Gas Tax Fund, Water fund, and Natural Gas Fund to the 2013 CalPERS Refunding Debt Service Fund were for their portion of the 2013 CalPERS Refunding Loan debt service.

5. LOANS RECEIVABLE

The following schedule summarizes notes and loans receivables as of June 30, 2016:

Notes receivable for business assistance - General Fund	\$ 59,055
State Revolving Fund notes receivable	740,566
Home Revolving Loan notes receivable	431,811
Total notes receivable	<u>\$ 1,231,432</u>

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

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

6. LONG-TERM DEBT

A. Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	July 1, 2015 Balance	Additions	Reductions	June 30, 2016 Balance	Due Within One Year	Due in More Than One Year
Governmental activities:						
Bonds payable:						
1992 Revenue Bond	\$ 390,000	\$ -	\$ (120,000)	\$ 270,000	\$ 130,000	\$ 140,000
2012 Lease Financing	1,370,195	-	(89,488)	1,280,707	90,989	1,189,718
2013 CalPERS Refunding Loan	4,666,000	-	(218,000)	4,448,000	227,000	4,221,000
Community Swimming Pool Loan	-	1,200,000	-	1,200,000	65,000	1,135,000
Compensated absences	242,889	16,169	(15,751)	243,307	56,082	187,225
Early retirement incentive	83,700	-	(39,060)	44,640	44,640	-
Sick leave conversion	36,081	-	(2,267)	33,814	6,144	27,670
Governmental activities Long-term liabilities	<u>\$ 6,788,865</u>	<u>\$ 1,216,169</u>	<u>\$ (484,566)</u>	<u>\$ 7,520,468</u>	<u>\$ 619,855</u>	<u>\$ 6,900,613</u>
Business-type activities:						
Bonds Payable:						
Revenue	\$ 32,955,000	\$ -	\$ (510,000)	\$ 32,445,000	\$ 540,000	\$ 31,905,000
Original issue discounts	(354,501)	-	11,836	(342,665)	-	(342,665)
Subtotal Bonds Payable	<u>32,600,499</u>	<u>-</u>	<u>(498,164)</u>	<u>32,102,335</u>	<u>540,000</u>	<u>31,562,335</u>
Notes payable	841,000	-	(15,000)	826,000	16,000	810,000
Compensated absences	74,944	2,180	(12,994)	64,130	17,986	46,144
Business-type activities Long-term liabilities	<u>\$ 33,516,443</u>	<u>\$ 2,180</u>	<u>\$ (526,158)</u>	<u>\$ 32,992,465</u>	<u>\$ 573,986</u>	<u>\$ 32,418,479</u>

B. 1992 Revenue Bonds, Series B

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, 2016 is \$270,000.

Future debt service requirements on the 1992 Revenue bonds are:

Fiscal Year Ended June 30,	Revenue Bonds		Total
	Principal	Interest	
2017	\$ 130,000	\$ 15,888	\$ 145,888
2018	140,000	5,425	145,425
Total	<u>\$ 270,000</u>	<u>\$ 21,313</u>	<u>\$ 291,313</u>

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

6. LONG-TERM DEBT, Continued

C. 2012 Lease Financing (2012 City Hall Refunding Project)

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

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

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

Fiscal Year Ended June 30,	Revenue Bonds		Total
	Principal	Interest	
2017	\$ 90,989	\$ 44,039	\$ 135,028
2018	94,877	40,819	135,696
2019	100,915	37,465	138,380
2020	104,121	33,860	137,981
2021	104,577	30,233	134,810
2022-2026	584,213	93,074	677,287
2027-2028	201,015	7,048	208,063
Total	<u>\$ 1,280,707</u>	<u>\$ 286,538</u>	<u>\$ 1,567,246</u>

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

6. LONG-TERM DEBT, Continued

D. 2013 CalPERS Refunding Loan

On September 1, 2013, the City entered into a loan agreement with Umpqua Bank in the amount of \$4,907,000, with interest and principal payable each December 30 and June 30, beginning December 30, 2013 at an interest rate of 4.75%. Final payment is on June 30, 2028. The proceeds of the loan were used to pay the delivery costs of \$108,809, pay in the amount of \$2,566,165 to satisfy the City's Safety Plan PERS Side Fund obligation, and pay in the amount of \$2,232,026 to satisfy the City's Miscellaneous Plan PERS Side Fund obligation. The loan is secured by a pledge of all gross revenues, defined as all revenues, moneys, accounts receivable, contractual rights to payment, and other rights to payment of whatever kind legally available to pay loan repayments on the loan.

The scheduled annual minimum debt service requirements at June 30, 2016, are as follows:

Fiscal Year Ended June 30,	Notes Payable		Total
	Principal	Interest	
2017	227,000	208,596	435,596
2018	250,000	197,529	447,529
2019	276,000	185,344	461,344
2020	305,000	171,879	476,879
2021	335,000	157,059	492,059
2022-2026	2,202,000	508,155	2,710,155
2027-2031	853,000	44,223	897,223
Total	<u>\$ 4,448,000</u>	<u>\$ 1,472,785</u>	<u>\$ 5,920,785</u>

E. Community Swimming Pool Loan

On September 1, 2015, the City entered into a loan agreement with Umpqua Bank in the amount of \$1,200,000, with interest and principal payable each March 31 and September 30, beginning March 1, 2016 at an interest rate of 3.17%. Final payment is on September 1, 2030. The proceeds of the loan were used to provide financing to Honey Lake Valley Recreation Authority. The City has leased the City's police department building in exchange for an advance rental payment of \$1,200,000 from Umpqua Bank. Umpqua Bank has leased back the property to the City in exchange for future monthly lease payments.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

6. LONG-TERM DEBT, Continued

E. Community Swimming Pool Loan, Continued

The scheduled annual minimum debt service requirements at June 30, 2016, are as follows:

Fiscal Year Ended June 30,	Notes Payable		Total
	Principal	Interest	
2017	\$ 65,000	\$ 37,010	\$ 102,010
2018	65,000	34,949	99,949
2019	67,000	32,857	99,857
2020	70,000	30,686	100,686
2021	73,000	23,419	96,419
2022-2026	399,000	105,482	504,482
2027-2031	461,000	37,422	498,422
Total	\$ 1,200,000	\$ 301,825	\$ 1,501,825

F. Compensated Absences

City employees accumulate earned but unused vacation and compensatory time benefits which can be converted to cash at termination of employment. Since no means exists to reasonably estimate the amounts that might be liquidated with expendable currently available financial resources, if any, they are reported as long-term debt on the Statement of Net Position. Expenditures are only reported in the fund statements when payments are made. However, in the Statement of Activities the expenditure is allocated to each function based on usage. The non-current portion of these vested benefits, payable in accordance with various collective bargaining agreements, at June 30, 2016, total \$243,307 for governmental activities and \$64,130 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.

G. 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, 2016, 4 employees agreed to the early retirement incentives. The balance of the accrued benefits, as of June 30, 2016 was \$44,640.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

6. LONG-TERM DEBT, Continued

H. Sick Leave Conversion Payable

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

The retirement benefit is limited to one-half of the employee's unused sick leave at the date of retirement, which may be applied only to fifty percent of health benefits for as long as the employee is eligible to receive those benefits. All employees other than members of the Susanville Police Officer's Association are limited to \$15,000 of conversion of unused sick leave upon retirement. This cost is funded on a pay-as-you-go basis and is accrued as a long-term liability in the long-term debt disclosed in Note 6 - Long-Term Debt once the retiree elects to retire and utilize one-half of their unused sick leave. As of June 30, 2016, the balance was \$33,814.

I. Business Type Activities - Revenue Bonds

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, 2016 is \$8,060,000. The bonds are secured by revenues received from the operation of the Water Enterprise Fund. The City has covenanted in the indenture, to the maximum extent permitted by law to set rates and charges for the service and facilities of the Water Enterprise sufficient to provide net revenues each fiscal year equal to 125% of the aggregated annual amount of principal and interest due on all parity obligations for such fiscal year and sufficient to provide 100% of the aggregate amount of principal and interest due on all parity obligations and subordinate obligations for such fiscal year.

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, 2016 is \$24,385,000. The bonds are secured by revenues received from the operation of the Natural Gas Enterprise Fund. The City has covenanted in the indenture, to the maximum extent permitted by law to set rates and charges for the service and facilities of the Natural Gas Enterprise sufficient to provide net revenues each fiscal year equal to 125% of the aggregated annual amount of principal and interest due on all parity obligations for such fiscal year and sufficient to provide 100% of the aggregate amount of principal and interest due on all parity obligations and subordinate obligations for such fiscal year. For fiscal year 2016, the net revenues of the Natural Gas Enterprise were 107% of the aggregated annual amount of principal and interest on all parity obligations.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

6. LONG-TERM DEBT, Continued

I. Business Type Activities - 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	
	Principal	Interest
2017	540,000	1,760,063
2018	575,000	1,743,525
2019	615,000	1,724,650
2020	650,000	1,702,376
2021	695,000	1,677,476
2022-2026	4,245,000	7,851,640
2027-2031	5,590,000	6,624,601
2032-2036	7,265,000	4,939,001
2037-2041	6,020,000	3,000,600
2042-2045	6,250,000	964,500
Total	<u>\$ 32,445,000</u>	<u>\$ 31,988,432</u>

J. Business Type Activities - Notes Payable

Notes payable at June 30, 2016, 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.

	<u>\$ 826,000</u>
Total Notes Payable	<u>\$ 826,000</u>

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

6. LONG-TERM DEBT, Continued

J. Business Type Activities - Notes Payable, Continued

The scheduled annual minimum debt service requirements at June 30, 2016, are as follows:

Fiscal Year Ended June 30,	Notes Payable		Total
	Principal	Interest	
2017	16,000	34,765	50,765
2018	17,000	34,064	51,064
2019	18,000	33,320	51,320
2020	18,000	32,555	50,555
2021	19,000	31,769	50,769
2022-2026	110,000	145,563	255,563
2027-2031	135,000	119,531	254,531
2032-2036	167,000	87,571	254,571
2037-2041	206,000	48,153	254,153
2041-2046	120,000	6,672	126,672
Total	<u>\$ 826,000</u>	<u>\$ 573,963</u>	<u>\$ 1,399,963</u>

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

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

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors five rate plans (two miscellaneous and three safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employee's Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2016 are summarized as follows:

	<u>Safety</u>	<u>Miscellaneous</u>
Hire Date	Prior to January 1, 2014	Prior to January 1, 2014
Benefit formula	3% at 50	3% at 60
Benefit vesting schedule	5 years service	5 years service
Benefit payment	Monthly for life	Monthly for life
Retirement age	50	55 to 60
Monthly benefits, as a % of annual salary	3%	2 - 3%
Required employee contribution rates	9.00%	8.00%
Required employer contribution rates	18.524%	11.718%
	<u>Safety</u>	<u>Miscellaneous</u>
Hire Date	On or after January 1, 2014	On or after January 1, 2014
Benefit formula	2.7% at 57	2% at 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	57	62
Monthly benefits, as a % of annual salary	2.70%	2.00%
Required employee contribution rates	11.50%	6.25%
Required employer contribution rates	11.50%	6.237%

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

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

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are to be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The City's contributions to the Plan for the year ended June 30, 2015 were \$601,837.

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2016, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$7,287,061.

The City's net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City's proportionate of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The City's proportionate share of the net pension liability for each Plan as of June 30, 2014 and 2015 were as follows:

Proportion - June 30, 2014	0.10938%
Proportion - June 30, 2015	0.10616%
Change - Increase (Decrease)	-0.00322%

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

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

For the year ended June 30, 2016, the City recognized pension expense of \$707,784. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Pension contributions subsequent to measurement date	\$ 749,220	\$ -
Changes of assumptions	-	362,942
Differences between expected and actual experience	-	28,635
Changes in employer's proportion	-	559,581
Differences between the employer's contribution and the employer's proportionate share of contributions	-	504,292
Net differences between projected and actual earnings on plan investments	-	183,086
	<u> </u>	<u> </u>
Total	<u>\$ 749,220</u>	<u>\$ 1,638,536</u>

\$749,220 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ending June 30:	
<u> </u>	
2017	\$ (678,361)
2018	(666,436)
2019	(522,442)
2020	228,703

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

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

Actuarial Assumptions - The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return ⁽¹⁾	7.65%
Mortality	Derived by CalPERS membership data for all funds

(1) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease		6.65%
Net Pension Liability	\$	12,974,062
Current Discount Rate		7.65%
Net Pension Liability	\$	7,287,061
1% Increase		8.65%
Net Pension Liability	\$	2,609,437

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2016 the City reported a payable of \$0 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

9. INSURANCE

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

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

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, 2016, is as follows:

	Liability Program	Workers Comp. Program	Other Programs	Total
Total Assets	\$ 6,080,861	\$ 6,971,876	\$ 54,041	\$ 13,106,778
Total Liabilities	\$ 1,551,673	\$ 3,784,814	\$ -	\$ 5,336,487
Fund Equity	4,529,188	3,187,062	54,041	7,770,291
Total Liabilities and Equity	\$ 6,080,861	\$ 6,971,876	\$ 54,041	\$ 13,106,778
Total Revenues	\$ 1,594,563	\$ 1,872,768	\$ 463,510	\$ 3,930,841
Total Expenditures	711,059	1,086,654	579,667	2,377,380
Net Increase/(Decrease)	\$ 883,504	\$ 786,114	\$ (116,157)	\$ 1,553,461

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

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

9. INSURANCE, Continued

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

Condensed financial information of ERMA for the fiscal year ended June 30, 2015 (most recent available), is as follows:

Total Assets	<u>\$ 27,136,775</u>
Total Liabilities	\$ 8,631,638
Fund Equity	<u>18,505,137</u>
Total Liabilities and Equity	<u>\$ 27,136,775</u>
Total Revenues	\$ 5,984,260
Total Expenditures	<u>7,225,148</u>
Net Increase	<u>\$ (1,240,888)</u>

11. DEFERRED COMPENSATION PLANS

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

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

11. DEFERRED COMPENSATION PLANS, Continued

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, Pebeco, or ICMA) for the exclusive benefit of the plan participants and their beneficiaries as prescribed by Internal Revenue Code Section 457 (g). Accordingly, these assets have been excluded from the accompanying financial statements.

12. NET POSITION AND FUND BALANCES

A. Net Position

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

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

Net investment in capital assets was calculated as follows for fiscal year 2016.

	Governmental Activities	Business-type Activities	Water Enterprise Fund	Natural Gas Enterprise Fund	Non major Enterprise Funds
Capital Assets	\$ 4,354,812	\$ 30,636,607	\$ 7,361,020	\$ 18,243,809	5,031,778
<i>Less capital related debt</i>					
Bonds Payable	(1,550,707)	(32,648,335)	(8,606,000)	(24,042,335)	-
Notes Payable	-	(280,000)	(280,000)	-	-
<i>Plus deferred loss on refunding</i>	56,966	718,226	718,226	-	-
Net Investment in Capital Assets	\$ 2,861,071	\$ (1,573,502)	\$ (806,754)	\$ (5,798,526)	\$ 5,031,778

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

12. NET POSITION AND FUND BALANCES, Continued

A. Net Position, Continued

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

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

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

Restricted net position as of June 30, 2016:

	Governmental Activities	Business-type Activities
Restricted for:		
Public Safety	\$ 54,963	\$ -
Parks	164,276	-
Housing Rehabilitation	935,134	-
Economic Development	378,370	-
HOME Program	706,318	-
Traffic Safety	76,442	-
Traffic Signals	96,717	-
Streets and Roads	441,107	-
Debt Service	421,218	2,446,094
Capital Projects	18,196	-
<i>Total Restricted</i>	<u>\$ 3,292,741</u>	<u>\$ 2,446,094</u>

B. Fund Balances

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

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

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

12. NET POSITION AND FUND BALANCES, Continued

B. Fund Balances, Continued

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

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

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

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

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

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

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

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

12. NET POSITION AND FUND BALANCES, Continued

B. Fund Balances, Continued

The constraints placed on fund balance for the major governmental funds and all other governmental funds at June 30, 2016 are as follows:

Fund Balances	General Fund	Gas Tax Fund	Community Swimming Pool Debt Service Fund	Nonmajor Governmental Funds	Total
Nonspendable:					
Prepays	\$ 15,501	\$ -	\$ -	\$ -	15,501
Inventory	26,861	-	-	-	26,861
Loans receivable	59,055	-	-	-	59,055
<i>Total Nonspendable</i>	<u>101,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,417</u>
Restricted for:					
Public Safety	-	-	-	54,963	54,963
Parks	-	-	-	164,276	164,276
Housing Rehabilitation	-	-	-	935,134	935,134
Economic Development	-	-	-	378,370	378,370
HOME Program	-	-	-	706,318	706,318
Traffic Safety	-	-	-	76,442	76,442
Traffic Signals	-	-	-	96,717	96,717
Streets and Roads	-	181,359	-	195,991	377,350
Debt Service	-	-	-	421,232	421,232
Capital Projects	18,196	-	-	-	18,196
<i>Total Restricted</i>	<u>18,196</u>	<u>181,359</u>	<u>-</u>	<u>3,029,443</u>	<u>3,228,998</u>
Assigned for:					
Economic Development	63,462	-	-	-	63,462
Debt Service	-	-	35,959	583,010	618,969
Capital Projects	-	-	-	13,848	13,848
<i>Total Assigned</i>	<u>63,462</u>	<u>-</u>	<u>35,959</u>	<u>596,858</u>	<u>696,279</u>
Unassigned	2,521,280	-	-	-	2,521,280
<i>Total Fund Balances</i>	<u>\$ 2,704,355</u>	<u>\$ 181,359</u>	<u>\$ 35,959</u>	<u>\$ 3,626,301</u>	<u>\$ 6,547,974</u>

*Included in the Unassigned Fund Balance for the General Fund is \$856,270 that is set-aside as a reserve, by Council Resolution.

13. REVENUE LIMITATIONS IMPOSED BY CALIFORNIA PROPOSITION 218

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

City of Susanville
Notes to Basic Financial Statements
For the year ended June 30, 2016

14. CONTINGENCIES AND COMMITMENTS

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

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

The City leases three copiers under an operating lease which requires 60 monthly payments of \$872. The City entered into a lease for fifteen golf carts under an operating lease which requires 18 seasonal monthly payments (May – October) of \$2,160 plus tax. The City entered into a five year lease on December 15, 2014 for fifteen new carts which requires 30 seasonal payments (May – October) of \$1,731 plus tax.

The following is a schedule, by year, of future minimum lease payments required under the operating leases as of June 30, 2016:

Fiscal Year Ended June 30,	Total
2017	\$ 10,458
Total	\$ 10,458

15. DEBT WITHOUT GOVERNMENT COMMITMENT

Local Agency Revenue Bonds – 1992

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

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

The District Bonds are not general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bond reserves, these bonds have not been reflected in the long-term debt in the accompanying financial statements. The outstanding indebtedness on June 30, 2016 was \$270,000. However, the Authority Bonds are still considered to be obligations of the City and are reported on the City’s Statement of Net Position.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

City of Susanville
Required Supplementary Information
For the year ended June 30, 2015

1. BUDGETS AND BUDGETARY ACCOUNTING

A. Budgetary Control and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for governmental funds. The City's budget ordinance requires that in June of each year the City Administrator must submit a preliminary budget that includes projected expenditures and the means of financing them to the City Council for the fiscal year commencing the following July 1. As modified during public hearing 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 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 in appropriations for expenditures to a fund's overall budget must be approved by the City Council or Agency Board. Revenues can be increased at any time without Council approval. Approval has to be made to spend it. Numerous properly authorized amendments are made during the fiscal year. Budget is modified again at mid-year, usually in February with updated revenue projections.

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

City of Susanville
Required Supplementary Information, Continued
For the year ended June 30, 2016

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

B. Budgetary Comparison Schedules

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

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive Negative
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 4,588,389	\$ 4,594,234	\$ 4,877,520	\$ 283,286
Licenses and permits	91,762	91,762	86,142	(5,620)
Fines and forfeitures	93,846	93,846	92,088	(1,758)
Use of money and property	35,354	35,354	38,735	3,381
Intergovernmental	254,807	560,435	490,709	(69,726)
Program income	5,600	-	2,910	2,910
Charges for services	79,836	182,467	83,214	(99,253)
Other revenues	124,999	80,831	-	(80,831)
Total revenues	5,274,593	5,638,929	5,671,318	32,389
EXPENDITURES:				
Current:				
General government:	648,867	637,215	559,612	77,603
Public Safety	3,489,636	3,658,148	3,591,765	66,383
Streets	-	29,010	-	29,010
Protective inspections	247,721	222,298	213,935	8,363
Community development	209,445	203,366	174,122	29,244
Community services	164,840	162,178	158,584	3,594
Capital outlay	7,828	264,747	264,549	198
Total expenditures	4,768,337	5,176,962	4,962,567	214,395
REVENUES OVER (UNDER) EXPENDITURES	506,256	461,967	708,751	246,784
OTHER FINANCING SOURCES (USES):				
Transfers in	29,674	41,887	29,676	(12,211)
Transfers out	(577,274)	(540,345)	(540,356)	(11)
Total other financing sources (uses)	(547,600)	(498,458)	(510,680)	(12,222)
Net change in fund balance	\$ (41,344)	\$ (36,491)	198,071	\$ 234,562
FUND BALANCE:				
Beginning of year			2,506,284	
End of year			\$ 2,704,355	

City of Susanville
Required Supplementary Information, Continued
For the year ended June 30, 2016

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

B Budgetary Comparison Schedules, Continued

Budgetary Comparison Schedule, Gas Tax Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ 12,650	\$ 12,650	\$ 9,802	\$ (2,848)
Intergovernmental	687,559	2,928,862	1,363,976	(1,564,886)
Other revenues	566	230,000	197,411	(32,589)
Total revenues	700,775	3,171,512	1,571,189	(1,600,323)
EXPENDITURES:				
Current				
Streets	856,640	3,387,710	2,003,878	1,383,832
Capital outlay	-	15,000	4,275	10,725
Total expenditures	856,640	3,402,710	2,008,153	1,394,557
REVENUES OVER (UNDER) EXPENDITURE	(155,865)	(231,198)	(436,964)	(205,766)
OTHER FINANCING SOURCES (USES):				
Transfers in	83,251	147,983	147,983	-
Transfers out	(12,386)	(44,752)	(44,750)	2
Total other financing sources (uses)	70,865	103,231	103,233	2
Net change in fund balance	\$ (85,000)	\$ (127,967)	(333,731)	\$ (205,764)
FUND BALANCE:				
Beginning of year			515,090	
End of year			\$ 181,359	

City of Susanville
Required Supplementary Information, Continued
For the year ended June 30, 2016

2. DEFINED BENEFIT PENSION PLAN

A. Schedule of the City's Proportionate Share of the Net Pension Liability - Last 10 Years*

Fiscal year:	2016	2015
Measurement date:	6/30/2015	6/30/2014
Proportion of the net pension liability	0.10616%	0.10938%
Proportionate share of the net pension liability	\$ 7,287,061	\$ 6,637,753
Covered payroll	\$ 3,237,445	\$ 2,943,546
Proportionate Share of the net pension liability as percentage of covered payroll	225.09%	62.00%
Plan fiduciary net position as a percentage of the total pension liability	78.40%	79.82%

Notes to Schedule:

*- Fiscal year 2015 was the 1st year of implementation.

B. Schedule of Contributions - Last 10 Years*

Fiscal year	2016	2015
Contractually required contribution (actuarially determined)	\$ 749,220	\$ 601,837
Contribution in relation to the actuarially determined contributions	(749,220)	(601,837)
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 3,342,599	\$ 3,237,445
Contributions as a percentage of covered payroll	22.41%	18.59%

Note to Schedule

Valuation date:	6/30/2013	6/30/2012
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* - Fiscal year 2015 was the 1st year of implementation.

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SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

Skyline Bicycle Lane Fund accounts for fees collected from new development within the Skyline area to be used for the installation and maintenance of traffic signals, parks and parkways.

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

Traffic Signals Fund account for fees collected from new developments within the Barry Creek and Chestnut Street areas used to repay the City for installation of the culverts.

NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

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

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

Side Fund Debt Service Fund accounts for debt service payments on the 2013 CalPERS Refunding Loan that was used to refund the City's CalPERS Side Fund obligations.

CAPITAL PROJECT FUND

City Hall Parking Lot Project Fund accounts for amounts set aside for the City's City Hall Parking Lot Project.

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City of Susanville
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016

	Special Revenue Funds			
	Local Law Enforcement Block Grant Fund	Street Mitigation Fund	Police Mitigation Fund	Fire Mitigation Fund
ASSETS				
Cash and investments	\$ 58,178	\$ 21,300	\$ 24,024	\$ 108,312
Restricted cash and investments held by fiscal agents	-	-	-	-
Investment in bonds	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivable	25	29	32	144
Prepaid expenditures	-	-	-	-
Loans receivable	-	-	-	-
Advanced to other funds	-	-	-	-
	<u>\$ 58,203</u>	<u>\$ 21,329</u>	<u>\$ 24,056</u>	<u>\$ 108,456</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and wages payable	3,240	-	-	-
Total liabilities	<u>3,240</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	54,963	21,329	24,056	108,456
Assigned	-	-	-	-
Total fund balances	<u>54,963</u>	<u>21,329</u>	<u>24,056</u>	<u>108,456</u>
Total liabilities and fund balances	<u>\$ 58,203</u>	<u>\$ 21,329</u>	<u>\$ 24,056</u>	<u>\$ 108,456</u>

Special Revenue Funds

Park Land In-lieu Fund	State Revolving Loan Fund	State Revolving Economic Development Fund	HOME Revolving Loan Fund	Traffic Safety Fund	Skyline Bicycle Lane Fund	State of California Prop 30 AB 109 Fund
\$ 167,732	\$ 33,873	\$ 288,041	\$ 275,053	\$ 75,571	\$ 7,524	34,615
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	642	-	(911)	770	-	-
235	155	326	365	101	11	-
-	-	-	-	-	-	-
-	740,566	-	431,811	-	-	-
-	159,951	90,003	-	-	-	-
<u>\$ 167,967</u>	<u>\$ 935,187</u>	<u>\$ 378,370</u>	<u>\$ 706,318</u>	<u>\$ 76,442</u>	<u>\$ 7,535</u>	<u>\$ 34,615</u>
\$ 3,691	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	53	-	-	-	-	-
<u>3,691</u>	<u>53</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
164,276	935,134	378,370	706,318	76,442	7,535	34,615
-	-	-	-	-	-	-
<u>164,276</u>	<u>935,134</u>	<u>378,370</u>	<u>706,318</u>	<u>76,442</u>	<u>7,535</u>	<u>34,615</u>
<u>\$ 167,967</u>	<u>\$ 935,187</u>	<u>\$ 378,370</u>	<u>\$ 706,318</u>	<u>\$ 76,442</u>	<u>\$ 7,535</u>	<u>\$ 34,615</u>

City of Susanville
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016

	Special	Debt Service Fund		
	Revenue			
	Fund			
	Traffic	City Hall	Mark Roos 92B	Side Fund
	Signals	Debt Service	Debt Service	Debt Service
	Fund	Fund	Fund	Fund
ASSETS				
Cash and investments	96,591	\$ 52,245	\$ 172,049	\$ 359,218
Restricted cash and investments held by fiscal agents	-	-	150,108	-
Investment in bonds	-	-	270,000	-
Accounts receivable	-	-	-	-
Interest receivable	126	-	-	-
Prepaid expenditures	-	-	622	-
Loans receivable	-	-	-	-
Advanced to other funds	-	-	-	-
	<u>\$ 96,717</u>	<u>\$ 52,245</u>	<u>\$ 592,779</u>	<u>\$ 359,218</u>
LIABILITIES				
AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and wages payable	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	96,717	6	421,218	8
Assigned	-	52,239	171,561	359,210
Total fund balances	<u>96,717</u>	<u>52,245</u>	<u>592,779</u>	<u>359,218</u>
Total liabilities				
and fund balances	<u>\$ 96,717</u>	<u>\$ 52,245</u>	<u>\$ 592,779</u>	<u>\$ 359,218</u>

=====

Capital Projects	
<u>Fund</u>	<u>Total</u>
City Hall	Non-Major
Parking Lot	Governmental
Project Fund	Funds
\$ 13,848	\$ 1,788,174
-	150,108
-	270,000
-	501
-	1,549
-	622
-	1,172,377
-	249,954
<u>\$ 13,848</u>	<u>\$ 3,633,285</u>

\$ -	\$ 3,691
-	3,293
<u>-</u>	<u>6,984</u>

-	-
-	3,029,443
<u>13,848</u>	<u>596,858</u>
<u>13,848</u>	<u>3,626,301</u>
<u>\$ 13,848</u>	<u>\$ 3,633,285</u>

City of Susanville
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2016

	Special Revenue Funds			
	Local Law Enforcement Block Grant Fund	Street Mitigation Fund	Police Mitigation Funds	Fire Mitigation Fund
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Use of money and property	85	222	127	443
Intergovernmental revenues	124,188	-	-	-
Other revenues	-	18,455	23,871	21,965
Total revenues	124,273	18,677	23,998	22,408
EXPENDITURES:				
Current:				
Public safety	114,159	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	36,362	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	114,159	-	36,362	-
REVENUES OVER (UNDER) EXPENDITURES	10,114	18,677	(12,364)	22,408
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(115,617)	-	-
Proceeds from sale of capital assets	-	-	-	1,500
Total other financing sources (uses)	-	(115,617)	-	1,500
Net change in fund balances	10,114	(96,940)	(12,364)	23,908
FUND BALANCES:				
Beginning of year	44,849	118,269	36,420	84,548
End of year	\$ 54,963	\$ 21,329	\$ 24,056	\$ 108,456

Special Revenue Funds

Park Land In-lieu Fund	State Revolving Loan Fund	State Revolving Economic Development Fund	HOME Revolving Loan Fund	Traffic Safety Fund	Skyline Bicycle Lane Fund	State of California Prop 30 AB 109 Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	7,283	-	-
759	12,289	7,580	1,206	305	32	-
-	-	-	-	-	-	20,562
2	-	-	-	-	-	-
<u>761</u>	<u>12,289</u>	<u>7,580</u>	<u>1,206</u>	<u>7,588</u>	<u>32</u>	<u>20,562</u>
-	-	-	-	-	-	-
-	85,447	52,167	60,711	-	-	-
6,768	-	-	-	3,562	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,768</u>	<u>85,447</u>	<u>52,167</u>	<u>60,711</u>	<u>3,562</u>	<u>-</u>	<u>-</u>
<u>(6,007)</u>	<u>(73,158)</u>	<u>(44,587)</u>	<u>(59,505)</u>	<u>4,026</u>	<u>32</u>	<u>20,562</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	(24,672)
-	-	-	-	-	-	-
-	-	-	-	-	-	(24,672)
<u>(6,007)</u>	<u>(73,158)</u>	<u>(44,587)</u>	<u>(59,505)</u>	<u>4,026</u>	<u>32</u>	<u>(4,110)</u>
170,283	1,008,292	422,957	765,823	72,416	7,503	38,725
<u>\$ 164,276</u>	<u>\$ 935,134</u>	<u>\$ 378,370</u>	<u>\$ 706,318</u>	<u>\$ 76,442</u>	<u>\$ 7,535</u>	<u>\$ 34,615</u>

City of Susanville
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2016

	Special Revenue Fund		Debt Service Fund	
	Traffic Signals Fund	City Hall Debt Service Fund	Mark Roos 92B Debt Service Fund	Side Fund Debt Service Fund
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 29,933	\$ -
Fines and forfeitures	-	-	-	-
Use of money and property	415	-	112	-
Intergovernmental revenues	-	-	-	-
Other revenues	-	-	-	-
Total revenues	415	-	30,045	-
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	89,488	120,000	218,000
Interest and fiscal charges	-	47,162	28,836	219,044
Total expenditures	-	136,650	148,836	437,044
REVENUES OVER (UNDER) EXPENDITURES	415	(136,650)	(118,791)	(437,044)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	136,656	-	437,052
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	136,656	-	437,052
Net change in fund balances	415	6	(118,791)	8
FUND BALANCES:				
Beginning of year	96,302	52,239	711,570	359,210
End of year	\$ 96,717	\$ 52,245	\$ 592,779	\$ 359,218

Capital Projects		Total	
Fund			
City Hall Parking Lot Project Fund		Non-Major Governmental Funds	
\$ -		\$ 29,933	
-		7,283	
-		23,575	
-		144,750	
-		64,293	
-		269,834	
-		114,159	
-		198,325	
-		46,692	
-		427,488	
-		295,042	
-		1,081,706	
-		(811,872)	
-		573,708	
-		(140,289)	
-		1,500	
-		434,919	
-		(376,953)	
13,848		4,003,254	
\$ 13,848		\$ 3,626,301	

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City of Susanville

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

Local Law Enforcement Block Grant Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 85	\$ 85
Intergovernmental revenue	100,000	100,000	124,188	24,188
Total revenues	100,000	100,000	124,273	24,273
EXPENDITURES:				
Current:				
Public safety:	100,000	100,000	114,159	(14,159)
Total expenditures	100,000	100,000	114,159	(14,159)
Net change in fund balance	\$ -	\$ -	10,114	\$ 10,114
FUND BALANCE:				
Beginning of year			44,849	
End of year			\$ 54,963	

City of Susanville

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

Street Mitigation Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 222	\$ 222
Other revenues	6,000	18,455	18,455	-
Total revenues	6,000	18,455	18,677	222
REVENUES OVER (UNDER) EXPENDITURES	6,000	18,455	18,677	222
OTHER FINANCING SOURCES:				
Transfers out	(83,251)	(115,617)	(115,617)	-
Total other financing sources (uses)	(83,251)	(115,617)	(115,617)	-
Net change in fund balance	\$ 89,251	\$ 134,072	(96,940)	\$ 222
FUND BALANCE:				
Beginning of year			118,269	
End of year			\$ 21,329	

City of Susanville

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

Police Mitigation Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 127	\$ 127
Other revenues	9,000	23,871	23,871	-
Total revenues	9,000	23,871	23,998	127
EXPENDITURES:				
Capital outlay	43,016	43,016	36,362	6,654
Total expenditures	43,016	43,016	36,362	6,654
Net change in fund balance	\$ (34,016)	\$ (19,145)	(12,364)	\$ 6,781
FUND BALANCE:				
Beginning of year			36,420	
End of year			\$ 24,056	

City of Susanville

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

Fire Mitigation Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 443	\$ 443
Other revenues	8,000	21,664	21,965	301
Total revenues	8,000	21,664	22,408	744
EXPENDITURES:				
Capital outlay	15,000	15,000	-	15,000
Total expenditures	15,000	15,000	-	15,000
REVENUE OVER (UNDER) EXPENDITURES	(7,000)	6,664	22,408	15,744
OTHER FINANCING SOURCES:				
Proceeds from sale of capital assets	-	-	1,500	1,500
Total other financing sources	-	-	1,500	1,500
Net change in fund balance	\$ (7,000)	\$ 6,664	23,908	\$ 17,244
FUND BALANCE:				
Beginning of year			84,548	
End of year			\$ 108,456	

City of Susanville

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

Park Land In-lieu Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 759	\$ 759
Other revenues	850	850	2	(848)
Total revenues	850	850	761	(89)
EXPENDITURES:				
Current:				
Community services	-	13	-	13
Capital outlay	-	14,987	6,768	8,219
Total expenditures	-	15,000	6,768	8,232
REVENUE OVER (UNDER) EXPENDITURES	850	(14,150)	(6,007)	8,143
OTHER FINANCING SOURCES:				
Transfers in	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	\$ 850	\$ (14,150)	(6,007)	\$ 8,143
FUND BALANCE:				
Beginning of year			170,283	
End of year			<u>\$ 164,276</u>	

City of Susanville

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

State Revolving Loan Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ 3,000	\$ 12,289	\$ 9,289
Program income	3,000	-	-	-
Total revenues	3,000	3,000	12,289	9,289
EXPENDITURES:				
Current:				
Community Development	200,000	45,500	85,447	(39,947)
Total expenditures	200,000	45,500	85,447	(39,947)
Net change in fund balance	\$ (197,000)	\$ (42,500)	(73,158)	\$ (30,658)
FUND BALANCE:				
Beginning of year			1,008,292	
End of year			\$ 935,134	

City of Susanville

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

State Revolving Economic Development Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 198	\$ 198	\$ 7,580	\$ 7,382
Total revenues	198	198	7,580	7,382
EXPENDITURES:				
Current:				
Community Development	200,000	200,000	52,167	147,833
Total expenditures	200,000	200,000	52,167	147,833
Net change in fund balance	\$ (199,802)	\$ (199,802)	(44,587)	\$ 155,215
FUND BALANCE:				
Beginning of year			422,957	
End of year			\$ 378,370	

City of Susanville

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

HOME Revolving Loan Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 155	\$ 155	\$ 1,206	\$ 1,051
Program income	2,000	2,000	-	(2,000)
Total revenues	2,155	2,155	1,206	(949)
EXPENDITURES:				
Current:				
Community Development	-	10,000	60,711	(50,711)
Total expenditures	-	10,000	60,711	(50,711)
Net change in fund balance	\$ 2,155	\$ (7,845)	(59,505)	\$ (51,660)
FUND BALANCE:				
Beginning of year			765,823	
End of year			\$ 706,318	

City of Susanville

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

Traffic Safety Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 10,000	\$ 10,000	\$ 7,283	\$ (2,717)
Use of money and property	158	158	305	147
Total revenues	10,158	10,158	7,588	(2,570)
EXPENDITURES:				
Capital outlay	32,000	32,000	3,562	28,438
Total expenditures	32,000	32,000	3,562	28,438
Net change in fund balance	\$ (21,842)	\$ (21,842)	4,026	\$ 25,868
FUND BALANCE:				
Beginning of year			72,416	
End of year			<u>\$ 76,442</u>	

City of Susanville

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

Skyline Bicycle Lane Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 32	\$ 32
Other revenues	100	100	-	(100)
Total revenues	100	100	32	(68)
Net change in fund balance	\$ 100	\$ 100	32	\$ (68)
FUND BALANCE:				
Beginning of year			7,503	
End of year			\$ 7,535	

City of Susanville

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

State of California Prop 30 AB 109 Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 41,124	\$ 41,124	\$ 20,562	\$ (20,562)
Total revenues	41,124	41,124	20,562	(20,562)
EXPENDITURES:				
Current:				
Public safety	-	7,000	-	(7,000)
Total expenditures	-	7,000	-	(7,000)
REVENUE OVER (UNDER) EXPENDITURES	41,124	34,124	20,562	(27,562)
OTHER FINANCING SOURCES:				
Transfers out	(24,674)	(24,674)	(24,672)	2
Total other financing sources (uses)	(24,674)	(24,674)	(24,672)	2
Net change in fund balance	\$ 16,450	\$ 9,450	(4,110)	\$ (27,560)
FUND BALANCE:				
Beginning of year			38,725	
End of year			<u>\$ 34,615</u>	

City of Susanville

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

Traffic Signals Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ -	\$ -	\$ 415	\$ 415
Charges for services	500	500	-	(500)
Total revenues	500	500	415	(85)
Net change in fund balance	\$ 500	\$ 500	415	\$ (85)
FUND BALANCE:				
Beginning of year			96,302	
End of year			\$ 96,717	

City of Susanville

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

City Hall Debt Service Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Debt service:				
Principal	89,488	89,488	89,488	-
Interest and fiscal charges	47,163	47,163	47,162	1
Total expenditures	136,651	136,651	136,650	1
REVENUES OVER (UNDER) EXPENDITURES	(136,651)	(136,651)	(136,650)	1
OTHER FINANCING SOURCES (USES):				
Transfers in	136,651	136,651	136,656	-
Total other financing sources (uses)	136,651	136,651	136,656	-
Net change in fund balance	\$ -	\$ -	6	\$ 1
FUND BALANCE:				
Beginning of year			52,239	
End of year			\$ 52,245	

City of Susanville

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

Mark Roos 92B Debt Service Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 148,988	\$ 148,988	\$ 29,933	\$ (119,055)
Use of money and property	-	-	112	112
Total revenues	148,988	148,988	30,045	(118,943)
EXPENDITURES:				
Debt service:				
Principal	120,000	120,000	120,000	-
Interest and fiscal charges	28,988	28,988	28,836	152
Total expenditures	148,988	148,988	148,836	152
Net change in fund balance	\$ -	\$ -	(118,791)	\$ (118,791)
FUND BALANCE:				
Beginning of year			711,570	
End of year			\$ 592,779	

City of Susanville

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

Side Fund Debt Service Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Debt service:				
Principal	218,000	218,000	218,000	-
Interest and fiscal charges	219,046	219,046	219,044	2
Total expenditures	437,046	437,046	437,044	2
Net change in fund balance	\$ -	\$ -	8	\$ 2
FUND BALANCE:				
Beginning of year			359,210	
End of year			\$ 359,218	

City of Susanville

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

City Hall Parking Lot Project Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Capital outlay	-	13,848	-	13,848
Total expenditures	-	13,848	-	13,848
Net change in fund balance	\$ -	\$ (13,848)	-	\$ 13,848
FUND BALANCE:				
Beginning of year			13,848	
End of year			\$ 13,848	

NON MAJOR ENTERPRISE FUNDS

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

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

Golf Course Fund accounts for the City's golf course

City of Susanville
Combining Statement of Net Position
Non-Major Enterprise Funds
June 30, 2016

	Airport Fund	Golf Course Fund	Geothermal Fund	Total Non-Major Enterprise Funds
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 20,926	\$ 315,712	\$ 336,638
Accounts receivable	41,918	926	5,003	47,847
Interest receivable	-	28	417	445
Prepaid expenses	-	-	1,199	1,199
Inventory	-	3,262	-	3,262
Total current assets	41,918	25,142	322,331	389,391
Noncurrent assets:				
Capital assets:				
Non-depreciable, net	108,452	2,168,107	249,124	2,525,683
Depreciable, net	2,208,219	296,009	1,867	2,506,095
Total capital assets	2,316,671	2,464,116	250,991	5,031,778
Total noncurrent assets	2,316,671	2,464,116	250,991	5,031,778
Total assets	2,358,589	2,489,258	573,322	5,421,169
LIABILITIES				
Current liabilities:				
Accounts payable	41,403	23,930	699	66,032
Accrued wages	-	4,750	-	4,750
Unearned revenue	-	31,704	-	31,704
Total current liabilities	75,215	60,384	699	136,298
Total noncurrent liabilities	-	-	-	-
Total liabilities	75,215	60,384	699	136,298
NET POSITION				
Investment in capital assets	2,316,671	2,464,116	250,991	5,031,778
Unrestricted	(33,297)	(35,242)	321,632	253,093
Total net position	\$ 2,283,374	\$ 2,428,874	\$ 572,623	\$ 5,284,871

City of Susanville
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Non-Major Enterprise Funds
For the year ended June 30, 2016

	Airport Fund	Golf Course Fund	Geothermal Fund	Total Non-Major Enterprise Funds
OPERATING REVENUES:				
Sales and charges for services	\$ 69,394	\$ 334,800	\$ 86,132	\$ 490,326
Total operating revenues	69,394	334,800	86,132	490,326
OPERATING EXPENSES:				
Direct:				
Administration	59,359	298,761	28,288	386,408
Depreciation and amortization	159,667	24,105	621	184,393
Total direct operating expenses	219,026	322,866	28,909	570,801
Indirect:				
Overhead allocation	54,984	31,356	50,160	136,500
Total indirect operating expenses	54,984	31,356	50,160	136,500
Total operating expenses	274,010	354,222	79,069	707,301
OPERATING INCOME (LOSS):	(204,616)	(19,422)	7,063	(216,975)
NONOPERATING REVENUES (EXPENSES):				
Interest income	27	42	1,352	1,421
Interest expense and fiscal charges	(41)	(51)	-	(92)
Reimbursements	-	-	-	-
Total nonoperating revenues (expenses)	(14)	(9)	1,352	1,329
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(204,630)	(19,431)	8,415	(215,646)
Capital contributions	163,969	-	-	163,969
Change in net position	(40,661)	(19,431)	8,415	(51,677)
NET POSITION:				
Beginning of year	2,324,035	2,448,305	564,208	5,336,548
End of year	<u>\$ 2,283,374</u>	<u>\$ 2,428,874</u>	<u>\$ 572,623</u>	<u>\$ 5,284,871</u>

City of Susanville
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the year ended June 30, 2016

	Airport Fund	Golf Course Fund	Geothermal Fund	Total Non-Major Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 328,971	\$ 330,669	\$ 87,615	\$ 747,255
Payments to suppliers and users	(373,525)	(55,997)	(49,580)	(479,102)
Payments to employees	(59,359)	(306,864)	(28,288)	(394,511)
Net cash provided by operating activities	(103,913)	(32,192)	9,747	(126,358)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash receipts from other funds	-	-	-	-
Net cash provided by noncapital financing activities	33,812	-	-	33,812
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(152,687)	-	-	(152,687)
Capital grants received	163,969	-	-	163,969
Interest paid	(41)	(51)	-	(92)
Net cash used in capital and related financing activities	11,241	(51)	-	11,190
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	27	33	1,147	1,207
Net cash provided by investing activities	27	33	1,147	1,207
NET INCREASE IN CASH AND CASH EQUIVALENTS	(58,833)	(32,210)	10,894	(80,149)
CASH AND CASH EQUIVALENTS:				
Beginning of year	58,833	53,136	304,818	416,787
End of year	<u>\$ -</u>	<u>\$ 20,926</u>	<u>\$ 315,712</u>	<u>\$ 336,638</u>
FINANCIAL STATEMENT PRESENTATION:				
Cash and investments	\$ -	\$ 20,926	\$ 315,712	\$ 336,638
Total	<u>\$ -</u>	<u>\$ 20,926</u>	<u>\$ 315,712</u>	<u>\$ 336,638</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ (204,616)	\$ (19,422)	\$ 7,063	\$ (216,975)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	159,667	24,105	621	184,393
Changes in assets and liabilities:				
Accounts receivable	259,577	7,094	1,483	268,154
Prepaid expenses	-	170	-	170
Accounts payable	(318,541)	(23,595)	580	(341,556)
Accrued wages	-	(8,103)	-	(8,103)
Unearned revenue	-	(11,225)	-	(11,225)
Total adjustments	100,703	(12,770)	2,684	90,617
Net cash provided by operating activities	<u>\$ (103,913)</u>	<u>\$ (32,192)</u>	<u>\$ 9,747</u>	<u>\$ (126,358)</u>

INTERNAL SERVICE FUNDS

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

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

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

City of Susanville
Combining Statement of Net Position
All Internal Service Funds
June 30, 2016

	Public Works Administration Fund	Risk Management Fund	Retirement Benefits Fund	Total
ASSETS				
Current assets:				
Cash and investments	\$ 146,164	\$ 370,342	\$ 79,793	\$ 596,299
Accounts receivable	-	-	-	-
Interest receivable	142	450	-	592
Prepaid expenses	194	10,770	-	10,964
Total current assets	146,500	381,562	79,793	607,855
Total assets	146,500	381,562	79,793	607,855
LIABILITIES				
Liabilities:				
Current liabilities:				
Accounts payable	5,852	-	1,339	7,191
Accrued wages	21,610	-	-	21,610
Compensated absences - due within one year	3,605	-	-	3,605
Early retirement incentive - due within one year	-	-	44,640	44,640
Sick leave conversion payable - due within one year	-	-	6,144	6,144
Total current liabilities	31,067	-	52,123	83,190
Noncurrent liabilities:				
Compensated absences - due in more than one year	27,584	-	-	27,584
Early retirement incentive - due in more than one year	-	-	-	-
Sick leave conversion payable - due in more than one year	-	-	27,670	27,670
Total noncurrent liabilities	27,584	-	27,670	55,254
Total liabilities	58,651	-	79,793	138,444
NET POSITION				
Unrestricted	87,849	381,562	-	469,411
Total net position	\$ 87,849	\$ 381,562	\$ -	\$ 469,411

City of Susanville
Combining Statement of Revenues, Expenses and Changes in Net Position
All Internal Service Funds
For the year ended June 30, 2016

	Public Works Administration Fund	Risk Management Fund	Retirement Benefits Fund	Total
OPERATING REVENUES:				
Charges for services	\$ 781,547	\$ 675,933	\$ -	\$ 1,457,480
Total operating revenues	781,547	675,933	-	1,457,480
OPERATING EXPENSES:				
Administration	598,468	307,145	-	905,613
Insurance costs and claims	97,254	261,847	-	359,101
Total operating expenses	695,722	568,992	-	1,264,714
OPERATING INCOME (LOSS)	85,825	106,941	-	192,766
NONOPERATING REVENUES EXPENSES:				
Gain on sale of capital assets	-	-	-	-
Interest income	329	897	-	1,226
Total nonoperating revenues (expenses)	329	897	-	1,226
INCOME (LOSS) BEFORE TRANSFERS	86,154	107,838	-	193,992
Transfers in	-	-	85,064	85,064
Total transfers in (out)	-	-	85,064	85,064
Change in net position	86,154	107,838	85,064	279,056
NET POSITION:				
Beginning of year	1,695	273,724	(85,064)	190,355
End of year	\$ 87,849	\$ 381,562	\$ -	\$ 469,411

City of Susanville
Combining Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2016

	Public Works Administration Fund	Risk Management Fund	Retirement Benefits Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from city charges	\$ 781,547	\$ 719,371	\$ -	\$ 1,500,918
Payment to suppliers and users	(94,008)	(274,364)	1,339	(367,033)
Payment to employees	(567,870)	(310,241)	(41,327)	(919,438)
Net cash provided by (used in) operating activities	119,669	134,766	(39,988)	214,447
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash receipts from other funds	-	-	85,064	85,064
Net cash provided by noncapital financing activities	-	-	85,064	85,064
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income received	276	897	-	1,173
Net cash provided by investing activities	276	897	-	1,173
Net increase (decrease) in cash and cash equivalents	119,945	135,663	45,076	300,684
CASH AND CASH EQUIVALENTS:				
Beginning of year	26,219	234,679	34,717	295,615
End of year	\$ 146,164	\$ 370,342	\$ 79,793	\$ 596,299
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 85,825	\$ 106,941	\$ -	\$ 192,766
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Changes in assets and liabilities:				
Accounts receivable	-	43,438	-	43,438
Prepaid expenses	620	(8,121)	-	(7,501)
Accounts payable	2,626	(4,396)	1,339	(431)
Accrued wages	14,429	(3,096)	-	11,333
Compensated absences	16,169	-	-	16,169
Early retirement incentive	-	-	(39,060)	(39,060)
Sick leave conversion payable	-	-	(2,267)	(2,267)
Total adjustments	33,844	27,825	(39,988)	21,681
Net cash provided by (used in) operating activities	\$ 119,669	\$ 134,766	\$ (39,988)	\$ 214,447

FIDUCIARY FUNDS

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

LAFCO Fund, accounts for agency activities for LAFCO.

HUSA Business Improvement Fund accounts for agency activities for HUSA.

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

City of Susanville
Agency Funds
Combining Statement of Changes in Assets and Liabilities
June 30, 2016

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Section 125 Aflac/Wageworks				
ASSETS				
Cash and investments	\$ -	\$ 1,483	\$ -	\$ 1,483
Total Assets	<u>\$ -</u>	<u>\$ 1,483</u>	<u>\$ -</u>	<u>\$ 1,483</u>
LIABILITIES				
Accounts payable	\$ -	\$ 100	\$ -	\$ 100
Deposits payable	-	1,383	-	1,383
Total Liabilities	<u>\$ -</u>	<u>\$ 1,483</u>	<u>\$ -</u>	<u>\$ 1,483</u>
LAFCO Fund				
ASSETS				
Cash and investments	\$ 35,554	\$ 58,465	\$ (54,023)	\$ 39,996
Accounts receivable	2,000	-	(2,000)	-
Prepaid expense	-	840	-	840
Interest receivable	34	66	(34)	66
Total Assets	<u>\$ 37,588</u>	<u>\$ 59,371</u>	<u>\$ (56,057)</u>	<u>\$ 40,902</u>
LIABILITIES				
Accounts payable	\$ 3,488	\$ 3,488	\$ (891)	\$ 6,085
Deposits payable	34,100	55,043	(54,326)	34,817
Total Liabilities	<u>\$ 18,740</u>	<u>\$ 58,531</u>	<u>\$ (55,217)</u>	<u>\$ 40,902</u>
HUSA Business Improvement Fund				
ASSETS				
Cash and investments	\$ 8,947	\$ 7,740	\$ (8,947)	\$ 7,740
Accounts receivable	6,032	169	(6,032)	169
Total Assets	<u>\$ 14,979</u>	<u>\$ 7,909</u>	<u>\$ (14,979)</u>	<u>\$ 7,909</u>
LIABILITIES				
Accounts payable	\$ 1,460	\$ 1,626	\$ (1,460)	\$ 1,626
Deposits payable	13,519	4,478	(13,519)	4,478
Other liabilities	-	1,805	-	1,805
Total Liabilities	<u>\$ 14,979</u>	<u>\$ 7,909</u>	<u>\$ (14,979)</u>	<u>\$ 7,909</u>
Air Pollution District Fund				
ASSETS				
Cash and investments	\$ 655,615	\$ 512,559	\$ (655,615)	\$ 512,559
Accounts receivable	21,728	21,519	(21,728)	21,519
Interest receivable	429	654	(429)	654
Total Assets	<u>\$ 677,772</u>	<u>\$ 534,732</u>	<u>\$ (677,772)</u>	<u>\$ 534,732</u>
LIABILITIES				
Accounts payable	\$ 2,917	\$ 6,134	\$ (2,917)	\$ 6,134
Deposits payable	665,641	528,598	(665,641)	528,598
Compensated absences	9,214	-	(9,214)	-
Total Liabilities	<u>\$ 677,772</u>	<u>\$ 534,732</u>	<u>\$ (677,772)</u>	<u>\$ 534,732</u>

	Balance			Balance
	June 30, 2015	Additions	Deletions	June 30, 2016
Total Agency Funds				
ASSETS				
Cash and investments	\$ 700,116	\$ 580,247	\$ (718,585)	\$ 561,778
Accounts receivable	29,760	21,688	(29,760)	21,688
Interest receivable	463	720	(463)	720
Prepaid expenses	-	840	-	840
Total Assets	<u>\$ 730,339</u>	<u>\$ 603,495</u>	<u>\$ (748,808)</u>	<u>\$ 585,026</u>
LIABILITIES				
Accounts payable	\$ 7,865	\$ 11,348	\$ (5,268)	\$ 13,945
Deposits payable	713,260	589,502	(733,486)	569,276
Other liabilities	-	1,805	-	1,805
Compensated absences	9,214	-	(9,214)	-
Total Liabilities	<u>\$ 730,339</u>	<u>\$ 602,655</u>	<u>\$ (747,968)</u>	<u>\$ 585,026</u>

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Statistical Section

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities					
Net investment in capital assets	\$ 2,154,482	\$ 2,525,295	\$ 2,648,771	\$ 2,480,051	\$ 2,274,687
Restricted	253,461	1,600,652	1,565,208	1,651,776	1,780,484
Unrestricted	3,378,973	3,515,171	3,830,893	4,404,242	5,396,427
Total governmental activities net position	\$ 5,786,916	\$ 7,641,118	\$ 8,044,872	\$ 8,536,069	\$ 9,451,598
Business-type activities					
Net investment in capital assets	\$ 352,514	\$ 1,651,318	\$ (3,892,035)	\$ 3,673,059	\$ (2,285,127)
Restricted for Debt Service	2,373,866	3,328,579	3,089,827	2,971,552	2,864,661
Unrestricted	(844,764)	(3,708,004)	1,368,985	(5,823,491)	2,044,780
Total business-type activities net position	\$ 1,881,616	\$ 1,271,893	\$ 566,777	\$ 821,120	\$ 2,624,314
Primary government					
Net investment in capital assets	\$ 2,506,996	\$ 4,176,613	\$ (1,243,264)	\$ 6,153,110	\$ (10,440)
Restricted	2,627,327	4,929,231	4,655,035	4,623,328	4,645,145
Unrestricted	2,534,209	(192,833)	5,199,878	(1,419,249)	7,441,207
Total primary government net position	\$ 7,668,532	\$ 8,913,011	\$ 8,611,649	\$ 9,357,189	\$12,075,912

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.

(1) Net assets restated for prior period adjustment to comply with GASB 65

Fiscal Year							
2009	2010	2011	2012	2013	2014 (1)	2015	2016
\$ 2,062,283	\$ 1,849,411	\$ 1,829,076	\$ 2,308,372	\$ 2,012,346	\$ 1,857,866	\$ 2,419,492	\$ 2,861,071
1,547,711	1,568,520	1,498,398	4,528,631	4,087,019	4,440,352	3,939,682	3,228,998
5,607,906	5,810,858	5,908,797	2,409,681	2,510,650	(1,756,001)	(8,820,376)	(9,305,978)
<u>\$ 9,217,900</u>	<u>\$ 9,228,789</u>	<u>\$ 9,236,271</u>	<u>\$ 9,246,684</u>	<u>\$ 8,610,015</u>	<u>\$ 4,542,217</u>	<u>\$ (2,461,202)</u>	<u>\$ (3,215,909)</u>
\$ (1,804,335)	\$ (2,877,539)	\$ (990,783)	\$ (2,692,970)	\$ (488,623)	\$ (3,222,304)	\$ (2,742,485)	\$ (1,573,502)
2,864,798	2,864,195	2,287,718	2,289,356	2,446,070	2,445,921	2,446,530	2,446,094
2,269,768	3,649,199	3,672,627	6,180,214	5,049,590	8,308,203	7,722,700	6,449,364
<u>\$ 3,330,231</u>	<u>\$ 3,635,855</u>	<u>\$ 4,969,562</u>	<u>\$ 5,776,600</u>	<u>\$ 7,007,037</u>	<u>\$ 7,531,820</u>	<u>\$ 7,426,745</u>	<u>\$ 7,321,956</u>
\$ 257,948	\$ (1,028,128)	\$ 838,293	\$ (384,598)	\$ 1,523,723	\$ (1,364,438)	\$ (322,993)	\$ 1,287,569
4,412,509	4,432,715	3,786,116	6,817,987	6,533,089	6,886,273	6,386,212	5,675,092
7,877,674	9,460,057	9,581,424	8,589,895	7,560,240	6,552,202	(1,097,676)	(2,856,614)
<u>\$12,548,131</u>	<u>\$12,864,644</u>	<u>\$14,205,833</u>	<u>\$15,023,284</u>	<u>\$15,617,052</u>	<u>\$12,074,037</u>	<u>\$ 4,965,543</u>	<u>\$ 4,106,047</u>

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Expenses					
Governmental activities:					
General government	\$2,055,249	\$1,991,240	\$1,629,410	\$1,616,449	\$816,839
Public safety	3,451,988	3,407,302	3,398,809	3,537,646	3,696,206
Streets	887,797	763,635	663,794	884,532	1,427,687
Protective Inspections	213,806	190,003	203,979	212,454	244,966
Community services	473,055	415,340	328,252	504,755	325,669
Community development	255,211	185,535	867,183	336,742	462,648
Interest on long term debt	199,930	402,890	294,672	230,157	194,800
Total governmental activities expenses	7,537,036	7,355,945	7,386,099	7,322,735	7,168,815
Business-type activities:					
Rodeo	\$70,032	55,031	36,508	0	0
Airport	81,362	116,260	113,600	145,780	166,609
Water	1,442,121	2,207,464	2,200,070	2,180,730	2,145,401
Geothermal	190,297	207,914	104,637	46,800	63,868
Natural Gas	2,814,468	3,858,071	4,855,872	4,783,357	4,941,853
Swimming Pool (closed in 2004-05)	193,679	148,842	0	0	0
Day Care	130,794	140,657	140,796	133,493	118,160
Golf Course	1,036	7,701	6,400	37,749	99,865
Total business-type activities expenses	4,923,789	6,741,940	7,457,883	7,327,909	7,535,756
Total primary government expenses	\$12,460,825	\$14,097,885	\$14,843,982	\$14,650,644	\$14,704,571
Program Revenues					
Governmental activities					
Charges for services:					
General government	\$362,530	\$854,062	\$1,020,336	\$743,153	\$27,937
Public safety	273,909	448,104	179,907	308,352	121,247
Streets	97,142	277,403	0	265,907	
Protective Inspections	195,483	219,654	232,684	167,645	
Community services	24,349	31,918	4,784	5,932	8,931
Community development	44,159	48,584	45,392	48,620	176,485
Operating grants and contributions	2,834,407	675,192	890,930	690,816	1,178,902
Capital grants and contributions	0	53,172	337,178	494,448	1,098,653
Total governmental activities program revenue	3,831,979	2,608,089	2,711,211	2,724,873	2,612,155
Business-type activities:					
Charges for services:					
Rodeo	61,297	50,700	29,654	0	0
Airport	32,867	36,553	41,302	50,190	52,477
Water	1,796,393	2,118,368	2,046,516	2,064,187	2,049,605
Geothermal	250,742	223,565	71,124	73,653	69,389
Natural Gas	1,749,040	2,724,148	4,264,151	4,325,805	4,650,665
Swimming Pool	93,474	43,391	0	0	0
Day Care	98,485	134,231	121,386	117,446	107,890
Golf Course	0	0	0	0	0
Operating grants and contributions	25,666	174,347	202,667	283,641	439,104
Capital grants and contributions				438,934	1,672,609
Total business-type activities program revenue	4,107,964	5,505,303	6,776,800	7,353,856	9,041,739
Total primary government program revenues	\$7,939,943	\$8,113,392	\$9,488,011	\$10,078,729	\$11,653,894

Fiscal Year

2009	2010	2011	2012	2013	2014	2015	2016
\$1,228,083	\$1,094,945	\$1,149,706	\$1,105,539	\$787,118	\$943,178	\$975,485	\$528,514
3,479,617	3,517,162	3,461,796	3,371,428	3,249,421	3,373,503	3,701,118	3,742,579
935,540	963,197	1,240,131	839,484	2,580,926	1,006,322	956,939	1,898,033
235,270	210,793	239,869	203,416	214,070	237,433	207,152	205,391
288,355	255,316	255,719	242,259	240,801	328,807	259,123	1,300,553
416,103	149,961	106,432	214,604	405,626	141,523	153,554	343,208
186,060	175,910	166,008	288,284	116,906	289,184	311,569	327,131
6,769,028	6,367,284	6,619,661	6,265,014	7,594,868	6,319,950	6,564,940	8,345,409
0	0	0	0	0	0	0	0
189,488	171,886	227,608	248,776	236,959	219,979	217,642	274,051
2,396,179	2,126,843	1,997,499	1,976,560	2,041,448	1,989,849	2,091,691	2,166,356
55,889	52,561	67,755	47,435	48,214	57,744	57,029	79,069
4,924,613	4,557,201	4,341,673	4,093,592	4,052,356	4,170,689	3,766,602	4,180,922
0	0	0	0	0	0	0	0
144,912	120,890	93,502	0	0	0	0	0
112,179	136,267	311,089	442,571	429,898	350,476	386,181	354,273
7,823,260	7,165,648	7,039,126	6,808,934	6,808,875	6,788,737	6,519,145	7,054,671
\$14,592,288	\$13,532,932	\$13,658,787	\$13,073,948	\$14,403,743	\$13,108,687	\$13,084,085	\$15,400,080
\$132,822	\$155,256	\$303,864	\$487,912	\$12,830	\$103,486	\$106,054	\$76,733
137,948	172,430	201,942	127,275	68,428	52,593	136,678	83,481
36,417	49,047	61,704	86,309	436	1,715	4,448	197,411
31,433	9,491	8,749	1,761	75,200	117,560	94,793	84,744
18,526	22,472	20,461	24,152	99,123	178,785	74,784	88,125
100,443	94,344	86,654	95,094	33,288	52,538	38,249	48,694
1,183,468	748,635	741,230	799,904	994,075	1,096,669	925,909	1,030,102
98,210	162,515	600,507	155,084	1,736,845	896,293	738,606	987,566
1,739,267	1,414,190	2,025,111	1,777,491	3,020,225	2,499,639	2,119,521	2,596,856
0	0	0	0	0	0	0	0
58,097	58,284	70,632	70,075	78,488	81,680	97,128	69,394
2,424,802	2,315,996	2,271,480	2,358,189	2,335,499	2,280,947	2,194,458	2,188,967
69,391	69,783	100,728	92,731	92,732	92,732	85,004	86,132
4,271,575	4,723,849	4,667,746	4,431,883	4,499,718	4,581,073	3,945,118	4,182,414
0	0	0	0	0	0	0	0
76,875	60,676	39,895	0	0	0	0	0
0	0	182,573	318,888	314,274	334,239	354,173	334,800
10,000	0	0	0	38,574	0	0	0
1,490,068	29,175	24,176	154,941	99,685	61,354	586,883	163,969
8,400,808	7,257,763	7,357,230	7,426,707	7,458,970	7,432,025	7,262,764	7,025,676
\$10,140,075	\$8,671,953	\$9,382,341	\$9,204,198	\$10,479,195	\$9,931,664	\$9,382,285	\$9,622,532

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

	Fiscal Year			
	2005	2006	2007	2008
Net (Expense)/Revenue				
Governmental activities	(\$4,747,856)	(\$4,674,888)	(\$4,597,862)	(\$4,556,660)
Business-type activities	(1,236,637)	(681,083)	25,947	1,505,983
Total primary government net expense	<u>(\$5,984,493)</u>	<u>(\$5,355,971)</u>	<u>(\$4,571,915)</u>	<u>(\$3,050,677)</u>
General Revenues and Other Changes in				
Net Assets Governmental activities:				
Taxes				
Property taxes	\$746,508	\$884,863	\$906,170	\$924,914
Sales taxes	1,516,274	1,263,661	1,398,022	1,326,767
Transient Lodging Taxes	462,246	465,369	523,774	517,214
Franchise taxes	45,275	39,161	48,027	55,428
Business license taxes	233,690	276,044	240,592	247,732
Other taxes	326,140	330,685	36,479	246,035
Property tax in lieu of VLF, unrestricted	988,907	1,138,723	1,256,457	1,396,408
Property tax in lieu of sales tax, unrestricted	308,668	417,836	506,153	419,193
Use of Money and Property	351,453	227,236	161,206	163,501
Gain (loss) on sale of capital assets			0	(6,491)
Miscellaneous revenues	277,911	227,752	42,099	100,101
Transfers	(239,569)	5,000	(29,920)	5,000
Total governmental activities	<u>5,017,503</u>	<u>5,276,330</u>	<u>5,089,059</u>	<u>5,395,802</u>
Business-type activities:				
Use of Money and Property	184,777	142,518	189,756	282,717
Gain on sale of capital assets			3,637	17,982
Miscellaneous revenues			5,083	1,512
Transfers	239,569	(5,000)	29,920	(5,000)
Total business-type activities	<u>424,346</u>	<u>137,518</u>	<u>228,396</u>	<u>297,211</u>
Total primary government	<u>5,441,849</u>	<u>5,413,848</u>	<u>5,317,455</u>	<u>5,693,013</u>
Change in Net Position				
Governmental activities	269,647	601,442	491,197	839,142
Business-type activities	(812,291)	(543,565)	254,343	1,803,194
Total primary government	<u>(\$542,644)</u>	<u>\$57,877</u>	<u>\$745,540</u>	<u>\$2,642,336</u>

Source: City of Susanville's audited financial statements

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

Fiscal Year

2009	2010	2011	2012	2013	2014	2015	2016
(\$5,029,761)	(\$4,953,094)	(\$4,594,550)	(\$4,487,523)	(\$4,574,643)	(\$3,820,311)	(\$4,445,419)	(\$5,748,553)
577,548	92,115	318,104	617,773	650,095	643,288	743,619	(28,995)
(\$4,452,213)	(\$4,860,979)	(\$4,276,446)	(\$3,869,750)	(\$3,924,548)	(\$3,177,023)	(\$3,701,800)	(\$5,777,548)
\$913,055	\$829,452	\$824,578	\$757,463	\$859,457	\$1,455,797	\$858,107	\$877,382
1,193,085	1,076,014	1,081,602	1,161,677	1,162,834	1,118,328	1,209,899	1,449,788
405,860	380,354	366,382	391,546	379,119	400,724	442,376	455,099
45,197	48,855	60,840	49,988	24,493	49,776	24,242	36,767
235,283	231,796	227,101	220,339	226,004	221,939	237,758	241,985
70,723	188,948	105,350	79,625	45,175	39,786	37,731	42,996
1,488,666	298,882	409,887	304,260	428,017	384,924	358,806	349,848
474,943	1,523,051	1,461,838	1,407,887	1,362,579	1,335,361	1,353,298	1,389,739
(35,749)	29,896	28,872	61,101	12,535	34,761	11,607	39,206
0	0	0	0	0	0	7,514	0
0	351,735	142,288	59,050	0	0	0	0
5,000	5,000	(375,069)	5,000	(562,239)	(410,379)	(55,164)	111,036
4,796,063	4,963,983	4,333,669	4,497,936	3,937,974	4,631,017	4,486,174	4,993,846
120,656	27,132	25,297	21,743	18,103	18,698	24,380	35,242
0	0	0	0	0	0	0	0
12,713	42,542	20,098	276,346	0	0	0	0
(5,000)	(5,000)	375,069	(5,000)	562,239	410,379	55,164	(111,036)
128,369	64,674	420,464	293,089	580,342	429,077	79,544	(75,794)
4,924,432	5,028,657	4,754,133	4,791,025	4,518,316	5,060,094	4,565,718	4,918,052
(233,698)	10,889	(260,881)	10,413	(636,669)	810,706	40,755	(754,707)
705,917	156,789	738,568	910,862	1,230,437	1,072,365	823,163	(104,789)
\$472,219	\$167,678	\$477,687	\$921,275	\$593,768	\$1,883,071	\$863,918	(\$859,496)

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

	Fiscal Year			
	2005	2006	2007	2008
General Fund				
Reserved	\$102,413	\$305,858	\$370,296	\$418,932
Unreserved	844,902	971,144	1,281,067	1,608,564
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Total general fund	<u>947,315</u>	<u>1,277,002</u>	<u>1,651,363</u>	<u>2,027,496</u>
All Other Governmental Funds				
Reserved	420,365	688,726	399,192	382,257
Unreserved, reported in:				
Special revenue funds	589,990	501,016	566,069	1,108,885
Capital projects funds	281,564	13,370	275,168	289,433
Debt Service Funds	1,657,994	1,620,694	1,712,950	1,840,120
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Total all other governmental funds	<u>\$2,949,913</u>	<u>\$2,823,806</u>	<u>\$2,953,379</u>	<u>\$3,620,695</u>

Source: City of Susanville's audited financial statements

(1) The City includes advances to other funds as nonspendable

Fiscal Year							
2009	2010	2011	2012	2013	2014(1)	2015	2016
\$434,141	\$441,654	\$0	\$0	\$0	\$0	\$0	\$0
1,838,236	2,010,551	0	0	0	0	0	0
		550,746	270,650	286,411	445,196	104,869	101,417
		17,931	18,011	0	18,145	18,196	18,196
		123,142	0	0	0	0	0
		13,776	25,212	14,776	17,066	63,462	63,462
		1,537,145	1,837,349	1,846,833	1,859,126	2,319,757	2,521,280
<u>2,272,377</u>	<u>2,452,205</u>	<u>2,242,740</u>	<u>2,151,222</u>	<u>2,148,020</u>	<u>2,339,533</u>	<u>2,506,284</u>	<u>2,704,355</u>
508,891	511,888	0	0	0	0	0	0
811,082	870,418	0	0	0	0	0	0
309,930	148,527	0	0	0	0	0	0
1,604,737	1,622,026	0	0	0	0	0	0
		0	0	742	0	0	0
		3,836,585	2,934,499	3,130,806	4,097,490	3,921,486	3,210,802
		0	0	0	0	0	0
		0	0	0	44,599	596,858	632,817
		(736,872)	(156,372)	(478,663)	0	0	0
<u>\$3,234,640</u>	<u>\$3,152,859</u>	<u>\$3,099,713</u>	<u>\$2,778,127</u>	<u>\$2,652,885</u>	<u>\$4,142,089</u>	<u>\$4,518,344</u>	<u>\$3,843,619</u>

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

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

Source: City of Susanville's audited financial statements

Fiscal Year

2009	2010	2011	2012	2013	2014	2015	2016
\$4,591,529	\$4,345,556	\$4,537,578	\$4,372,785	\$4,498,960	\$5,035,959	\$4,495,698	\$4,907,453
103,413	100,231	92,956	100,385	74,183	101,323	78,350	86,142
47,614	34,400	26,667	20,246	31,203	24,301	95,579	99,371
(45,822)	26,242	17,202	11,477	27,504	54,042	45,589	72,112
1,157,971	812,150	1,299,139	990,261	2,722,868	1,985,090	1,293,514	1,999,435
53,969	67,644	60,693	36,831	50,400	14,824	27,271	2,910
308,690	331,481	98,356	76,106	66,244	71,367	74,323	83,214
356,862	719,459	602,319	651,310	43,270	249,062	150,233	261,704
6,574,226	6,437,163	6,734,910	6,259,401	7,514,632	7,535,968	6,260,557	7,512,341
996,337	969,963	944,718	661,910	605,024	753,719	859,783	559,612
3,379,768	3,417,876	3,359,711	3,286,106	3,247,121	3,285,119	3,478,557	3,705,924
912,577	948,044	1,224,596	816,587	2,663,852	973,660	973,736	2,003,878
234,303	209,633	238,709	202,256	218,394	229,397	205,594	213,935
219,456	193,714	193,759	181,416	185,481	209,120	199,819	1,274,122
475,789	265,687	247,892	214,604	311,528	216,459	153,555	356,909
184,642	25,910	106,003	200,718	83,207	64,123	182,134	315,516
135,000	140,000	145,000	160,000	135,216	236,367	390,777	427,488
182,529	173,289	162,064	154,957	94,110	168,604	430,116	313,639
			86,454	0	108,809	0	45,444
6,720,400	6,344,115	6,622,451	5,965,008	7,543,933	6,245,377	6,874,071	9,216,467
(146,174)	93,047	112,458	294,392	(29,301)	1,290,591	(613,514)	(1,704,126)
883,648	492,437	358,322	1,083,137	168,537	1,335,422	353,284	719,001
(878,648)	(487,437)	(733,391)	(1,093,137)	(775,416)	(1,058,395)	(455,583)	(693,029)
			(1,787,682)	0	(4,798,191)	0	0
				16,356	4,300	7,499	1,500
					4,907,000	0	1,200,000
			1,581,555	0	0	0	0
5,000	5,000	(375,069)	(216,127)	(590,523)	390,136	(94,800)	1,227,472
(141,174)	98,047	(262,611)	78,266	(619,823)	1,680,727	(708,314)	(476,654)
4.9%	5.0%	4.7%	7.0%	3.1%	8.3%	12.3%	8.8%

Schedule 5
City of Susanville
Assessed Value and Estimated Actual Value of Taxable Property,
Last Twelve 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>
2005	\$375,828,965	\$207,787	\$25,279,665	\$12,003,306	\$389,313,111	1.0090
2006	\$399,569,372	\$206,940	\$25,966,041	\$12,284,799	\$413,457,554	1.0096
2007	\$435,313,349	\$206,482	\$26,084,788	\$12,428,869	\$449,175,750	1.0008
2008	\$484,139,014	\$13,587	\$26,234,905	\$12,657,141	\$497,730,365	1.0000
2009	\$532,562,134	\$12,621	\$24,895,905	\$12,659,754	\$544,810,906	1.0279
2010	\$568,493,249	\$12,420	\$26,872,204	\$12,432,005	\$582,945,868	1.0264
2011	\$578,912,881	\$12,420	\$30,360,571	\$12,561,467	\$596,724,405	1.0268
2012	\$557,198,947	\$12,420	\$27,185,570	\$12,331,805	\$572,065,132	1.0288
2013	\$538,897,975	\$12,420	\$23,844,638	\$12,071,824	\$550,683,209	1.0324
2014	\$521,207,925	\$41,856	\$23,462,897	\$11,615,402	\$533,097,276	1.0389
2015	\$519,626,089	\$41,856	\$21,828,632	\$11,042,346	\$530,454,231	1.0379
2016	\$535,237,902	\$41,856	\$21,353,144	\$10,785,608	\$545,847,294	1.0396

Source:
Lassen County - Assessor's Office

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

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

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

Fiscal Year	City Direct Rate		Overlapping Rates (a)		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		0.0279		1.0279
2010	1.0000		0.0264		1.0264
2011	1.0000		0.0268		1.0268
2012	1.0000		0.0288		1.0288
2013	1.0000		0.0324		1.0324
2014	1.0000		0.0389		1.0389
2015	1.0000		0.0379		1.0379
2016	1.0000		0.0396		1.0396

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>2016</u>			<u>2007</u>			
			Percentage of Total City			Percentage of Total City	
	Taxable Assessed Value	Rank	Taxable Assessed Value (a)	Taxable Assessed Value	Rank	Taxable Assessed Value (a)	
Banner Health System	22,848,683	1	4.19%	Wal-Mart	10,324,353	1	2.07%
Wal-Mart	11,297,904	2	2.07%	Rassier-Mariani	9,566,300	2	1.92%
Rassier-Mariani	10,664,253	3	1.95%	Triple E Investment Co. Inc.	8,500,379	3	1.71%
Ventas Eagle Lake LP	7,464,288	4	1.37%	Darmond Eagle Lake Village	6,609,200	4	1.33%
Northeastern Rural	7,353,256	5	1.35%	SRB Associates	4,835,258	5	0.97%
Foxdale Associates LTD	5,941,087	6	1.09%	Trav-Cor & Investment Inc	3,974,295	6	0.80%
Lassen State LP	4,578,476	7	0.84%	Joel Nolen	3,864,055	7	0.78%
Triple E Investment Co	4,215,258	8	0.77%	Robbins Family Trust	2,406,318	8	0.48%
Norton Investments III LLC	3,491,887	9	0.64%	Standifords	2,402,978	9	0.48%
Trav-Cor & Invenstment Ince	3,357,715	10	0.62%	Gullerud, Cherie	2,107,988	10	0.42%
Total	<u><u>\$81,212,807</u></u>		<u><u>14.88%</u></u>		<u><u>54,591,124</u></u>		<u><u>10.96%</u></u>

Source:
Lassen County Assessors Office

Notes:
(a) For total taxable assessed value, see schedule 5.

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

Fiscal Year Ended June 30	County Taxes Levied	AB8 City Allocation Factor	Percent Growth	AB8 Allocations Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Levy		Amount	Percentage of Levy
2003	13,685,201	0.04209031	1.05503834	\$586,769	\$527,781	89.95%	\$54,571	\$582,352	99.25%
2004	13,940,708	0.04209031	1.05503834	\$597,587	\$560,471	93.79%	\$29,938	\$590,409	98.80%
2005	14,508,790	0.04118791	1.01843656	\$632,964	\$583,624	92.20%	\$32,765	\$616,389	97.38%
2006	15,302,568	0.04136327	1.03366934	\$684,095	\$613,665	89.70%	\$48,911	\$662,576	96.85%
2007	16,409,859	0.04168806	1.08078017	\$752,391	\$661,347	87.90%	\$43,224	\$704,571	93.64%
2008	18,125,879	0.04150919	1.09983310	\$818,267	\$707,387	86.45%	\$67,882	\$775,269	94.75%
2009	19,437,444	0.04209745	1.08755598	\$872,175	\$773,822	88.72%	\$67,890	\$841,712	96.51%
2010	20,699,884	0.04252227	1.06588089	\$909,755	\$773,350	85.01%	\$61,820	\$835,170	91.80%
2011	21,394,891	0.04143931	0.95963029	\$856,069	\$774,719	90.50%	\$29,476	\$804,195	93.94%
2012	21,394,891	0.04141142	0.96529843	\$861,126	\$820,883	95.33%	\$37,125	\$858,008	99.64%
2013	20,794,398	0.04141142	0.96946497	\$834,831	\$749,821	89.82%	\$76,606	\$826,427	98.99%
2014	19,640,765	0.04092502	0.97446787	\$782,647	\$771,169	98.53%	\$9,654	\$780,823	99.77%
2015	19,123,922	0.04124459	1.01338253	\$793,121	\$789,650	99.56%	\$6,153	\$795,803	100.34%
2016	19,229,690	0.04128233	1.02660700	\$814,223	\$802,646	98.58%	\$0	\$802,646	98.58%

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.

Property Tax amounts collected for 2014 will not match the CAFR due to the City receiving the PTA fees from the County that were charged for the Property Tax In-Lieu payments and held in trust during the court disputes.

Schedule 9

City of Susanville

Ratios of Outstanding Debt by Type,
Last Twelve Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities					
	General Obligation Bonds (7)	Capital Leases (10)	Term Loans (8)	Special Assessment Bonds (3)	Total Governmental Activities	Revenue Bonds (6)	Term Loan (4)(9)	Certificate of Participation (6)	Capital Leases (5)(9)	Total Business-type Activities
2003	2,270,000	376,096		1,255,000	3,901,096	6,520,000	1,901	2,225,000	17,214	8,764,115
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
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
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
2007	2,035,000	19,549		1,080,000	3,134,549	9,345,000	943,000	24,240,000	0	34,528,000
2008	1,975,000	0		1,015,000	2,990,000	9,200,000	1,285,222	24,240,000	0	34,725,222
2009	1,910,000	0		945,000	2,855,000	9,050,000	1,306,123	24,240,000	0	34,596,123
2010	1,845,000	0		870,000	2,715,000	9,050,000	1,336,194	24,240,000	77,034	34,703,228
2011	1,780,000	0		790,000	2,570,000	34,860,000	1,321,967	0	58,608	36,240,575
2012		1,581,555		700,000	2,281,555	34,230,000	1,330,615	0	39,063	35,599,678
2013		1,541,339		600,000	2,141,339	33,900,000	1,329,587	0	18,297	35,247,884
2014		1,457,972	4,859,000	500,000	6,816,972	33,440,000	856,000	0	0	34,296,000
2015		1,370,195	4,666,000	390,000	6,426,195	32,955,000	841,000	0	0	33,796,000
2016		2,480,708	4,448,000	270,000	7,198,708	32,445,000	826,000	0	0	33,271,000

Notes:

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

- (1) Personal Income for the City is unavailable. Substituted property values in this calculation. See Schedule 5 for values.
- (2) Population data can be found in schedule 13.
- (3) Payment for this bond is responsibility of property owners within the assessment district.
- (4) In 2008 the Golf Course Loan was established
- (5) In 2010 the Golf Course entered into a Capital Lease to acquire new equipment.
- (6) In August of 2010, The Susanville Public Financing Authority issued new Revenue Refinancing Bonds and paid off the 2000 & 2004 Water Revenue Bonds and the Series 2003, A, B, & C Certificate of Participation Natural Gas Bonds
- (7) In June 2012, The Susanville Public Financing Authority issued a new lease financing (City Hall Refunding Project) and paid off the 2002 Refunding Lease Bonds with Union Bank
- (8) In September 2013, the City entered into a loan agreement to pay off the City's side fund liability with CalPERS
- (9) City paid off the Golf Course Loan and Golf Course Equipment Lease
- (10) In September 2015 the City entered into a capital lease (\$1,200,000) with Umpqua Bank to finance the City portion due to the Honey Lake Valley JPA for construction of a community pool.

Total Primary Government	Percentage of Property Values (1)	Per Capita (2)
12,665,211		
35,224,866		
38,205,467	9.05%	3,871
37,964,907	9.24%	4,098
37,662,549	8.45%	4,097
37,715,222	7.57%	4,116
37,451,123	6.92%	4,149
37,418,228	6.42%	4,114
38,810,575	6.27%	4,161
37,881,233	6.78%	4,047
37,389,223	6.88%	4,051
41,112,972	7.01%	3,937
40,222,195	7.75%	4,497
40,469,708	7.37%	4,406

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

	Fiscal Year						
	2005	2006	2007	2008	2009	2010	2011
Assessed Valuation	\$389,313,111	\$413,457,554	\$449,175,750	\$497,730,365	\$544,810,906	\$582,945,868	\$596,724,405
Conversion Percentage	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
Debt Limit Percentage	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
Total net debt applicable to limit	\$2,155,000	\$2,095,000	\$2,035,000	\$1,975,000	\$1,910,000	\$1,845,000	\$1,780,000
Legal debt margin	\$12,444,242	\$13,409,658	\$14,809,091	\$16,689,889	\$18,520,409	\$20,015,470	\$20,597,165
Total net debt applicable to the limit as a percentage of debt limit	14.8%	13.5%	12.1%	10.6%	9.3%	8.4%	8.0%

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.

Refunding of unfunded liability owed to CalPERS constitutes an obligation imposed by law and therefore is exempt from the voter approval requirement of the California Constitution's debt limitation provision (Article XVI, section 18), therefore the amounts have been removed from the 2014, 2015 years

Fiscal Year				
2012	2013	2014	2015	2016
\$572,065,132	\$550,683,209	\$533,097,276	\$530,454,231	\$545,847,294
25%	25%	25%	25%	\$0
\$143,016,283	\$137,670,802	\$133,274,319	\$132,613,558	\$136,461,824
15%	15%	15%	15%	\$0
\$21,452,442	\$20,650,620	\$19,991,148	\$19,892,034	\$20,469,274
\$1,581,555	\$1,541,339	\$1,457,972	\$1,370,195	\$2,480,708
\$19,870,887	\$19,109,281	\$18,533,175	\$18,521,839	\$17,988,566
7.4%	7.5%	7.3%	6.9%	12.1%

Schedule 11
 City of Susanville
 Direct and Overlapping Governmental Activities Debt
 As of June 30

<u>Governmental Unit:</u>	<u>Outstanding Debt 6/30/16</u>	<u>Estimated Percentage Applicable</u>	<u>City's Share of Overlapping Debt</u>
Susanville School Bond	\$9,661,826	100%	<u>\$9,661,826</u>
			\$9,661,826
			<u>\$2,480,708</u>
			<u>\$12,142,534</u>

Sources: Outstanding debt and applicable percentages provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Susanville. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property tax payers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government

Schedule 12
City of Susanville
Ratios of General Bonded Debt Outstanding
Last Twelve Fiscal Years

Fiscal Year	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property	Per Capita (a)
	General Obligation Bonds	Capital Leases	CalPERS Refunding Loans	Total		
2005	2,155,000	87,798		2,242,798	0.58%	241
2006	2,095,000	52,238		2,147,238	0.52%	232
2007	2,035,000	19,549		2,054,549	0.46%	225
2008	1,975,000	0		1,975,000	0.40%	217
2009	1,910,000	0		1,910,000	0.35%	210
2010	1,845,000	0		1,845,000	0.32%	205
2011	1,780,000	0		1,780,000	0.30%	186
2012	0	1,581,555		1,581,555	0.28%	169
2013	0	1,541,339		1,541,339	0.28%	162
2014	0	1,457,972	4,859,000	6,316,972	1.18%	691
2015	0	1,370,195	4,666,000	6,036,195	1.14%	661
2016	0	2,480,708	4,448,000	6,928,708	1.27%	759

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 13
City of Susanville
Pledged Revenue Coverage
Last Twelve Fiscal Years

Water Revenue Bonds

Fiscal Year	Gross Income and Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2004	\$ 1,804,093	\$ 1,088,017	\$ 716,076	\$ 115,000	\$ 373,114	1.47
2005	2,327,816	1,338,483	989,333	134,440	503,440	1.54
2006	2,188,482	1,313,937	874,545	140,000	553,358	1.26
2007	2,255,916	1,333,562	922,354	145,000	547,213	1.33
2008	2,225,392	1,280,646	944,746	156,000	540,691	1.36
2009	2,514,097	1,531,625	982,472	161,000	532,967	1.42
2010	2,370,463	1,269,644	1,100,819	172,000	526,020	1.58
2011	2,296,647	1,274,530	1,022,117	355,000	282,626	1.60
2012	2,509,812	1,197,900	1,311,912	250,000	384,735	2.07
2013	2,345,393	1,246,419	1,098,974	255,000	382,235	1.72
2014	2,290,494	1,286,924	1,003,570	255,000	378,735	1.58
2015	2,199,120	1,365,308	833,812	260,000	375,669	1.31
2016	2,193,392	1,425,673	767,719	265,000	371,119	1.21

Natural Gas Revenue Bonds

Fiscal Year	Gross Income and Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2004	\$ 1,749,040	\$ 1,656,334	\$ 92,706	\$ -	\$ 1,414,075	0.07
2005	2,724,148	1,908,214	815,934	-	1,414,075	0.58
2006	4,264,151	2,920,251	1,343,900	-	1,414,075	0.95
2007	4,327,730	2,941,944	1,385,786	-	1,414,075	0.98
2008	4,650,665	3,010,223	1,640,442	-	1,414,075	1.16
2009	4,426,856	2,999,389	1,427,467	-	1,414,075	1.01
2010	4,728,040	2,622,739	2,105,301	-	1,414,075	1.49
2011	4,680,593	2,914,924	1,765,669	-	1,035,641	1.70
2012	4,570,796	2,164,607	2,406,189	25,000	1,417,565	1.67
2013	4,507,141	2,222,000	2,285,141	75,000	1,417,106	1.53
2014	4,589,502	2,385,745	2,203,757	205,000	1,414,761	1.36
2015	3,956,377	1,956,454	1,999,923	225,000	1,409,594	1.22
2016	4,200,070	2,431,844	1,768,226	245,000	1,402,155	1.07

Notes:

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

Miller /Fletcher Assessment Bonds

Special (a) 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
106,282	95,000	55,069	0.71
129,324	105,000	42,819	0.87
128,052	110,000	34,488	0.89
149,933	120,000	25,565	1.03

City Hall Improvement Lease (b)

Vehicle License Fees	Property Tax In Lieu of VLF	Debt Service		Coverage
		Principal	Interest	
		952,051	0	
120,328	988,907	60,000	106,605	6.66
174,072	1,138,723	60,000	105,015	7.96
116,605	1,256,457	60,000	103,215	8.41
83,753	1,396,408	60,000	101,265	9.18
63,206	1,488,666	65,000	99,043	9.46
54,597	1,523,051	65,000	96,573	9.76
85,151	1,461,838	65,000	94,005	9.73
9,022	1,407,887	70,000	91,235	8.79
		40,216	40,747	
		83,367	53,215	
		87,777	50,273	
		88,707	47,943	

Schedule 14
 City of Susanville and County of Lassen
 Demographic and Economic Statistics
 Last Sixteen 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	17.10%
2011	9,591	7,963	17,554	34,577	\$986,835,000	\$28,855	16.50%
2012	9,352	7,442	16,794	34,167	\$1,095,589,000	\$32,552	12.40%
2013	9,496	6,482	15,978	33,422	\$1,093,396,000	\$33,995	10.60%
2014	9,143	6,689	15,832	32,581	\$1,061,423,000	\$33,432	11.40%
2015	9,129	6,380	15,509	32,092	n/a	n/a	9.00%
2016	8,648	5,966	14,614	30,780	n/a	n/a	10.30%

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 15
City of Susanville
Principal Employers
Current Year and Nine Years Ago

Employer (b)	2016			Employer (c)	2007		
	Employees	Rank	Percentage of Total City Employment (a)		Employees	Rank	Percentage of Total City Employment (a)
High Desert State Prison	1212	1	26.29%	Wal-Mart	224	1	5.33%
California Correctional Center	1050	2	22.78%	Banner Lassen Medical Center	202	2	4.81%
Lassen County	431	3	9.35%	Lassen Community College	155	3	3.69%
Lassen Community College	276	4	5.99%	Diamond Mountain Casino	150	4	3.57%
Banner Lassen Medical Center	205	5	4.45%	Susanville School District	142	5	3.38%
Wal-Mart	171	6	3.71%	Lassen Union High School	124	6	2.95%
Diamond Mountain Casino	160	7	3.47%	Northeastern Rural Heal	120	7	2.86%
Susanville Indian Rancheria	133	8	2.89%	Countryvilla Riverview Rehab	115	8	2.74%
Northeastern Rural Health	115	9	2.49%	Safeway	100	9	2.38%
Susanville School District	103	10	2.23%	City of Susanville	68	10	1.62%
Lassen Union High School	82	11	1.78%		1400		33.33%
City of Susanville	82	12	1.78%				
Safeway	80	13	1.74%				
Countryvilla Riverview Rehab	67	14	1.45%				
Susanville Supermarket	58	15	1.26%				
	<u>4225</u>		<u>91.65%</u>				

Source:
Employment Development Department, Lassen County Chamber of Commerce

Notes:
(a) Total Labor Force for the City is 4460 (2016) and 4500 (2007)
(b) Employers listed are within the city limits or have been annexed.
(c) High Desert State Prison and California Correction Center were not added to principal employers until 2008

Schedule 16
City of Susanville
Full-time City Governmental Employees by Function/Program,
Last Sixteen Fiscal Years

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

Source:
City Finance Department

Notes:
Number differs from principal employers due to temporary employees included
A full-time employee is scheduled to work 2,080 hours per year.

Fiscal Year

2009	2010	2011	2012	2013	2014	2015	2016
2.5	2.5	1.25	1.75	3.5	3.5	3.5	3.5
1.5	1.5	1	1	1.5	1.5	1.5	1.5
6	5	5	4.5	4	5	5	5
20	19	18	18	17	19	20	20
11	11	9	9	9	9	9	9
3	3	3.75	3.75	3	3	3	3
2	2	1	1	1	1	1	1
18	18	18	18	20	20	21	21
64	62	57	57	59	62	64	64

Schedule 17
City of Susanville
Operating Indicators by Function/Program,
Last Sixteen Fiscal Years

Function/Program	Fiscal Year					
	2001	2002	2003	2004	2005	2006
General Government						
Building Permits Issued	300	377	465	532	453	467
Building Inspections Conducted	n/a	690	1094	1452	1821	2249
Police						
Physical arrests	634	578	601	485	681	479
Parking violations	0	0	0	271	819	498
Traffic violations	677	1093	472	425	650	724
Fire						
Emergency responses	738	1098	1067	1087	1311	1309
Fires extinguished	72	84	70	73	82	96
Inspections	n/a	n/a	n/a	406	217	350
Public Works						
Street resurfacing (miles)	0	6.27	0	0	0	0.25
Potholes repaired	110	75	125	150	150	180
Community Services						
Athletic field permits issued	4	4	4	4	4	4
Water						
New connections	16	31	41	91	34	8
Average daily consumption (thousands of gallons)	3026	3057	2954	3039	3152	2758
Peak daily consumption (thousands of gallons)	4932	5055	4394	4642	4900	4777
Natural Gas						
New connections		1480	329	323	124	69
Average daily consumption	MMBTU's	246	328	441	457	513
Peak daily consumption	MMBTU's	481	824	768	834	870

Sources:

Various City Departments

Notes:

City's Natural Gas Department began operating in 2002

1 MMBTU equals one million British thermal units

* Corrected average daily consumption for 2014

Fiscal Year

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
352	281	332	262	260	342	264	317	336	174
1921	1152	1145	716	574	884	915	843	788	429
400	565	483	532	609	712	663	487	496	546
401	338	256	248	159	122	114	74	111	124
832	1180	790	834	564	432	469	182	374	361
1383	1390	1467	1552	1586	770	784	853	1137	1193
89	94	67	81	51	46	47	49	49	69
224	n/a	201	252	200	44	47	122	124	105
0	2.3	0	1	1.2	1.21	2.2	2.1	0	0.79
165	172	168	159	280	187	147	205	348	197
4	4	4	4	4	4	4	4	4	4
68	-12	22	0	0	0	0	2	2	4
2116	2123	3173	1931	1833	1949	2121	2708	1849	1547
4809	5308	5500	5500	3484	4258	3637	5230	5041	3859
109	73	84	71	63	90	134	174	78	52
499	539	472	553	579	548	565	*	505	561
1044	1099	980	887	913	1116	1403	1795	1595	1795

Schedule 18
City of Susanville
Capital Asset Statistics by Function/Program
Last Fifteen Fiscal Years

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

Sources:
Various City departments

Notes:
Traffic Signals and Highways are owned 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.
Fire Engines includes Ladder Trucks
Fire Department provided corrected fire hydrant numbers for 2011-2014

Fiscal Year

2008	2009	2010	2011	2012	2013	2014	2015	2016
1	1	1	1	1	1	1	1	1
8	13	14	14	13	13	13	14	14
1	1	1	1	1	1	1	1	1
6	6	7	7	7	7	7	6	6
54	54	54	54	54	54	54	54	54
0	0	0	0	0	0	0	0	0
532	532	532	532	532	532	534	534	534
0	0	0	0	0	0	0	0	0
147	147	147	147	147	147	147	147	147
2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3
1	1	1	1	1	1	1	1	1
1	1	1	1	1	1	1	1	1
0	0	0	0	0	0	0	0	0
65	65	65	65	65	65	65	65	65
403	410	414	416	422	429	432	434	434
4000	4000	4000	4000	4000	4000	4000	4000	4000
3788	3797	3807	3800	3803	3803	3805	3807	3811
59	59	60	61	61	61	61	61	61
2462	2546	2630	2694	2785	2901	3075	3153	3180

Schedule 19
 City of Susanville
 Water Department
 Water Sold by Type of Customer
 Last Thirteen Fiscal Years
 (In Millions of Gallons)

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Residential	569.45	548.37	567.09	558.7	549.86	541.7
Commercial	245.6	216.2	209.1	214.91	205.6	206.75
Total	815.0	764.5	776.2	773.6	755.5	748.5
Water Sales	\$1,796,393	\$2,118,368	\$2,046,516	\$2,064,187	\$2,049,605	\$2,424,802
City Direct Rate Per Gallon	0.0022	0.0028	0.0026	0.0027	0.0027	0.0032

Source:
 City of Susanville Finance Department

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

Fiscal Year						
2010	2011	2012	2013	2014	2015	2016
514.31	478.38	519.60	548.43	487.15	485.07	485.07
190.50	190.24	191.80	225.28	202.28	197.26	197.26
704.8	668.6	711.4	773.7	689.43	682.34	682.34
\$2,315,996	\$2,271,480	\$2,358,189	\$2,333,534	\$2,280,209	\$2,185,204	\$2,187,569
0.0033	0.0034	0.0033	0.0030	0.0033	0.0032	0.0032

Schedule 20
City of Susanville
Water Department
Water Rates
Last Twelve 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	**	\$1.66
2010	\$23.65	**	\$1.66
2011	\$23.65	**	\$1.66
2012	\$23.65	**	\$1.66
2013	\$23.65	**	\$1.66
2014	\$23.65	**	\$1.66
2015	\$23.65	**	\$1.66
2016	\$23.65	***	\$3.42/\$2.86

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.

***Resolution No. 16-5297 set new water rates based on the 2016 Water Rate Analysis and Calculation report.

This study put an end to the old tiered usage system and adopted rates for irrigation (April - October) and non-irrigation (November - March) watering season.

Schedule 21
City of Susanville
Water Department
Top Ten Water Customers
Current Year and Nine Years Ago

Water Customer	2016			2007	
	Water Charges (a)	Percent of Total Water Revenues		Water Charges (a)	Percent of Total Water Revenues
Lassen County	\$62,317	2.85%	Lassen County	\$57,854	2.80%
City of Susanville	\$51,188	2.34%	Susanville Indian Rancheria/Casino	\$28,030	1.36%
Lassen Union High School District	\$30,434	1.39%	Lassen County Fairgrounds	\$24,533	1.19%
Hidden Acres Mobile Home Park	\$21,399	0.98%	Lassen High School	\$24,373	1.18%
Susanville Indian Rancheria/Casino	\$20,359	0.93%	Meadowview Elementary School	\$13,842	0.67%
Diamond View School	\$19,699	0.90%	Meadowbrook Apartments	\$10,899	0.53%
Citrus Manor Apartments	\$11,164	0.51%	Millview Apartments	\$9,869	0.48%
Mountain View Mobile Home Park	\$10,679	0.49%	Hidden Acres	\$9,719	0.47%
Meadowview Elementary School	\$10,582	0.48%	Diamond View School	\$9,657	0.47%
Lassen Manor I	\$9,558	0.44%	Wal-mart	\$9,551	0.46%
	\$247,379	11.31%		\$198,329	9.61%

Source:
City of Susanville Finance Department

Notes:
(a) Total Water Revenue equals charges for services as found in schedule 2.

Schedule 22
 City of Susanville
 Gas Department
 Gas Sold by Type of Customer
 Last Twelve Fiscal Years
 (In Therms)

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

Source:
 City of Susanville Finance Department - Utility Billing

Notes:
 Total Gas Revenue equals charges for services as found in schedule 2.
 100 cubic feet=100,000 BTUs=1 Therm
 BTU is British Thermal Unit

Fiscal Year							
2009	2010	2011	2012	2013	2014	2015	2016
837,390	937,912	969,365	970,855	989,815	1,018,373	937,529	1,002,170
926,457	1,092,072	1,145,538	1,059,126	1,072,065	1,133,858	992,290	1,059,923
1,763,847	2,029,984	2,114,903	2,029,981	2,061,880	2,152,231	1,929,819	2,062,093
\$4,271,575	\$4,723,849	\$4,667,746	\$4,431,883	\$4,499,459	\$4,580,771	\$3,942,591	\$4,181,963
\$2.42	\$2.33	\$2.21	\$2.18	\$2.18	\$2.13	\$2.04	\$2.03

Schedule 23
 City of Susanville
 Gas Department
 Gas Rates
 Last Twelve Fiscal Years

Fiscal Year Ended June 30	Monthly Base Rates	Rate per Therm	
2004	\$6.00	\$1.42	
2005	\$7.00	\$1.65	
2006	\$7.00	\$2.44	
2007	\$7.00	\$2.21	(A)(B)
2008	\$7.00	\$2.21	(A)(B)(C)
2009	\$7.00	\$2.30	(A)(B)(C)
2010	\$7.00	\$2.20	(A)(B)(C)
2011	\$7.00	\$2.20	(A)(B)(C)
2012	\$7.00	\$2.20	(A)(B)(C)
2013	\$7.00	\$2.20	(A)(B)(C)
2014	\$7.00	\$2.14	(A)(B)(C)(D)
2015	\$7.00	\$2.14	(A)(B)(C)(D)
2016	\$7.00	\$2.14	(A)(B)(C)(D)

Source:
 City of Susanville Finance Department

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

	Rates
0-450 Therms	\$2.20
450 + Therms	\$2.12

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

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

(D) - Resolution 13-4952 reduced the natural gas rates by .06 cents beginning July 1, 2013 and expiring June 30, 2014. Rates effective July 1, 2013 will be \$2.14/therm (0-450 therms) and \$2.06/therm (450 or more therms) Resolution 14-5069 made the rate reduction permanent.

1 Therm=100,000 BTUs

Schedule 24
City of Susanville
Gas Department
Top Ten Gas Customers
Current Year and Nine Years Ago

Gas Customer	2016		2007		
	Gas Charges (a)	Percent of Total Gas Revenues	Gas Charges (a)	Percent of Total Gas Revenues	
Banner Lassen Hospital	\$216,293	5.17%	Banner Lassen Hospital	347,058	8.02%
Lassen County	\$178,671	4.27%	Lassen Community College	193,881	4.48%
Lassen Community College	\$120,410	2.88%	Susanville Indian Rancheria/Casino	103,799	2.40%
Susanville Indian Rancheria/Casino	\$58,975	1.41%	Susanville Garden Apartments	87,639	2.03%
Northeastern Rural Health	\$45,682	1.09%	Diamond View School	61,825	1.43%
Susanville Garden Apartments	\$41,526	0.99%	Safeway	59,421	1.37%
McKinley Elementary School	\$41,462	0.99%	California Dept of Forestry	47,185	1.09%
Safeway	\$40,462	0.97%	McKinley Elementary School	46,409	1.07%
Lassen Union High School District	\$35,331	0.84%	Northeaster Rural Health	42,372	0.98%
Meadowview Elementary School	\$32,154	0.77%	Meadowview Elementary School	40,311	0.93%
	\$810,965	19.39%		1,029,900	23.81%

Source:
City of Susanville Finance Department

Notes:
(a) Total Gas Revenue equals charges for services as found in schedule 2.