

CITY OF SUSANVILLE  
CALIFORNIA

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For the fiscal year ended  
June 30, 2006



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# City of Susanville

(530) 257-1000 • 66 North Lassen Street • Susanville, CA 96130-3904

## Finance Department

October 31, 2006

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

The Comprehensive Annual Financial Report of the City of Susanville for the fiscal year ended June 30, 2006 is hereby submitted. In order to better understand the report, this letter of transmittal should be read in conjunction with the Management's Discussion and Analysis, which can be found in the financial section of the report.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Susanville's Management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds of the City of Susanville. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) as set forth in pronouncements by the National Council of Governmental Accounting (NCGA), the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB) and includes the report of the City's independent certified public accountants, Moss Levy & Hartzheim, LLP, Certified Public Accountants.

### BACKGROUND INFORMATION

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 City Council appoints the City Administrator and the City Attorney. The position of the Mayor is elected for a two-year term. Council Members are elected to serve alternating four-year terms. The City Council also appoints the City Clerk. All municipal elections are non-partisan.

Lino P. Callegari  
Mayor  
Rocky T. Joy  
Mayor pro tem

Councilmembers:  
Douglas Sayers  
Rodney E. De Boer  
Kurt A. Bonham

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, community services, planning, zoning, building and safety, housing assistance, and other general government services. Accounting, payroll, accounts payable, treasury, budget, financial reporting, business licensing and utility billing are the responsibility of the Finance Department.

This report includes all funds of the City of Susanville. It reports all activities to be considered part of, controlled by, and dependent on the City.

The accounts of the City are organized on the basis of funds with each fund considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liability and fund equity, revenues or expenditures, or expenses as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The report includes all activities carried out by the City as a legal entity, and also includes the activities of the City of Susanville Redevelopment Agency, for which the City Council, acting in the capacity of the Redevelopment Agency Board, is financially accountable as determined under the guidelines of the Governmental Accounting Standards Board (GASB).

## **ECONOMIC CONDITIONS AND OUTLOOK**

### LOCATION

The City of Susanville is located in Lassen County in Northeastern California, bounded by Modoc County to the North, Shasta County to the West, Plumas County to the South and by the State of Nevada to the East. State routes 44 and 36 connect the City of Susanville to the greater Sacramento Valley and the City of Redding, while Reno (NV) is an easy and scenic 85-mile drive via interstate 395.

### MILEAGE CHART TO OTHER MAJOR CITIES

Portland, OR	458 miles	Northwest
San Francisco, CA	280 miles	Southwest
Redding, CA	112 miles	West
Reno, NV	86 miles	Southeast
Sacramento, CA	223 miles	Southwest

### LOCAL ECONOMY

The City of Susanville is surrounded by open space with many recreational opportunities. Eagle Lake, Lake Almanor, Antelope Lake, and other lakes are within half an hour drive from the City. The area is well known for its hunting, fishing, snowmobiling, motocross

rides, rodeo, and many other outdoor activities. The Dyer Mountain Resort Project offering a ski resort, 2 golf courses, shopping center, etc. has been approved by the County Board of Supervisors and will be located only 30 miles west of town, south of Highway 36.

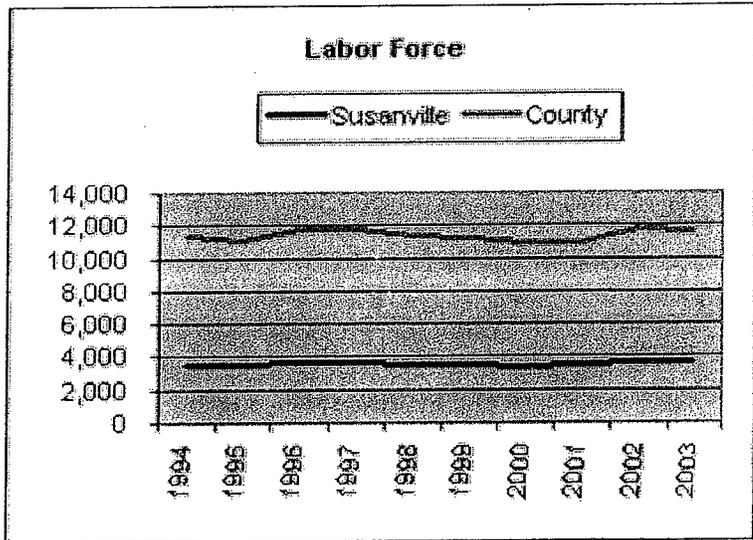
One of the major employers and consumers in the area is the California Department of Corrections (CDC) with a total population of about 9,000 inmates. CDC has just announced an expansion of its facility.

### LABOR MARKET

The labor market is a significant indicator of the economic and social condition of a community. It identifies labor trends in the area, defines the supply and demand for employment, and indicates the strengths of the businesses that are supporting the demand. The labor force of the City and County has been very stable for the last ten years and the unemployment is continuing to decrease.

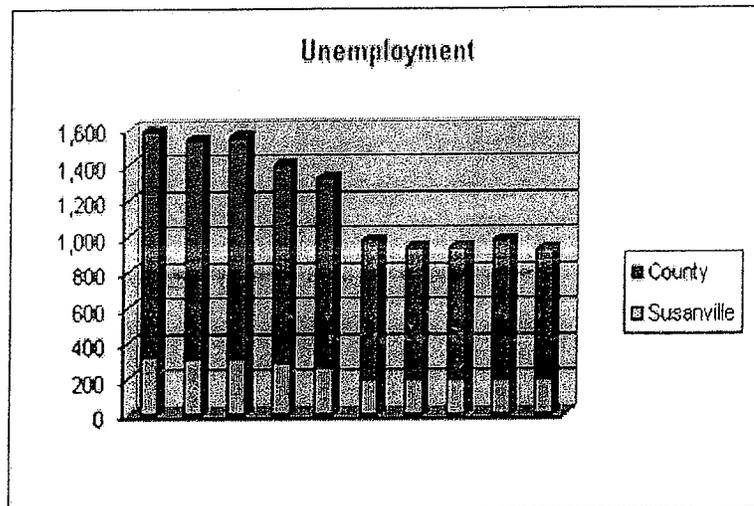
#### Total Labor Force

Year	City of Susanville	Lassen County
1994	3,510	11,290
1995	3,440	11,080
1996	3,650	11,760
1997	3,650	11,720
1998	3,540	11,360
1999	3,480	11,140
2000	3,400	10,920
2001	3,480	10,920
2002	3,660	11,720
2003	3,640	11,630



#### Unemployment

Year	City of Susanville	Lassen County
1994	330	1,260
1995	320	1,220
1996	320	1,240
1997	290	1,110
1998	270	1,060
1999	200	780
2000	190	750
2001	190	750
2002	200	780
2003	190	740



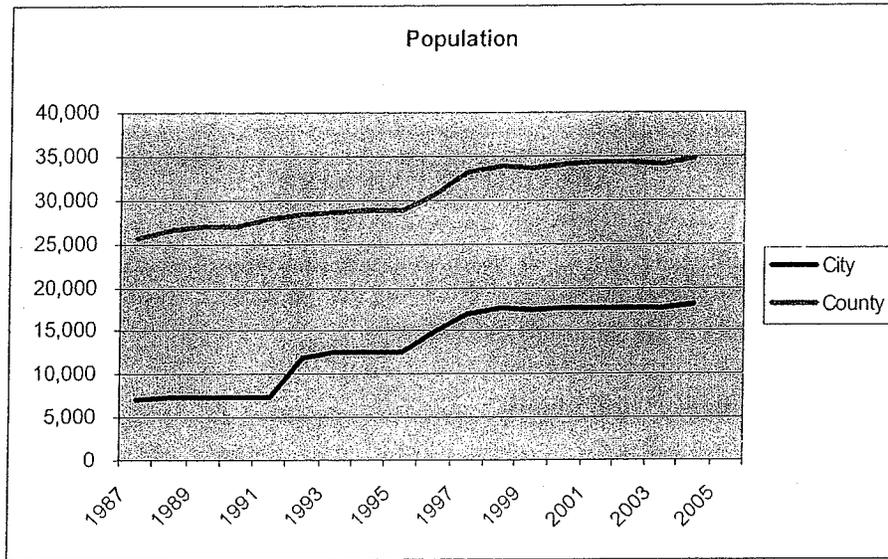
## MAJOR PROJECTS FOR THE FUTURE

- 1 Remodel of fire station at 1505 Main Street
- 2 Build a new fire station on Skyline Drive
- 3 Purchase new equipment for the fire department (a front line engine, two command vehicles, specialized equipment for hazardous material emergencies and confined space rescue).
- 4 Upgrade financial software for the Finance Department
- 5 Establish a redevelopment plan and project area.
- 6 Construct curbs, gutters, sidewalks using Community Development Block grant funds.
- 7 Update the Land Use Element of the General Plan
- 8 Update the Zoning Ordinance.
- 9 Update Susanville Area Plan
- 10 Construct an amphitheater at Roop's Fort
- 11 Complete the water transmission pipeline, storage tank, and pump house project at Cady Springs.
- 12 Increase code enforcement efforts through the use of a citation/infraction process to help improve the image of the community.
- 13 Expand through annexation into current sphere of influence.
- 14 Refinance the \$24 million debt of the Natural Gas System.
- 15 Update and employ economic development strategic plan

## MAJOR INITIATIVES

The City continues to focus priority efforts on projects that promote quality new development, which will include industrial, commercial, and residential projects. The City is actively involved with economic development and the revitalization of the historic uptown area. Some of the activities and events the City sponsors include the annual Bizz-Johnson Marathon and Susanville Rodeo. The City has purchased approximately 18 acres for the purpose of building a new aquatic/sports center. A committee, represented by the City, County, Tribal Council, and various school districts, formed a few months ago to explore the possibility of creating a Joint Powers Authority to lead the construction of the sports center complex. The Community Services Staff looks forward to constructing a new playground in Riverside Park, and renovating the grandstands at Memorial Ballpark.

## POPULATION



## **ACCOUNTING SYSTEMS AND BUDGETARY CONTROLS**

The City's fund accounting records are maintained using a modified accrual basis of accounting as explained in the Notes to Basic Financial Statements, following the accounting practices for governmental units as recommended by the Governmental Accounting Standards Board. Basic City operations are accounted for in the City's General Fund, with other activities accounted for in separate funds as required by law or determined by management discretion. Generally revenues are recorded when measurable and available, and liabilities are recorded when incurred.

The Government-Wide financial statements follow the accrual basis of accounting, with a reconciliation statement to reconcile to the individual funds' financial statements, as required by GASB Statement No. 34. This reconciliation statement follows in the body of the financial statements.

In administering the City's accounting system, primary consideration is given to the adequacy of the internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, as well as the reliability of financial records for accurate and fair presentation of financial reports. The concept of reasonable assurance recognizes that the cost of specific controls should not exceed the benefits likely to be derived from exercising these controls, and that this evaluation necessarily involves estimates and judgments by management. It is believed that the City's internal accounting controls adequately safeguard City assets and provide reasonable assurance of proper recording of financial transactions. The level of budgetary control, that is, the level at which expenditures are not to exceed Council approved appropriations is established at the Fund level. An encumbrance (commitment) accounting system is

utilized as a technique to enhance budgetary control during the year. Department Heads are responsible for approving expenditures within their respective fund allocations. The Finance Department is responsible for collecting revenues and making payments for expenditures according to the adopted budget.

## ACCOMPLISHMENTS

During the 2005-06, the City achieved many accomplishments that may not be evident from a review of the financial statements. Some of the more important accomplishments as well as ongoing projects are summarized below.

### Community Development Department:

The Building Division added a temporary building inspector that has greatly improved customer service provided to the public. The department has also updated its web site with forms, permits and other useful information that can now be downloaded. In the coming years the Building Division will be adopting the International Building Code to comply with State requirements.

The Planning Division activities have increased from the prior year. The Division performed 29 development review applications versus 22 the previous year. Staff is working on updating the Land Use Element of the General Plan and the Zoning Ordinance. Several workshops were held during the fiscal year with the public, the Planning Commission and the City Council. Staff also worked with LAFCO (Local Agency Formation Commission) on updating the City's Municipal Service Review, setting framework for expanding the sphere of influence.

### Housing Department:

#### **CDBG PROJECTS**

The City of Susanville has successfully managed a Community Development Block Grant Program since the early 1980's. The following activity was initiated or completed from January 2005 through June 2006.

#### 01-HOME-0536

The City successfully implemented a \$750,000 grant award from the HOME Investment Partnerships Program for a First Time Home Buyer Self Help New Construction Project for 34 new homes.

#### 03-STBG-1851

The City successfully implemented a Housing Rehabilitation grant in the amount of \$300,000 from the 2003 funding cycle to provide energy assistance to income-qualified

households in the form of natural gas conversions. A total of 42 target income group households were assisted.

04-STBG-1933

The City has successfully implemented a Housing Rehabilitation grant in the amount of \$500,000 from the 2004 funding cycle to renovate qualified tenant-occupied housing. The City has funded one multi-family housing rehabilitation project which will result in twenty-two upgraded housing units in the historic district of the uptown area.

04-EDBG-0630

The City has successfully implemented an economic development grant in the amount of \$300,000 from the 2004 funding cycle to make business assistance loans and to implement a city uptown revitalization plan. All grant activity will be completed by December 2006, approximately six months ahead of schedule.

04-STBG-1968

The City has received a multi-year housing rehabilitation award from the 2005 funding cycle in the amount of \$1,000,000 to upgrade and improve housing stock for target-income group residents. A total of \$500,000 has been committed to upgrading a 54-unit affordable housing complex.

The City was awarded an economic development planning and technical assistance grant to identify economic blight and establish a redevelopment plan and project area.

The City was awarded a general planning and technical assistance grant to complete a household income survey.

Housing Rehabilitation Revolving Loan Fund

Currently the City has 26 active loan files, representing a total loan portfolio of \$408,338.00 and a monthly billing of \$1,352.91.

Economic Development Revolving Loan Fund

The City has 2 active loan files, representing a total loan portfolio of \$293,712.

**Police Department:**

The Police Department added a second detective to the Investigations Bureau, started construction of a new evidence locker and storage area, converted the old evidence area to new Sergeants Offices, and remodeled and hardened entrance and lobby at the police station.

**Finance Department:**

Finance Staff implemented new payment options (DEBIT and CREDIT cards) by entering into a Merchant Agreement with Bank of America; this allows customers to

make payments over the telephone by charging their credit cards. Also, the department continues to upgrade its website with forms, applications, financial reports and budget information.

### **Fire Department:**

The Fire Department implemented a temporary station at Lassen College in an abandoned co-generation plant. The station contains two engines and the fire safety trailer. The station is not manned but it is in a very strategic location making the engines available on moments notice. The Fire Department also received donations from Wal-Mart Foundation Safe Neighborhood Heroes, Plumas Sierra Rural Electric Telecommunications, and Safeway Foundation's Employee Giving Program. The Fire Department also received grants from OES (Office of Emergency Services), and BLM (Bureau of Land Management).

### **Community Services Department:**

The Community Services Department completed the construction of a new museum complex at Roop's Fort and supported and organized the Junior Fishing Derby, Junior Rodeo, and Community Cleanup Day.

### **Public Works Department:**

#### **Water Division**

The water division has continued to repair and replace aging water lines and service lines. The SCADA system has also been updated so that all wells and tanks are controlled electronically 24 hours a day, 7 days a week. During the year a new meter reading program was implemented that allows for a 1% or less reading error. A new training program was also implemented for the meter readers to inspect and maintain the water meters as they read them. The Water Division crew has completed construction of a new chlorination station at Bagwell Springs which will add state of the art equipment to provide increased protection of the City's water system, and implemented a 24 hour 7 days a week telephone number (257-7236) to provide immediate response for service calls, as well as after hours emergency response.

#### **Natural Gas Division**

The gas division has replaced dial face natural gas meters with numeric face meters, providing for a higher standard of accuracy in reading. The City has also provided special training to the gas crew and state of the art natural gas equipment for safety and construction of new gas lines; this includes directional boring and trenching equipment.

#### **Street/Snow Division**

The Public Works Department has reorganized the Street Division to allow for better coverage of City Streets. A permanent pavement repair program has been implemented. Services have been stepped up to include better coverage in street sweeping, snow

removal, and road maintenance. Completed projects include: Fourth Street construction and repair of curbs, gutters and sidewalks; Richmond Road lighted crosswalk in front of Diamond View School; and River Street and South Gilman Street repaving.

### Airport

With funding from FAA (Federal Aviation Administration) the City completed a perimeter-fencing project including security gates at the Susanville Municipal Airport. The City also completed repairs to the Airport entrance road and constructed a new taxiway for the area where the hangars are to be constructed.

### City Administration:

The offices of the City Administrator, City Attorney and City Clerk are responsible for personnel, risk management and official City records. Administrative support is provided to all City departments as needed. Workers Compensation claim costs are at an all-time low. Successful labor negotiations have been achieved for the City's seven collective bargaining units. The City Administrator's office provides clerical assistance to the Local Agency Formation Commission (LAFCO). The City Administrator works closely with the natural gas consultant in the purchasing of natural gas commodity and for the budgeting, promotion and well being of the natural gas enterprise. The City Administrator and City Clerk departments are involved with and offer clerical support to the City Council and the appointed City Committee for Economic Development. The City Administrator is actively involved with the League of California Cities. The Community Development Block Grant Program is operated from the City Administrator's office.

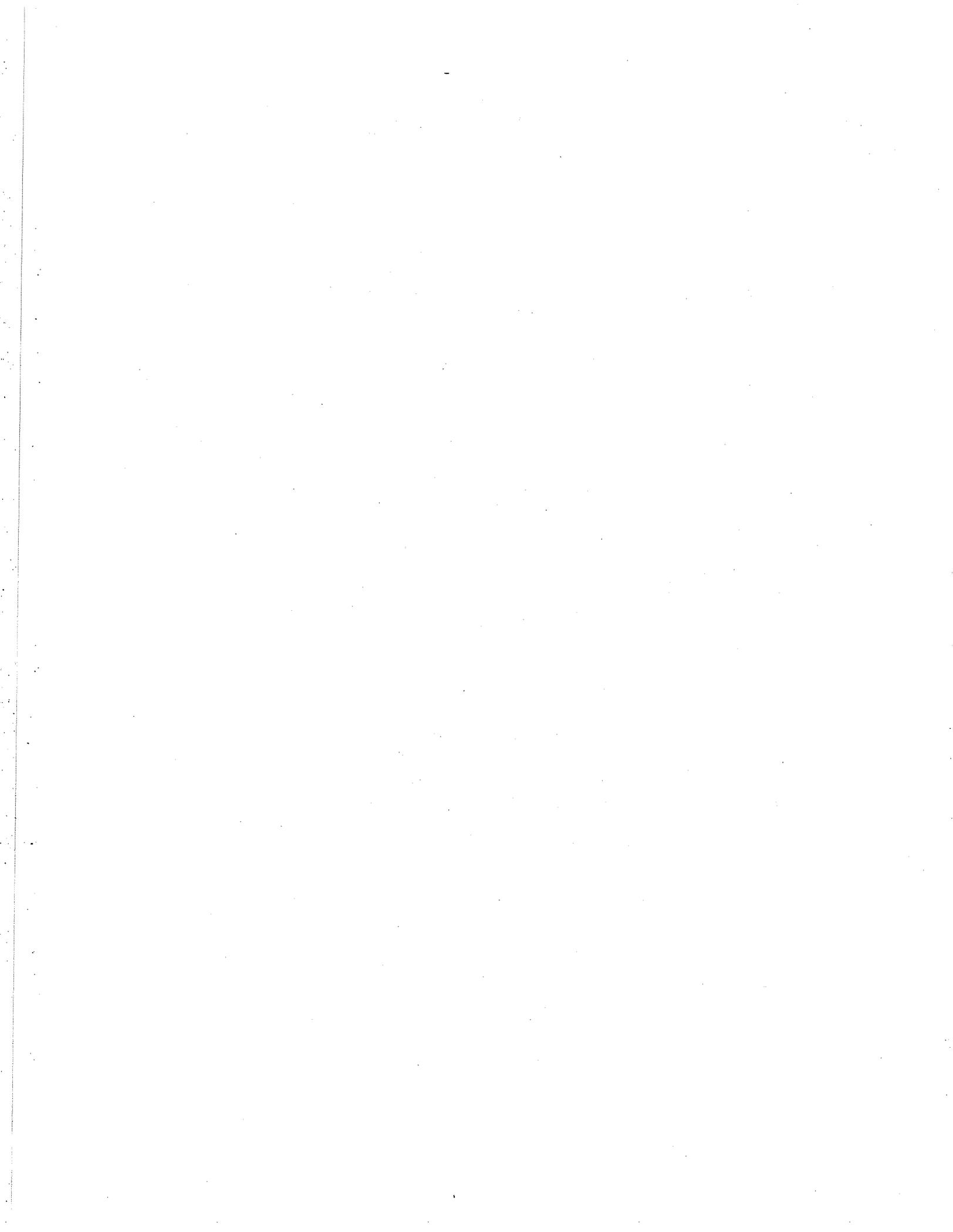
## ACKNOWLEDGEMENTS

Preparation of the Comprehensive Annual Financial Report was made possible by the special efforts of the finance department, working in conjunction with the City's independent auditors. We would like to express our appreciation to all who assisted and contributed to the preparation of this report.

Sincerely



Robert Porfiri  
Finance Director



# MOSS, LEVY & HARTZHEIM LLP

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CALIFORNIA SOCIETY OF C.P.A.S  
CALIFORNIA SOCIETY OF  
MUNICIPAL FINANCE OFFICERS  
CALIFORNIA ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS

## OFFICES:

BEVERLY HILLS, CALIFORNIA  
SANTA MARIA, CALIFORNIA

## INDEPENDENT AUDITOR'S REPORT

City Council of the City of Susanville  
Susanville, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Susanville (City), as of and for the fiscal year ended June 30, 2006, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* as issued by the Controller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Susanville as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 of the Notes to Basic Financial Statements, the City adopted Governmental Accounting Standards Board (GASB) Statements No. 44, *Economic Condition Reporting: The Statistical Section* and No. 46, *Restricted Net Assets by Enabling Legislation*, effective July 1, 2005.

Management's Discussion and Analysis, on pages 3 through 14, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information, but we did not audit this information and we express no opinion on it.

In accordance with the *Government Auditing Standards*, we have also issued a report dated September 29, 2006, on our consideration of the City of Susanville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the City of Susanville, taken as a whole. The introductory section, the supplemental information listed in the table of contents as the combining statements and schedules for Nonmajor Governmental Funds, Nonmajor Fund Budgetary Comparison Schedules, Combining Internal Service Funds Statement of Net Assets, Combining Internal Service Funds Statement of Revenues, Expenses, and Changes in Net Assets, Combining Internal Service Funds Statement of Cash Flows, Agency Statement of Changes in Net Assets, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Moss, Levy & Hartzheim, LLP  
Beverly Hills, CA  
September 29, 2006

City of Susanville  
Management's Discussion & Analysis  
June 30, 2006

This is the management's discussion and analysis of the financial performance of the City of Susanville for the fiscal year ended June 30, 2006. Please read this in conjunction with the transmittal letter, which can be found in the introductory section of this report, and with the City's financial statements, which follow this discussion.

## BASIC FINANCIAL STATEMENTS

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

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

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

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

### Government-Wide Funds

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

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

#### *Government-wide statement of net assets*

##### Format

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

The format is: Assets – Liabilities = Net assets

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

##### Activities columns

GAAP requires that the primary government's governmental activities be reported separately from its business-type activities. Business-type activities include enterprise funds; however, Internal Service funds will be included as part of governmental activities. GAAP requires that the government-wide statement of net assets provide a total column for the primary government.

All internal balances (payables and receivables between governmental activities) are generally eliminated from this total column.

### ***Government-wide statement of activities***

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

### **Format**

Unlike the operating statement, this statement presents expenses *before* revenues. This is to emphasize that in the public sector, revenues are generated for the purpose of providing services rather than maximizing revenues as the ultimate goal.

Direct expenses - The first column of the government-wide statement of activities presents direct expenses associated with each of the City's functional activities. Examples of functions are: General government, public safety, streets & public works, 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 other than taxes and other general revenues. GAAP requires that such *program revenues* be presented separately. Examples of program revenues include:

- charges for services, fees, permits, licenses, fines
- grants, contributions, donations, etc. that are restricted to specific programs

### **General revenues**

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

## **GOVERNMENTAL FUNDS**

GAAP requires two basic statements: Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. The difference between the assets and liabilities of governmental funds is reported as *fund balance*. Fund balance is divided into *reserved* and *unreserved*.

### **Major fund reporting**

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

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

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

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

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

- Original appropriated budget
- Final amended budget
- Actual amounts

## PROPRIETARY FUNDS

GAAP prescribes three basic financial statements for proprietary funds:

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

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

## FIDUCIARY FUNDS

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

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

- Statement of fiduciary net assets
- Statement of changes in fiduciary net assets

Fiduciary funds are never reported as major funds. Therefore, the focus of reporting for the fiduciary fund statements should be the various fund types. That is, the statement should present one column for each fund type reported.

The statement of changes in fiduciary net assets is unique in that all changes in net assets are classified as either *additions* or *deletions*. The City has three fiduciary funds: Historic Uptown Susanville Association Business Improvement District (HUSA), Section 125 AFLAC and Local Agency Formation Commission (LAFCO).

## COMPARATIVE DATA

### FINANCIAL ANALYSIS

Net assets act as an indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$8.9 million as of June 30, 2005 (\$7.6 million for Governmental Activities and \$1.3 million for Business-type activities); and \$8.6 million as of June 30, 2006 (\$8.0 for Governmental Activities and \$0.6 for Business-type Activities). Governmental activities are generally financed through taxes and intergovernmental revenues. These activities are reported in the governmental funds (general fund, special revenue funds, capital projects funds, debt service funds) and internal service funds. Tables A-1 and A-2, present a summary of the City's Statement of Net Assets for fiscal years ended June 30, 2005 and 2006.

Table A-1  
Government Net Assets for June 30, 2005 and 2006  
**Governmental activities**

	2005	2006
Cash & investments	\$ 2,763,502	\$ 3,277,527
Capital assets	5,779,983	5,807,057
Other assets, including cash and Investments with fiscal agents	4,089,628	3,643,641
Total assets	\$ 12,633,113	\$ 12,728,225
Long-term liabilities	3,981,470	3,434,596
Other liabilities	1,010,525	1,248,757
Total liabilities	\$ 4,991,995	\$ 4,683,353
Invested in capital assets, net of related debt	2,525,295	2,648,771
Restricted for debt service	1,600,652	1,565,208
Unrestricted net assets	3,515,171	3,830,893
Total net assets	\$ 7,641,118	\$ 8,044,872

Table A-2  
 Government Net Assets for June 30, 2005 and 2006  
**Business-type activities**

	<u>2005</u>	<u>2006</u>
Cash & investments	\$ 842,874	\$ 1,151,357
Capital assets	30,308,189	29,796,989
Other assets	5,537,481	4,993,881
Total assets	<u>\$ 36,688,544</u>	<u>\$ 35,942,227</u>
Long-term liabilities	34,889,181	34,611,651
Other liabilities	527,470	763,799
Total liabilities	<u>\$ 35,416,651</u>	<u>\$ 35,375,450</u>
Invested in capital assets, net of related debt	1,651,318	(3,892,035)
Restricted for debt service	3,328,579	3,089,827
Unrestricted net assets	(3,708,004)	1,368,985
Total net assets	<u><u>\$ 1,271,893</u></u>	<u><u>\$ 566,777</u></u>

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

Table B-1  
Changes in Governmental Net Assets  
For the Fiscal Year Ended June 30, 2005 and 2006  
**Governmental Activities**

<b>EXPENSES</b>	<u>2005</u>	<u>2006</u>
<u>Program expenses (by function):</u>		
General Government	\$ 1,991,240	\$ 1,629,410
Public Safety	3,407,302	3,398,809
Streets & Public Works	763,635	663,794
Planning	190,003	203,979
Community Services	415,340	328,252
Community Development	185,535	867,183
Interest on long term debt	402,890	294,672
Total expenses	<u>\$ 7,355,945</u>	<u>\$ 7,386,099</u>
 <b>REVENUES</b>		
<u>Program Revenues (by major source):</u>		
Charges for services	\$ 1,879,725	\$ 1,483,103
Operating contributions, capital contributions & grants	728,364	1,228,108
Total program revenues	<u>\$ 2,608,089</u>	<u>\$ 2,711,211</u>
 <u>General Revenues (by major source):</u>		
Property taxes	\$ 746,508	\$ 884,863
Sales & use taxes	1,516,274	1,263,661
Transient lodging taxes	462,246	465,369
Franchise taxes	45,275	39,161
Business license taxes	233,690	276,044
Other taxes	326,140	330,685
Use of money and property	351,453	227,236
Property tax in lieu of Sales tax	308,668	417,836
Property tax in lieu of VLF	988,907	1,138,723
Miscellaneous revenues	269,261	77,891
Gain on sale of capital assets	8,650	93,235
Contribution from Trust fund	---	56,626
Total general revenues	<u>\$ 5,257,072</u>	<u>\$ 5,271,330</u>
Total revenues	<u>\$ 7,865,161</u>	<u>\$ 7,982,541</u>
Excess (deficiency) before contributions to:	\$ 509,216	\$ 596,442
Contributions to term & permanent endowments	---	---
Special and extraordinary items	---	---
Transfers	(239,569)	5,000
Changes in net assets	<u>\$ 269,647</u>	<u>\$ 601,442</u>
Net assets at July 1, 2004 and 2005	5,786,916	7,641,118
Prior Period Adjustments	<u>1,584,555</u>	<u>(197,688)</u>
(See Note #15 to Basic Financial Statement)		
Ending net assets at June 30, 2005 and 2006	<u>\$ 7,641,118</u>	<u>\$ 8,044,872</u>



## Governmental Activities

**GENERAL FUND** - Prudent budgeting and a conservative approach in spending has paid off again in this fiscal year for the General Fund. Fiscal year 2005-06 ended with a positive increase in fund balance of \$329,687. This increase is \$177,535 higher than the last fiscal year increase of \$152,152. The increase in fund balance is due to an increase in Transfers-in (\$56,625 transfer from Pancera Plaza due to a fund accounting reclassification from trust fund to general fund) and a decrease in Transfers-out compared to the prior year (in fiscal year 2004-05, the General Fund transferred a one-time \$248,000 to the Swimming Pool Fund to replenish the negative cash balance in pooled cash). However, on a cash basis, the General Fund cash increased only by \$92,516 from the prior year. The main reason for this is that some of the fund balance revenues are in the form of accounts receivable.

With all the changes described above, the ability of the City to keep its commitments has improved in both Enterprise and Governmental Funds. In fact, despite the cash flow problems created by increased costs and flat revenues, the City successfully held the annual Jr. Rodeo, rebuilt the City's Museum, completed the Airport perimeter fencing, started the remodel of the police evidence room, received new housing grants for qualifying customers, implemented a direct deposit system for City employees, implemented a debit card program with Bank of America, completed a pedestrian bridge over the Jensen Slough Creek, constructed sidewalks and improved roads near the Diamond View Elementary School for the Safe Route to School project, contracted to provide accounting and financial reporting of LAFCO (Local Agency Formation Commission) of Lassen County, completed construction of trails along the Susan River, and started several other projects.

## **FUND ANALYSIS**

### ANALYSIS OF MAJOR GOVERNMENTAL FUNDS

#### **General Fund**

Total General Fund revenues decreased from prior year by a total of \$43,742 due primarily to a decrease in charges for services to other funds. Revenues came in higher than budgeted by \$169,942.

The General Fund expenditures were almost the same as the prior year (\$5,645,669, compared to \$5,649,939 for the fiscal year ended June 30, 2005). However, compared to final budget, actual expenditures were \$182,892 less than budgeted.

Transfers-out of the General Fund were higher than budgeted by \$42,404 due to an additional transfer of cash to the Streets Fund necessary to cover a negative cash balance (pooled cash) at the end of the fiscal year.

On June 30, 2006 the General Fund had a fund balance of \$1,277,002 which is an increase of \$329,687 from the prior fiscal year.

#### **Other Governmental Funds**

These funds are not presented separately in the Basic Financial Statements, but are individually presented as Other Supplemental Information. At June 30, 2006, the total fund

balance of these funds was \$2,823,806, a decrease of \$126,107 when compared to the prior fiscal year of \$2,949,913.

## ANALYSIS OF MAJOR PROPRIETARY FUNDS

### Business-type Activities

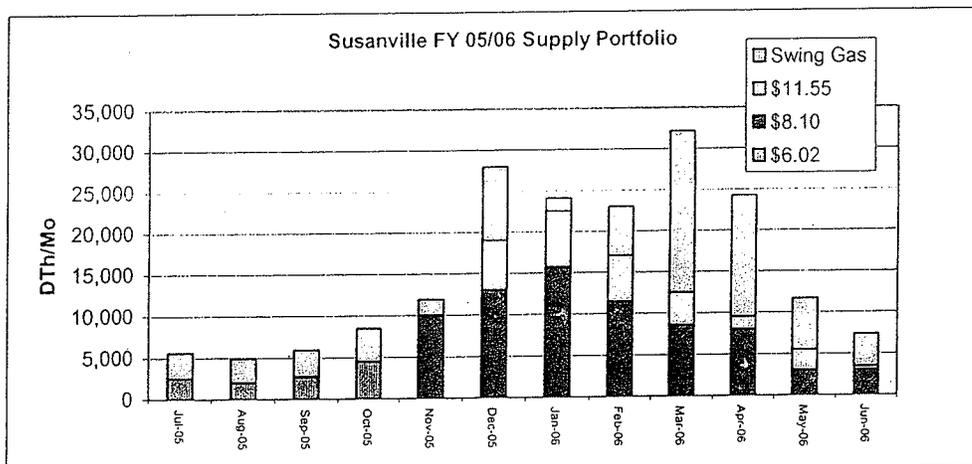
WATER UTILITY ENTERPRISE FUND – At June 30, 2006, the water fund reports a change in net assets of negative (\$16,588). The loss includes \$322,833 in depreciation expenses and \$14,942 in amortization expenses. On a cash basis, the water fund improved with a positive cash flow of \$178,216. Cady Springs Pipeline, one of the major water projects, is still not completed. The work on the project has been suspended since last year and work has not resumed due to a dispute between the City and the contractor. The remaining portion of this project, approximately (\$755,500), is financed through a grant from the USDA (United States Department of Agriculture) and remaining balances from loan proceeds. The number of water accounts increased from 3,633 at June 30, 2005 to 3,641 at June 30, 2006, equivalent to a 0.2 % increase.

Net assets of the Water Utility Fund decreased by \$178,139 in fiscal year 2006. This change is due to a decrease of \$16,588 from current fiscal year operations and a prior period adjustment of \$161,551. (See Note #15 to Basic Financial Statements).

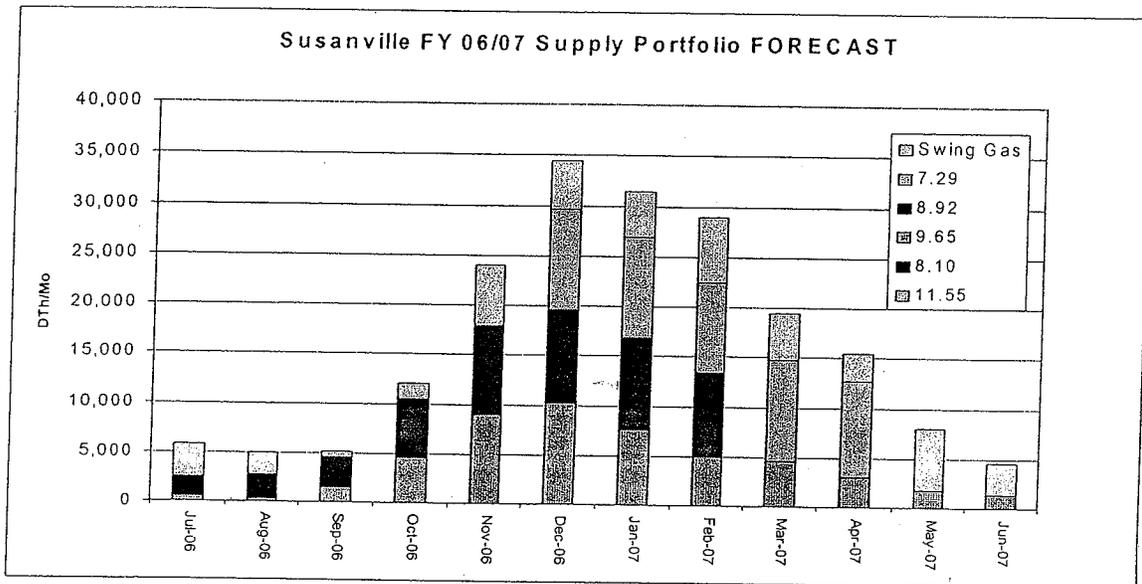
The water rates are reviewed every year to assure that all the costs of operations, debt service, and capital improvements are paid with water revenues. Water usage rates were not increased in fiscal year 2005-06.

NATURAL GAS ENTERPRISE FUND - The Natural Gas system performed well and revenues and expenditures projections were met during the 2005-06 fiscal year, even though we experienced an unusually warm winter.

The Natural Gas Fund shows a decrease in net assets of \$591,721, and a negative cash flow of \$80,630. The paper loss of \$591,721 consisted mainly of \$393,332 in depreciation expenses, \$128,214 in amortization expenses, and \$116,585 decrease in the fair market value of investments held by fiscal agent banks as revenue bond reserves. Because the natural gas was priced competitively, the City was able to continue adding new customers to the system. The gas purchased in FY 2005-06 was as follows:



Despite the long-term effect of the hurricanes and gasoline prices at record highs, the cost of natural gas in the open market has actually declined, allowing the City to make critical purchases for the following year. As the gas is purchased in the market approximately a year in advance, the City has already secured its FY 2006-07 supply portfolio as follows:



With this gas inventory, the City is able to maintain its current fee structure and no fee increases are projected for FY 2006-07. In addition, the low cost of natural gas compared with its competition (propane, electricity, kerosene and heating oil) has allowed the City to continue adding new customers (76 in fiscal year 2005-06).

The City has maintained the services of Interstate Gas Services (IGS), a consulting firm specialized in natural gas, during the 2005-06 and 2006-07 fiscal years. IGS continues to evaluate and monitor the natural gas system and its performance. The firm also acts as an advisor to the City Administrator in the periodical task of purchasing gas in the open market.

The number of natural gas meters increased from 2,256 at 6-30-05 to 2,332 at 6-30-06 equivalent to a 3.4% increase.

AIRPORT ENTERPRISE FUND – The fund balance of the Airport Fund increased by \$124,871 due to the additional revenue from federal grants received in advance to finance the runway-fencing project. The operating revenues of the Airport remain insufficient to pay for operating expenses. On a cash-basis the Airport cash (part of the pooled cash) improved from negative \$92,079 to negative \$84,818.

#### BUDGET VARIANCES IN THE GENERAL FUND

	Original Budget	Final Budget	Actual
Revenues	\$5,730,601	\$6,020,929	6,190,871
Expenditures	\$5,796,985	\$5,828,561	5,645,669
<b>Difference</b>	<b>\$ ( 66,384)</b>	<b>\$ 192,368</b>	<b>545,202</b>

Other financing sources and (uses):

Contributions from trust funds			56,626
Transfers-In	5,000	47,750	53,726
Transfers-Out	( 168,442)	( 283,463)	(325,867)
<b>Difference</b>	<b>( 163,442)</b>	<b>( 235,713)</b>	<b>( 215,515)</b>
<b>Net change in Fund balance</b>	<b>( 229,826)</b>	<b>( 43,345)</b>	<b>329,687</b>

**Reasons for Variances**

Original Budget to Final Budget variance:

After the original 2005-06 budget was adopted, the City Council approved several budget amendments. Some of the major budget changes were as follows:

	Increases (Decreases)
<u>Revenues and Transfers In:</u>	
Additional salary reimbursement from housing grants	\$ 42,750
Sold real property to Redevelopment Agency	175,000
Donations from private sources	2,000
Increase property tax revenues	224,124
Decrease charges to other funds	(70,796)
Decrease licenses and permits	(30,000)
Decrease use of money	(10,000)
<u>Expenditures and Transfers Out:</u>	
Approved additional cost for streets repairs	\$ 28,500
Additional equipment for Fire Department	2,000
Economic development and promotion	36,000
Approved additional transfers to Museum construction	86,451
Approved additional overtime for public safety	6,534
Reduced office and administrative expenditures	(14,314)
Reduced supplies, postage and other admin. expend.	(19,347)
Additional salaries for final compensation	20,773

Final Budget to Actual variance:

As of June 30, 2006 the net change in the General Fund fund-balance is a positive \$329,687. This is a positive variance of \$373,032 from the budgeted (\$43,345). This change is due mostly to the following reasons: there was an accounting reclassification that transferred the Pancera Trust Fund to the General Fund that increased the fund balance in the General Fund by \$56,626; the General Fund sold real property to the Redevelopment Agency for \$175,000; in the prior fiscal year there was a one time-transfer out to the Swimming Pool Fund from the General Fund to cover negative cash balance (pooled cash).

For the most part all the revenues came in within budget with a total positive variance of actual over budget of \$169,942. Expenditures came in under budget, mostly due to personnel vacancies that did not get filled immediately, for approximately \$183,000.

None of the reasons stated for budgetary variations in the general fund are expected to have a significant effect on future liquidity or services provided.

### **CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY**

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

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

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

#### **Infrastructure**

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

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

#### **Long-term debt activity**

The City's outstanding debt at June 30, 2006 was as follows:

Natural Gas Utility	\$24,240,000	Secured by gas revenues
Water Utility	\$10,423,000	Secured by water revenues
City Hall	\$ 2,095,000	Secured by vehicle license fees
Capital Leases	\$ 56,907	Secured by equipment
Mark Roos Assessment	\$ 1,140,000	Secured by property assessments

All debt service principal and interest payments are current.

### **OTHER POTENTIALLY SIGNIFICANT MATTERS**

The City owned a historic home in the downtown area (600 Nevada Street). The property is in need of repairs. The State of California Department of Housing and Community Development advised the City that the property can qualify for a Community Development Block Grant (CDBG) to finance the needed repairs.

During the 05/06 fiscal year, the City sold the property to the Redevelopment Agency for \$175,000 (amount of the appraisal) with the intent to have the redevelopment

agency apply for CDBG funding to refurbish, improve, repair and rehabilitate the property. After additional estimates it was determined that it was not economically feasible to bring the property back to code. The property is now for sale.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The State's economy shows signs of recovery. Unless there are new annexations, the city's population is expected to grow at a very slow rate; the unemployment rate is expected to stay the same as the prior year.

The 2006-07 budget includes changes to local government funding including the triple flip (loss of 1/4 cent of sales tax for property tax, and loss of the Vehicle License Fees for property tax). The General Fund budget increased by \$131,560 from \$5,965,427 in 2005-06 to \$ 6,096,987 in 2006-07.

### **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 Finance Department, at 66 North Lassen Street, Susanville, California 96130.

**CITY OF SUSANVILLE**  
**STATEMENT OF NET ASSETS**

June 30, 2006

	Governmental Activities	Business -type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 3,277,527	\$ 1,151,357	\$ 4,428,884
Cash and investments with fiscal agents	443,085	3,379,396	3,822,481
Investment in bonds	1,135,000		1,135,000
Accounts receivable	755,135	540,864	1,295,999
Interest receivable	30,064	25,894	55,958
Prepaid expenses	14,853	7,641	22,494
Inventory	18,877	76,441	95,318
Deposits		75,000	75,000
Loans receivable	1,117,674		1,117,674
Deferred charges - net of accumulated amortization	128,953	888,645	1,017,598
Capital assets:			
Nondepreciable:			
Land	2,930,975	2,230,743	5,161,718
Construction in progress	103,428	1,691,035	1,794,463
Depreciable:			
Buildings, improvements, equipment, and vehicles	5,793,727	32,575,703	38,369,430
Accumulated depreciation	(3,021,073)	(6,700,492)	(9,721,565)
Total assets	12,728,225	35,942,227	48,670,452
<b>LIABILITIES</b>			
Accounts payable	238,355	182,657	421,012
Accrued wages	203,759		203,759
Accrued interest payable	55,486	289,569	345,055
Deposits payable	544,426	145,611	690,037
Deferred revenue	42,914		42,914
Noncurrent liabilities:			
Due within one year	163,817	145,962	309,779
Due in more than one year	3,434,596	34,611,651	38,046,247
Total liabilities	4,683,353	35,375,450	40,058,803
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,648,771	(3,892,035)	(1,243,264)
Restricted for:			
Debt service	1,565,208	3,089,827	4,655,035
Unrestricted	3,830,893	1,368,985	5,199,878
Total net assets	\$ 8,044,872	\$ 566,777	\$ 8,611,649

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

**CITY OF SUSANVILLE**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2006

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Assets		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Net Governmental Activities	Net Business-type Activities	Totals
<b>Governmental activities:</b>							
General government	\$ 1,629,410	\$ 1,020,336	\$ 232,291	\$ -	\$ (376,783)	\$ -	\$ (376,783)
Public safety	3,398,809	179,907	188,331	17,311	(3,013,260)		(3,013,260)
Streets and public works	663,794		470,308		(193,486)		(193,486)
Planning	203,979	232,684			28,705		28,705
Community services	328,252	4,784			(323,468)		(323,468)
Community development	867,183	45,392		319,867	(501,924)		(501,924)
Interest on long term debt	294,672				(294,672)		(294,672)
<b>Total governmental activities</b>	<b>7,386,099</b>	<b>1,483,103</b>	<b>890,930</b>	<b>337,178</b>	<b>(4,674,888)</b>		<b>(4,674,888)</b>
<b>Business-type activities:</b>							
Rodeo	36,508	29,654				(6,854)	(6,854)
Airport	113,600	41,302	197,169			124,871	124,871
Water	2,200,070	2,046,516	2,498			(151,056)	(151,056)
Geothermal	104,637	71,124				(33,513)	(33,513)
Natural gas	4,855,872	4,264,151				(591,721)	(591,721)
Day care	140,796	121,386	3,000			(16,410)	(16,410)
Golf course	6,400					(6,400)	(6,400)
<b>Total business-type activities</b>	<b>7,457,883</b>	<b>6,574,133</b>	<b>202,667</b>			<b>(681,083)</b>	<b>(681,083)</b>
<b>Total government</b>	<b>\$ 14,843,982</b>	<b>\$ 8,057,236</b>	<b>\$ 1,093,597</b>	<b>\$ 337,178</b>	<b>(4,674,888)</b>	<b>(681,083)</b>	<b>(5,355,971)</b>
<b>General Revenues</b>							
<b>Taxes:</b>							
Secured and unsecured property taxes					884,863		884,863
Sales and use taxes					1,263,661		1,263,661
Transient lodging taxes					465,369		465,369
Franchise taxes					39,161		39,161
Business license taxes					276,044		276,044
Other taxes					330,685		330,685
Property tax in lieu of sales tax, unrestricted					417,836		417,836
Property tax in lieu of VLF, unrestricted					1,138,723		1,138,723
Use of money and property					227,236	142,518	369,754
Gain on sale of capital assets					93,235		93,235
Miscellaneous revenue					77,891		77,891
Contribution from Trust fund					56,626		56,626
Transfers					5,000	(5,000)	
<b>Total general revenues and transfers</b>					<b>5,276,330</b>	<b>137,518</b>	<b>5,413,848</b>
<b>Change in net assets</b>					<b>601,442</b>	<b>(543,565)</b>	<b>57,877</b>
Net Assets, July 1, 2005					7,641,118	1,271,893	8,913,011
Prior Period Adjustments					(197,688)	(161,551)	(359,239)
Net Assets, July 1, 2005, restated					7,443,430	1,110,342	8,553,772
Net assets, June 30, 2006					<b>\$ 8,044,872</b>	<b>\$ 566,777</b>	<b>\$ 8,611,649</b>

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

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**CITY OF SUSANVILLE**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**

June 30, 2006

	General Fund	Other Governmental Funds	Totals
<b>ASSETS</b>			
Cash and investments	\$ 1,219,480	\$ 1,570,663	\$ 2,790,143
Cash and investments with fiscal agent		443,085	443,085
Investment in bonds		1,135,000	1,135,000
Accounts receivable	314,650	154,014	468,664
Interest receivable	13,956	14,290	28,246
Prepaid expenditures	9,014	3,746	12,760
Inventory	18,877		18,877
Due from other funds	126,107		126,107
Loans receivable		1,117,674	1,117,674
Advances to other funds	269,058	367,842	636,900
<b>Total assets</b>	<b>\$ 1,971,142</b>	<b>\$ 4,806,314</b>	<b>\$ 6,777,456</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 144,369	\$ 63,260	\$ 207,629
Accrued wages	998		998
Deposits payable	505,859	38,567	544,426
Deferred revenue	42,914	1,117,674	1,160,588
Due to other funds		126,107	126,107
Advances from other funds		636,900	636,900
<b>Total liabilities</b>	<b>694,140</b>	<b>1,982,508</b>	<b>2,676,648</b>
Fund Balances:			
Reserved:			
Debt service		1,620,694	1,620,694
Advances	269,058	367,842	636,900
Prepaid expenditures	9,014	3,746	12,760
Inventory	18,877		18,877
Encumbrances	8,909	50,120	59,029
Unreserved, designated:			
Capital improvements	56,626	267,018	323,644
Unreserved, undesignated			
Reported in:			
General Fund	914,518		914,518
Special Revenue Funds		501,016	501,016
Capital Projects Funds		13,370	13,370
<b>Total fund balances</b>	<b>1,277,002</b>	<b>2,823,806</b>	<b>4,100,808</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,971,142</b>	<b>\$ 4,806,314</b>	<b>\$ 6,777,456</b>

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

**CITY OF SUSANVILLE**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET ASSETS**  
June 30, 2006

Total fund balances - governmental funds \$ 4,100,808

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

Capital assets at historical cost	\$	8,332,816
Accumulated depreciation		<u>(2,956,319)</u>

Net 5,376,497

In governmental funds balance sheet, interest on long-term debt is not recognized until the period in which it matures and is paid.

In government-wide statement of activities, it is recognized in the period that it is incurred.

(55,486)

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

Issuance costs		153,515
Accumulated amortization		<u>(24,562)</u>

Net 128,953

Internal service funds are used by management to charge the costs of certain activities, such as fleet, to individual funds.

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

948,442

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

Capital lease obligation		(52,239)
Bonds payable		(3,235,000)
Compensated absences payable		<u>(284,777)</u>

Total (3,572,016)

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

1,117,674

Total net assets, governmental activities

\$ 8,044,872

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

**CITY OF SUSANVILLE**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
For the Fiscal Year Ended June 30, 2006

	General Fund	Other Governmental Funds	Totals
<b>Revenues:</b>			
Taxes and assessments	\$ 4,230,955	\$ 287,161	\$ 4,518,116
Licenses and permits	258,277		258,277
Fines and forfeitures	54,872		54,872
Use of money and property	20,747	212,031	232,778
Intergovernmental revenues	317,177	910,931	1,228,108
Program income		590,316	590,316
Charges for services	1,115,460		1,115,460
Other revenues	193,383	415,228	608,611
<b>Total revenues</b>	<u>6,190,871</u>	<u>2,415,667</u>	<u>8,606,538</u>
<b>Expenditures:</b>			
Current:			
General government	1,554,428	36,843	1,591,271
Public safety	3,264,583	188,629	3,453,212
Streets and public works		670,762	670,762
Planning	203,470		203,470
Parks and recreation	273,198		273,198
Community development	349,990	513,943	863,933
Capital outlay		717,791	717,791
Debt service:			
Principal		400,559	400,559
Interest and fiscal agent fees		290,388	290,388
<b>Total expenditures</b>	<u>5,645,669</u>	<u>2,818,915</u>	<u>8,464,584</u>
Excess of revenues over (under) expenditures	<u>545,202</u>	<u>(403,248)</u>	<u>141,954</u>
<b>Other Financing Sources (Uses):</b>			
Contributions from trust fund	56,626		56,626
Transfers in	53,726	683,108	736,834
Transfers out	(325,867)	(405,967)	(731,834)
<b>Total other financing sources (uses)</b>	<u>(215,515)</u>	<u>277,141</u>	<u>61,626</u>
Net changes in fund balances	329,687	(126,107)	203,580
Fund balances - July 1, 2005	<u>947,315</u>	<u>2,949,913</u>	<u>3,897,228</u>
Fund balances - June 30, 2006	<u>\$ 1,277,002</u>	<u>\$ 2,823,806</u>	<u>\$ 4,100,808</u>

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

**CITY OF SUSANVILLE**  
**RECONCILIATION OF THE STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2006

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

NET CHANGE IN FUND BALANCES \$ 203,580

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

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

Capital outlay expenditures are therefore added back to fund balances	694,165
Depreciation expense not reported in governmental funds	(383,520)

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

Repayment of debt principal is added back to fund balances	400,559
Amortization expense of costs of issuance not reported in governmental funds	(6,140)

The amounts below included in the Statement of Activities do not provide (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Interest payable	1,856
Compensated absences	(9,404)

Certain revenues are offset by deferred revenue in the governmental funds because they are not available to pay for current period expenditures. This amount represents the amount by which prior year deferred revenue exceeded current year

14,826

Dispositions of capital assets result in no gain or loss on the governmental funds statements, however, on the statement of activities gains and losses on sales and dispositions are reported.

(84,765)

Certain notes receivable are reported in the governmental funds as expenditures and then offset by a deferred revenue as they are not available to pay current expenditures. Likewise, when the note is collected it is reflected in revenue. This is a net change between notes receivable collected and issued.

(620,063)

Internal service funds are used by management to charge the costs of certain activities, such as fleet, to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental activities.

390,348

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 601,442

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

**CITY OF SUSANVILLE**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Property taxes	\$ 2,101,875	\$ 2,303,118	\$ 2,441,421	\$ 138,303
Taxes other than property	1,867,465	1,887,340	1,789,534	(97,806)
Licenses and permits	286,250	256,250	258,277	2,027
Fines and forfeitures	35,110	44,080	54,872	10,792
Use of money and property	23,660	13,000	20,747	7,747
Intergovernmental	302,821	232,025	317,177	85,152
Charges for services	1,092,080	1,093,616	1,115,460	21,844
Other revenues	21,340	191,500	193,383	1,883
<b>Total revenues</b>	<u>5,730,601</u>	<u>6,020,929</u>	<u>6,190,871</u>	<u>169,942</u>
<b>Expenditures:</b>				
General government	1,603,696	1,589,382	1,554,428	34,954
Public safety	3,286,880	3,293,414	3,264,583	28,831
Planning	235,521	216,171	203,470	12,701
Community development	349,962	386,486	273,198	113,288
Parks and recreation	320,926	343,108	349,990	(6,882)
<b>Total expenditures</b>	<u>5,796,985</u>	<u>5,828,561</u>	<u>5,645,669</u>	<u>182,892</u>
Excess of revenues over (under) expenditures	<u>(66,384)</u>	<u>192,368</u>	<u>545,202</u>	<u>352,834</u>
<b>Other Financing Sources (Uses):</b>				
Contribution from trust fund			56,626	56,626
Transfers in	5,000	47,750	53,726	5,976
Transfers out	(168,442)	(283,463)	(325,867)	(42,404)
<b>Total other financing sources (uses)</b>	<u>(163,442)</u>	<u>(235,713)</u>	<u>(215,515)</u>	<u>20,198</u>
<b>Net changes in fund balance</b>	<u>(229,826)</u>	<u>(43,345)</u>	<u>329,687</u>	<u>373,032</u>
Fund balance - July 1, 2005	<u>947,315</u>	<u>947,315</u>	<u>947,315</u>	
Fund balance - June 30, 2006	<u>\$ 717,489</u>	<u>\$ 903,970</u>	<u>\$ 1,277,002</u>	<u>\$ 373,032</u>

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

**CITY OF SUSANVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
June 30, 2006

ASSETS	Rodeo Fund	Airport Fund	Water Fund	Geothermal Fund
Current Assets:				
Cash and investments	\$ -	\$ -	\$ 1,077,282	\$ 38,490
Cash and investments with fiscal agents			1,031,662	
Accounts receivable - net		933	282,466	7,494
Interest receivable			25,133	387
Prepaid expenses		10	953	
Due from other funds			1,185,796	
Inventory				
Deposits				
Total Current Assets		943	3,603,292	46,371
Noncurrent Assets:				
Deferred charges, net of amortization			360,360	
Capital Assets:				
Nondepreciable				
Land		43,189	947,841	249,124
Construction in progress			1,691,035	
Total Nondepreciable Capital Assets		43,189	2,638,876	249,124
Depreciable				
Buildings		166,873	315,266	24,852
Improvements		514,798	5,392,698	
Equipment		128,400	3,763,929	228,666
Total Depreciable Capital Assets		810,071	9,471,893	253,518
Less accumulated depreciation		(382,942)	(5,099,631)	(244,820)
Net depreciable capital assets		427,129	4,372,262	8,698
Net Capital Assets		470,318	7,011,138	257,822
Total Noncurrent assets		470,318	7,371,498	257,822
Total Assets	\$ -	\$ 471,261	\$ 10,974,790	\$ 304,193

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

Natural Gas Fund	Day Care Fund	Golf Course Fund	Totals	Governmental Activities - Internal Service Funds
\$ -	\$ -	\$ 35,585	\$ 1,151,357	\$ 487,384
2,347,734			3,379,396	
234,818	15,153		540,864	286,471
		374	25,894	1,818
6,478	200		7,641	2,093
			1,185,796	
76,441			76,441	
75,000			75,000	
<u>2,740,471</u>	<u>15,353</u>	<u>35,959</u>	<u>6,442,389</u>	<u>777,766</u>
<u>528,285</u>			<u>888,645</u>	
		990,589	2,230,743	405,965
			1,691,035	
		990,589	3,921,778	405,965
		41,323	548,314	89,349
21,612,346		142,930	27,662,772	
243,622			4,364,617	
<u>21,855,968</u>		<u>184,253</u>	<u>32,575,703</u>	<u>89,349</u>
<u>(850,466)</u>		<u>(122,633)</u>	<u>(6,700,492)</u>	<u>(64,754)</u>
<u>21,005,502</u>		<u>61,620</u>	<u>25,875,211</u>	<u>24,595</u>
<u>21,005,502</u>		<u>1,052,209</u>	<u>29,796,989</u>	<u>430,560</u>
<u>21,533,787</u>		<u>1,052,209</u>	<u>30,685,634</u>	<u>430,560</u>
<u>\$ 24,274,258</u>	<u>\$ 15,353</u>	<u>\$ 1,088,168</u>	<u>\$ 37,128,023</u>	<u>\$ 1,208,326</u>

(continued)

**CITY OF SUSANVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS (Continued)**  
June 30, 2006

<b>LIABILITIES</b>	<u>Rodeo Fund</u>	<u>Airport Fund</u>	<u>Water Fund</u>	<u>Geothermal Fund</u>
Current Liabilities:				
Accounts payable	\$ 1,082	\$ 3,084	\$ 106,541	\$ 1,959
Accrued wages				
Due to other funds	18,838	84,818		
Accrued interest			42,720	
Deposits payable			98,472	50
Current portion - long-term debt			145,773	
Total Current Liabilities	<u>19,920</u>	<u>87,902</u>	<u>393,506</u>	<u>2,009</u>
Noncurrent Liabilities:				
Capital lease payable			3,707	
Notes payable			943,000	
Revenue bonds payable			9,345,000	
Certificates of participation				
Compensated absences			51,590	
Total Noncurrent Liabilities			<u>10,343,297</u>	
Total Liabilities	<u>19,920</u>	<u>87,902</u>	<u>10,736,803</u>	<u>2,009</u>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt		470,318	(3,065,982)	257,822
Restricted for debt service			988,942	
Unrestricted	(19,920)	(86,959)	2,315,027	44,362
Total Net Assets	<u>\$ (19,920)</u>	<u>\$ 383,359</u>	<u>\$ 237,987</u>	<u>\$ 302,184</u>

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

Natural Gas Fund	Day Care Fund	Golf Course Fund	Totals	Governmental Activities- Internal Service Funds
\$ 68,189	\$ 1,802	\$ -	\$ 182,657	\$ 30,726
909,310	172,830		1,185,796	202,761
246,849			289,569	
47,089			145,611	
189			145,962	
<u>1,271,626</u>	<u>174,632</u>		<u>1,949,595</u>	<u>233,487</u>
			3,707	
			943,000	
			9,345,000	
24,240,000			24,240,000	
23,294	5,060		79,944	26,397
<u>24,263,294</u>	<u>5,060</u>		<u>34,611,651</u>	<u>26,397</u>
<u>25,534,920</u>	<u>179,692</u>		<u>36,561,246</u>	<u>259,884</u>
		1,052,209	(1,285,633)	430,560
2,100,885			3,089,827	
(3,361,547)	(164,339)	35,959	(1,237,417)	517,882
<u>\$ (1,260,662)</u>	<u>\$ (164,339)</u>	<u>\$ 1,088,168</u>	<u>\$ 566,777</u>	<u>\$ 948,442</u>

**CITY OF SUSANVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS**  
For the Fiscal Year Ended June 30, 2006

	Rodeo Fund	Airport Fund	Water Fund	Geothermal Fund
<b>Operating Revenues:</b>				
Sales and charges for services	\$ 28,337	\$ 41,302	\$ 2,045,739	\$ 71,124
Other operating revenue	1,317		777	
<b>Total Operating Revenues</b>	<b>29,654</b>	<b>41,302</b>	<b>2,046,516</b>	<b>71,124</b>
<b>Operating Expenses:</b>				
Purchase of natural gas				
Administration	35,871	73,133	1,308,937	104,016
Insurance costs and claims				
Depreciation and amortization		36,690	337,775	621
<b>Total Operating Expenses</b>	<b>35,871</b>	<b>109,823</b>	<b>1,646,712</b>	<b>104,637</b>
<b>Operating Income (Loss)</b>	<b>(6,217)</b>	<b>(68,521)</b>	<b>399,804</b>	<b>(33,513)</b>
<b>Non-Operating Revenues (Expenses):</b>				
Interest income	(637)	(3,777)	139,468	1,716
Interest expense			(553,358)	
Reimbursements			2,498	
Grants and subsidies		197,169		
<b>Total Non-Operating Revenue(Expenses):</b>	<b>(637)</b>	<b>193,392</b>	<b>(411,392)</b>	<b>1,716</b>
<b>Income (Loss) Before Transfers</b>	<b>(6,854)</b>	<b>124,871</b>	<b>(11,588)</b>	<b>(31,797)</b>
<b>Transfers:</b>				
Transfers in				
Transfers out			(5,000)	
<b>Change in Net Assets</b>	<b>(6,854)</b>	<b>124,871</b>	<b>(16,588)</b>	<b>(31,797)</b>
Net Assets, July 1, 2005	(13,066)	258,488	416,126	333,981
Prior period adjustment			(161,551)	
Net Assets, July 1, 2005, restated	(13,066)	258,488	254,575	333,981
Net Assets, June 30, 2006	<u>\$ (19,920)</u>	<u>\$ 383,359</u>	<u>\$ 237,987</u>	<u>\$ 302,184</u>

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

Natural Gas Fund	Day Care Fund	Golf Course Fund	Totals	Governmental Activities- Internal Service Funds
\$ 4,263,975	\$ 121,386	\$ -	\$ 6,571,863	\$ 1,807,809
176			2,270	
4,264,151	121,386		6,574,133	1,807,809
1,449,775			1,449,775	
1,414,065	134,952	603	3,071,577	451,741
				973,981
521,546		5,797	902,429	1,118
3,385,386	134,952	6,400	5,423,781	1,426,840
878,765	(13,566)	(6,400)	1,150,352	380,969
(56,411)	(5,844)	1,334	75,849	9,379
(1,414,075)			(1,967,433)	
	3,000		2,498	
			200,169	
(1,470,486)	(2,844)	1,334	(1,688,917)	9,379
(591,721)	(16,410)	(5,066)	(538,565)	390,348
			(5,000)	
(591,721)	(16,410)	(5,066)	(543,565)	390,348
(668,941)	(147,929)	1,093,234	1,271,893	558,094
			(161,551)	
(668,941)	(147,929)	1,093,234	1,110,342	558,094
\$ (1,260,662)	\$ (164,339)	\$ 1,088,168	\$ 566,777	\$ 948,442

**CITY OF SUSANVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended June 30, 2006

	Rodeo Fund	Airport Fund	Water Fund	Geothermal Fund
Cash Flows from Operating Activities:				
Receipts from customers	\$ 29,654	\$ 56,244	\$ 2,032,023	\$ 87,984
Payments to suppliers and users	(29,017)	(77,493)	(963,042)	(105,293)
Payments to employees			(253,367)	(13,695)
Net Cash Provided (Used) by Operating Activities	<u>637</u>	<u>(21,249)</u>	<u>815,614</u>	<u>(31,004)</u>
Cash Flow from Non-Capital Financing Activities:				
Grant and contributions received		197,169	2,498	
Transfers in/ (out)			(5,000)	
Net Cash Provided (Used) by Non-Capital Financing Activities		<u>197,169</u>	<u>(2,502)</u>	
Cash Flows from Capital and Related Financing Activities:				
Purchase of capital assets		(172,143)	(67,441)	
Interest paid			(553,358)	
Principal payments - long-term debt			(140,000)	
Net Cash Provided (Used) by Capital and Related Financing Activities		<u>(172,143)</u>	<u>(760,799)</u>	
Cash Flows from Investing Activities:				
Interest received	(637)	(3,777)	125,903	1,673
Net Cash Provided by Investing Activities	<u>(637)</u>	<u>(3,777)</u>	<u>125,903</u>	<u>1,673</u>
Net Increase (Decrease) in Cash and Cash Equivalents			178,216	(29,331)
Cash and Cash Equivalents, July 1, 2005			1,930,728	67,821
Cash and Cash Equivalents, June 30, 2006	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,108,944</u>	<u>\$ 38,490</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets				
Cash and investments	\$ -	\$ -	\$ 1,077,282	\$ 38,490
Cash and investments with fiscal agents			1,031,662	
Total Cash and Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,108,944</u>	<u>\$ 38,490</u>

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

				Governmental Activities - Internal Service Funds
Natural Gas Fund	Day Care Fund	Golf Course Fund	Totals	
\$ 4,296,832	\$ 119,383	\$ -	\$ 6,622,120	\$ 1,659,044
(2,582,416)	(35,210)	11,467	(3,781,004)	(1,230,557)
(317,709)	(81,329)		(666,100)	12,845
<u>1,396,707</u>	<u>2,844</u>	<u>11,467</u>	<u>2,175,016</u>	<u>441,332</u>
	3,000		202,667	
			(5,000)	
	3,000		197,667	
(18,021)			(257,605)	
(1,402,905)			(1,956,263)	
			(140,000)	
<u>(1,420,926)</u>			<u>(2,353,868)</u>	
(56,411)	(5,844)	1,179	62,086	8,618
(56,411)	(5,844)	1,179	62,086	8,618
(80,630)		12,646	80,901	449,950
2,428,364		22,939	4,449,852	37,434
<u>\$ 2,347,734</u>	<u>\$ -</u>	<u>\$ 35,585</u>	<u>\$ 4,530,753</u>	<u>\$ 487,384</u>
\$ -	\$ -	\$ 35,585	\$ 1,151,357	\$ 487,384
2,347,734			3,379,396	
<u>\$ 2,347,734</u>	<u>\$ -</u>	<u>\$ 35,585</u>	<u>\$ 4,530,753</u>	<u>\$ 487,384</u>

(continued)

**CITY OF SUSANVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS (Continued)**  
For the Fiscal Year Ended June 30, 2006

	<u>Rodeo Fund</u>	<u>Airport Fund</u>	<u>Water Fund</u>	<u>Geothermal Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (6,217)	\$ (68,521)	\$ 399,804	\$ (33,513)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and amortization		36,690	337,775	621
(Increase) Decrease in Operating Assets:				
Accounts receivable		14,942	(15,276)	16,860
Inventory				
Prepaid expenses		1,347	(953)	1,200
Due from other funds			8,751	
Increase (Decrease) in Operating Liabilities:				
Accounts payable	85	1,554	92,324	(9,283)
Accrued wages			(12,096)	(1,472)
Due to other funds	6,769	(7,261)		
Compensated absences			4,502	(5,417)
Deposits payable			783	
Net Cash Provided (Used) by Operating Activities	<u>\$ 637</u>	<u>\$ (21,249)</u>	<u>\$ 815,614</u>	<u>\$ (31,004)</u>

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

Natural Gas Fund	Day Care Fund	Golf Course Fund	Totals	Governmental Activities- Internal Service Funds
\$ 878,765	\$ (13,566)	\$ (6,400)	\$ 1,150,352	\$ 380,969
521,546		5,797	902,429	1,118
29,591	(2,003)		44,114	(148,765)
(8,932)			(8,932)	
(1,975)	(200)		(581)	(1,698)
		12,070	20,821	
20,263	722		105,665	9,175
(12,069)	(4,700)		(30,337)	192,435
(41,633)	21,305		(20,820)	
8,061	1,286		8,432	8,098
3,090			3,873	
<u>\$ 1,396,707</u>	<u>\$ 2,844</u>	<u>\$ 11,467</u>	<u>\$ 2,175,016</u>	<u>\$ 441,332</u>

CITY OF SUSANVILLE  
 FIDUCIARY FUNDS  
 STATEMENT OF NET ASSETS  
 June 30, 2006

	Trust Fund	Agency Funds			Totals
	Special Purpose	Section 125	LAFCO	HUSA Business	
	Pancera	Aflac	Fund	Improvement	
	Fund	Fund		Fund	
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 15,346	\$ 31,533	\$ 789	\$ 47,668
Accounts receivable				8,533	8,533
Interest receivable			411	12	423
<b>Total Assets</b>		<b>15,346</b>	<b>31,944</b>	<b>9,334</b>	<b>56,624</b>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable			4,305	131	4,436
Deposits payable		15,346	27,639	9,203	52,188
<b>Total Liabilities</b>		<b>15,346</b>	<b>31,944</b>	<b>9,334</b>	<b>56,624</b>
<b>NET ASSETS</b>					
Unrestricted					
<b>Total Net Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

**CITY OF SUSANVILLE**  
**FIDUCIARY FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN NET ASSETS**  
 For the Fiscal Year Ended June 30, 2006

	Trust Fund Special Purpose
	Pancera Fund
<b>Additions:</b>	
Investment revenue	\$ -
Total additions	
<b>Deductions:</b>	
Contribution to general fund	56,626
Total deductions	56,626
Change in net assets	(56,626)
Net Assets - July 1, 2005	56,626
Net Assets - June 30, 2006	\$ -

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

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

The Agency was established, by the City Council to eliminate blight within the defined project areas by encouraging and assisting planned development of low income housing and commercial projects. Separate financial statements are prepared by the Agency and are available at City Administration offices.

Currently there is no approved project area, therefore, there was no activity for the fiscal year ended June 30, 2006 for the Redevelopment Agency.

**B. Basis of Presentation**

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

Government-wide Statements

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

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation (Continued)**

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

Fund Financial Statements

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

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Change in Net Assets, and a Statement of Cash Flows for all proprietary funds. Internal service fund 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 Assets. The Statement of Revenues, Expenses, and Change in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liabilities are incurred.

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

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

**C. Major Funds**

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

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

CITY OF SUSANVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Major Funds (Continued)**

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

General Fund

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

The City reported the following major proprietary funds:

Rodeo Fund

This fund accounts for the activities of the Rodeo of the City.

Airport Fund

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

Water Fund

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

Geothermal Fund

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

Natural Gas Fund

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

Day Care Fund

This fund accounts for the activities of the City's day care.

Golf Course Fund

This fund accounts for the City's golf course.

**D. Basis of Accounting**

The government-wide, proprietary funds, and fiduciary funds financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

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

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Accounting (Continued)**

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

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

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

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

**E. Compensated Absences**

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

**F. Property Taxes**

California Constitution Article XIII A, limits the combined property tax rate to one percent of a property's assessed valuation. Additional taxes may be imposed with voter approval. Assessed value is calculated at one hundred percent of a property's fair value, as defined by Article XIII A, and may be increased no more than two percent per year unless a change in ownership occurs. The state legislature has determined the method of distributing the one percent tax levy among the various taxing jurisdictions.

Property tax revenues are recognized in the fiscal year for which taxes have been levied and collected within sixty days of fiscal year end. Property taxes are billed and collected as follows:

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Property Taxes (Continued)**

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

**G. Capital Assets**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is 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 threshold, and with useful lives exceeding two years.

With the implementation of GASB Statement No. 34, the City has recorded all its public domain (infrastructure) capital assets placed in service, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems.

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

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

**H. Use of Estimates**

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

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. New Accounting Pronouncements**

*Governmental Accounting Standards Board Statement No. 44*

For the fiscal year ended June 30, 2006, the City adopted GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section". This Statement is effective for the City for the fiscal period beginning after June 15, 2005. This Statement enhances and updates the statistical section that accompanies a local government's basic financial statements to reflect the significant changes that have taken place in the government. The statistical section comprises schedules presenting trend information about revenues and expenses, trend information about the government's significant revenue source, outstanding debt, economics and demographics, and operating information. Implementation of GASB Statement No. 44 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2006, but required additional disclosures in the statistical section of the Comprehensive Annual Financial Report.

The City also adopted GASB Statement No. 46 "Restricted Net Assets by Enabling Legislation" during the fiscal year ended June 30, 2006. This Statement restricts net assets by enabling legislation. Implementation of GASB Statement No. 46 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2006.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

There was approximately a (\$588,123) change in appropriations from the original budget to the final budget.

**B. Excess of Expenditures Over Appropriations**

Excess of expenditures over appropriations in individual funds are as follows:

<u>Nonmajor Funds</u>	<u>Excess Expenditures</u>
Special Revenue Funds	
Local Law Enforcement Block Grant Fund	\$ 64
Gas Tax Fund	47,506
Community Redevelopment Agency Fund	30,319
STBG Fund	14,777
Mark Roos 92B Fund	60,041
City Hall Debt Service Fund	7
Museum Development Fund	1,191

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2006

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

**C. Deficit Fund Balances/ Net Assets**

Major Funds

A deficit net assets of \$19,920 exists in the Rodeo Fund. The deficit is due to the City incurring costs in excess of revenues.

A deficit net assets of \$1,260,662 exists in the Natural Gas Fund. The deficit is due to the City incurring costs in excess of revenues.

A deficit of net assets of \$164,339 exists in the Day Care Fund. The deficit is due to the City incurring costs in excess of revenues.

Nonmajor Funds

A deficit fund balance of \$636,671 exists in the Community Redevelopment Agency Fund. The deficit is due to the City incurring costs in advance of receiving revenue.

A deficit fund balance of \$12,493 exists in the 04-STBG-1968 Fund. The deficit is due to the City incurring costs in advance of receiving revenue.

**NOTE 3 – CASH AND INVESTMENTS**

Statement of Net Assets:		
Cash and investments	\$	4,428,884
Cash and investments with fiscal agent		3,822,481
Investment in bonds		1,135,000
Statement of Fiduciary Net Assets:		
Cash and investments		47,668
Total		\$ 9,434,033

Cash and investments as of June 30, 2006 consist of the following:

Cash on hand	\$	750
Deposits with financial institutions		68,495
Investments in bonds		1,135,000
Investments		8,229,788
Total		\$ 9,434,033

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

**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 of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	\$40 million	\$40 million
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Issues	5 years	None	None
Insured Deposits with Banks and Savings and Loans	N/A	None	None
Bankers Acceptance (must be dollar denominated)	6 months	30%	None
Commercial Paper	6 months	15%	None
Negotiable Time Certificates of Deposit	6 months	30%	None
Non-negotiable Time Certificates of Deposit	1 year	20%	None
Federally insured Time Deposits	1 year	20%	None

**Investments Authorized by Debt Agreements**

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Certificates of Deposit	1 year	20%	None
Insured Deposits with Banks and Savings and Loans	N/A	None	None
Repurchase Agreements	90 days	None	None
Money Market Accounts	N/A	None	None
Local Agency Investment Fund (State Pool)	N/A	\$40 million	\$40 million
Guaranteed Investment Contracts	N/A	None	None

**CITY OF SUSANVILLE -**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2006

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

**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 Investment Pool	\$ 4,407,307	\$ 4,407,307	\$ -	\$ -	\$ -	\$ -	\$ -
Held by debt trustees:							
Money market funds	1,365,843	1,365,843					
U.S. Agency Securities	1,981,983		191,784		702,425		1,087,774
Investment contracts							
AIG	474,655						474,655
Miller Fletcher bonds	1,135,000	60,000	65,000	70,000	75,000	80,000	785,000
	<u>\$ 9,364,788</u>	<u>\$ 5,833,150</u>	<u>\$ 256,784</u>	<u>\$ 70,000</u>	<u>\$ 777,425</u>	<u>\$ 80,000</u>	<u>\$ 2,347,429</u>

**Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations**

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

**Disclosures Relating to Credit Risk**

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

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
State Investment Pool	\$ 4,407,307	N/A	\$ -	\$ -	\$ -	\$ -	\$ 4,407,307
Held by debt trustees:							
Money market funds	1,365,843	N/A					1,365,843
U.S. Agency Securities	1,981,983	N/A		1,981,983			
Investment contracts							
AIG	474,655	N/A			474,655		
Miller Fletcher bonds	1,135,000						1,135,000
Total	<u>\$ 9,364,788</u>		<u>\$ -</u>	<u>\$ 1,981,983</u>	<u>\$ 474,655</u>	<u>\$ -</u>	<u>\$ 6,908,150</u>

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

**Concentration of Credit Risk**

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

**Custodial Credit Risk**

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

As of June 30, 2006, \$40,827 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

**Investment in State Investment Pool**

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

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 4 – CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2006, was as follows:

	Balance July 1, 2005	Additions	Deletions	Transfers	Prior Period Adjustments	Balance June 30, 2006
<b>Governmental Activities, not including Internal Service Funds</b>						
Nondepreciable capital assets:						
Land	\$ 2,490,146	\$ 63,192	\$ (28,328)	\$ -	\$ -	\$ 2,525,010
Construction in progress	167,964	41,413		(105,949)		103,428
Total nondepreciable capital assets	<u>2,658,110</u>	<u>104,605</u>	<u>(28,328)</u>	<u>(105,949)</u>		<u>2,628,438</u>
Depreciable capital assets:						
Buildings	1,172,181	160,000	(142,438)			1,189,743
Machinery and equipment	2,249,798	56,320	(130,384)			2,175,734
Infrastructure	197,688				(197,688)	-
Other improvements	1,859,712	373,240		105,949		2,338,901
Total depreciable capital assets	<u>5,479,379</u>	<u>589,560</u>	<u>(272,822)</u>	<u>105,949</u>	<u>(197,688)</u>	<u>5,704,378</u>
Less accumulated depreciation	<u>(2,789,184)</u>	<u>(383,520)</u>	<u>216,385</u>			<u>(2,956,319)</u>
Net depreciable capital assets	<u>2,690,195</u>	<u>206,040</u>	<u>(56,437)</u>	<u>105,949</u>	<u>(197,688)</u>	<u>2,748,059</u>
Net capital assets	<u>\$ 5,348,305</u>	<u>\$ 310,645</u>	<u>\$ (84,765)</u>	<u>\$ -</u>	<u>\$ (197,688)</u>	<u>\$ 5,376,497</u>
<b>Internal Service Funds</b>						
Nondepreciable capital assets:						
Land	\$ 405,965	\$ -	\$ -	\$ -	\$ -	\$ 405,965
Total nondepreciable capital assets	<u>405,965</u>					<u>405,965</u>
Depreciable capital assets:						
Buildings	89,349					89,349
Total depreciable capital assets	<u>89,349</u>					<u>89,349</u>
Less accumulated depreciation	<u>(63,636)</u>	<u>(1,118)</u>				<u>(64,754)</u>
Net depreciable capital assets	<u>25,713</u>	<u>(1,118)</u>				<u>24,595</u>
Net capital assets	<u>\$ 431,678</u>	<u>\$ (1,118)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 430,560</u>

The loss on disposal of capital assets of (\$84,765) was offset against proceeds from sale of capital assets in other revenue of \$178,000, for a gain on sale of capital assets of \$93,235 on the statement of activities.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 4 – CAPITAL ASSETS (Continued)**

Capital assets activity for the fiscal year ended June 30, 2006, was as follows:

	Balance July 1, 2005	Additions	Deletions	Transfers	Prior Period Adjustments	Balance June 30, 2006
<b>Business-type Activities</b>						
<b>Airport</b>						
Nondepreciable capital assets:						
Land	\$ 43,189	\$ -	\$ -	\$ -	\$ -	\$ 43,189
Total nondepreciable capital assets	43,189					43,189
Depreciable capital assets:						
Buildings	166,873					166,873
Machinery and equipment	128,400					128,400
Other improvements	342,655	172,143				514,798
Total depreciable capital assets	637,928	172,143				810,071
Less accumulated depreciation	(346,252)	(36,690)				(382,942)
Net depreciable capital assets	291,676	135,453				427,129
Net capital assets	<u>\$ 334,865</u>	<u>\$ 135,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 470,318</u>
<b>Water</b>						
Nondepreciable capital assets:						
Construction in progress	\$ 1,633,120	\$ 67,441	\$ -	\$ -	\$ (9,526)	\$ 1,691,035
Land	947,841					947,841
Total nondepreciable capital assets	2,580,961	67,441			(9,526)	2,638,876
Depreciable capital assets:						
Infrastructure	1,520,819					1,520,819
Buildings	315,266					315,266
Machinery and equipment	3,763,929					3,763,929
Other improvements	3,871,879					3,871,879
Total depreciable capital assets	9,471,893					9,471,893
Less accumulated depreciation	(4,776,798)	(322,833)				(5,099,631)
Net depreciable capital assets	4,695,095	(322,833)				4,372,262
Net capital assets	<u>\$ 7,276,056</u>	<u>\$ (255,392)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,526)</u>	<u>\$ 7,011,138</u>
<b>Geothermal</b>						
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	(244,199)	(621)				(244,820)
Net depreciable capital assets	9,319	(621)				8,698
Net capital assets	<u>\$ 258,443</u>	<u>\$ (621)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,822</u>

**CITY OF SUSANVILLE -**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2006

**NOTE 4 – CAPITAL ASSETS (Continued)**

Capital assets activity for the fiscal year ended June 30, 2006, was as follows:

	Balance July 1, 2005	Additions	Deletions	Transfers	Prior Period Adjustments	Balance June 30, 2006
<b>Business-type Activities</b>						
<u>Natural Gas</u>						
Depreciable capital assets:						
Infrastructure	\$ 21,612,346	\$ -	\$ -	\$ -	\$ -	\$ 21,612,346
Machinery and equipment	225,601	18,021				243,622
Total depreciable capital assets	21,837,947	18,021				21,855,968
Less accumulated depreciation	(457,134)	(393,332)				(850,466)
Net depreciable capital assets	21,380,813	(375,311)				21,005,502
Net capital assets	<u>\$ 21,380,813</u>	<u>\$ (375,311)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,005,502</u>
<u>Golf Course</u>						
Nondepreciable capital assets:						
Land	\$ 990,589	\$ -	\$ -	\$ -	\$ -	\$ 990,589
Total nondepreciable capital assets	990,589					990,589
Depreciable capital assets:						
Buildings	41,323					41,323
Other improvements	142,930					142,930
Total depreciable capital assets	184,253					184,253
Less accumulated depreciation	(116,836)	(5,797)				(122,633)
Net depreciable capital assets	67,417	(5,797)				61,620
Net capital assets	<u>\$ 1,058,006</u>	<u>\$ (5,797)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,052,209</u>

Depreciation Allocations

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

**Governmental Activities:**

General government	\$ 180,234
Public safety	101,915
Streets and public work	42,558
Planning	509
Parks and recreation	55,054
Community development	<u>3,250</u>

Total Depreciation Expense-Governmental Activities \$ 383,520

**Business-type Activities:**

Airport	\$ 36,690
Water	322,833
Geothermal	621
Natural gas	393,332
Golf course	<u>5,797</u>

Total Depreciation Expense-Business-type Activities \$ 759,273

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2006

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances at June 30, 2006, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Fund:	Nonmajor Governmental Funds:	
General Fund	ABC Grant Police Fund	\$ 871
General Fund	Gas Tax Fund	3,473
General Fund	04-EDBG-0630 Fund	6,181
General Fund	04-STBG-1968 Fund	23
General Fund	Mark Roos 92B Fund	115,470
General Fund	Susan River Trail Acquisition Fund	64
General Fund	Museum Development Fund	25
Major Proprietary Funds:	Major Proprietary Funds:	
Water Fund	Airport Fund	84,818
Water Fund	Natural Gas Fund	909,310
Water Fund	Day Care Fund	172,830
Water Fund	Rodeo Fund	<u>18,838</u>
		<u>\$ 1,311,903</u>

Advances To / From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Fund:	Nonmajor Government Funds:	
General Fund	Community Redevelopment Agency Fund	\$269,058
Nonmajor Governmental Funds:		
State Revolving Fund	Community Redevelopment Agency Fund	234,020
State Revolving Economic Development Fund	Community Redevelopment Agency Fund	<u>133,822</u>
		<u>\$636,900</u>

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2006

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

Interfund transfers:

	Transfers <u>In</u>	Transfers <u>Out</u>
Major Governmental Fund:		
General Fund	\$ 53,726	\$ 325,867
Major Proprietary Funds:		
Water Fund		5,000
Nonmajor Governmental Funds:		
Gas Tax Fund	178,040	
Street Mitigation Fund		106,574
State Revolving Fund		6,750
State Revolving Economic Development Fund		36,000
Chestnut Street Culvert Fund	21,233	
Skyline Park Project Fund	149,909	
Jensen Slough Pedestrian Bridge Fund	994	
Skyline Numa Signal Fund	52,368	
Skyline Bicycle Lane Fund	15,046	
Skyline Rt. 139 Signal Fund	11,117	
City Hall Debt Service Fund	167,880	
Jensen Slough Pedestrian Capital Projects Fund		994
Chestnut Street Culvert Capital Projects Fund		21,233
Skyline Numa Signal Capital Projects Fund		52,368
Skyline Bicycle Lane Capital Projects Fund		15,046
Skyline Rt. 139 Signal Capital Projects Fund		11,117
Skyline Park Project Capital Projects Fund		149,909
Susan River Trail Acquisition Capital Projects Fund		5,976
Museum Development Fund	86,521	
	<u>\$ 736,834</u>	<u>\$ 736,834</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.

**NOTE 6 –LONG-TERM DEBT**

**A. Compensated Absences**

The City employees accumulate earned but unused vacation and compensatory time benefits which can be converted to cash at termination of employment. Since no means exists to reasonably estimate the amounts that might be liquidated with expendable currently available financial resources, if any, they are reported as long-term debt on the Statement of Net Assets. No expenditure is reported for these amounts in the fund statements. However, in the Statement of Activities the expenditure is allocated to each function based on usage. The non-current portion of these vested benefits, payable in accordance with various collective bargaining agreements, at June 30, 2006, total \$311,174 for governmental activities and \$79,944 for business-type activities.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 6 –LONG-TERM DEBT (Continued)**

**B. Revenue Bonds**

1992 Revenue Bond, Series B – Interest from 6.6% to 7.75% is payable on March 1 and September 1, maturities are payable on September 1 in annual redemptions of \$35,000 and above. Final payment is on September 1, 2017. Original issue was \$1,650,000. The balance at June 30, 2006 is \$1,140,000.

2002 City Hall Revenue Bond – Interest from 2.2% to 5.0% is payable on March 1 and September 1, maturities are payable on September 1 in annual redemptions of \$55,000 and above. Final payment is on September 1, 2027. Original issue was \$2,270,000. The balance at June 30, 2006 is \$2,095,000.

Future debt service requirements on the 1992 and 2002 Revenue bonds are:

Fiscal Year Ended <u>June 30,</u>	Revenue Bonds Payable		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2007	\$ 120,000	\$ 189,240	\$ 309,240
2008	125,000	182,446	307,446
2009	135,000	174,993	309,993
2010	140,000	166,903	306,903
2011	145,000	158,330	303,330
2012-2016	900,000	634,645	1,534,645
2017-2021	750,000	340,205	1,090,205
2022-2026	615,000	171,785	786,785
2027-2030	<u>305,000</u>	<u>16,912</u>	<u>321,912</u>
	<u>\$ 3,235,000</u>	<u>\$ 2,035,459</u>	<u>\$ 5,270,459</u>

2000 Water Revenue Bond – Interest from 4.05% to 5.7% is payable on June 1 and December 1, maturities are payable on June 1 in annual redemptions of \$445,000 and above. Final payment is on June 1, 2030. Original issue was \$6,880,000. Proceeds were used to repay the 1992 Revenue Bonds Series A and provide funds for water system improvements and equipment. The liability is shown in the Water Enterprise Fund. The balance at June 30, 2006 is \$6,150,000.

2004 Water Revenue Bond – Interest from 4.75% to 5.35% is payable on June 1 and December 1, maturities are payable on June 1 in annual redemptions of \$70,000 and above. Final payment is on December 1, 2035. Original issue was \$3,330,000. The balance at June 30, 2006 is \$3,330,000.

Water Enterprise debt service requirements for the 2002 and 2004 Revenue bonds are:

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 6 –LONG-TERM DEBT (Continued)**

**B. Revenue Bonds (Continued)**

Fiscal Year Ended June 30,	Revenue Bonds		Total
	Principal	Interest	
2007	\$ 135,000	\$ 506,923	\$ 641,923
2008	145,000	500,848	645,848
2009	150,000	494,177	644,177
2010	160,000	487,133	647,133
2011	170,000	479,540	649,540
2012-2016	970,000	2,263,753	3,233,753
2017-2021	1,240,000	1,978,355	3,218,355
2022-2026	1,650,000	1,586,030	3,236,030
2027-2031	2,150,000	1,061,035	3,211,035
2032-2036	2,710,000	432,605	3,142,605
Total	<u>\$ 9,480,000</u>	<u>\$ 9,790,399</u>	<u>\$ 19,270,399</u>

**C. Certificates of Participation**

Certificates of Participation are summarized as follows:

Natural Gas Enterprise Fund

2001-1 Certificate of Participation (COP's), Series A - \$8,785,000 Financing secured by City Enterprise Fund improvements and equipment, interest only at 6% until May 2011 when the principal is due in full. Proceeds from this financing are to be used for construction costs related to the City's natural gas utility.

2001-1 Certificate of Participation (COP's), Series B - \$8,280,000 Financing secured by City Enterprise Fund improvements and equipment, interest only at 6% until May 2011 when the principal is due in full. Proceeds from this financing are to be used for construction costs related to the City's natural gas utility.

2001-1 Certificate of Participation (COP's), Series C - \$5,185,000 Financing secured by City Enterprise Fund improvements and equipment, interest only at 5.75% until May 2011 when the principal is due in full. Proceeds from this financing are to be used for construction costs related to the City's natural gas utility.

2003-3 Certificate of Participation (COP's) - \$1,990,000 Financing secured by City Enterprise Fund improvements and equipment, interest only at 4.625% until May 2011 when the principal is due in full. Proceeds from this financing are to be used for construction costs related to the City's natural gas utility.

Fiscal Year Ended June 30,	Principal	Interest	Total
2007		\$ 1,414,076	\$ 1,414,076
2008		1,414,076	1,414,076
2009		1,414,076	1,414,076
2010		1,414,076	1,414,076
2011	24,240,000	1,414,076	25,654,076
Total	<u>\$ 24,240,000</u>	<u>\$ 7,070,380</u>	<u>\$ 31,310,380</u>

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 6 –LONG-TERM DEBT (Continued)**

**D. Notes Payable**

Note payable at June 30, 2006, consisted of the following:

Water Fund to United State Department of Agriculture, bears interest at 4.25%. Principal is payable annual on September 23 and interest is payable semi-annual on March and September 23. The note matures on September 23, 2043.

\$953,000

The scheduled annual minimum debt service requirements at June 30, 2006, are as follows:

Future debt service on the note is:

Fiscal Year Ending June 30,	Principal	Interest	Total
2007	\$ 10,000	\$ 40,290	\$ 50,290
2008	11,000	39,844	50,844
2009	11,000	39,376	50,376
2010	12,000	38,888	50,888
2011	12,000	38,378	50,378
2012-2016	71,000	183,281	254,281
2017-2021	88,000	166,473	254,473
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
2042-2044	120,000	6,672	126,672
	<u>\$ 953,000</u>	<u>\$ 954,020</u>	<u>\$ 1,907,020</u>

**E. Capital Lease Obligation**

LaSalle Bank – Equipment lease purchase contract. Semi-annual payments starting at \$99,131 declining to \$20,098 in 2005 including interest at 5.46% are payable on May 17 and November 17. Final payment is due in November 2007. The liability is allocated between the Governmental activity, Enterprise, and Internal Service Funds.

Future minimum lease payments at June 30, 2006, were:

Fiscal Year Ending June 30,	Amount
2007	\$ 40,197
2008	<u>20,098</u>
Total minimum lease payments	60,295
Less amounts representing interest	<u>(3,387)</u>
Present value of net minimum lease payments	<u>\$ 56,908</u>

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 6 –LONG-TERM DEBT (Continued)**

**F. Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2006, was as follows:

	July 1, 2005 Balance	Additions	Reductions	June 30, 2006 Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
Revenue	\$ 3,600,000	\$ -	\$ 365,000	\$ 3,235,000	\$ 120,000
Capital lease	87,798		35,559	52,239	36,590
Compensated absences	293,672	17,502		311,174	7,227
Governmental activities Long-term liabilities	<u>\$ 4,121,015</u>	<u>\$ 17,502</u>	<u>\$ 400,559</u>	<u>\$ 3,598,413</u>	<u>\$ 163,817</u>
<b>Business-type activities:</b>					
Bonds Payable:					
Revenue	\$ 9,610,000	\$ -	\$ 130,000	\$ 9,480,000	\$ 135,000
Certificates of participation	24,240,000			24,240,000	
Note payable	963,000		10,000	953,000	10,000
Capital lease	4,669			4,669	962
Compensated absences	71,512	8,483		79,944	
Business-type activities Long-term liabilities	<u>\$ 34,889,181</u>	<u>\$ 8,483</u>	<u>\$ 140,000</u>	<u>\$ 34,757,613</u>	<u>\$ 145,962</u>

**G. Deferred Debt Expense**

Bond issuance costs are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

**NOTE 7 - CITY EMPLOYEES' RETIREMENT PLAN (Defined Benefit Pension Plan)**

Plan Description

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

Funding Policy

The City contributes the employees and employer shares for the Miscellaneous Plan and the Safety Plan. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year 2005-06 was 19.840% for miscellaneous employees and 30.814% for safety employees. The contribution requirements of the plan members are established by the State statute and the employer contribution rate is established and may be amended by CalPERS.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2006

**NOTE 7 - CITY EMPLOYEES' RETIREMENT PLAN (Continued)**

Annual Pension Cost

For fiscal year 2005/2006, the City's annual pension cost was \$778,074 and was equal to the City's required and actual contributions. The City also contributed \$255,401 on behalf of employees, for their required contribution. Covered payroll for the fiscal year ended June 30, 2006 was \$3,190,677. The required contribution for fiscal year 2005/2006 was determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by duration of service, and (c) no cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of the City's assets was determined using a technique that smoothes the effect of short-term volatility in the fair value of investments over a two to five year period depending on the size of investment gains and/or losses. The City's unfunded actuarial accrued liability (UAAL) (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2005, was 28 years, for both miscellaneous and safety employees.

**Three Year Trend Information for the City of Susanville Public Employees' Retirement Plan**

Fiscal Year Ending	Annual Pension Cost (APC)*	Percentage of APC Contribution	Net Pension Obligation	Employee Annual Pension Cost (EAPC) **
6/30/04	\$540,387	100%	\$ -	\$208,813
6/30/05	\$641,198	100%	\$ -	\$241,432
6/30/06	\$778,074	100%	\$ -	\$255,401

\* Employer contribution. \*\*Employer funded employee required contribution.

**Funded Status of Miscellaneous Plan (Risk Pool)**

Actuarial Valuation Date	Entry Age Normal Accrued Liability (A)	Actuarial Value of Assets (B)	Unfunded Liability (Excess Assets) (A-B)	Funded Status (B/A)	Annual Covered Payroll (C)	UAAL* as a % of Covered Payroll (A-B/C)
6/30/2003	\$ 2,596,966,545	\$ 2,372,879,034	\$ 224,087,511	91.4%	\$ 725,020,458	30.9%
6/30/2004	2,746,095,668	2,460,944,656	285,151,012	89.6%	743,691,970	38.3%
6/30/2005	2,891,460,651	2,588,713,000	302,747,651	89.5%	755,046,679	40.1%

**Funded Status of Safety Plan (Risk Pool)**

Actuarial Valuation Date	Entry Age Normal Accrued Liability (A)	Actuarial Value of Assets (B)	Unfunded Liability (Excess Assets) (A-B)	Funded Status (B/A)	Annual Covered Payroll (C)	UAAL* as a % of Covered Payroll (A-B/C)
6/30/2003	\$ 1,248,172,736	\$ 1,045,895,860	\$ 202,276,876	83.8%	\$ 154,384,703	131.0%
6/30/2004	1,252,474,736	1,026,500,742	225,973,994	82.0%	154,903,754	145.9%
6/30/2005	1,325,510,754	1,105,298,221	220,212,533	83.4%	161,446,071	136.4%

\*UAAL – Unfunded actuarial accrued liability

A new State law authorized the creation of risk pools by PERS and required mandatory participation of small employers to help reduce large fluctuations in their contribution rates. As an employer with less than 100 active members, the City of Susanville is now required to participate in the risk pool. Under this pooling method, assets and liabilities of the participant employers are aggregated. As such, individual employer's retirement data is no longer available, therefore, what is presented above is the risk pool's information.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2006

**NOTE 8 – 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 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, 2005, is as follows:

	Liability Program	Workers Comp. Program	Total
Total Assets	\$ 4,662,240	\$ 6,107,030	\$ 10,769,270
Total Liabilities	\$ 2,392,434	\$ 2,957,233	\$ 5,349,667
Fund Equity	2,269,806	3,149,797	5,419,603
Total Liabilities and Equity	\$ 4,662,240	\$ 6,107,030	10,769,270
Total Revenues	\$ 1,934,632	\$ 2,879,504	\$ 4,814,136
Total Expenditures	2,097,085	2,016,676	4,113,761
Net Increase/(Decrease)	\$ (162,453)	\$ 862,828	\$ 700,375

The financial information above is the latest available information, as the June 30, 2006 information was not available as of the date of these financial statements.

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

The City is also a member of a Joint Powers Agreement with Employment Risk Management Authority (ERMA). ERMA is in an overall deficit position. As of June 30, 2006, ERMA's deficit was \$4,938,342. In accordance with GASB Statement No. 10, the City is disclosing this potential liability.

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

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 9 – POSTRETIREMENT BENEFITS OTHER THAN PENSION BENEFITS**

The City provides postretirement health care benefits to eligible employees who retire from the City. On June 30, 2006 all full time permanent City employees were eligible for this benefit, upon retirement.

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. Fifty percent of the total sick leave liability at June 30, 2006, is \$296,354. This cost is funded on a pay-as-you-go basis and is not accrued as a long-term liability because the present value of future benefits is not estimable. During 2005/2006 fiscal year, the City paid \$12,492 for three employees receiving this benefit.

**NOTE 10 – DEFERRED COMPENSATION PLANS**

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

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

**NOTE 11 – NET ASSETS AND FUND BALANCES**

**A. Net Assets**

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

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

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

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

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2006

**NOTE 11 – NET ASSETS AND FUND BALANCES**

**B. Fund Balances, Reserves, and Designations**

In the fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditure.

Reserves:

Portions of fund balance have been reserved for specific purposes as follows:

**Advances** – Advances held within governmental funds is reserved as it is not available to finance current operations.

**Prepaid Expenditures** – This reserve is maintained for prepaid items.

**Debt Service** – Funds which legally may only be used for debt service are reserved within the appropriate fund.

**Inventory** – This reserve is maintained as the aggregate of the balances in the inventory accounts and does not represent resources available for appropriation.

**Encumbrances** – This reserve is maintained to account for outstanding purchase orders and contractual commitments.

Designations:

**Storm Drain Projects** – The City maintains for unexpended appropriations for capital outlay projects. Since these projects are funded by transfers, the City desires to ensure that sufficient resources will be available to transfer when capital outlay expenditures are incurred.

**Capital Improvements** – The City has designated unexpended appropriations for capital outlay projects.

Fund balances unreserved/designated at June 30, 2006 are as follows:

Schedule of Designated Fund Balances

	Other
	Governmental
	<u>Funds</u>
Unreserved and designated for:	
Capital improvements	<u>\$ 267,018</u>

**NOTE 12 – 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**  
June 30, 2006

**NOTE 13 – CONTINGENCIES AND COMMITMENTS**

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

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

The City has construction commitments of \$1,314,058 in the Water Fund for contracts awarded but not completed at June 30, 2006. The major contracts outstanding are for pipelines for the Cady Springs capital improvement project.

**NOTE 14 – SUBSEQUENT EVENT**

Natural Gas System

The City financed construction of the natural gas system through four issuances of Certificates of Participation (COPs) totaling \$24,240,000. All COP's issues require interest only payments until they mature in May 2011. During the fiscal year ending June 30, 2002 the City began operation of its Natural Gas Enterprise to provide natural gas to the citizens of the City of Susanville.

As of June 30, 2006, the Natural Gas Fund has borrowed \$909,310 of pooled cash in order to maintain its operations. It is estimated, based on unaudited information that for the fiscal year ending June 30, 2007, that the natural gas system total loss will be \$521,547, after depreciation and amortization. However, on a cash flow basis, the Natural Gas system is expected to provide a positive cash flow, assuming no additional capital outlay. The Natural Gas system has not performed as well as anticipated since operations have begun. The Gas System has not reached its projected customer base or gas usage necessary to make the system self-supporting where revenues support its expenditures, although customers continue to convert to natural gas.

**NOTE 15 – PRIOR YEAR ADJUSTMENT**

There are adjustments made in this report to correct errors from prior years in capital assets and receivables. The adjustments made are as follows:

Government-wide Statements

A prior year adjustment was made in the Governmental Activities for \$(197,688) for an overstatement of capital assets (infrastructure related to safe routes to school).

A prior year adjustment was made in the Business-type Activities for \$(161,551) for an overstatement of capital assets \$(9,526), and an overstatement of accounts receivable (USDA Grant) \$(152,025).

Fund Statements

**Major Funds**

A prior year adjustment was made in the Water Fund for \$(161,551) for an overstatement of capital assets \$(9,526), and an overstatement of accounts receivable \$(152,025).

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 16 – FUND CLOSURES**

During the fiscal year ended June 30, 2006, the City closed the following fund:

Capital Projects Funds

Susan River Trail Acquisition Fund

During the fiscal year ended June 30, 2006, the City reclassified the following funds from capital project funds to special revenue funds:

Special Revenue Funds

Jensen Slough Pedestrian Bridge Fund

Chestnut Street Culvert Fund

Skyline Numa Signal Fund

Skyline Bicycle Lane Fund

Skyline Rt. 139 Signal Fund

Skyline Park Project Fund

**NOTE 17 – 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 at June 30, 2006 was \$ 1,140,000.

**Nonmajor Governmental Funds**

CITY OF SUSANVILLE  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2006

Special Revenue Funds

	Local Law Enforcement Block Grant Fund	ABC Grant Police Fund	Gas Tax Fund	Solid Waste Fund
<b>Assets</b>				
Cash and investments	\$ 56,906	\$ -	\$ -	\$ 33,966
Cash and investments with fiscal agent				
Investment in bonds				
Accounts receivable		871	69,046	
Interest receivable	773			366
Advances to other funds				
Prepaid expenditures				
Loans receivable				
<b>Total assets</b>	<u>\$ 57,679</u>	<u>\$ 871</u>	<u>\$ 69,046</u>	<u>\$ 34,332</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 27,006	\$ -
Deposits payable			38,567	
Deferred revenue				
Due to other funds		871	3,473	
Advances from other funds				
<b>Total liabilities</b>	<u>-</u>	<u>871</u>	<u>69,046</u>	
<b>Fund Balances:</b>				
<b>Reserved:</b>				
Advances				
Debt service				
Prepaid expenditures				
Encumbrances				
<b>Unreserved:</b>				
Designated for capital improvements				
Undesignated	57,679			34,332
<b>Total fund balances</b>	<u>57,679</u>			<u>34,332</u>
<b>Total liabilities and fund balances</b>	<u>\$ 57,679</u>	<u>\$ 871</u>	<u>\$ 69,046</u>	<u>\$ 34,332</u>

**Special Revenue Funds**

Street Mitigation Fund	Police Mitigation Fund	Fire Mitigation Fund	Park Land In-lieu Fund
\$ -	\$ 70,856	\$ 148,754	\$ 41,949
197	515	1,501	411
<u>\$ 197</u>	<u>\$ 71,371</u>	<u>\$ 150,255</u>	<u>\$ 42,360</u>
\$ -	\$ 60	\$ 368	\$ -
	60	368	
	24,710	24,910	
197	46,601	124,977	42,360
197	71,311	149,887	42,360
<u>\$ 197</u>	<u>\$ 71,371</u>	<u>\$ 150,255</u>	<u>\$ 42,360</u>

(Continued)

**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (Continued)**  
 June 30, 2006

	<u>Special Revenue Funds</u>			
	State Revolving Fund	State Revolving Economic Development Fund	Home Revolving Fund	Community Redevelopment Agency Fund
<b>Assets</b>				
Cash and investments	\$ 353,933	\$ 308,216	\$ 50,463	\$ 279
Cash and investments with fiscal agent				
Investment in bonds				
Accounts receivable	4,622	1,110		
Interest receivable	3,203	3,311	446	
Advances to other funds	234,020	133,822		1
Prepaid expenditures				
Loans receivable	333,522	54,944	729,208	
<b>Total assets</b>	<u>\$ 929,300</u>	<u>\$ 501,403</u>	<u>\$ 780,117</u>	<u>\$ 280</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 51
Deposits payable				
Deferred revenue	333,522	54,944	729,208	
Due to other funds				
Advances from other funds				636,900
<b>Total liabilities</b>	<u>333,522</u>	<u>54,944</u>	<u>729,208</u>	<u>636,951</u>
<b>Fund Balances:</b>				
<b>Reserved:</b>				
Advances	234,020	133,822		
Debt service				
Prepaid expenditures				
Encumbrances				
<b>Unreserved:</b>				
Designated for capital improvements				
Undesignated	361,758	312,637	50,909	(636,671)
<b>Total fund balances</b>	<u>595,778</u>	<u>446,459</u>	<u>50,909</u>	<u>(636,671)</u>
<b>Total liabilities and fund balances</b>	<u>\$ 929,300</u>	<u>\$ 501,403</u>	<u>\$ 780,117</u>	<u>\$ 280</u>

Special Revenue Funds

STBG Fund	04-STBG-1933 Rehab Fund	04-EDBG-0630 Fund	Traffic Safety Fund	Barry Creek Development Fund	04-STBG-1968 Fund
\$ 23,838	\$ 30,329	\$ -	\$ 13,724	\$ 423	\$ -
253	60,085	18,280	137	5	
<u>\$ 24,091</u>	<u>\$ 90,414</u>	<u>\$ 18,280</u>	<u>\$ 13,861</u>	<u>\$ 428</u>	<u>\$ -</u>
\$ -	\$ 19,117	\$ 4,000	\$ -	\$ -	\$ 12,470
		6,181			23
	<u>19,117</u>	<u>10,181</u>			<u>12,493</u>
<u>24,091</u>	<u>71,297</u>	<u>8,099</u>	<u>13,861</u>	<u>428</u>	<u>(12,493)</u>
<u>24,091</u>	<u>71,297</u>	<u>8,099</u>	<u>13,861</u>	<u>428</u>	<u>(12,493)</u>
<u>\$ 24,091</u>	<u>\$ 90,414</u>	<u>\$ 18,280</u>	<u>\$ 13,861</u>	<u>\$ 428</u>	<u>\$ -</u>

(Continued)

CITY OF SUSANVILLE  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (Continued)  
June 30, 2006

	Special Revenue Funds				
	Chestnut Street Culvert Fund	Skyline Park Project Fund	Jensen Slough Pedestrian Bridge Fund	Skyline Numa Signal Fund	Skyline Bicycle Lane Fund
<b>Assets</b>					
Cash and investments	\$ 21,818	\$ 154,068	\$ 944	\$ 58,030	\$ 18,000
Cash and investments with fiscal agent					
Investment in bonds					
Accounts receivable					
Interest receivable	235	1,660	10	616	188
Advances to other funds					
Prepaid expenditures					
Loans receivable					
<b>Total assets</b>	<u>\$ 22,053</u>	<u>\$ 155,728</u>	<u>\$ 954</u>	<u>\$ 58,646</u>	<u>\$ 18,188</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits payable					
Deferred revenue					
Due to other funds					
Advances from other funds					
<b>Total liabilities</b>					
<b>Fund Balances:</b>					
<b>Reserved:</b>					
Advances					
Debt service					
Prepaid expenditures					
Encumbrances					
<b>Unreserved:</b>					
Designated for capital improvements	22,053	155,728		58,646	18,188
Undesignated			954		
<b>Total fund balances</b>	<u>22,053</u>	<u>155,728</u>	<u>954</u>	<u>58,646</u>	<u>18,188</u>
<b>Total liabilities and fund balances</b>	<u>\$ 22,053</u>	<u>\$ 155,728</u>	<u>\$ 954</u>	<u>\$ 58,646</u>	<u>\$ 18,188</u>

Special Revenue Funds		Debt Service Funds	
Skyline Rt. 139 Signal Fund	Mark Roos 92B Fund	City Hall Debt Service Fund	Lasalle Debt Service Fund
\$ 12,273	\$ 158,079	\$ -	\$ -
	142,104	300,981	
	1,135,000		
130			
	875	2,871	
<u>\$ 12,403</u>	<u>\$ 1,436,058</u>	<u>\$ 303,852</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -
	115,470		
	115,470		
	1,319,713	300,981	
	875	2,871	
12,403			
<u>12,403</u>	<u>1,320,588</u>	<u>303,852</u>	
<u>\$ 12,403</u>	<u>\$ 1,436,058</u>	<u>\$ 303,852</u>	<u>\$ -</u>

(Continued)

CITY OF SUSANVILLE  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (Continued)  
June 30, 2006

	Capital Projects Funds		
	Jensen Slough Pedestrian Bridge Fund	Chestnut Street Culvert Fund	Police Department Evidence Room Fund
<b>Assets</b>			
Cash and investments	\$ -	\$ -	\$ 2,387
Cash and investments with fiscal agent			
Investment in bonds			
Accounts receivable			
Interest receivable			121
Advances to other funds			
Prepaid expenditures			
Loans receivable			
Total assets	\$ -	\$ -	\$ 2,508
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ 188
Deposits payable			
Deferred revenue			
Due to other funds			
Advances from other funds			
Total liabilities			188
<b>Fund Balances:</b>			
<b>Reserved:</b>			
Advances			
Debt service			
Prepaid expenditures			
Encumbrances			
<b>Unreserved:</b>			
Designated for capital improvements			
Undesignated			2,320
Total fund balances			2,320
Total liabilities and fund balances	\$ -	\$ -	\$ 2,508

Capital Projects Funds

Skyline Noma Signal Fund	Skyline Bicycle Lane Fund	Skyline Rt. 139 Signal Fund	Building Reserve Fund	Uptown Cinema Barrier Fund
\$ -	\$ -	\$ -	\$ 9,411	\$ 2,017
			100	22
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,511</u>	<u>\$ 2,039</u>
\$ -	\$ -	\$ -	\$ -	\$ -
			500	
			9,011	2,039
			9,511	2,039
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,511</u>	<u>\$ 2,039</u>

(Continued)

**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (Continued)**

June 30, 2006

<b>Capital Projects Funds</b>				
	<b>Skyline Park Project Fund</b>	<b>Susan River Trail Acquisition Fund</b>	<b>Museum Development Fund</b>	<b>Totals</b>
<b>Assets</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ 1,570,663
Cash and investments with fiscal agent				443,085
Investment in bonds				1,135,000
Accounts receivable				154,014
Interest receivable		64	25	14,290
Advances to other funds				367,842
Prepaid expenditures				3,746
Loans receivable				1,117,674
Total assets	\$ -	\$ 64	\$ 25	\$ 4,806,314
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 63,260
Deposits payable				38,567
Deferred revenue				1,117,674
Due to other funds		64	25	126,107
Advances from other funds				636,900
Total liabilities		64	25	1,982,508
<b>Fund Balances:</b>				
<b>Reserved:</b>				
Advances				367,842
Debt service				1,620,694
Prepaid expenditures				3,746
Encumbrances				50,120
<b>Unreserved:</b>				
Designated for capital improvements				267,018
Undesignated				514,386
Total fund balances				2,823,806
Total liabilities and fund balances	\$ -	\$ 64	\$ 25	\$ 4,806,314

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**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2006**

	<u>Special Revenue Funds</u>			
	<u>Local Law Enforcement Block Grant Fund</u>	<u>ABC Grant Police Fund</u>	<u>Gas Tax Fund</u>	<u>Solid Waste Fund</u>
<b>Revenues:</b>				
Taxes and assessments	\$ -	\$ -		\$ -
Use of money and property	2,981	10	50	1,276
Intergovernmental revenues	100,000	3,445	470,308	
Program income				
Other revenues			3,599	
Total revenues	<u>102,981</u>	<u>3,455</u>	<u>473,957</u>	<u>1,276</u>
<b>Expenditures:</b>				
Current:				
General government				
Public safety	102,981	3,455		
Streets and public works			622,326	
Parks and recreation				
Community development				
Capital outlay				
Debt service:				
Principal				
Interest and fiscal agent fees				
Total expenditures	<u>102,981</u>	<u>3,455</u>	<u>622,326</u>	
Excess of revenues over (under) expenditures			<u>(148,369)</u>	<u>1,276</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in			178,040	
Transfers out				
Total other financing sources (uses)			<u>178,040</u>	
Net changes in fund balances			<u>29,671</u>	<u>1,276</u>
Fund balances - July 1, 2005	<u>57,679</u>		<u>(29,671)</u>	<u>33,056</u>
Fund balances - June 30, 2006	<u>\$ 57,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,332</u>

Special Revenue Funds

Street Mitigation Fund	Police Mitigation Fund	Fire Mitigation Fund	Park Land In-lieu Fund
\$ -	\$ -	\$ -	\$ -
851	1,449	5,129	1,191
	17,311		
<u>78,529</u>	<u>100,508</u>	<u>93,863</u>	<u>18,347</u>
<u>79,380</u>	<u>119,268</u>	<u>98,992</u>	<u>19,538</u>
		80,853	
	48,346		
	85,877	49,843	
	<u>134,223</u>	<u>130,696</u>	
<u>79,380</u>	<u>(14,955)</u>	<u>(31,704)</u>	<u>19,538</u>
<u>(106,574)</u>			
<u>(106,574)</u>			
<u>(27,194)</u>	<u>(14,955)</u>	<u>(31,704)</u>	<u>19,538</u>
<u>27,391</u>	<u>86,266</u>	<u>181,591</u>	<u>22,822</u>
<u>\$ 197</u>	<u>\$ 71,311</u>	<u>\$ 149,887</u>	<u>\$ 42,360</u>

(Continued)

**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES (Continued)**  
For the Fiscal Year Ended June 30, 2006

	<u>Special Revenue Funds</u>			
	<u>State Revolving Fund</u>	<u>State Revolving Economic Development Fund</u>	<u>Home Revolving Fund</u>	<u>Community Redevelopment Agency Fund</u>
<b>Revenues:</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	34,676	10,594	3,161	11
Intergovernmental revenues				
Program income	139,637	48,299	139,753	
Other revenues				695
<b>Total revenues</b>	<u>174,313</u>	<u>58,893</u>	<u>142,914</u>	<u>706</u>
<b>Expenditures:</b>				
Current:				
General government				
Public safety				
Streets and public works				
Parks and recreation				
Community development			157,292	6,643
Capital outlay				175,000
Debt service:				
Principal				
Interest and fiscal agent fees				23,676
<b>Total expenditures</b>			<u>157,292</u>	<u>205,319</u>
Excess of revenues over (under) expenditures	<u>174,313</u>	<u>58,893</u>	<u>(14,378)</u>	<u>(204,613)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in				
Transfers out	(6,750)	(36,000)		
<b>Total other financing sources (uses)</b>	<u>(6,750)</u>	<u>(36,000)</u>		
<b>Net changes in fund balances</b>	<u>167,563</u>	<u>22,893</u>	<u>(14,378)</u>	<u>(204,613)</u>
<b>Fund balances - July 1, 2005</b>	<u>428,215</u>	<u>423,566</u>	<u>65,287</u>	<u>(432,058)</u>
<b>Fund balances - June 30, 2006</b>	<u>\$ 595,778</u>	<u>\$ 446,459</u>	<u>\$ 50,909</u>	<u>\$ (636,671)</u>

Special Revenue Funds

STBG Fund	04-STBG-1933 Rehab Fund	04-EDBG-0630 Fund	Traffic Safety Fund	Barry Creek Development Fund	04-STBG-1968 Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,833			259	10	
7,888	213,960	40,779			
27,750	28,159		13,602	418	
38,471	242,119	40,779	13,861	428	
139,441	165,394	32,680			12,493
139,441	165,394	32,680			12,493
(100,970)	76,725	8,099	13,861	428	(12,493)
(100,970)	76,725	8,099	13,861	428	(12,493)
125,061	(5,428)				
\$ 24,091	\$ 71,297	\$ 8,099	\$ 13,861	\$ 428	\$ (12,493)

(Continued)

**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES (Continued)**  
For the Fiscal Year Ended June 30, 2006

	<u>Special Revenue Funds</u>				
	<u>Chestnut Street Culvert Fund</u>	<u>Skyline Park Project Fund</u>	<u>Jensen Slough Pedestrian Bridge Fund</u>	<u>Skyline Nuna Signal Fund</u>	<u>Skyline Bicycle Lane Fund</u>
<b>Revenues:</b>					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	820	5,819	50	2,084	619
Intergovernmental revenues					
Program income					
Other revenues				4,194	2,523
<b>Total revenues</b>	<u>820</u>	<u>5,819</u>	<u>50</u>	<u>6,278</u>	<u>3,142</u>
<b>Expenditures:</b>					
Current:					
General government					
Public safety					
Streets and public works			90		
Parks and recreation					
Community development					
Capital outlay					
Debt service:					
Principal					
Interest and fiscal agent fees					
<b>Total expenditures</b>			<u>90</u>		
Excess of revenues over (under) expenditures	<u>820</u>	<u>5,819</u>	<u>(40)</u>	<u>6,278</u>	<u>3,142</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	21,233	149,909	994	52,368	15,046
Transfers out					
<b>Total other financing sources (uses)</b>	<u>21,233</u>	<u>149,909</u>	<u>994</u>	<u>52,368</u>	<u>15,046</u>
Net changes in fund balances	<u>22,053</u>	<u>155,728</u>	<u>954</u>	<u>58,646</u>	<u>18,188</u>
Fund balances - July 1, 2005					
<b>Fund balances - June 30, 2006</b>	<u>\$ 22,053</u>	<u>\$ 155,728</u>	<u>\$ 954</u>	<u>\$ 58,646</u>	<u>\$ 18,188</u>

Special Revenue Funds		Debt Service Funds	
Skyline Rt. 139 Signal Fund	Mark Roos 92B Fund	City Hall Debt Service Fund	Lasalle Debt Service Fund
\$ - 442	\$ 287,161 130,633	\$ - 5,163	\$ -
844			40,197
<u>1,286</u>	<u>417,794</u>	<u>5,163</u>	<u>40,197</u>
	305,000	60,000	35,559
	<u>153,625</u>	<u>108,449</u>	<u>4,638</u>
	<u>458,625</u>	<u>168,449</u>	<u>40,197</u>
<u>1,286</u>	<u>(40,831)</u>	<u>(163,286)</u>	
11,117		167,880	
<u>11,117</u>		<u>167,880</u>	
<u>12,403</u>	<u>(40,831)</u>	<u>4,594</u>	
	<u>1,361,419</u>	<u>299,258</u>	
<u>\$ 12,403</u>	<u>\$ 1,320,588</u>	<u>\$ 303,852</u>	<u>\$ -</u>

(Continued)

**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES (Continued)**  
**For the Fiscal Year Ended June 30, 2006**

	<b>Capital Projects Funds</b>		
	<b>Jensen Slough Pedestrian Bridge Fund</b>	<b>Chestnut Street Culvert Fund</b>	<b>Police Department Evidence Room Fund</b>
<b>Revenues:</b>			
Taxes and assessments	\$ -	\$ -	\$ -
Use of money and property			939
Intergovernmental revenues			
Program income			
Other revenues			
Total revenues			939
<b>Expenditures:</b>			
Current:			
General government			
Public safety			1,340
Streets and public works			
Parks and recreation			
Community development			
Capital outlay			33,539
Debt service:			
Principal			
Interest and fiscal agent fees			
Total expenditures			34,879
Excess of revenues over (under) expenditures			(33,940)
<b>Other Financing Sources (Uses):</b>			
Transfers in			
Transfers out	(994)	(21,233)	
Total other financing sources (uses)	(994)	(21,233)	
Net changes in fund balances	(994)	(21,233)	(33,940)
Fund balances - July 1, 2005	994	21,233	36,260
Fund balances - June 30, 2006	\$ -	\$ -	\$ 2,320

**Capital Projects Funds**

Skyline Noma Signal Fund	Skyline Bicycle Lane Fund	Skyline Rt. 139 Signal Fund	Building Reserve Fund	Uptown Cinema Barrier Fund
\$ -	\$ -	\$ -	\$ -	\$ -
			622	39
				2,000
			622	2,039
			11	
			6,535	
			6,546	
			(5,924)	2,039
(52,368)	(15,046)	(11,117)		
(52,368)	(15,046)	(11,117)		
(52,368)	(15,046)	(11,117)	(5,924)	2,039
52,368	15,046	11,117	15,435	
\$ -	\$ -	\$ -	\$ 9,511	\$ 2,039

(Continued)

**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES (Continued)**  
For the Fiscal Year Ended June 30, 2006

	<u>Capital Projects Funds</u>			
	<u>Skyline Park Project Fund</u>	<u>Susan River Trail Acquisition Fund</u>	<u>Museum Development Fund</u>	<u>Totals</u>
<b>Revenues:</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 287,161
Use of money and property		64	256	212,031
Intergovernmental revenues		319,867		910,931
Program income				590,316
Other revenues				415,228
<b>Total revenues</b>		<u>319,931</u>	<u>256</u>	<u>2,415,667</u>
<b>Expenditures:</b>				
Current:				
General government			36,832	36,843
Public safety				188,629
Streets and public works				670,762
Parks and recreation				
Community development				513,943
Capital outlay		316,117	50,880	717,791
Debt service:				
Principal				400,559
Interest and fiscal agent fees				290,388
<b>Total expenditures</b>		<u>316,117</u>	<u>87,712</u>	<u>2,818,915</u>
Excess of revenues over (under) expenditures		<u>3,814</u>	<u>(87,456)</u>	<u>(403,248)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in			86,521	683,108
Transfers out	(149,909)	(5,976)		(405,967)
<b>Total other financing sources (uses)</b>	<u>(149,909)</u>	<u>(5,976)</u>	<u>86,521</u>	<u>277,141</u>
Net changes in fund balances	(149,909)	(2,162)	(935)	(126,107)
Fund balances- July 1, 2005	149,909	2,162	935	2,949,913
Fund balances - June 30, 2006	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,823,806</u>

**CITY OF SUSANVILLE**  
**LOCAL LAW ENFORCEMENT BLOCK GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ 1,069	\$ 2,981	\$ 1,912
Intergovernmental revenues	<u>100,000</u>	<u>100,000</u>	
Total Revenues	<u>101,069</u>	<u>102,981</u>	<u>1,912</u>
<b>Expenditures:</b>			
Current:			
Public safety	<u>101,069</u>	<u>102,981</u>	<u>(1,912)</u>
Total Expenditures	<u>101,069</u>	<u>102,981</u>	<u>(1,912)</u>
Excess of revenues over (under) expenditures			
Fund Balance - beginning of fiscal year	<u>57,679</u>	<u>57,679</u>	
Fund Balance - end of fiscal year	<u><u>\$ 57,679</u></u>	<u><u>\$ 57,679</u></u>	<u><u>\$ -</u></u>

**CITY OF SUSANVILLE**  
**ABC GRANT POLICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$	\$	\$
Intergovernmental revenues	10,812	10 3,445	10 (7,367)
<b>Total Revenues</b>	10,812	3,455	(7,357)
<b>Expenditures:</b>			
Current:			
Public safety	10,812	3,455	7,357
<b>Total Expenditures</b>	10,812	3,455	7,357
Excess of revenues over (under) expenditures			
<b>Fund Balance - beginning of fiscal year</b>			
<b>Fund Balance - end of fiscal year</b>	\$ -	\$ -	\$ -

## CITY OF SUSANVILLE

## GAS TAX FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

## BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 50	\$ 50
Intergovernmental revenues	422,219	470,308	48,089
Other revenues		3,599	3,599
<b>Total Revenues</b>	<u>422,219</u>	<u>473,957</u>	<u>51,738</u>
<b>Expenditures:</b>			
Current:			
Streets and public works	574,820	622,326	(47,506)
<b>Total Expenditures</b>	<u>574,820</u>	<u>622,326</u>	<u>(47,506)</u>
Excess of revenues over (under) expenditures	<u>(152,601)</u>	<u>(148,369)</u>	<u>4,232</u>
Other financing Sources (Uses)			
Transfers in	86,144	178,040	91,896
<b>Total other financing sources (uses)</b>	<u>86,144</u>	<u>178,040</u>	<u>91,896</u>
<b>Net change in fund balance</b>	<u>(66,457)</u>	<u>29,671</u>	<u>96,128</u>
<b>Fund Balance - beginning of fiscal year</b>	<u>(29,671)</u>	<u>(29,671)</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ (96,128)</u>	<u>\$ -</u>	<u>\$ 96,128</u>

**CITY OF SUSANVILLE**  
**SOLID WASTE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 1,276	\$ 1,276
<b>Total Revenues</b>	<u>          </u>	<u>1,276</u>	<u>1,276</u>
Excess of revenues over (under) expenditures		1,276	1,276
<b>Fund Balance - beginning of fiscal year</b>	<u>33,056</u>	<u>33,056</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ 33,056</u>	<u>\$ 34,332</u>	<u>\$ 1,276</u>

**CITY OF SUSANVILLE**  
**STREET MITIGATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ 1,200	\$ 851	\$ (349)
Other revenues	57,644	78,529	20,885
<b>Total Revenues</b>	<u>58,844</u>	<u>79,380</u>	<u>20,536</u>
<b>Other financing Sources (Uses)</b>			
Transfers out	(57,644)	(106,574)	(48,930)
<b>Total other financing sources (uses)</b>	<u>(57,644)</u>	<u>(106,574)</u>	<u>(48,930)</u>
Net change in fund balance	1,200	(27,194)	(28,394)
<b>Fund Balance - beginning of fiscal year</b>	<u>27,391</u>	<u>27,391</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ 28,591</u>	<u>\$ 197</u>	<u>\$ (28,394)</u>

**CITY OF SUSANVILLE**  
**POLICE MITIGATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 1,449	\$ 1,449
Intergovernmental revenues	17,500	17,311	(189)
Other revenues	74,867	100,508	25,641
<b>Total Revenues</b>	<u>92,367</u>	<u>119,268</u>	<u>26,901</u>
<b>Expenditures:</b>			
Current:			
Street and public works	48,286	48,346	(60)
Capital outlay	86,268	85,877	391
<b>Total Expenditures</b>	<u>134,554</u>	<u>134,223</u>	<u>331</u>
Net change in fund balance	(42,187)	(14,955)	27,232
<b>Fund Balance - beginning of fiscal year</b>	<u>86,266</u>	<u>86,266</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ 44,079</u>	<u>\$ 71,311</u>	<u>\$ 27,232</u>

**CITY OF SUSANVILLE**  
**FIRE MITIGATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ 1,000	\$ 5,129	\$ 4,129
Other revenues	67,166	93,863	26,697
<b>Total Revenues</b>	<u>68,166</u>	<u>98,992</u>	<u>30,826</u>
<b>Expenditures:</b>			
Current:			
Public safety	81,000	80,853	147
Capital outlay	49,844	49,843	1
<b>Total Expenditures</b>	<u>130,844</u>	<u>130,696</u>	<u>148</u>
<b>Net change in fund balance</b>	(62,678)	(31,704)	30,974
<b>Fund Balance - beginning of fiscal year</b>	<u>181,591</u>	<u>181,591</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ 118,913</u>	<u>\$ 149,887</u>	<u>\$ 30,974</u>

**CITY OF SUSANVILLE**  
**PARK LAND IN-LIEU FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 1,191	\$ 1,191
Other revenues	28,000	18,347	(9,653)
<b>Total Revenues</b>	<u>28,000</u>	<u>19,538</u>	<u>(8,462)</u>
<b>Other financing Sources (Uses)</b>			
Transfers out	(8,111)		8,111
<b>Total other financing sources (uses)</b>	<u>(8,111)</u>		<u>8,111</u>
Net change in fund balance	19,889	19,538	(351)
<b>Fund Balance - beginning of fiscal year</b>	<u>22,822</u>	<u>22,822</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ 42,711</u>	<u>\$ 42,360</u>	<u>\$ (351)</u>

**CITY OF SUSANVILLE**  
**STATE REVOLVING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ 3,500	\$ 34,676	\$ 31,176
Program income	196,856	139,637	(57,219)
<b>Total Revenues</b>	<u>200,356</u>	<u>174,313</u>	<u>(26,043)</u>
<b>Other financing Sources (Uses)</b>			
Transfers out	(6,750)	(6,750)	
<b>Total other financing sources (uses)</b>	<u>(6,750)</u>	<u>(6,750)</u>	
<b>Net change in fund balance</b>	193,606	167,563	(26,043)
<b>Fund Balance - beginning of fiscal year</b>	<u>428,215</u>	<u>428,215</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ 621,821</u>	<u>\$ 595,778</u>	<u>\$ (26,043)</u>

**CITY OF SUSANVILLE**  
**STATE REVOLVING ECONOMIC DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ 3,800	\$ 10,594	\$ 6,794
Program income	87,311	48,299	(39,012)
<b>Total Revenues</b>	<u>91,111</u>	<u>58,893</u>	<u>(32,218)</u>
<b>Other financing Sources (Uses)</b>			
Transfers out	(36,000)	(36,000)	
<b>Total other financing sources (uses)</b>	<u>(36,000)</u>	<u>(36,000)</u>	
<b>Net change in fund balance</b>	55,111	22,893	(32,218)
<b>Fund Balance - beginning of fiscal year</b>	<u>423,566</u>	<u>423,566</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ 478,677</u>	<u>\$ 446,459</u>	<u>\$ (32,218)</u>

**CITY OF SUSANVILLE**  
**HOME REVOLVING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ 1,200	\$ 3,161	\$ 1,961
Program income	150,000	139,753	(10,247)
<b>Total Revenues</b>	<u>151,200</u>	<u>142,914</u>	<u>(8,286)</u>
<b>Expenditures:</b>			
Current:			
Community development	157,292	157,292	
<b>Total Expenditures</b>	<u>157,292</u>	<u>157,292</u>	
Excess of revenues over (under) expenditures	(6,092)	(14,378)	(8,286)
<b>Fund Balance - beginning of fiscal year</b>	<u>65,287</u>	<u>65,287</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ 59,195</u>	<u>\$ 50,909</u>	<u>\$ (8,286)</u>

**CITY OF SUSANVILLE**  
**COMMUNITY REDEVELOPMENT AGENCY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 11	\$ 11
Other revenues		695	695
 Total Revenues	-	706	706
 <b>Expenditures:</b>			
Current:			
Community development		6,643	(6,643)
Capital outlay	175,000	175,000	
Interest and fiscal charges		23,676	(23,676)
 Total Expenditures	175,000	205,319	(30,319)
 Excess of revenues over (under) expenditures	(175,000)	(204,613)	(29,613)
 <b>Fund Balance - beginning of fiscal year</b>	(432,058)	(432,058)	
 <b>Fund Balance - end of fiscal year</b>	\$ (607,058)	\$ (636,671)	\$ (29,613)

**CITY OF SUSANVILLE**  
**STBG FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 2,833	\$ 2,833
Program income	96,914	7,888	(89,026)
Other revenues	27,750	27,750	
<b>Total Revenues</b>	<u>124,664</u>	<u>38,471</u>	<u>(86,193)</u>
<b>Expenditures:</b>			
Current:			
Community development	124,664	139,441	(14,777)
<b>Total Expenditures</b>	<u>124,664</u>	<u>139,441</u>	<u>(14,777)</u>
Excess of revenues over (under) expenditures		(100,970)	(100,970)
<b>Fund Balance - beginning of fiscal year</b>	<u>125,061</u>	<u>125,061</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ 125,061</u>	<u>\$ 24,091</u>	<u>\$ (100,970)</u>

**CITY OF SUSANVILLE**  
**04-STBG-1933 REHAB FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Program income	\$ 479,124	\$ 213,960	\$ (265,164)
Other revenues	20,062	28,159	8,097
<b>Total Revenues</b>	<u>499,186</u>	<u>242,119</u>	<u>(257,067)</u>
<b>Expenditures:</b>			
Current:			
Community development	494,571	165,394	329,177
<b>Total Expenditures</b>	<u>494,571</u>	<u>165,394</u>	<u>329,177</u>
Excess of revenues over (under) expenditures	4,615	76,725	72,110
<b>Fund Balance - beginning of fiscal year</b>	<u>(5,428)</u>	<u>(5,428)</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ (813)</u>	<u>\$ 71,297</u>	<u>\$ 72,110</u>

**CITY OF SUSANVILLE**

04-EDBG-0630 FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Program income	\$ 500,000	\$ 40,779	\$ (459,221)
Total Revenues	<u>500,000</u>	<u>40,779</u>	<u>(459,221)</u>
<b>Expenditures:</b>			
Current:			
Community development	500,000	32,680	467,320
Total Expenditures	<u>500,000</u>	<u>32,680</u>	<u>467,320</u>
Excess of revenues over (under) expenditures		<u>8,099</u>	<u>8,099</u>
<b>Fund Balance - beginning of fiscal year</b>			
<b>Fund Balance - end of fiscal year</b>	<u>\$ -</u>	<u>\$ 8,099</u>	<u>\$ 8,099</u>

**CITY OF SUSANVILLE**  
**TRAFFIC SAFETY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 259	\$ 259
Other revenues	12,000	13,602	1,602
Total Revenues	12,000	13,861	1,861
<b>Fund Balance - beginning of fiscal year</b>			
<b>Fund Balance - end of fiscal year</b>	\$ 12,000	\$ 13,861	\$ 1,861

**CITY OF SUSANVILLE**  
**04-STBG-1968 FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Use of money and property	\$ -	\$ -	\$ -
Program income	970,000		(970,000)
Other revenues	<u>30,000</u>		<u>(30,000)</u>
 Total Revenues	 <u>1,000,000</u>		 <u>(1,000,000)</u>
 <b>Expenditures:</b>			
Current:			
Community development	<u>1,000,000</u>	<u>12,493</u>	<u>987,507</u>
 Total Expenditures	 <u>1,000,000</u>	 <u>12,493</u>	 <u>987,507</u>
 Excess if revenues over (under) expenditures		 (12,493)	 (12,493)
 <b>Fund Balance - beginning of fiscal year</b>	 <u>                    </u>	 <u>                    </u>	 <u>                    </u>
 <b>Fund Balance - end of fiscal year</b>	 <u><u>\$ -</u></u>	 <u><u>\$ (12,493)</u></u>	 <u><u>\$ (12,493)</u></u>

**CITY OF SUSANVILLE**  
**JENSEN SLOUGH PEDESTRIAN BRIDGE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 50	\$ 50
<b>Total Revenues</b>		<u>50</u>	<u>50</u>
<b>Expenditures:</b>			
<b>Current:</b>			
Street and public works	994	90	904
<b>Total Expenditures</b>	<u>994</u>	<u>90</u>	<u>904</u>
Excess of revenues over (under) expenditures	<u>(994)</u>	<u>(40)</u>	<u>954</u>
<b>Other financing Sources (Uses)</b>			
Transfers in		994	994
<b>Total other financing sources (uses)</b>		<u>994</u>	<u>994</u>
Net change in fund balance		954	1,948
<b>Fund Balance - beginning of fiscal year</b>			
<b>Fund Balance - end of fiscal year</b>	<u>\$ (994)</u>	<u>\$ 954</u>	<u>\$ 1,948</u>

**CITY OF SUSANVILLE**  
**MARK ROOS 92B FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes and assessments	\$ 148,584	\$ 287,161	\$ 138,577
Use of money and property	126,784	130,633	3,849
<b>Total Revenues</b>	<u>275,368</u>	<u>417,794</u>	<u>142,426</u>
<b>Expenditures:</b>			
Debt service:			
Principal	305,000	305,000	
Interest and fiscal agent fees	93,584	153,625	(60,041)
<b>Total Expenditures</b>	<u>398,584</u>	<u>458,625</u>	<u>(60,041)</u>
Excess of revenues over (under) expenditures	(123,216)	(40,831)	82,385
<b>Fund Balance - beginning of fiscal year</b>	<u>1,361,419</u>	<u>1,361,419</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ 1,238,203</u>	<u>\$ 1,320,588</u>	<u>\$ 82,385</u>

**CITY OF SUSANVILLE**  
**CITY HALL DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 5,163	\$ 5,163
<b>Total Revenues</b>		5,163	5,163
<b>Expenditures:</b>			
Debt service:			
Principal	60,000	60,000	
Interest and fiscal agent fees	108,442	108,449	(7)
<b>Total Expenditures</b>	168,442	168,449	(7)
Excess of revenues over (under) expenditures	(168,442)	(163,286)	5,156
<b>Other financing Sources (Uses)</b>			
Transfers in	168,442	167,880	(562)
<b>Total other financing sources (uses)</b>	168,442	167,880	(562)
<b>Net change in fund balance</b>		4,594	4,594
<b>Fund Balance - beginning of fiscal year</b>	299,258	299,258	
<b>Fund Balance - end of fiscal year</b>	\$ 299,258	\$ 303,852	\$ 4,594

**CITY OF SUSANVILLE**  
**LASALLE DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
 For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Other revenues	\$ 40,197	\$ 40,197	\$ -
<b>Total Revenues</b>	<u>40,197</u>	<u>40,197</u>	
<b>Expenditures:</b>			
Debt service:			
Principal	35,559	35,559	
Interest and fiscal agent fees	4,638	4,638	
<b>Total Expenditures</b>	<u>40,197</u>	<u>40,197</u>	
Excess of revenues over (under) expenditures			
<b>Fund Balance - beginning of fiscal year</b>			
<b>Fund Balance - end of fiscal year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF SUSANVILLE**  
**POLICE DEPARTMENT EVIDENCE ROOM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 939	\$ 939
<b>Total Revenues</b>	<u>          </u>	<u>939</u>	<u>939</u>
<b>Expenditures:</b>			
Current:			
Public safety	1,341	1,340	1
Capital outlay	<u>34,918</u>	<u>33,539</u>	<u>1,379</u>
<b>Total Expenditures</b>	<u>36,259</u>	<u>34,879</u>	<u>1,380</u>
Net change in fund balance	(36,259)	(33,940)	2,319
<b>Fund Balance - beginning of fiscal year</b>	<u>36,260</u>	<u>36,260</u>	<u>          </u>
<b>Fund Balance - end of fiscal year</b>	<u>\$ 1</u>	<u>\$ 2,320</u>	<u>\$ 2,319</u>

**CITY OF SUSANVILLE**  
**BUILDING RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 622	\$ 622
Total Revenues	<u>        </u>	<u>622</u>	<u>622</u>
<b>Expenditures:</b>			
Current:			
General government	12	11	1
Capital outlay	<u>15,422</u>	<u>6,535</u>	<u>8,887</u>
Total Expenditures	<u>15,434</u>	<u>6,546</u>	<u>8,888</u>
Excess of revenues over (under) expenditures	(15,434)	(5,924)	9,510
<b>Fund Balance - beginning of fiscal year</b>	<u>15,435</u>	<u>15,435</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ 1</u>	<u>\$ 9,511</u>	<u>\$ 9,510</u>

**CITY OF SUSANVILLE**  
**UPTOWN CINEMA BARRIER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 39	\$ 39
Other revenues	3,000	2,000	(1,000)
<b>Total Revenues</b>	<b>3,000</b>	<b>2,039</b>	<b>(961)</b>
<b>Expenditures:</b>			
Current:			
Community development	3,000		3,000
<b>Total Expenditures</b>	<b>3,000</b>		<b>3,000</b>
Excess of revenues over (under) expenditures		2,039	2,039
<b>Fund Balance - beginning of fiscal year</b>			
<b>Fund Balance - end of fiscal year</b>	<b>\$ -</b>	<b>\$ 2,039</b>	<b>\$ 2,039</b>

**CITY OF SUSANVILLE**  
**SUSAN RIVER TRAIL ACQUISITION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 64	\$ 64
Intergovernmental revenues	312,998	319,867	6,869
<b>Total Revenues</b>	<u>312,998</u>	<u>319,931</u>	<u>6,933</u>
<b>Expenditures:</b>			
Capital outlay	318,984	316,117	2,867
<b>Total Expenditures</b>	<u>318,984</u>	<u>316,117</u>	<u>2,867</u>
Excess of revenues over (under) expenditures	<u>(5,986)</u>	<u>3,814</u>	<u>9,800</u>
<b>Other financing Sources (Uses)</b>			
Transfers in	8,111		(8,111)
Transfers out		(5,976)	(5,976)
<b>Total other financing sources (uses)</b>	<u>8,111</u>	<u>(5,976)</u>	<u>(14,087)</u>
Net change in fund balance	2,125	(2,162)	(4,287)
<b>Fund Balance - beginning of fiscal year</b>	<u>2,162</u>	<u>2,162</u>	
<b>Fund Balance - end of fiscal year</b>	<u><u>\$ 4,287</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (4,287)</u></u>

**CITY OF SUSANVILLE**  
**MUSEUM DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 256	\$ 256
<b>Total Revenues</b>	<u>-</u>	<u>256</u>	<u>256</u>
<b>Expenditures:</b>			
Current:			
Community development	35,641	36,832	(1,191)
Capital outlay	<u>50,880</u>	<u>50,880</u>	
<b>Total Expenditures</b>	<u>86,521</u>	<u>87,712</u>	<u>(1,191)</u>
Excess of revenues over (under) expenditures	<u>(86,521)</u>	<u>(87,456)</u>	<u>(935)</u>
Other financing Sources (Uses)			
Transfers in	<u>86,521</u>	<u>86,521</u>	
<b>Total other financing sources (uses)</b>	<u>86,521</u>	<u>86,521</u>	
Net changes in fund balance		(935)	(935)
<b>Fund Balance - beginning of fiscal year</b>	<u>935</u>	<u>935</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ 935</u>	<u>\$ -</u>	<u>\$ (935)</u>

**CITY OF SUSANVILLE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**

June 30, 2006

	Public Works Administration Fund	Risk Management Fund	Payroll Fund	Totals
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 80,090	\$ 205,053	\$ 202,241	\$ 487,384
Interest receivable	784	1,034		1,818
Accounts receivable	9	286,462		286,471
Prepaid expenses	45	2,048		2,093
Total current assets	<u>80,928</u>	<u>494,597</u>	<u>202,241</u>	<u>777,766</u>
Capital Assets:				
Nondepreciable				
Land	405,965			405,965
Total nondepreciable capital assets	<u>405,965</u>			<u>405,965</u>
Depreciable				
Buildings	89,349			89,349
Total depreciable capital assets	<u>89,349</u>			<u>89,349</u>
Less accumulated depreciation	(64,754)			(64,754)
Net depreciable capital assets	<u>24,595</u>			<u>24,595</u>
Net capital assets	<u>430,560</u>			<u>430,560</u>
Total noncurrent assets	<u>430,560</u>			<u>430,560</u>
Total assets	<u>511,488</u>	<u>494,597</u>	<u>202,241</u>	<u>1,208,326</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	2,273	28,197	256	30,726
Accrued wages	776		201,985	202,761
Total current liabilities	<u>3,049</u>	<u>28,197</u>	<u>202,241</u>	<u>233,487</u>
Noncurrent Liabilities:				
Compensated absences	26,397			26,397
Total noncurrent liabilities	<u>26,397</u>			<u>26,397</u>
Total liabilities	<u>29,446</u>	<u>28,197</u>	<u>202,241</u>	<u>259,884</u>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	430,560			430,560
Unrestricted	51,482	466,400		517,882
Total net assets	<u>\$ 482,042</u>	<u>\$ 466,400</u>	<u>\$ -</u>	<u>\$ 948,442</u>

**CITY OF SUSANVILLE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS**  
For the Fiscal Year Ended June 30, 2006

	Public Works Administration Fund	Risk Management Fund	Payroll Fund	Totals
Revenues:				
Charges for services	\$ 483,910	\$ 1,323,899	\$ -	\$ 1,807,809
Total Revenues	483,910	1,323,899		1,807,809
Expenses:				
Administration	433,611	18,130		451,741
Insurance costs and claims		973,981		973,981
Depreciation	1,118			1,118
Total Expenses	434,729	992,111		1,426,840
Operating Income (Loss)	49,181	331,788		380,969
Non-Operating Revenues (Expenses):				
Interest income	1,802	7,577		9,379
Change in net assets	50,983	339,365		390,348
Net Assets, July 1, 2005	431,059	127,035		558,094
Net Assets, June 30, 2006	\$ 482,042	\$ 466,400	\$ -	\$ 948,442

**CITY OF SUSANVILLE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended June 30, 2006

	Public Works Administration Fund	Risk Management Fund	Payroll Fund	Totals
Cash Flows from Operating Activities:				
Receipts from customers	\$ 483,901	\$ 1,175,143	\$ -	\$ 1,659,044
Payment to suppliers and users	(254,168)	(976,645)	256	(1,230,557)
Payment to employees	(189,020)	(120)	201,985	12,845
Net Cash Provided (Used) by Operating Activities	<u>40,713</u>	<u>198,378</u>	<u>202,241</u>	<u>441,332</u>
Cash flows from Investing Activities				
Interest received	<u>1,943</u>	<u>6,675</u>		<u>8,618</u>
Net Cash Provided (Used) by Investing Activities	<u>1,943</u>	<u>6,675</u>		<u>8,618</u>
Net Increase (Decrease) in Cash and Cash Equivalents	42,656	205,053	202,241	449,950
Cash and Cash Equivalents, July 1, 2005	<u>37,434</u>			<u>37,434</u>
Cash and Cash Equivalents, June 30, 2006	<u>\$ 80,090</u>	<u>\$ 205,053</u>	<u>\$ 202,241</u>	<u>\$ 487,384</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 49,181	\$ 331,788	\$ -	\$ 380,969
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	1,118			1,118
(Increase) Decrease in Operating Assets:				
Prepaid expenses	(45)	(1,653)		(1,698)
Accounts receivable	(9)	(148,756)		(148,765)
Increase (Decrease) in Operating Liabilities:				
Accounts payable	(8,080)	16,999	256	9,175
Accrued wages	(9,550)		201,985	192,435
Compensated absences	8,098			8,098
Net Cash Provided (Used) by Operating Activities	<u>\$ 40,713</u>	<u>\$ 198,378</u>	<u>\$ 202,241</u>	<u>\$ 441,332</u>

**CITY OF SUSANVILLE**  
**AGENCY FUNDS**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**JUNE 30, 2006**

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
<b>Section 125 Aflac Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 11,593	\$ 3,753	\$ -	\$ 15,346
Total Assets	\$ 11,593	\$ 3,753	\$ -	\$ 15,346
<b>LIABILITIES</b>				
Deposits payable	\$ 11,593	\$ 3,753	\$ -	\$ 15,346
Total Liabilities	\$ 11,593	\$ 3,753	\$ -	\$ 15,346
<b>LAFCO Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 19,704	\$ 12,255	\$ (426)	\$ 31,533
Accounts receivable	113		(113)	
Interest receivable	134	277		411
Total Assets	\$ 19,951	\$ 12,532	\$ (539)	\$ 31,944
<b>LIABILITIES</b>				
Accounts payable	\$ 4,844	\$ -	\$ (539)	\$ 4,305
Deposits payable	15,107	12,532		27,639
Total Liabilities	\$ 19,951	\$ 12,532	\$ (539)	\$ 31,944
<b>HUSA Business Improvement Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ (259)	\$ 1,048	\$ -	\$ 789
Accounts receivable	1,166	7,367		8,533
Interest receivable	8	4		12
Total Assets	\$ 915	\$ 8,419	\$ -	\$ 9,334
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 131	\$ -	\$ 131
Deposits payable	915	8,288		9,203
Total Liabilities	\$ 915	\$ 8,419	\$ -	\$ 9,334

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OFFICES:

BEVERLY HILLS, CALIFORNIA  
SANTA MARIA, CALIFORNIA

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Susanville, California, as of and for the fiscal year ended June 30, 2006 which collectively comprise the City of Susanville's basic financial statements, and have issued our report thereon dated September 29, 2006. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Susanville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and Other Matters

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

This report is intended solely for the information and use of management, others within the organization, City Council, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim, LLP  
Beverly Hills, CA  
September 29, 2006

**STATISTICAL SECTION**



## 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, including information beginning in that year.

Schedule I  
City of Susanville  
Net Assets by Component,  
Last Three Fiscal Years  
*(accrual basis of accounting)*

	Fiscal Year		
	2004	2005	2006
<b>Governmental activities</b>			
Invested in capital assets, net of related debt	\$ 2,154,482	\$ 2,525,295	\$ 2,648,771
Restricted	253,461	1,600,652	1,565,208
Unrestricted	3,378,973	3,515,171	3,830,893
<b>Total governmental activities net assets</b>	<b>\$ 5,786,916</b>	<b>\$ 7,641,118</b>	<b>\$ 8,044,872</b>
<b>Business-type activities</b>			
Invested in capital assets, net of related debt	\$ 352,514	\$ 1,651,318	\$ (3,892,035)
Restricted for Debt Service	2,373,866	3,328,579	3,089,827
Unrestricted	(844,764)	(3,708,004)	1,368,985
<b>Total business-type activities net assets</b>	<b>\$ 1,881,616</b>	<b>\$ 1,271,893</b>	<b>\$ 566,777</b>
<b>Primary government</b>			
Invested in capital assets, net of related debt	\$ 2,506,996	\$ 4,176,613	\$ 2,648,771
Restricted	2,627,327	4,929,231	4,655,035
Unrestricted	2,534,209	(192,833)	1,307,843
<b>Total primary government net assets</b>	<b>\$ 7,668,532</b>	<b>\$ 8,913,011</b>	<b>\$ 8,611,649</b>

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

Schedule 2  
City of Susanville  
Changes in Net Assets  
Last Three Fiscal Years  
*(accrual basis of accounting)*

	Fiscal Year		
	2004	2005	2006
<b>Expenses</b>			
Governmental activities:			
General government	\$2,055,249	\$1,991,240	\$1,629,410
Public safety	3,451,988	3,407,302	3,398,809
Streets and public works	887,797	763,635	663,794
Planning	213,806	190,003	203,979
Community services	473,055	415,340	328,252
Community development	255,211	185,535	867,183
Interest on long term debt	199,930	402,890	294,672
Total governmental activities expenses	<u>7,537,036</u>	<u>7,355,945</u>	<u>7,386,099</u>
Business-type activities:			
Rodeo	\$70,032	55,031	36,508
Airport	81,362	116,260	113,600
Water	1,442,121	2,207,464	2,200,070
Geothermal	190,297	207,914	104,637
Natural Gas	2,814,468	3,858,071	4,855,872
Swimming Pool (closed in 2004-05)	193,679	148,842	0
Day Care	130,794	140,657	140,796
Golf Course	1,036	7,701	6,400
Total business-type activities expenses	<u>4,923,789</u>	<u>6,741,940</u>	<u>7,457,883</u>
Total primary government expenses	<u>\$12,460,825</u>	<u>\$14,097,885</u>	<u>\$14,843,982</u>
<b>Program Revenues</b>			
Governmental activities			
Charges for services:			
General government	\$362,530	\$854,062	\$1,020,336
Public safety	273,909	448,104	179,907
Streets and public works	97,142	277,403	0
Planning	195,483	219,654	232,684
Community services	24,349	31,918	4,784
Community development	44,159	48,584	45,392
Operating grants and contributions	2,834,407	675,192	890,930
Capital grants and contributions	0	53,172	337,178
Total governmental activities program revenues	<u>3,831,979</u>	<u>2,608,089</u>	<u>2,711,211</u>
Business-type activities:			
Charges for services:			
Rodeo	61,297	50,700	29,654
Airport	32,867	36,553	41,302
Water	1,796,393	2,118,368	2,046,516
Geothermal	250,742	223,565	71,124
Natural Gas	1,749,040	2,724,148	4,264,151
Swimming Pool	93,474	43,391	0
Day Care	98,485	134,231	121,386
Golf Course	0	0	0
Operating grants and contributions	25,666	174,347	202,667
Total business-type activities program revenues	<u>4,107,964</u>	<u>5,505,303</u>	<u>6,776,800</u>
Total primary government program revenues	<u>\$7,939,943</u>	<u>\$8,113,392</u>	<u>\$9,488,011</u>

Net (Expense)/Revenue			
Governmental activities	(\$3,705,057)	(\$4,747,856)	(\$4,674,888)
Business-type activities	(815,825)	(1,236,637)	(681,083)
Total primary government net expense	<u>(\$4,520,882)</u>	<u>(\$5,984,493)</u>	<u>(\$5,355,971)</u>
<b>General Revenues and Other Changes in Net Assets</b>			
<b>Governmental activities:</b>			
Taxes			
Property taxes	\$717,840	\$746,508	\$884,863
Sales taxes	1,605,629	1,516,274	1,263,661
Transient Lodging Taxes	354,338	462,246	465,369
Franchise taxes	47,608	45,275	39,161
Business license taxes	205,664	233,690	276,044
Other taxes	163,305	326,140	330,685
Property tax in lieu of VLF, unrestricted	0	988,907	1,138,723
Property tax in lieu of sales tax, unrestricted	0	308,668	417,836
Investment earnings	45,068	351,453	227,236
Miscellaneous revenues	0	277,911	227,752
Transfers	760,288	(239,569)	5,000
Total governmental activities	<u>3,899,740</u>	<u>5,017,503</u>	<u>5,276,330</u>
Business-type activities:			
Investment earnings	42,627	184,777	142,518
Transfers	(760,288)	239,569	(5,000)
Total business-type activities	<u>(717,661)</u>	<u>424,346</u>	<u>137,518</u>
Total primary government	<u>3,182,079</u>	<u>5,441,849</u>	<u>5,413,848</u>
Change in Net Assets			
Governmental activities	194,683	269,647	601,442
Business-type activities	(1,533,486)	(812,291)	(543,565)
Total primary government	<u>(\$1,338,803)</u>	<u>(\$542,644)</u>	<u>\$57,877</u>

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

Schedule 3  
City of Susanville  
Fund Balances - Governmental Funds,  
Last Three Fiscal Years  
*(modified accrual basis of accounting)*

	Fiscal Year		
	2004	2005	2006
General Fund			
Reserved	\$83,392	\$102,413	\$305,858
Unreserved	711,771	844,902	971,144
Total general fund	<u>795,163</u>	<u>947,315</u>	<u>1,277,002</u>
All Other Governmental Funds			
Reserved	574,208	2,057,126	2,042,402
Unreserved, reported in:			
Special revenue funds	753,032	589,990	501,016
Capital projects funds	503,734	302,797	280,388
Debt Service Funds	(178,461)		
Total all other governmental funds	<u>\$1,652,513</u>	<u>\$2,949,913</u>	<u>\$2,823,806</u>

Schedule 4  
City of Susanville  
Changes in Fund Balances - Governmental Funds,  
Last Three Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year		
	2004	2005	2006
<b>Revenues</b>			
Taxes and assessments	\$3,191,838	\$4,019,990	\$4,518,116
Licenses and permits	195,483	324,535	258,277
Fines and forfeitures	28,343	41,118	54,872
Use of money and property	45,068	680,604	232,778
Intergovernmental revenues	2,567,689	1,001,651	1,228,108
Program income	0	138,092	590,316
Charges for services	132,043	1,322,127	1,115,460
Other revenues	810,967	763,810	608,611
<b>Total revenues</b>	<b>6,971,431</b>	<b>8,291,927</b>	<b>8,606,538</b>
<b>Expenditures</b>			
General government	1,553,060	1,806,528	1,591,271
Public safety	3,347,798	3,211,146	3,453,212
Streets and public works	506,158	712,216	670,762
Planning	212,278	188,475	203,470
Community services	443,568	324,616	273,198
Community development	255,211	414,785	863,933
Capital Outlay	1,085,611	593,457	717,791
Debt service:			
Principal	245,192	213,106	400,559
Interest	191,951	375,182	290,388
<b>Total expenditures</b>	<b>7,840,827</b>	<b>7,839,511</b>	<b>8,464,584</b>
Excess of revenues over (under) expenditures	(869,396)	452,416	141,954
<b>Other Financing Sources (Uses)</b>			
Contributions from trust funds			56,626
Transfers in	1,030,131	830,452	736,834
Transfers out	(696,723)	(1,073,316)	(731,834)
<b>Total other financing sources (uses)</b>	<b>333,408</b>	<b>(242,864)</b>	<b>61,626</b>
Net changes in fund balances	(535,988)	209,552	203,580
Debt service as a percentage of non-capital expenditures	6.5%	8.1%	8.9%

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

<u>Fiscal Year</u>	<u>Commercial &amp; Residential Property</u>	<u>Utility</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2003	\$390,380,410	\$242,896	\$22,125,888	\$368,497,418	1.0000
2004	\$416,518,496	\$207,787	\$40,689,531	\$376,036,752	1.0000
2005	\$441,243,826	\$206,940	\$41,674,454	\$399,776,312	1.0000
2006	\$482,445,342	\$206,482	\$47,131,993	\$435,519,831	1.0000

*Source:*  
 Lassen County - Assessor's Office

*Notes:*  
 The votes 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 Ten 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	Jail Bond		
1997	1.0000	0.0673	0.0070		1.0743
1998	1.0000	0.0138	0.0511		1.0649
1999	1.0000	0.0605			1.0605
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

*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 local 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

	2006		1997 (2)	
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value (1)	Information Unavailable
<b><u>Taxpayer</u></b>				
Rassier-Mariani	9,378,728	1	2.15%	
Wal-Mart	9,364,685	2	2.15%	
Triple E Investment Co. Inc.	8,262,203	3	1.90%	
Darmond Eagle Lake Village	4,708,500	4	1.08%	
SRB Associates	4,527,000	5	1.04%	
Trav-Cor & Investment Inc.	3,796,263	6	0.87%	
Joel Nolen	3,026,094	7	0.69%	
Robbins Family Trust	2,389,556	8	0.55%	
Standifords	2,370,616	9	0.54%	
Gullerud, Cherie	2,066,655	10	0.47%	
<b>Total</b>	<b>\$49,890,300</b>		<b>11.46%</b>	

Source:  
 Lassen County Assessors Office

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

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

Fiscal Year Ended June 30,	County Taxes Levied	AB8 City Allocation Factor	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
2002	13,685,201	0.04063943	\$556,159	\$527,781	94.90%	\$54,571	\$582,351	104.71%
2003	13,940,708	0.04209031	\$586,769	\$560,471	95.52%	\$49,938	\$610,409	104.03%
2004	14,508,790	0.04118791	\$597,587	\$583,624	97.66%	\$42,765	\$626,389	104.82%
2005	15,302,568	0.04136327	\$632,964	\$613,665	96.95%	\$31,033	\$644,698	101.85%
2006	16,409,859	0.04168806	\$684,095	\$654,867	95.73%	-		

*Sources:*

*Lassen County Assessors Office*

*Notes:*

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

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

Fiscal Year	Governmental Activities				Business-type Activities					Total Primary Government	Percentage of Property Values (1)	Per Capita (2)
	General Obligation Bonds	Capital Leases	Special Assessment Bonds (3)	Total Governmental Activities	Water Revenue Bonds	Term Loan	Certificate of Participation	Capital Leases	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	12,665,211	3.44%	708
2004	2,215,000	185,904	1,200,000	3,600,904	6,405,000	973,390	24,240,000	5,572	31,623,962	35,224,866	9.37%	1,946
2005	2,155,000	87,798	1,145,000	3,387,798	9,610,000	963,000	24,240,000	4,669	34,817,669	38,205,467	9.56%	2,088
2006	2,095,000	52,238	1,140,000	3,287,238	9,480,000	953,000	24,240,000	4,669	34,677,669	37,964,907	8.72%	2,041

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.

Schedule 10  
City of Susanville  
Legal Debt Margin Information

	Fiscal Year			
	2003	2004	2005	2006
Assessed Valuation	\$368,497,418	\$376,036,752	\$399,776,312	\$435,519,831
Conversion Percentage	25%	25%	25%	25%
Adjusted Assessed Valuation	\$92,124,355	\$94,009,188	\$99,944,078	\$108,879,958
Debt Limit Percentage	15%	15%	15%	15%
Debt Limit	\$13,818,653	\$14,101,378	\$14,991,612	\$16,331,994
Total net debt applicable to limit	\$2,270,000	\$2,215,000	\$2,155,000	\$2,095,000
Legal debt margin	\$11,548,653	\$11,886,378	\$12,836,612	\$14,236,994
Total net debt applicable to the limit as a percentage of debt limit	16.4%	15.7%	14.4%	12.8%

*Source:*  
Lassen County Assessors Office  
City of Susanville Finance Department

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

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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita (a)
	General Obligation Bonds	Capital Leases	Total		
2003	2,270,000	376,096	2,646,096	0.72%	148
2004	2,215,000	185,904	2,400,904	0.64%	133
2005	2,155,000	87,798	2,242,798	0.56%	123
2006	2,095,000	52,238	2,147,238	0.49%	115

*Notes:*

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

*Population data can be found in Schedule 13*

Schedule 12  
City of Susanville  
Pledged Revenue Coverage,  
Last Four Fiscal Years

Fiscal Year	Water Revenue Bonds						Miller /Fletcher Assessment Bonds			
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
2003	1,596,437	983,580	612,857	115,000	357,338	1.30	79,863	45,000	102,290	0.54
2004	1,796,393	764,660	1,031,733	115,000	373,114	2.11	72,163	50,000	98,750	0.49
2005	2,118,368	1,330,188	788,180	134,440	489,557	1.26	572,406	55,000	94,744	3.82
2006	2,184,342	1,313,935	870,407	140,000	553,358	1.26	417,794	55,000	90,481	2.87

Fiscal Year	Natural Gas Revenue Bonds						City Hall Improvement Bonds				
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Fiscal Year	Vehicle License Fees	Debt Service		Coverage
				Principal	Interest				Principal	Interest	
2003	1,178,377	930,189	248,188	0	1,322,038	0.19	2003	1,084,054	0	78,085	13.88
2004	1,749,040	1,252,460	496,580	0	1,370,613	0.36	2004	952,051	55,000	107,930	5.84
2005	2,724,148	1,908,215	815,933	0	1,414,075	0.58	2005	120,328	60,000	106,605	0.72
2006	4,207,739	2,863,838	1,343,902	0	1,414,075	0.95	2006	174,072	60,000	105,015	1.05

Notes:  
Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
Operating expenses do not include interest, depreciation, or amortization expenses.

Schedule 13  
 City of Susanville  
 Demographic and Economic Statistics  
 Last Ten Calendar Years

Fiscal Year	(a) Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
1997	17,077	\$532,397	\$15,602	
1998	16,969	\$553,980	\$16,279	7.39%
1999	16,822	\$872,753	\$16,926	5.05%
2000	17,089	\$589,375	\$17,454	6.90%
2001	17,547	\$605,104	\$17,981	7.10%
2002	17,523	\$628,276	\$18,716	7.50%
2003	17,886	\$662,092	\$19,408	7.50%
2004	18,099	\$707,226	\$20,437	7.40%
2005	18,301	n/a	n/a	7.70%
2006	18,600	n/a	n/a	n/a

*Sources:*

*Personal income and unemployment data provided by the Labor Market Info - Employment Dev Dept.  
 Population totals provided by Dept. of Finance Demographic Tables*

*Note:*

- (a) Population totals are for the City.*
- (b) Personal Income and Per Capita Personal Income are totals for Lassen County and will not compute from table.*
- (c) Unemployment rate is for the City of Susanville.*
- (d) 2005 and 2006 data unavailable at this time on the E.D.D website.*

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

Employer	2006			1997			
	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
Wal-Mart	224	1	5.33%				
Banner Lassen Medical Center	215	2	5.12%				
Diamond Mountain Casino	156	3	3.71%				
Lassen Union High School	121	4	2.88%				
Susanville Nursing & Rehab	115	5	2.74%				
Lassen Community College	114	6	2.71%				
Safeway	100	7	2.38%				
City of Susanville	88	8	2.10%				
Susanville Supermarket	65	9	1.55%				
McKinley Elementary School	60	10	1.43%				
	<u>1258</u>		<u>29.95%</u>				

Information Unavailable

Notes:

(a) Total Labor Force for the City is 4200.

(b) Information unavailable for past nine years, but will be accumulated over time as it becomes available.

Source:

Lassen County Chamber of Commerce and CSU Chico

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Administration	4.4	2.8	3.7	3.1	3.4	4.5	4	4.5	3.5	3.5
City Clerk	7	7	6.5	6.5	6.5	6.5	7	6.5	6.5	6.5
Finance	4.1	4.1	4.1	4.1	4.1	5	7	7	7	6
Police	19.5	20	22	23	24	22	24	22	22	20
Fire	8.5	8.5	8.8	8.8	9.7	9	11	10.5	8.5	8.5
Community Development	10	9.4	8.6	10	9.8	10	10	9.5	10.5	10.5
Community Services	6.9	5.9	5.9	5.9	6.9	18	20	16	14	12
Public Works	17.1	17.3	16.4	16.9	18.6	20	23	25	22	21
Total	77.5	75	76	78.3	83	95	106	101	94	88

Source:  
 City Finance Department

Notes:  
 A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).  
 Inclusion of part-time employees from FY 2002-2006 only. Numbers not available for prior years.  
 Administration includes City Attorney.  
 City Clerk includes 5 Council-members.  
 Community Development includes 5 Planning Commissioners.  
 Full-time-equivalent employment is calculated by dividing total hours by 2,080.



Schedule 17

City of Susanville

Capital Asset Statistics by Function/Program,  
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	7	7	7	7	7	7	7	8
<b>Fire stations</b>	1	1	1	1	1	1	1	1	1	1
Fire engines	5	5	5	5	5	5	5	5	6	6
<b>Public works</b>										
Streets (miles)	53	53	53	53	53	53	53	54	54	54
Highways (miles)	0	0	0	0	0	0	0	0	0	0
Street lights	492	492	492	494	494	496	502	512	528	532
Traffic signals	0	0	0	0	0	0	0	0	0	0
<b>Community Services</b>										
Parks acreage	97	97	97	97	97	97	97	147	147	147
Playgrounds	2	2	2	2	2	2	2	2	2	2
Baseball/softball diamonds	3	3	3	3	3	3	3	3	3	3
Soccer/football fields	1	1	1	1	1	1	1	1	1	1
Museums	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	0	0
<b>Water</b>										
Water mains (miles)	63	63	63	63	63	63	64	64	65	65
Fire Hydrants	334	334	334	340	344	352	356	371	389	396
Storage capacity (thousands of gallons)	2000	2000	2000	2000	2000	2000	3000	4000	4000	4000
Water meters	3409	3412	3418	3420	3436	3467	3508	3599	3633	3641
<b>Natural Gas</b>										
Gas mains (miles)					44	56	56	56	57	57
Gas meters						1480	1809	2132	2256	2332

Sources:

Various City departments

Notes:

Traffic Signals and Highways are owned and maintained by CalTrans.

City's Natural Gas Department began operating in 2002

In December 2005, Roosevelt Pool was closed due to structural damage to the building that housed the pool.

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

	Fiscal Year		
	2004	2005	2006
Residential	569.45	548.37	567.09
Commercial	245.6	216.2	209.1
Total	815.0	764.5	776.2
City Direct Rate Per Gallon	0.0022	0.0027	0.0026

Source:  
 City of Susanville Finance Department

Notes:  
 Ten years of data unavailable due to software conversion.  
 Data will be accumulated from 2004 forward.  
 City Direct Rate Calculation equals charges for service (as found in the statement of activities) divided by water sold.  
 Charges for services include water revenue, meter fees, reconnect fees, new meter install, etc.

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

Fiscal Year Ended June 30	Monthly Base Rates	Average Rate per 1,000 Gallons
2003	\$12.85	\$1.17
2004	\$12.85	\$1.23
2005	\$16.50	\$1.41
2006	\$18.20	\$1.41

*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. The*

*Department charges an excess use rate above 4.7 million gallons and charges a reduced rate for usage under 2 thousand gallons.*

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

Water Customer	2006		1997	
	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
Lassen County Jail	\$51,992.32	2.54%		
Susanville Indian Rancheria	\$24,889.99	1.22%		
Lassen County Fairgrounds	\$21,135.35	1.03%	Information Unavailable	
Lassen High School	\$20,932.08	1.02%		
Susanville Cons Sanitary Dist	\$13,237.59	0.65%		
Meadowview School	\$12,664.16	0.62%		
Hidden Acres	\$11,931.84	0.58%		
Diamond View School	\$11,185.86	0.55%		
Citrus Manor	\$10,184.43	0.50%		
Wal-Mart	\$10,130.61	0.50%		
	\$188,284.23	9.20%		

*Source:*  
 City of Susanville Finance Department

*Notes:*  
 Total Water Revenue equals charges for services as found in the statement of activities.  
 Ten years of information unavailable but will be accumulated as available.

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

	Fiscal Year		
	2004	2005	2006
Residential	749,716	974,574	932,384
Commercial	548,769	730,538	941,029
Total	1,298,485	1,705,112	1,873,413
City Direct Rate per Therm	\$1.35	\$1.60	\$2.28

Source:  
 City of Susanville Finance Department - Utility Billing

Notes:  
 100 cubic feet=100,000 BTUs=1 Therm  
 BTU is British Thermal Unit  
 Ten years of information unavailable but will be accumulated as available.  
 City direct rate is calculated using charges for services divided by therms sold.

Schedule 22  
City of Susanville  
Gas Department  
Gas Rates  
*Last Five Fiscal Years*

<u>Fiscal Year Ended June 30</u>	<u>Monthly Base Rates</u>	<u>Rate per Therm</u>
2002	\$6.00	\$1.22
2003	\$6.00	\$1.20
2004	\$6.00	\$1.42
2005	\$7.00	\$1.65
2006	\$7.00	\$2.44

*Source:*  
*City of Susanville Finance Department*

*Notes:*  
*City of Susanville Natural Gas Department began operation in 2002*  
*1 Therm=100,000 BTU's*

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

Gas Customer	2006		1997	
	Gas Charges	Percent of Total Gas Revenues	Gas Charges	Percent of Total Gas Revenues
Banner Lassen Hospital	\$326,281.12	7.87%	Information Unavailable	
Lassen Community College	\$187,708.92	4.53%		
Susanville Indian Rancheria	\$111,075.49	2.68%		
Susanville Garden Apartments	\$83,561.15	2.02%		
Safeway	\$67,086.23	1.62%		
Diamond View School	\$61,369.15	1.48%		
Northeastern Rural Health Clinic	\$58,342.73	1.41%		
California Division of Forestry	\$45,288.11	1.09%		
Meadowview School	\$44,171.38	1.07%		
McKinley School	\$42,188.67	1.02%		
	\$1,027,072.95	24.77%		

Source:  
 City of Susanville Finance Department

Notes:  
 Total Gas Revenue includes gas charges, meter fee and gas surcharge  
 Ten years of information unavailable but will be accumulated as available.

