

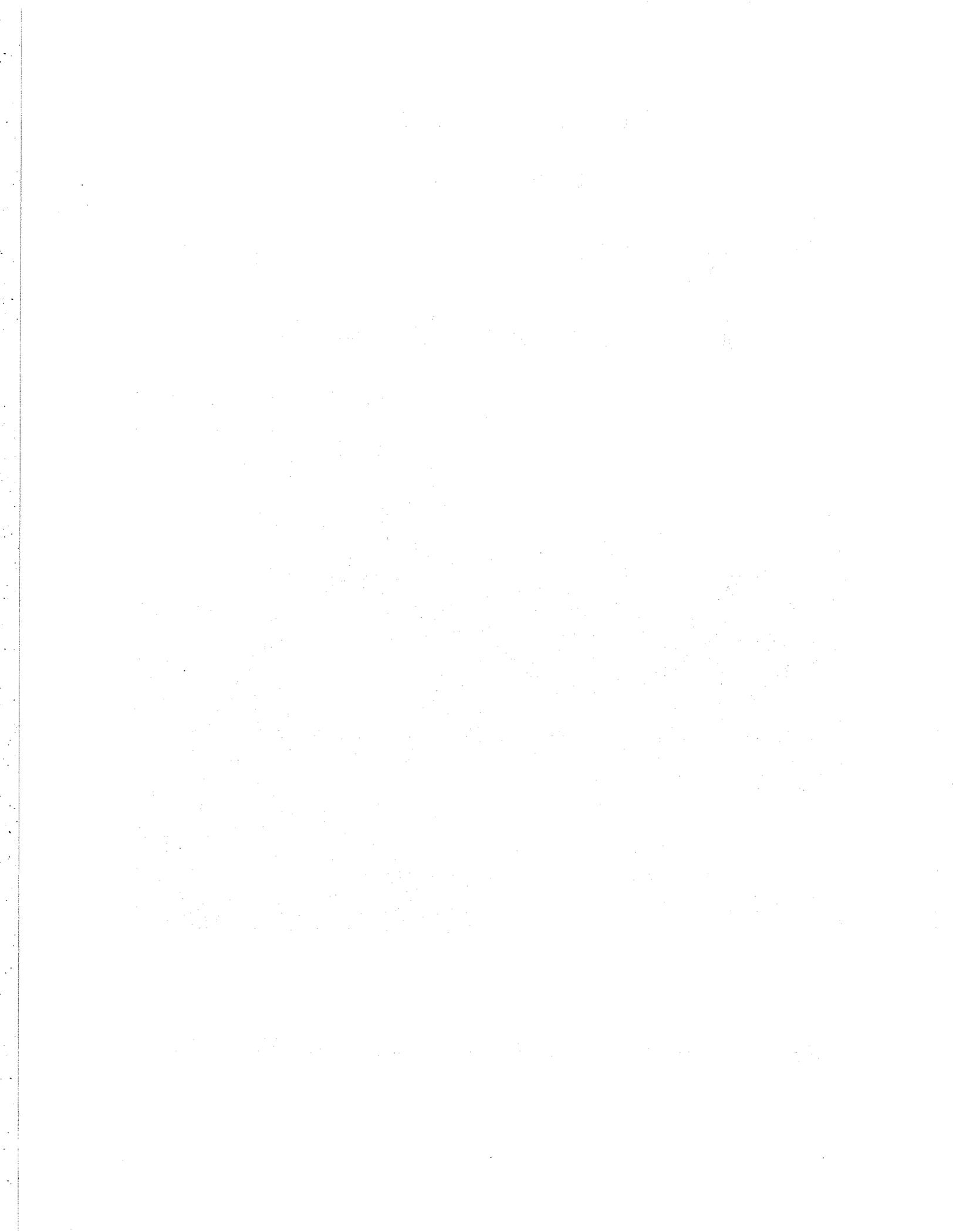
**City of Susanville**

**California**

# **Comprehensive Annual Financial Report**



**For the Fiscal Year Ended June 30, 2007**



**CITY OF SUSANVILLE**  
**TABLE OF CONTENTS**  
June 30, 2007

**INTRODUCTORY SECTION**

Letter of Transmittal..... i  
Organization Chart..... ix  
CSMFO Certificate of Award for Outstanding Financial Reporting 2005-06..... x

**FINANCIAL SECTION**

Independent Auditor's Report..... 1  
Management's Discussion and Analysis ..... 3

Basic Financial Statements:

    Government-wide Financial Statements:

        Statement of Net Assets ..... 17  
        Statement of Activities..... 18

    Fund Financial Statements:

        Governmental Funds:

            Balance Sheet..... 21  
            Reconciliation of the Governmental Funds – Balance Sheet to the Statement of Net Assets ..... 22  
            Statement of Revenues, Expenditures, and Changes in Fund Balances ..... 23  
            Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
                Governmental Funds to the Statement of Activities ..... 24  
            Statement of Revenues, Expenditures, and Changes in  
                Fund Balance – Budget and Actual - General Fund ..... 25

        Proprietary Funds:

            Statement of Net Assets ..... 26  
            Statement of Revenues, Expenses, and Change in Net Assets ..... 30  
            Statement of Cash Flows ..... 32

        Fiduciary Funds:

            Statement of Net Assets ..... 36

    Notes to Basic Financial Statements ..... 38

Nonmajor Governmental Funds:

    Combining Balance Sheet..... 62  
    Combining Statement of Revenues, Expenditures, and Changes in Fund Balances ..... 70  
    Schedule of Revenues, Expenditures, and Changes in Fund Balance  
        Budget and Actual – Local Law Enforcement Block Grant Fund ..... 77  
    Schedule of Revenues, Expenditures, and Changes in Fund Balance  
        Budget and Actual – 05-PTAA-1505 Fund ... ..... 78

**CITY OF SUSANVILLE**  
**TABLE OF CONTENTS**  
 June 30, 2007

**FINANCIAL SECTION (Continued)**

Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Gas Tax Fund .....	79
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Solid Waste Fund .....	80
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Street Mitigation Fund .....	81
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Police Mitigation Fund.....	82
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Fire Mitigation Fund... ..	83
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Park Land In-Lieu Fund .....	84
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – State Revolving Fund.....	85
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – State Revolving Economic Development Fund.....	86
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Home Revolving Fund .....	87
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Community Redevelopment Agency Fund .....	88
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – 04-STBG-1993 Rehab Fund .....	89
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – 04-EDBG-0630 Fund.....	90
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Traffic Safety Fund .....	91
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – 04-STBG-1968 Fund .....	92
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Skyline Bicycle Lane Fund .....	93
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Office of Traffic Safety Fund.....	94

**CITY OF SUSANVILLE**  
**TABLE OF CONTENTS**  
June 30, 2007

**FINANCIAL SECTION (Continued)**

Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Mark Roos 92B Fund.....	95
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – City Hall Debt Service Fund.....	96
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – LaSalle Debt Service Fund .....	97
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Safe Routes to School Fund .....	98
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Police Department Evidence Room Fund .....	99
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Building Reserve Fund.....	100
Internal Service Funds:	
Combining Statement of Net Assets .....	101
Combining Statement of Revenues, Expenses, and Change in Net Assets.....	102
Combining Statement of Cash Flows.....	103
Agency Funds:	
Statement of Changes in Net Assets .....	104

**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.....	105
---	-----

**STATISTICAL SECTION**

Exhibit A-1 Contents.....	107
Schedule 1 Net Assets by Component.....	108
Schedule 2 Changes in Net Assets.....	109
Schedule 3 Fund Balances – Governmental Funds.....	111
Schedule 4 Changes in Fund Balances – Governmental Funds.....	112
Schedule 5 Assessed Value and Estimated Actual Value of Taxable Property .....	113
Schedule 6 Direct and Overlapping Property Tax Rates.....	114

**CITY OF SUSANVILLE**  
**TABLE OF CONTENTS**  
June 30, 2007

**STATISTICAL SECTION (Continued)**

Schedule 7 Principal Property Tax Payers.....	115
Schedule 8 Property Tax Levies and Collections.....	116
Schedule 9 Ratios of Outstanding Debt by Type.....	117
Schedule 10 Legal Debt Margin Information .....	118
Schedule 11 Ratios of General Bonded Debt Outstanding .....	119
Schedule 12 Pledged Revenue Coverage.....	120
Schedule 13 Demographic and Economic Statistics.....	121
Schedule 14 Principal Employers.....	122
Schedule 15 Full-time and Part-time City Governmental Employees by Function/Program .....	123
Schedule 16 Operation Indicators by Function/Program .....	124
Schedule 17 Capital Asset Statistics by Function/Program .....	125
Schedule 18 Water Department – Water Sold by Type of Customer.....	126
Schedule 19 Water Department – Water Rates.....	127
Schedule 20 Water Department – Top Ten Water Customers .....	128
Schedule 21 Gas Department – Gas Sold by Type of Customer.....	129
Schedule 22 Gas Department – Gas Rates.....	130
Schedule 23 Gas Department – Top Ten Gas Customers .....	131

## Finance Department

October 31, 2007

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, 2007 is hereby submitted. In order to better understand the report, this letter of transmittal should be read in conjunction with the Management 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 and account groups 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, 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 Clerk is appointed by the City Council. All municipal elections are non-partisan.

The City of Susanville provides a wide range of municipal services, including police and fire protection, water, natural gas and geothermal utilities, street maintenance, snow removal, parks and recreation, 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 and account groups 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. Lake Almanor, Eagle Lake, Antelope Lake, and other lakes are within half an hour drive from the City. The area is well known for hunting, fishing, snowmobiling, motocross races, 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 north of town on 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 announced an expansion of its facility.

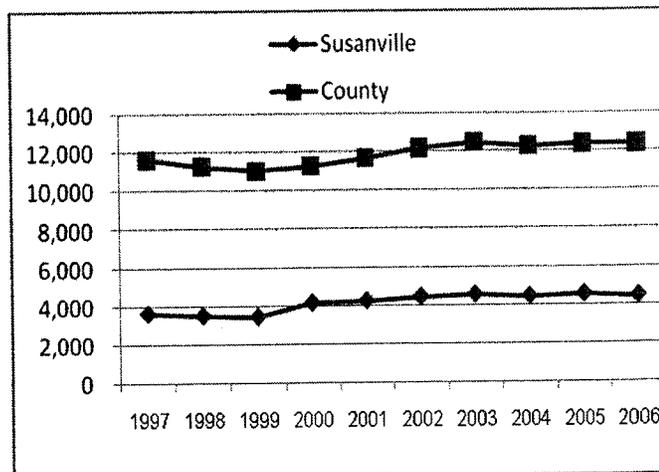
### LABOR MARKET

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 unemployment rate is continuing to decrease.

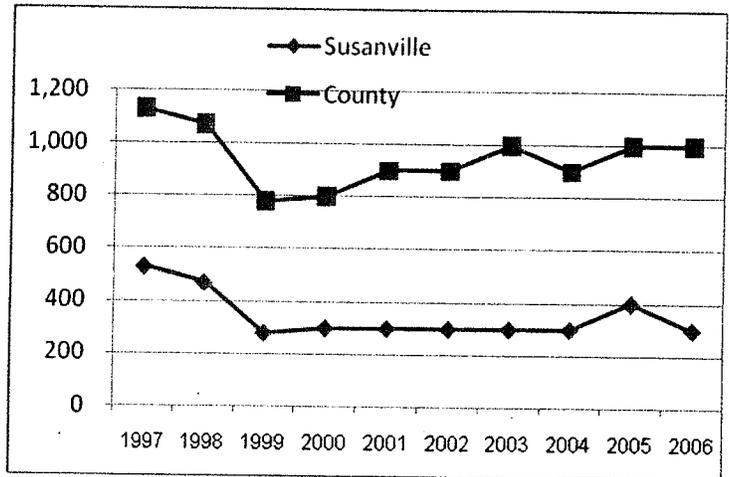
### TOTAL LABOR FORCE

Year	City of Susanville	Lassen County
1997	3,650	11,650
1998	3,540	11,300
1999	3,480	11,060
2000	4,200	11,300
2001	4,300	11,700
2002	4,500	12,200
2003	4,600	12,500
2004	4,500	12,300
2005	4,600	12,400
2006	4,500	12,400



## UNEMPLOYMENT

Year	City of Susanville	Lassen County
1997	530	1,130
1998	470	1,070
1999	280	780
2000	300	800
2001	300	900
2002	300	900
2003	300	1,000
2004	300	900
2005	400	1,000
2006	300	1,000



## **MAJOR PROJECTS FOR THE FUTURE**

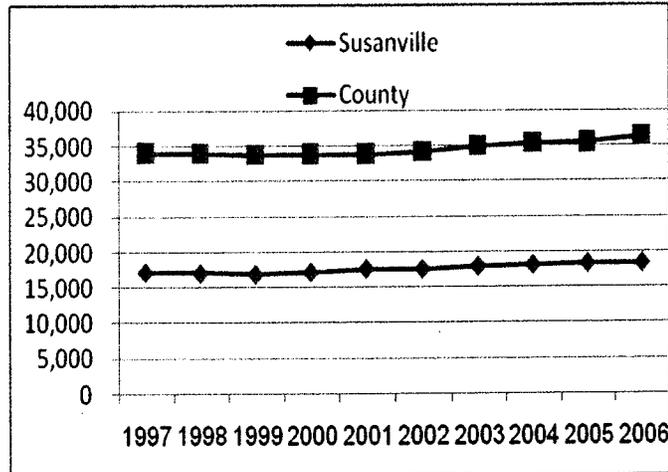
- 1 Remodel of fire station at 1505 Main Street.
- 2 Build a new fire station on Skyline Drive.
- 3 Purchase new equipment for the fire department. This included a front line engine, two command vehicles, specialized equipment for hazardous material emergencies and confined space rescue equipment.
- 4 Upgrade financial software and computers 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, that 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, Susanville Rodeo, and Air Fair. The City has purchased approximately 18 acres for the purpose of building a new community swimming pool. A committee, represented by the City of Susanville, Lassen County, Lassen College, Lassen High School, and Lassen County Office of Education, has formed a few months ago to explore the possibility of creating a Joint Power Authority to lead the construction of the swimming pool. Community Services Staff looks forward to constructing a new playground in Riverside Park, and renovating the grandstands at Memorial Ballpark.

**POPULATION**

Year	City of Susanville	Lassen County
1997	17,077	34,077
1998	16,969	33,969
1999	16,822	33,828
2000	17,089	33,915
2001	17,547	33,896
2002	17,523	34,177
2003	17,886	34,968
2004	18,099	35,385
2005	18,301	35,507
2006	18,337	36,375



**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 the 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 expenditures are recorded when incurred.

The Government-Wide financial statements follow the accrual basis of accounting, with a reconciliation statement to foot 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 2006-07 fiscal year, 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:**

Despite a slow housing market, the Building Division issued permits for 22 new single-family homes, with a total of 352 permits being issued overall and performed 1,921 individual inspections. The department website was extended to include many downloadable forms to improve the public's access to information and reduce trips and phone calls to City Hall. The Building Division also implemented a new process for reactivating expired building permits, a new records retention system and cross training of personnel.

**Police Department:**

The Police Department underwent a significant reorganization after the Police Chief left for other employment and the new one was appointed. The new Chief requested the assistance of POST (Peace Officers Standards and Training) to perform an organizational needs assessment/audit of the Police Department. The audit was completed in September 2007. A new full-time Traffic Officer was added and through a grant a new police motorcycle was purchased and added to the fleet.

**Finance Department:**

During the year the Finance Department implemented a credit card acceptance program for the payment of City services. Customers can now call in and pay directly their bills from their homes. The Department presented to Council a five-year General Fund projection and a three-year budget (2008-2009-2010). For the first time, the Department prepared a Comprehensive Annual Financial Report (CAFR) to replace its general-purpose financial statements. Also, for the first time, the City received two new certificates of award from the CSMFO (California Society Municipal Finance Officers); one, on its CAFR, for fiscal year ended 6/30/2006, and one on its 2006-07 budget. The Department received its third consecutive "unqualified" opinion from the auditors on the annual audit report. For the 2007-08 fiscal year, the Department's new goals are to implement a "positive pay" program with the bank to reduce the risk of fraudulent checks, and to upgrade the financial software with a newer version. The Department is also working on a ballot measure for the next November elections in order to enhance our revenue base and allow the City to continue providing services to the public.

**Fire Department:**

Thanks to a variety of new grants the Fire Department was able to acquire new computers and servers; add to the training room a new sound system and two televisions, which allows now for classes to be hosted at the station; purchased wild-land safety gear and equipment, back-up air bag extrication equipment, and an automatic external defibrillator. The State of California Office of Emergency Services provided a brand new engine (OES 316); and, for the third year, Wal-Mart has named Susanville Fire Department the recipient of the Safe Neighborhood Heroes Grant. The Department responded to 74 more incidents this year than last year at this date.

**Community Services Department:**

The Department completed the remodel/construction of the Lassen Historical Museum Complex. Construction began on an historic amphitheater and event stage to complement the Theater. Staff cleared approximately 120 acres for fuels reduction. Approximately 90 acres were treated for noxious weeds.

**Public Works Department:**

The Department is responsible for the Water, Geothermal and Natural Gas utilities, the Airport and the maintenance of streets and roads.

During the year, staff completed the installation of curbs, gutters, and sidewalks on both sides of Modoc Street (from Richmond Road to Alexander Avenue), on both sides of Fourth Street (from Park Street to Mesa Street); and on Fourth Street between Ash Street and Grand Avenue. These projects provide for safer walking routes for children walking to and from school. At the Airport, staff rebuilt the entrance road, the drainage system, and constructed a new taxiway. New customers were added to the Natural Gas system during the year for a total of 2,379 customers as of 6/30/2007. The Water crew completed construction of two chlorination systems at Water Well #3 and #5, created a new water pressure zone using water springs and reducing water well demands on peak times, added Water Well (#2) that will pump water to the Spring Ridge water tank.

**City Administration:**

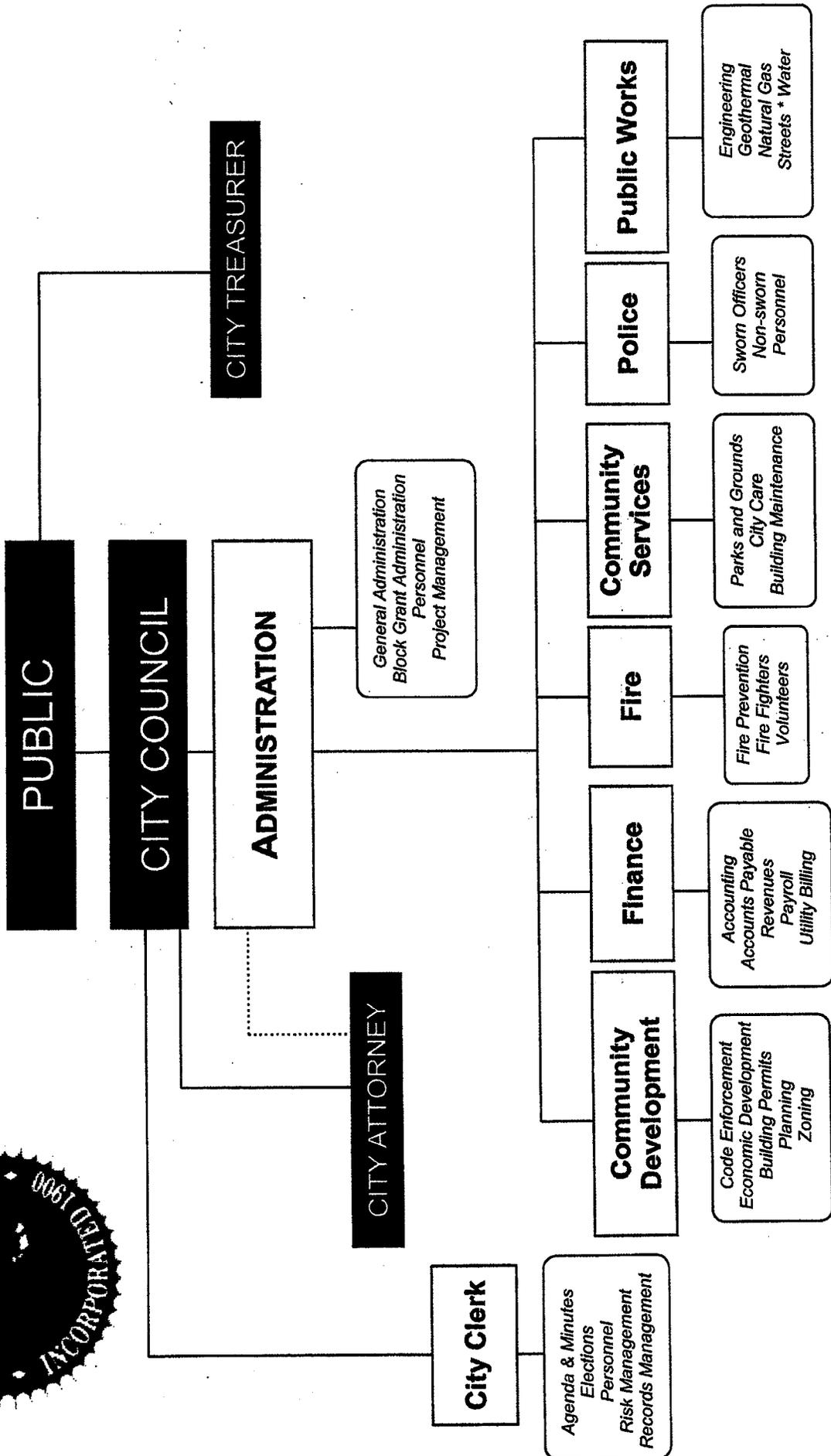
The Department Implemented a new system for monthly posting of new ordinances to the City web side. Staff purchased equipment to efficiently scan documents to a .pdf format, eliminating the need to recreate executed records for electronic and archival storage. The City is at an all-time low for the number of workers' compensation claims filed in a calendar year. This is due in part to better pre-employment practices, aggressive investigation of all claims, and employee education and training.

**ACKNOWLEDGEMENTS**

The 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



# Organization Chart

*California Society of  
Municipal Finance Officers*

**Certificate of Award**

***Outstanding Financial Reporting 2005-06***

**Presented to the**

***City of Susanville***



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

***February 24, 2007***

A handwritten signature in dark ink, appearing to read "Jesse Takahashi".

**Jesse Takahashi, Chair  
Professional & Technical Standards Committee**

***Dedicated to Excellence in Municipal Financial Management***



---

**MOSS, LEVY & HARTZHEIM LLP**

---

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS:**RONALD A. LEVY, C.P.A.  
CRAIG A. HARTZHEIM, C.P.A.  
HADLEY Y. HUI, C.P.A.**Consultant:**

ROBERT M. MOSS (Retired C.P.A.)

9107 WILSHIRE BLVD., STE. 400  
BEVERLY HILLS, CA 90210  
PHONE: (310) 273-2745  
FAX: (310) 273-1689  
EMAIL: mlhbh@mlhcpas.com**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Susanville (City), California, as of and for the fiscal year ended June 30, 2007, 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, 2007, 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.

Management's Discussion and Analysis, on pages 3 through 16, 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 December 18, 2007, 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.

**OFFICES: BEVERLY HILLS • SANTA MARIA**

MEMBER AMERICAN INSTITUTE OF C.P.A.'S • CALIFORNIA SOCIETY OF C.P.A.'S • CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS • CALIFORNIA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

Our audit was conducted for the purpose of forming opinions on the basic financial statements of the City of Susanville, taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is 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. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Moss Levy & Hartzheim, LLP*

Moss, Levy & Hartzheim, LLP  
Beverly Hills, CA  
December 18, 2007

**City of Susanville**  
**Management's Discussion & Analysis**  
**June 30, 2007**

This is the management's discussion and analysis of the financial performance of the City of Susanville (City) for the fiscal year ended June 30, 2007. 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
- Governmental funds
- Proprietary funds
- Fiduciary funds

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

**Government-wide**

Accounting principles generally accepted in the United States of America (USGAAP) 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**

USGAAP 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. USGAAP 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, protective inspections, community services, and community development.

**Indirect expenses** - USGAAP 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. USGAAP 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**

USGAAP 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**

USGAAP 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 revenues
- 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**

USGAAP 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

USGAAP requires the same major fund reporting for enterprise funds described earlier for governmental funds. However, USGAAP 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.

USGAAP prescribes 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 \$8.6 million as of June 30, 2006 (\$8 million for Governmental Activities and \$.6 million for Business-type activities); and \$9.3 million as of June 30, 2007 (\$8.5 for Governmental Activities and \$0.8 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 below, present a summary of the City's Statement of Net Assets for fiscal years ended June 30, 2006 and 2007.

Table A-1  
Government Net Assets for June 30, 2006 and 2007  
**Governmental activities**

	<u>2006</u>	<u>2007</u>
Cash & investments	\$ 3,277,527	\$ 3,962,990
Capital assets	5,807,057	5,491,594
Other assets, including cash and investments with fiscal agents	3,643,641	4,056,332
<b>Total assets</b>	<u>\$ 12,728,225</u>	<u>\$ 13,510,916</u>
Long-term liabilities	3,434,596	3,209,531
Other liabilities	1,248,757	1,765,316
<b>Total liabilities</b>	<u>\$ 4,683,353</u>	<u>\$ 4,974,847</u>
Invested in capital assets, net of related debt	2,648,771	2,480,051
Restricted for debt service	1,565,208	1,651,776
Unrestricted net assets	3,830,893	4,404,242
<b>Total net assets</b>	<u><u>\$ 8,044,872</u></u>	<u><u>\$ 8,536,069</u></u>

Table A-2  
Government Net Assets for June 30, 2006 and 2007  
**Business-type activities**

	<u>2006</u>	<u>2007</u>
Cash & investments	\$ 1,151,357	\$ 1,117,699
Capital assets	29,796,989	30,109,452
Other assets	4,993,881	4,935,991
 Total assets	 <u>\$ 35,942,227</u>	 <u>\$ 36,163,142</u>
 Long-term liabilities	 34,611,651	 34,461,972
Other liabilities	763,799	880,050
 Total liabilities	 <u>\$ 35,375,450</u>	 <u>\$ 35,342,022</u>
 Invested in capital assets, net of related debt	 (3,892,035)	 3,673,059
Restricted for debt service	3,089,827	2,971,552
Unrestricted net assets	1,368,985	(5,823,491)
 Total net assets	 <u>\$ 566,777</u>	 <u>\$ 821,120</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, 2006 and 2007**  
**Governmental Activities**

<b>EXPENSES</b>	<u>2006</u>	<u>2007</u>
<u>Program expenses (by function):</u>		
General government	\$ 1,629,410	\$ 1,616,449
Public safety	3,398,809	3,537,646
Streets	663,794	884,532
Protective inspections	203,979	212,454
Community services	328,252	504,755
Community development	867,183	336,742
Interest on long term debt	294,672	230,157
Total expenses	<u>\$ 7,386,099</u>	<u>\$ 7,322,735</u>
 <b>REVENUES</b>		
<u>Program Revenues (by major source):</u>		
Charges for services	\$ 1,483,103	\$ 1,539,609
Operating, capital contributions and grants	1,228,108	1,185,264
Total program revenues	<u>\$ 2,711,211</u>	<u>\$ 2,724,873</u>
 <u>General Revenues (by major source):</u>		
Property taxes	\$ 884,863	\$ 906,170
Sales & use taxes	1,263,661	1,398,022
Transient lodging taxes	465,369	523,774
Franchise taxes	39,161	48,027
Business license taxes	276,044	240,592
Other taxes	330,685	36,479
Use of money and property	227,236	161,206
Property tax in lieu of Sales tax	417,836	506,153
Property tax in lieu of VLF	1,138,723	1,256,457
Miscellaneous revenues	77,891	42,099
Gain on sale of capital assets	93,235	---
Contribution from Trust fund	56,626	---
Total general revenues	<u>\$ 5,271,330</u>	<u>\$ 5,118,979</u>
Total revenues	<u>\$ 7,982,541</u>	<u>\$ 7,843,852</u>
Excess (deficiency) before contributions to:	\$ 596,442	\$ 521,117
Contributions to term & permanent endowments	---	---
Special and extraordinary items	---	---
Transfers	5,000	(29,920)
Changes in net assets	<u>\$ 601,442</u>	<u>\$ 491,197</u>
Net assets at July 1, 2005 and 2006	7,641,118	8,044,872
Prior period adjustments (See Note #15 to Basic Financial Statement)	<u>(197,688)</u>	<u>---</u>
Ending net assets at June 30, 2006 and 2007	<u>\$ 8,044,872</u>	<u>\$ 8,536,069</u>

Table B-2  
 Changes in Governmental Net Assets  
 For the Fiscal Year Ended June 30, 2006 and 2007  
**Business-Type Activities**

<b>EXPENSES</b>	<u>2006</u>	<u>2007</u>
<u>Expenses (by function)</u>		
Rodeo	\$ 36,508	\$ ---
Airport	113,600	145,780
Water	2,200,070	2,180,730
Geothermal	104,637	46,800
Natural gas	4,855,872	4,783,357
Day care	140,796	133,493
Golf course	6,400	37,749
Total expenses	<u>\$ 7,457,883</u>	<u>\$ 7,327,909</u>
 <b>REVENUES</b>		
<u>Program revenues (by major source)</u>		
Charges for services	\$ 6,574,133	\$ 6,631,281
Operating, capital contributions and grants	202,667	722,575
 <u>General revenues (by major source)</u>		
Use of money and property	142,518	189,756
Gain on sale of capital assets	---	3,637
Miscellaneous revenue	---	5,083
Total program and general revenues	<u>\$ 6,919,318</u>	<u>\$ 7,552,332</u>
Excess (deficiency) before contributions to:	\$ ( 538,565)	\$ 224,423
Term & Permanent Endowments	---	---
Transfers	<u>(5,000)</u>	<u>29,920</u>
Change in net assets	\$ (543,565)	\$ 254,343
Net Assets, July 1, 2005 and 2006	1,271,893	566,777
Prior period adjustments (See Note #15 to Basic Financial Statements)	<u>( 161,551)</u>	<u>---</u>
Net Assets, June 30, 2006 and 2007	<u><u>\$ 566,777</u></u>	<u><u>\$ 821,120</u></u>

**OVERALL ANALYSIS**

The 2006-07 City annual budget was prepared and approved on time and became effective July 1, 2006. The total full time equivalent positions increased by two (from 66 to 68 from the prior fiscal year). The two positions added (a Police Officer and a Construction Supervisor) were to be paid by grants. Overall, the financial position of the City has improved slightly maintaining fiscal solvency and strict controls on spending. At June 30, 2007 the total pooled cash and investments for all funds increased by \$651,805 (from \$4,428,884 to \$5,080,689). Total net assets increased by \$491,197 in the governmental activities, and increased by \$254,343 in the business-type 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 2006-07 ended with a positive increase in fund balance of \$374,361. This increase is \$44,674 higher than the previous fiscal year increase of \$329,687. The increase in fund balance is mostly due to salary savings from vacant positions that were not filled.

On a cash basis, the General Fund cash and investments total increased by \$497,897 from the prior year. The main reason for this increase is a combination of an increase in fund balance (revenues over expenditures \$374,361) and the collection of some accounts receivable outstanding from the prior year.

With all the changes described above, the ability of the City to keep its commitments has improved in both Enterprise and Governmental Funds.

## **FUND ANALYSIS**

### **ANALYSIS OF MAJOR GOVERNMENTAL FUNDS**

#### **General Fund**

Total General Fund revenues increased from prior year by a total of \$210,681 (from \$6,190,871 to \$6,401,552 due primarily to an increase in property taxes, sales taxes and transient occupancy taxes. Some other revenues, like administrative charges to other funds, motor vehicle license fees, and business license fees have actually decreased.

Compared to prior year, the General Fund expenditures increased by \$89,196 (from \$5,645,669 to \$5,734,865). Net transfers in and out were approximately the same. However, compared to final budget, actual net transfers out were \$18,525 less than budgeted.

On June 30, 2007 the General Fund had a fund balance of \$1,651,363 which is an increase of \$374,361 from the prior fiscal year of \$1,277,002. This is a welcome repeat of an increase in fund balance that allows the City to create some reserves even during difficult times.

#### **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, 2007, the total fund balance of these funds was \$2,953,379, an increase of \$129,573 when compared to the prior fiscal year of \$2,823,806.

## ANALYSIS OF MAJOR PROPRIETARY FUNDS

### Business-type Activities

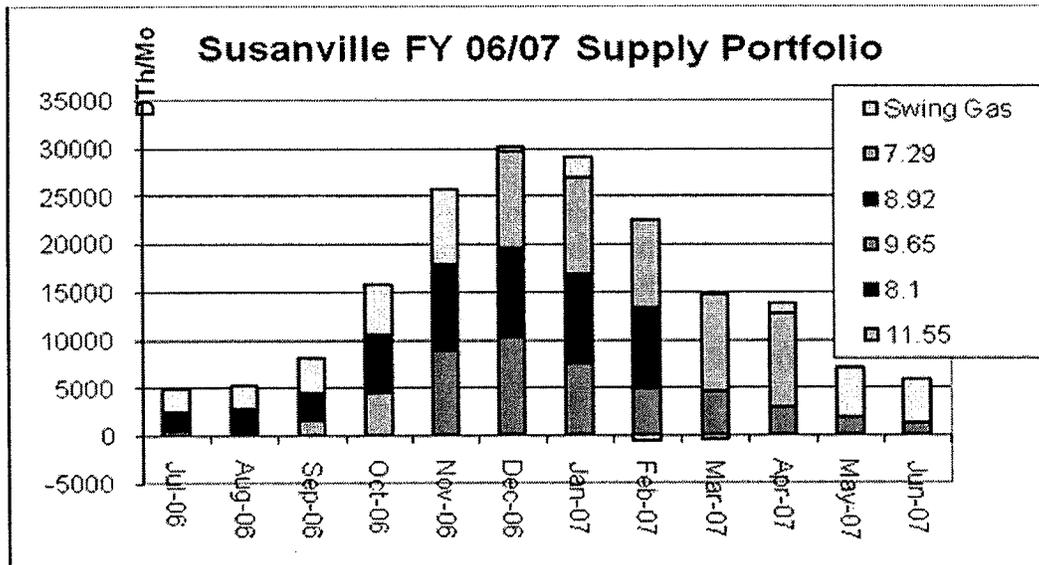
WATER UTILITY ENTERPRISE FUND – At June 30, 2007, the water fund reports an increase in net assets of \$509,120. The gain includes \$320,013 in depreciation and \$14,942 in amortization expenses. On a cash basis, the water fund cash and investments decreased by \$48,777 (from \$1,077,282 to \$1,028,505). Cady Springs Pipeline, one of the major water projects, is still not completed as of June 30, 2007. The remaining portion of this project, \$316,566, is financed through a grant from the USDA (United States Department of Agriculture). The number of water accounts increased from 3,641 at June 30, 2006 to 3,736 at June 30, 2007, equivalent to a 2.6 % increase.

The net assets increase of \$509,120 is mostly due to the grants and subsidies received by the water fund during the fiscal year 2006-07.

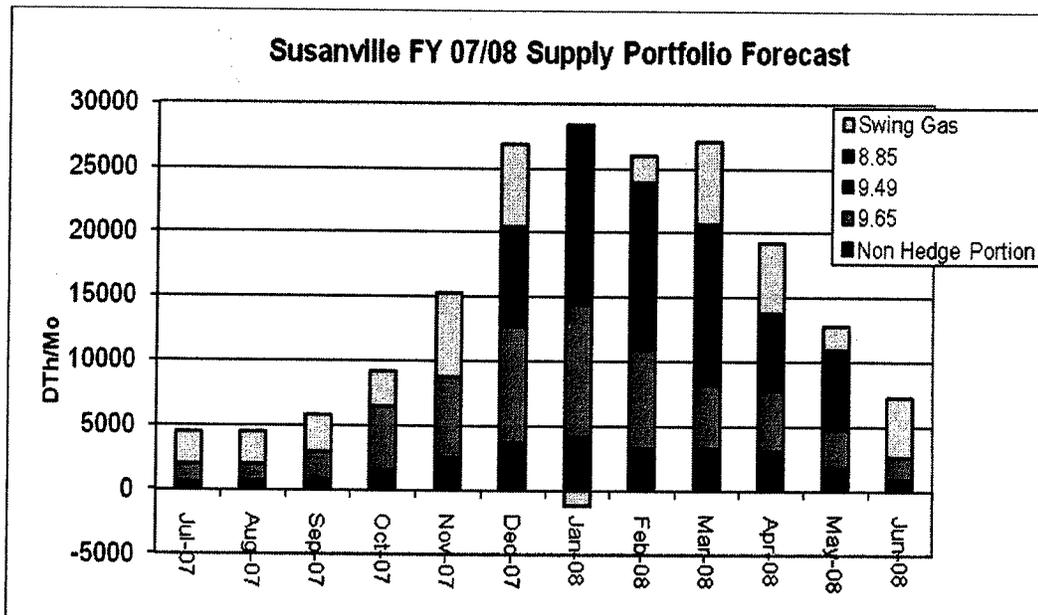
The water rates are reviewed every year to assure that all the costs of operations, debt service, and capital improvements are paid with water revenues. Water usage rates were not increased in fiscal year 2006-07.

NATURAL GAS ENTERPRISE FUND - The Natural Gas system performed well and revenue and expense projections were met during the 2006-07 fiscal year, even though we experienced a second unusually warm winter in a row.

The Natural Gas Fund shows a decrease in net assets of \$455,627 which includes depreciation and amortization expenses for \$519,421. Because the natural gas was priced competitively, the City was able to continue adding new customers to the system. The gas purchased in FY 2006-07 was as follows:



Despite the effect of gasoline prices at record highs, the cost of natural gas in the open market has not increased significantly, 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 2007-08 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 2007-08. 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. In fiscal year 2006-07 a net of 109 new customers were added to the system for an estimated 58,900 additional gas therms.

The City has maintained the services of Interstate Gas Services (IGS), a consulting firm specialized in natural gas, and it is projected to continue through 2007-08 fiscal year. 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 2,332 at 6-30-06 to 2,376 at 6-30-07 equivalent to a 1.9% increase.

AIRPORT ENTERPRISE FUND – The net assets of the Airport Fund increased by \$203,086 due to the capitalization of expenses related to projects, which were funded by grants and subsidies. The operating revenues of the Airport remain insufficient to pay for operating expenses. On a cash-basis the Airport cash balance at June 30 went from negative \$84,818 to negative \$111,835 (this amount has been borrowed from the pooled cash fund).

**BUDGET VARIANCES IN THE GENERAL FUND**

	Original Budget	Final Budget	Actual
Revenues	\$6,091,987	\$6,397,069	\$6,401,552
Expenditures	\$5,927,868	\$6,083,023	\$5,734,865
<b>Difference</b>	<b>\$ 164,119</b>	<b>\$ 314,046</b>	<b>\$ 666,687</b>

Other financing sources and (uses):

Transfers-In	\$ 5,000	\$ 6,624	\$ 6,624
Transfers-Out	( 198,119)	( 317,475)	(298,950)
<b>Difference</b>	<b>( 193,119)</b>	<b>( 310,851)</b>	<b>( 292,326)</b>
<b>Net change in Fund balance</b>	<b>\$( 29,000)</b>	<b>\$( 3,195)</b>	<b>\$ 374,361</b>

**Reasons for Variances**

General Fund - Original Budget to Final Budget variance:

After the original 2006-07 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>	
LAFCO reimbursement for City Clerk	\$1,874
Cancelled Police contract with Lassen College	(23,160)
Reduced Police contract for Narcotic Task Force	(15,153)
Fire Dept. -Bureau of Land Management grant	14,616
Fire Dept – Dept. of Forestry Reimbursement	3,273
Adjust rent revenues for Community Center	(4,735)
Recreation Dept. Wal-Mart donation	500
FEMA grant for floods	103,625
Police Dept. Wal-Mart donation	1,000
Museum – Donation	1,000
Parks – Donation	100
Increase Property Tax in lieu of Sales Tax	88,153
Increase Property Tax In lieu of VLF	116,247
Add revenue for fines	4,000
Reduce City Engineer hours	(8,000)
Remove Police OTS revenues	(9,000)
Increase State of CA AB 1662 Police revenues	33,855
Increase State of Ca OES Fire reimbursements	23,451
Add Indian Rancheria Fire reimbursement	30,000
Add interest revenue to Economic Development Fund 1002	310
Reduce projected Building Permits plan check fees	(55,000)
Total Revenues	\$ 306,956
Transfers In	1,624
Total Revenues and Transfers In	<u>\$ 308,580</u>

Expenditures and Transfers Out:

Single Audit report	3,000
Fire Dept. - Bureau of Land Management grant	16,240
Fire Dept. - Donation from Wal-Mart	1,000
Recreation Dept. - Donation from Wal-Mart	500
Cash match for Airport grant from FAA	15,000
Cash match for Safe Route CIP	30,120
Increase budget for open PO in Parks Dept.	6,287
FEMA grant for floods	103,625
Fire Dept. – Purchased command vehicle	30,000
Police Dept. Wal-Mart donation	1,000
Museum donation	1,000
Parks Dept. donation	100
Match FEMA budget to FEMA authorization	(1,315)
Reduce Economic Development budget to match cash	(13,324)
Increase Fire Dept overtime	11,000
Increase Fire Dept. volunteers Out of Area Fires	5,000
Increase Fire Dept. supplies safety items	10,000
Net payroll changes (Salary savings, red. COLA)	<u>(62,205)</u>
Total Expenditures	\$ 157,028
Transfers – Out	<u>74,236</u>
Total Expenditures and Transfers Out	<u>\$ 231,264</u>

Final Budget to Actual variance

As of June 30, 2007, total general fund actual revenues were \$6,401,552 only \$4,483 more than budgeted. Expenditures were \$5,734,865 or \$348,158 less than budgeted mostly from salary savings from vacant positions. Transfers out were \$18,525 less than budgeted.

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

## **Infrastructure**

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, 2007 was as follows:

Natural Gas Utility	\$24,240,000	Secured by gas revenues
Water Utility	\$10,288,000	Secured by water revenues
City Hall	\$ 2,035,000	Secured by vehicle license fees
Capital Leases	\$ 19,355	Secured by equipment
Mark Roos Assessment	\$ 1,080,000	Secured by property assessments

All debt service principal and interest payments are current.

## **OTHER POTENTIALLY SIGNIFICANT MATTERS**

As many other cities in California, the City of Susanville's ability to provide services decreases overtime. So far, the City has done an excellent job in maintaining services to the public despite increased costs over time. However, due to the limitations, imposed on California cities by Proposition 13 and 218, in generating new revenues, the City has continued to balance its budget by cutting expenditures wherever the Council has control over. The City Council of the City of Susanville is now considering a ballot measure to increase general fund revenues in the near future. Staff is working to have the new tax proposal ready for the next November elections.

The City has a Redevelopment Agency, however, currently it does not have an approved redevelopment project area. Without an approved project area the City cannot take advantage of the redevelopment laws that would allow capturing revenues for the needed work in the blighted areas.

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 does not show signs of recovery. The State budget shortfall for the coming fiscal year is in the \$10 billion range. Proposition 1A passed a few years ago in California allows the state government to borrow local government funds twice in any ten year period. City governments should not be surprised if the State will again try to balance its budget with local governments' money. 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 2007-08 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 for 2007-08 increased by \$202,364 or 3.2% (from \$6,400,498 in 2006-07 to \$6,602,862 in 2007-08).

### **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, 2007

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 3,962,990	\$ 1,117,699	\$ 5,080,689
Cash and investments with fiscal agents	467,568	3,249,951	3,717,519
Investment in bonds	1,135,000		1,135,000
Accounts receivable	1,053,606	749,907	1,803,513
Interest receivable	48,454	29,357	77,811
Prepaid expenses	14,083	6,424	20,507
Inventory	26,868	79,863	106,731
Deposits		75,000	75,000
Loans receivable	1,187,941		1,187,941
Deferred charges - net of accumulated amortization	122,812	745,489	868,301
Capital assets:			
Nondepreciable:			
Land	2,930,975	2,228,580	5,159,555
Construction in progress	5,902	2,678,735	2,684,637
Depreciable:			
Buildings, improvements, equipment, and vehicles	5,888,906	32,647,850	38,536,756
Accumulated depreciation	(3,334,189)	(7,445,713)	(10,779,902)
Total assets	13,510,916	36,163,142	49,674,058
<b>LIABILITIES</b>			
Accounts payable	780,247	321,186	1,101,433
Accrued wages	199,073		199,073
Accrued interest payable	61,995	278,399	340,394
Deposits payable	579,646	124,465	704,111
Noncurrent liabilities:			
Due within one year	144,355	156,000	300,355
Due in more than one year	3,209,531	34,461,972	37,671,503
Total liabilities	4,974,847	35,342,022	40,316,869
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,480,051	3,673,059	6,153,110
Restricted for:			
Debt service	1,651,776	2,971,552	4,623,328
Unrestricted	4,404,242	(5,823,491)	(1,419,249)
Total net assets	\$ 8,536,069	\$ 821,120	\$ 9,357,189

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, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Governmental activities:</b>				
General government	\$ 1,616,449	\$ 743,153	\$ 4,413	\$ -
Public safety	3,537,646	308,352	182,490	248,363
Streets	884,532	265,907	503,913	246,085
Protective inspections	212,454	167,645		
Community services	504,755	5,932		
Community development	336,742	48,620		
Interest on long term debt	230,157			
<b>Total governmental activities</b>	<b>7,322,735</b>	<b>1,539,609</b>	<b>690,816</b>	<b>494,448</b>
<b>Business-type activities:</b>				
Airport	145,780	50,190	283,641	
Water	2,180,730	2,064,187		438,934
Geothermal	46,800	73,653		
Natural gas	4,783,357	4,325,805		
Day care	133,493	117,446		
Golf course	37,749			
<b>Total business-type activities</b>	<b>7,327,909</b>	<b>6,631,281</b>	<b>283,641</b>	<b>438,934</b>
<b>Total government</b>	<b>\$ 14,650,644</b>	<b>\$ 8,170,890</b>	<b>\$ 974,457</b>	<b>\$ 933,382</b>

**General Revenues**

**Taxes:**

Secured and unsecured property taxes

Sales and use taxes

Transient lodging taxes

Franchise taxes

Business license tax

Other taxes

Property tax in lieu of sales tax, unrestricted

Property tax in lieu of VLF, unrestricted

Use of money and property

Gain on sale of capital assets

Miscellaneous revenue

**Transfers**

Total general revenues and transfers

Change in net assets

Net Assets, July 1, 2006

Net assets, June 30, 2007

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

Net (Expense) Revenue and Change in Net Assets

Net Governmental Activities	Net Business-type Activities	Totals
\$ (868,883)	\$ -	\$ (868,883)
(2,798,441)		(2,798,441)
131,373		131,373
(44,809)		(44,809)
(498,823)		(498,823)
(288,122)		(288,122)
(230,157)		(230,157)
<u>(4,597,862)</u>		<u>(4,597,862)</u>
	188,051	188,051
	322,391	322,391
	26,853	26,853
	(457,552)	(457,552)
	(16,047)	(16,047)
	<u>(37,749)</u>	<u>(37,749)</u>
	25,947	25,947
<u>(4,597,862)</u>	<u>25,947</u>	<u>(4,571,915)</u>
906,170		906,170
1,398,022		1,398,022
523,774		523,774
48,027		48,027
240,592		240,592
36,479		36,479
506,153		506,153
1,256,457		1,256,457
161,206	189,756	350,962
	3,637	3,637
42,099	5,083	47,182
(29,920)	<u>29,920</u>	<u>47,182</u>
<u>5,089,059</u>	<u>228,396</u>	<u>5,317,455</u>
491,197	254,343	745,540
<u>8,044,872</u>	<u>566,777</u>	<u>8,611,649</u>
<u>\$ 8,536,069</u>	<u>\$ 821,120</u>	<u>\$ 9,357,189</u>

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

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

**CITY OF SUSANVILLE**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
June 30, 2007

	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ 1,717,377	\$ 1,483,358	\$ 3,200,735
Cash and investments with fiscal agent		467,568	467,568
Investment in bonds		1,135,000	1,135,000
Accounts receivable	380,944	672,566	1,053,510
Interest receivable	25,400	16,371	41,771
Prepaid expenditures	10,829	821	11,650
Inventory	26,868		26,868
Due from other funds	217,778		217,778
Loans receivable		1,187,941	1,187,941
Advances to other funds	279,114	381,371	660,485
	<u>2,658,310</u>	<u>5,344,996</u>	<u>8,003,306</u>
Total assets	<u>\$ 2,658,310</u>	<u>\$ 5,344,996</u>	<u>\$ 8,003,306</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 426,648	\$ 325,413	\$ 752,061
Accrued wages	653		653
Deposits payable	579,646		579,646
Deferred revenue		1,187,941	1,187,941
Due to other funds		217,778	217,778
Advances from other funds		660,485	660,485
	<u>1,006,947</u>	<u>2,391,617</u>	<u>3,398,564</u>
Total liabilities	<u>1,006,947</u>	<u>2,391,617</u>	<u>3,398,564</u>
<b>Fund Balances:</b>			
<b>Reserved:</b>			
Debt service		1,712,950	1,712,950
Advances	279,114	381,371	660,485
Prepaid expenditures	10,829	821	11,650
Inventory	26,868		26,868
Encumbrances	53,485	17,000	70,485
<b>Unreserved, designated:</b>			
Capital improvements	15,793	274,359	290,152
<b>Unreserved, undesignated</b>			
<b>Reported in:</b>			
General Fund	1,265,274		1,265,274
Special Revenue Funds		566,069	566,069
Capital Projects Funds		809	809
	<u>1,651,363</u>	<u>2,953,379</u>	<u>4,604,742</u>
Total fund balances	<u>1,651,363</u>	<u>2,953,379</u>	<u>4,604,742</u>
Total liabilities and fund balances	<u>\$ 2,658,310</u>	<u>\$ 5,344,996</u>	<u>\$ 8,003,306</u>

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

**CITY OF SUSANVILLE**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET ASSETS**  
June 30, 2007

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 4,604,742

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

Capital assets at historical cost	\$	8,317,250
Accumulated depreciation		<u>(3,255,098)</u>

Net 5,062,152

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

(61,995)

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>(30,703)</u>

Net 122,812

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.

974,303

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

Capital lease obligation		(19,355)
Bonds payable		(3,115,000)
Compensated absences payable		<u>(219,531)</u>

Total (3,353,886)

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

1,187,941

TOTAL NET ASSETS, GOVERNMENTAL ACTIVITIES

\$ 8,536,069

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, 2007**

	General Fund	Other Governmental Funds	Totals
<b>Revenues:</b>			
Taxes and assessments	\$ 4,892,941	\$ 220,566	\$ 5,113,507
Licenses and permits	189,740		189,740
Fines and forfeitures	67,621		67,621
Use of money and property	45,837	95,344	141,181
Intergovernmental revenues	346,872	838,392	1,185,264
Program income		1,103,399	1,103,399
Charges for services	792,797		792,797
Other revenues	65,744	267,847	333,591
<b>Total revenues</b>	<b>6,401,552</b>	<b>2,525,548</b>	<b>8,927,100</b>
<b>Expenditures:</b>			
Current:			
General government	1,390,156	9,341	1,399,497
Public safety	3,262,521	224,002	3,486,523
Streets	68,725	779,967	848,692
Protective inspections	212,454		212,454
Community services	441,325		441,325
Community development	359,684	1,140,974	1,500,658
Capital outlay		119,358	119,358
Debt service:			
Principal		152,884	152,884
Interest and fiscal agent fees		217,507	217,507
<b>Total expenditures</b>	<b>5,734,865</b>	<b>2,644,033</b>	<b>8,378,898</b>
Excess of revenues over (under) expenditures	666,687	(118,485)	548,202
<b>Other Financing Sources (Uses):</b>			
Transfers in	6,624	370,951	377,575
Transfers out	(298,950)	(122,893)	(421,843)
<b>Total other financing sources (uses)</b>	<b>(292,326)</b>	<b>248,058</b>	<b>(44,268)</b>
Net changes in fund balances	374,361	129,573	503,934
Fund balances - July 1, 2006	1,277,002	2,823,806	4,100,808
Fund balances - June 30, 2007	<u>\$ 1,651,363</u>	<u>\$ 2,953,379</u>	<u>\$ 4,604,742</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, 2007

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 \$ 503,934

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	74,434
Depreciation expense not reported in governmental funds	(388,779)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but deferred and amortized throughout the period during which the related debt is outstanding in the statement of net assets. Repayment of long-term debt 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	152,884
Amortization expense of costs of issuance not reported in governmental funds	(6,141)

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	(6,509)
Compensated absences	65,246

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

70,267

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.

25,861

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 491,197</u>
---	-------------------

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues:</b>				
Property taxes	\$ 2,474,874	\$ 2,679,274	\$ 2,668,780	\$ (10,494)
Taxes other than property	1,975,438	1,975,438	2,224,161	248,723
Licenses and permits	216,550	191,550	189,740	(1,810)
Fines and forfeitures	52,800	56,800	67,621	10,821
Use of money and property	16,646	16,646	45,837	29,191
Intergovernmental	243,371	398,038	346,872	(51,166)
Charges for services	1,058,762	992,867	792,797	(200,070)
Other revenues	53,546	86,456	65,744	(20,712)
<b>Total revenues</b>	<u>6,091,987</u>	<u>6,397,069</u>	<u>6,401,552</u>	<u>4,483</u>
<b>Expenditures:</b>				
General government	1,583,864	1,628,055	1,390,156	237,899
Public safety	3,414,122	3,531,058	3,262,521	268,537
Streets			68,725	(68,725)
Protective inspections	232,344	226,633	212,454	14,179
Community development	377,290	370,698	441,325	(70,627)
Community services	320,248	326,579	359,684	(33,105)
<b>Total expenditures</b>	<u>5,927,868</u>	<u>6,083,023</u>	<u>5,734,865</u>	<u>348,158</u>
Excess of revenues over (under) expenditures	<u>164,119</u>	<u>314,046</u>	<u>666,687</u>	<u>352,641</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	5,000	6,624	6,624	
Transfers out	(198,119)	(317,475)	(298,950)	18,525
<b>Total other financing sources (uses)</b>	<u>(193,119)</u>	<u>(310,851)</u>	<u>(292,326)</u>	<u>18,525</u>
<b>Net changes in fund balance</b>	<u>(29,000)</u>	<u>3,195</u>	<u>374,361</u>	<u>371,166</u>
Fund balance - July 1, 2006	<u>1,277,002</u>	<u>1,277,002</u>	<u>1,277,002</u>	
Fund balance - June 30, 2007	<u>\$ 1,248,002</u>	<u>\$ 1,280,197</u>	<u>\$ 1,651,363</u>	<u>\$ 371,166</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, 2007

	<u>Rodeo Fund</u>	<u>Airport Fund</u>	<u>Water Fund</u>	<u>Geothermal Fund</u>
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ -	\$ -	\$ 1,028,505	\$ 77,771
Cash and investments with fiscal agents			870,364	
Accounts receivable - net		182,728	308,791	3,694
Interest receivable			28,074	899
Prepaid expenses			1,463	
Due from other funds			1,186,297	
Inventory			11,254	
Deposits				
<b>Total Current Assets</b>		<b>182,728</b>	<b>3,434,748</b>	<b>82,364</b>
Noncurrent Assets:				
Deferred charges, net of amortization			345,418	
Capital Assets:				
Nondepreciable				
Land		43,189	945,678	249,124
Construction in progress		258,898	2,419,837	
<b>Total Nondepreciable Capital Assets</b>		<b>302,087</b>	<b>3,365,515</b>	<b>249,124</b>
Depreciable				
Buildings		166,873	315,266	24,852
Improvements		514,798	5,429,854	
Equipment		128,400	3,770,210	228,666
<b>Total Depreciable Capital Assets</b>		<b>810,071</b>	<b>9,515,330</b>	<b>253,518</b>
Less accumulated depreciation		(423,745)	(5,406,425)	(245,441)
<b>Net Depreciable Capital Assets</b>		<b>386,326</b>	<b>4,108,905</b>	<b>8,077</b>
<b>Net Capital Assets</b>		<b>688,413</b>	<b>7,474,420</b>	<b>257,201</b>
<b>Total Noncurrent Assets</b>		<b>688,413</b>	<b>7,819,838</b>	<b>257,201</b>
<b>Total Assets</b>		<b>871,141</b>	<b>11,254,586</b>	<b>339,565</b>

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
\$ -	\$ -	\$ 11,423	\$ 1,117,699	\$ 762,255
2,379,587			3,249,951	
243,125	11,569		749,907	96
		384	29,357	6,683
4,761	200		6,424	2,433
			1,186,297	
68,609			79,863	
75,000			75,000	
<u>2,771,082</u>	<u>11,769</u>	<u>11,807</u>	<u>6,494,498</u>	<u>771,467</u>
<u>400,071</u>			<u>745,489</u>	
		990,589	2,228,580	405,965
			2,678,735	
		990,589	4,907,315	405,965
		41,323	548,314	89,349
21,612,346		142,930	27,699,928	
272,332			4,399,608	13,219
<u>21,884,678</u>		<u>184,253</u>	<u>32,647,850</u>	<u>102,568</u>
<u>(1,241,672)</u>		<u>(128,430)</u>	<u>(7,445,713)</u>	<u>(79,091)</u>
<u>20,643,006</u>		<u>55,823</u>	<u>25,202,137</u>	<u>23,477</u>
<u>20,643,006</u>		<u>1,046,412</u>	<u>30,109,452</u>	<u>429,442</u>
<u>21,043,077</u>		<u>1,046,412</u>	<u>30,854,941</u>	<u>429,442</u>
<u>23,814,159</u>	<u>11,769</u>	<u>1,058,219</u>	<u>37,349,439</u>	<u>1,200,909</u>

(continued)

**CITY OF SUSANVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS (Continued)**  
June 30, 2007

	<u>Rodeo Fund</u>	<u>Airport Fund</u>	<u>Water Fund</u>	<u>Geothermal Fund</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	\$ -	\$ 172,417	\$ 34,074	\$ 7,567
Accrued wages				
Due to other funds		111,835		
Accrued interest			42,720	
Deposits payable			87,828	
Current portion - long-term debt			156,000	
			<u>156,000</u>	
Total Current Liabilities		<u>284,252</u>	<u>320,622</u>	<u>7,567</u>
Noncurrent Liabilities:				
Capital lease payable				
Notes payable			932,000	
Revenue bonds payable			9,200,000	
Certificates of participation				
Compensated absences		444	54,857	
		<u>444</u>	<u>54,857</u>	
Total Noncurrent Liabilities		<u>444</u>	<u>10,186,857</u>	
Total Liabilities		<u>284,696</u>	<u>10,507,479</u>	<u>7,567</u>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt		688,413	(2,468,162)	257,201
Restricted for debt service			827,644	
Unrestricted		(101,968)	2,387,625	74,797
		<u>(101,968)</u>	<u>2,387,625</u>	<u>74,797</u>
Total Net Assets	<u>\$ -</u>	<u>\$ 586,445</u>	<u>\$ 747,107</u>	<u>\$ 331,998</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
\$ 98,534	\$ 2,620	\$ 5,974	\$ 321,186	\$ 28,186
889,785	184,677		1,186,297	198,420
235,679			278,399	
36,637			124,465	
			156,000	
<u>1,260,635</u>	<u>187,297</u>	<u>5,974</u>	<u>2,066,347</u>	<u>226,606</u>
			932,000	
			9,200,000	
24,240,000			24,240,000	
29,813	4,858		89,972	
<u>24,269,813</u>	<u>4,858</u>		<u>34,461,972</u>	
<u>25,530,448</u>	<u>192,155</u>	<u>5,974</u>	<u>36,528,319</u>	<u>226,606</u>
(817,336)		1,046,412	(1,293,472)	429,442
2,143,908			2,971,552	
<u>(3,042,861)</u>	<u>(180,386)</u>	<u>5,833</u>	<u>(856,960)</u>	<u>544,861</u>
<u>\$ (1,716,289)</u>	<u>\$ (180,386)</u>	<u>\$ 1,052,245</u>	<u>\$ 821,120</u>	<u>\$ 974,303</u>

**CITY OF SUSANVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS**  
For the Fiscal Year Ended June 30, 2007

	<u>Rodeo Fund</u>	<u>Airport Fund</u>	<u>Water Fund</u>	<u>Geothermal Fund</u>
Operating Revenues:				
Sales and charges for services	\$ -	\$ 50,090	\$ 2,064,037	\$ 73,653
Other operating revenue		100	150	
Total Operating Revenues		<u>50,190</u>	<u>2,064,187</u>	<u>73,653</u>
Operating Expenses:				
Purchase of natural gas				
Administration		99,858	1,298,562	46,179
Insurance costs and claims				
Depreciation and amortization		40,802	334,955	621
Total Operating Expenses		<u>140,660</u>	<u>1,633,517</u>	<u>46,800</u>
Operating Income (Loss)		<u>(90,470)</u>	<u>430,670</u>	<u>26,853</u>
Non-Operating Revenues (Expenses):				
Interest income		(5,120)	184,969	2,961
Interest expense			(547,213)	
Reimbursements		35	3,123	
Gain on sale of capital assets			3,637	
Grants and subsidies		283,641	438,934	
Total Non-Operating Revenue(Expenses)		<u>278,556</u>	<u>83,450</u>	<u>2,961</u>
Income (Loss) Before Transfers		188,086	514,120	29,814
Transfers:				
Transfers in	19,920	15,000	141,220	
Transfers out			(146,220)	
Change in Net Assets	19,920	203,086	509,120	29,814
Net Assets, July 1, 2006	<u>(19,920)</u>	<u>383,359</u>	<u>237,987</u>	<u>302,184</u>
Net Assets, June 30, 2007	<u>\$ -</u>	<u>\$ 586,445</u>	<u>\$ 747,107</u>	<u>\$ 331,998</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
\$ 4,325,805	\$ 117,446	\$ -	\$ 6,631,031	\$ 882,208
			250	
4,325,805	117,446		6,631,281	882,208
1,400,855			1,400,855	
1,541,089	124,551	31,952	3,142,191	111,495
				778,233
519,421		5,797	901,596	1,118
3,461,365	124,551	37,749	5,444,642	890,846
864,440	(7,105)	(37,749)	1,186,639	(8,638)
92,083	(8,942)	1,826	267,777	20,151
(1,414,075)			(1,961,288)	
1,925			5,083	
			722,575	
(1,320,067)	(8,942)	1,826	(965,853)	20,151
(455,627)	(16,047)	(35,923)	224,423	11,513
			176,140	14,348
			(146,220)	
(455,627)	(16,047)	(35,923)	254,343	25,861
(1,260,662)	(164,339)	1,088,168	566,777	948,442
\$ (1,716,289)	\$ (180,386)	\$ 1,052,245	\$ 821,120	\$ 974,303

**CITY OF SUSANVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended June 30, 2007

	<u>Rodeo Fund</u>	<u>Airport Fund</u>	<u>Water Fund</u>	<u>Geothermal Fund</u>
Cash Flows from Operating Activities:				
Receipts from customers	\$ -	\$ (131,605)	\$ 2,027,218	\$ 77,403
Payments to suppliers and users	(19,920)	100,321	(1,026,267)	(40,571)
Payments to employees		(3,374)	(353,760)	
Net Cash Provided (Used) by Operating Activities	<u>(19,920)</u>	<u>(34,658)</u>	<u>647,191</u>	<u>36,832</u>
Cash Flow from Non-Capital Financing Activities:				
Grant and contributions received		283,676	442,057	
Transfers in/ (out)	19,920	15,000	(5,000)	
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>19,920</u>	<u>298,676</u>	<u>437,057</u>	
Cash Flows from Capital and Related Financing Activities:				
Purchase of capital assets		(258,898)	(785,458)	
Proceeds from sale of capital assets			5,800	
Interest paid			(547,213)	
Principal payments - long-term debt			(149,480)	
Net Cash Provided (Used) by Capital and Related Financing Activities		<u>(258,898)</u>	<u>(1,476,351)</u>	
Cash Flows from Investing Activities:				
Interest received		(5,120)	182,028	2,449
Net Cash Provided by Investing Activities		<u>(5,120)</u>	<u>182,028</u>	<u>2,449</u>
Net Increase (Decrease) in Cash and Cash Equivalents			(210,075)	39,281
Cash and Cash Equivalents, July 1, 2006			2,108,944	38,490
Cash and Cash Equivalents, June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,898,869</u>	<u>\$ 77,771</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets				
Cash and investments	\$ -	\$ -	\$ 1,028,505	\$ 77,771
Cash and investments with fiscal agents			870,364	
Total Cash and Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,898,869</u>	<u>\$ 77,771</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
\$ 4,307,046	\$ 121,030	\$ -	\$ 6,401,092	\$ 1,168,583
(2,550,636)	(37,070)	(19,947)	(3,594,090)	(853,022)
(364,420)	(75,018)	(6,031)	(802,603)	(70,324)
1,391,990	8,942	(25,978)	2,004,399	245,237
1,925			727,658	
			29,920	14,348
1,925			757,578	14,348
(28,710)			(1,073,066)	
(1,425,246)			5,800	
(189)			(1,972,459)	
			(149,669)	
(1,454,145)			(3,189,394)	
92,083	(8,942)	1,816	264,314	15,286
92,083	(8,942)	1,816	264,314	15,286
31,853		(24,162)	(163,103)	274,871
2,347,734		35,585	4,530,753	487,384
\$ 2,379,587	\$ -	\$ 11,423	\$ 4,367,650	\$ 762,255
\$ -	\$ -	\$ 11,423	\$ 1,117,699	\$ 762,255
2,379,587			3,249,951	
\$ 2,379,587	\$ -	\$ 11,423	\$ 4,367,650	\$ 762,255

(continued)

**CITY OF SUSANVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS (Continued)**  
**For the Fiscal Year Ended June 30, 2007**

	<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)	\$ -	\$ (90,470)	\$ 430,670	\$ 26,853
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and amortization		40,802	334,955	621
(Increase) Decrease in Operating Assets:				
Accounts receivable		(181,795)	(26,325)	3,800
Inventory			(11,254)	
Prepaid expenses		10	(510)	
Due from other funds			(501)	
Increase (Decrease) in Operating Liabilities:				
Accounts payable	(1,082)	169,334	(72,467)	5,608
Accrued wages				
Due to other funds	(18,838)	27,017		
Compensated absences		444	3,267	
Deposits payable			(10,644)	(50)
Net Cash Provided (Used) by Operating Activities	<u>\$ (19,920)</u>	<u>\$ (34,658)</u>	<u>\$ 647,191</u>	<u>\$ 36,832</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
\$ 864,440	\$ (7,105)	\$ (37,749)	\$ 1,186,639	\$ (8,638)
519,421		5,797	901,596	1,118
(8,307)	3,584		(209,043)	286,375
7,832			(3,422)	
1,717			1,217	(340)
			(501)	
30,345	818	5,974	138,530	(2,540)
			0	(4,341)
(19,525)	11,847		501	
6,519	(202)		10,028	(26,397)
(10,452)			(21,146)	
<u>\$ 1,391,990</u>	<u>\$ 8,942</u>	<u>\$ (25,978)</u>	<u>\$ 2,004,399</u>	<u>\$ 245,237</u>

**CITY OF SUSANVILLE**  
**FIDUCIARY FUNDS**  
**STATEMENT OF NET ASSETS**  
June 30, 2007

	<b>Agency Funds</b>			<b>Totals</b>
	<b>Section 125 Aflac Fund</b>	<b>LAFCO Fund</b>	<b>HUSA Business Improvement Fund</b>	
<b>ASSETS</b>				
Cash and investments	\$ 14,821	\$ 45,598	\$ 2,810	\$ 63,229
Accounts receivable			63	63
Interest receivable		603	34	637
<b>Total Assets</b>	<b>14,821</b>	<b>46,201</b>	<b>2,907</b>	<b>63,929</b>
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable		3,832	2,050	5,882
Deposits payable	14,821	42,369	857	58,047
<b>Total Liabilities</b>	<b>14,821</b>	<b>46,201</b>	<b>2,907</b>	<b>63,929</b>
<b>NET ASSETS</b>				
Unrestricted				
<b>Total Net Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2007

**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, 2007 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 (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, 2007

**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 at least ten percent of their fund-type total and at least five percent of the grand 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, 2007

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

**C. Major Funds (Continued)**

The City reported the following major governmental fund 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.

Additionally, the government reports the following fund types:

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

**D. Basis of Accounting**

The government-wide, proprietary funds, and fiduciary funds financial statements are reported using the *economic resources measurement focus* and the *full accrual basis* of accounting. 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, 2007

**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, 2007

**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 and with useful lives exceeding two years.

With the implementation of GASB Statement No. 34, the City has elected to defer the recording of 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.

**I. Inventory**

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

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2007

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

**A. Budgetary Information**

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

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

There were no budgets adopted for the following funds: STBG, Barry Creek Development Fund, Chestnut Street Culvert Fund, Skyline Park Project Fund, Jensen Slough Pedestrian Bridge Fund, Skyline Numa Signal Fund, Skyline Rt.139 Signal Fund, and Uptown Cinema Barrier Fund.

There was approximately a \$2,389,649 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	\$ 2,815
Community Redevelopment Agency Fund	21,228

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

Major Funds

A deficit net assets of \$1,716,289 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 \$180,386 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 \$6,446 exists in the 05-PTAA-1505 Fund. The deficit is due to the City incurring costs in advance of receiving revenue.

A deficit fund balance of \$660,495 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 \$1,691 exists in the Safe Routes to School Fund. The deficit is due to the City incurring costs in advance of receiving revenue.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2007

**NOTE 3 – CASH AND INVESTMENTS**

Statement of Net Assets:	
Cash and investments	\$ 5,080,689
Cash and investments with fiscal agent	3,717,519
Investment in bonds	1,135,000
Statement of Fiduciary Net Assets:	
Cash and investments	63,229
Total	\$ 9,996,437

Cash and investments as of June 30, 2007 consist of the following:

Cash on hand	\$ 750
Deposits with financial institutions	32,413
Investments in bonds	1,135,000
Investments	8,828,274
Total	\$ 9,996,437

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage/Amount of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	\$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

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2007

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

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

**Disclosures Relating to Interest Rate Risk**

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

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	\$ 5,110,393	\$ 5,110,393	\$ -	\$ -	\$ -	\$ -	\$ -
Held by debt trustees:							
Money market funds	1,218,023	1,218,023					
U.S. Agency Securities	2,025,203	196,684		716,856			1,111,663
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>\$ 9,963,274</u>	<u>\$ 6,585,100</u>	<u>\$ 65,000</u>	<u>\$ 786,856</u>	<u>\$ 75,000</u>	<u>\$ 80,000</u>	<u>\$ 2,371,318</u>

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2007

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

**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 Held by debt trustees:	\$ 5,110,393	N/A	\$ -	\$ -	\$ -	\$ -	\$ 5,110,393
Money market funds	1,218,023	N/A					1,218,023
U.S. Agency Securities	2,025,203	N/A		2,025,203			
Investment contracts							
AIG	474,655	N/A			474,655		
Miller Fletcher bonds	<u>1,135,000</u>						<u>1,135,000</u>
Total	<u>\$ 9,963,274</u>		<u>\$ -</u>	<u>\$ 2,025,203</u>	<u>\$ 474,655</u>	<u>\$ -</u>	<u>\$ 7,463,416</u>

**Concentration of Credit Risk**

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There is one investment that represents more than 5% of total City investments (Miller Fletcher bonds), other than the State Investment Pool. These bonds 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, 2007, none of the City's deposits with financial institutions were in excess of federal depository insurance limits.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2007

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

**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.

**NOTE 4 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2007, was as follows:

	Balance July 1, 2006	Additions	Deletions	Transfers	Balance June 30, 2007
<b>Governmental Activities, not including Internal Service Funds</b>					
Nondepreciable capital assets:					
Land	\$ 2,525,010	\$ -	\$ -	\$ -	\$ 2,525,010
Construction in progress	103,428	10,023		(107,549)	5,902
Total nondepreciable capital assets	<u>2,628,438</u>	<u>10,023</u>		<u>(107,549)</u>	<u>2,530,912</u>
Depreciable capital assets:					
Buildings	1,189,743		(75,000)	48,344	1,163,087
Machinery and equipment	2,175,734	64,411	(15,000)		2,225,145
Other improvements	2,338,901			59,205	2,398,106
Total depreciable capital assets	<u>5,704,378</u>	<u>64,411</u>	<u>(90,000)</u>	<u>107,549</u>	<u>5,786,338</u>
Less accumulated depreciation	<u>(2,956,319)</u>	<u>(388,779)</u>	<u>90,000</u>		<u>(3,255,098)</u>
Net depreciable capital assets	<u>2,748,059</u>	<u>(324,368)</u>		<u>107,549</u>	<u>2,531,240</u>
Net capital assets	<u>\$ 5,376,497</u>	<u>\$ (314,345)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,062,152</u>
	Balance July 1, 2006	Additions	Deletions	Transfers	Balance June 30, 2007
<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
Machinery and equipment				13,219	13,219
Total depreciable capital assets	<u>89,349</u>			<u>13,219</u>	<u>102,568</u>
Less accumulated depreciation	<u>(64,754)</u>	<u>(1,118)</u>		<u>(13,219)</u>	<u>(79,091)</u>
Net depreciable capital assets	<u>24,595</u>	<u>(1,118)</u>			<u>23,477</u>
Net capital assets	<u>\$ 430,560</u>	<u>\$ (1,118)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 429,442</u>

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2007

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

Capital assets activity for the fiscal year ended June 30, 2007, was as follows:

	Balance July 1, 2006	Additions	Deletions	Transfers	Balance June 30, 2007
<b>Business-type Activities</b>					
<b>Airport</b>					
Nondepreciable capital assets:					
Land	\$ 43,189	\$ -	\$ -	\$ -	\$ 43,189
Construction in progress		258,898			258,898
Total nondepreciable capital assets	43,189	258,898			302,087
Depreciable capital assets:					
Buildings	166,873				166,873
Machinery and equipment	128,400				128,400
Other improvements	514,798				514,798
Total depreciable capital assets	810,071				810,071
Less accumulated depreciation	(382,943)	(40,802)			(423,745)
Net depreciable capital assets	427,128	(40,802)			386,326
Net capital assets	\$ 470,317	\$ 218,096	\$ -	\$ -	\$ 688,413
<b>Water</b>					
Nondepreciable capital assets:					
Construction in progress	\$ 1,691,035	\$ 728,802	\$ -	\$ -	\$ 2,419,837
Land	947,841		(2,163)		945,678
Total nondepreciable capital assets	2,638,876	728,802	(2,163)		3,365,515
Depreciable capital assets:					
Infrastructure	1,520,819				1,520,819
Buildings	315,266				315,266
Machinery and equipment	3,763,929	19,500		(13,219)	3,770,210
Other improvements	3,871,879	37,156			3,909,035
Total depreciable capital assets	9,471,893	56,656		(13,219)	9,515,330
Less accumulated depreciation	(5,099,631)	(320,013)		13,219	(5,406,425)
Net depreciable capital assets	4,372,262	(263,357)			4,108,905
Net capital assets	\$ 7,011,138	\$ 465,445	\$ (2,163)	\$ -	\$ 7,474,420
<p>The City sold land during the fiscal year for a sales price of \$5,800, resulting in a gain of \$3,637, as shown on the Statement of Revenues, Expenses, and Changes in Net Assets. The original cost of the land was \$2,163.</p>					
<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	(244,820)	(621)			(245,441)
Net depreciable capital assets	8,698	(621)			8,077
Net capital assets	\$ 257,822	\$ (621)	\$ -	\$ -	\$ 257,201

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2007

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

Capital assets activity for the fiscal year ended June 30, 2007, was as follows:

	Balance July 1, 2006	Additions	Deletions	Transfers	Balance June 30, 2007
<b>Business-type Activities</b>					
<b>Natural Gas</b>					
Depreciable capital assets:					
Infrastructure	\$ 21,612,346	\$ -	\$ -	\$ -	\$ 21,612,346
Machinery and equipment	243,622	28,710			272,332
Total depreciable capital assets	21,855,968	28,710			21,884,678
Less accumulated depreciation	(850,465)	(391,207)			(1,241,672)
Net depreciable capital assets	21,005,503	(362,497)			20,643,006
Net capital assets	<u>\$ 21,005,503</u>	<u>\$ (362,497)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,643,006</u>
<b>Golf Course</b>					
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	(122,633)	(5,797)			(128,430)
Net depreciable capital assets	61,620	(5,797)			55,823
Net capital assets	<u>\$ 1,052,209</u>	<u>\$ (5,797)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,046,412</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:

<b>Governmental Activities:</b>	
General government	\$ 188,836
Public safety	90,923
Streets	35,840
Community services	63,430
Community development	9,750
Total Depreciation Expense-Governmental Activities	<u>\$ 388,779</u>
<b>Business-type Activities:</b>	
Airport	\$ 40,802
Water	320,013
Geothermal	621
Natural gas	391,207
Golf course	5,797
Total Depreciation Expense-Business-type Activities	<u>\$ 758,440</u>

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2007

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

The composition of interfund balances at June 30, 2007, 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	04-EDBG-0630 Fund	\$ 183,100
General Fund	Office of Traffic Safety Fund	<u>34,678</u>
		<u>\$ 217,778</u>
Major Proprietary Funds:	Major Proprietary Funds:	
Water Fund	Airport Fund	111,835
Water Fund	Natural Gas Fund	889,785
Water Fund	Day Care Fund	<u>184,677</u>
		<u>\$1,186,297</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	\$279,114
Nonmajor Governmental Funds:		
Special Revenue Funds:		
State Revolving Fund	Community Redevelopment Agency Fund	247,549
State Revolving Economic Development Fund	Community Redevelopment Agency Fund	<u>133,822</u>
		<u>\$660,485</u>

Interfund transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Fund:		
General Fund	\$ 6,624	\$ 298,950
Major Proprietary Funds:		
Rodeo Fund	19,920	
Airport Fund	15,000	
Water Fund	141,220	146,220
Nonmajor Governmental Funds:		
Special Revenue Funds:		
05-PTAA-1505 Fund	23,500	
Gas Tax Fund	108,022	
Street Mitigation Fund		43,655
Police Mitigation Fund	2,622	7,400
Fire Mitigation Fund		1,624
State Revolving Fund		43,500
State Revolving Economic Development Fund	24,092	
STBG Fund		24,091
04-STBG-1933 Rehab Fund		1
04-STBG-1968 Fund	20,000	
Debt Services Funds:		
City Hall Debt Service Fund	162,595	

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2007

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

	Transfers In	Transfers Out
Capital Projects Funds:		
Safe Routes to School Fund	30,120	
Police Department Evidence Room Fund		2,622
Internal Service Fund:		
Risk Management Fund	14,348	
	\$ 568,063	\$ 568,063

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

In general, the City uses interfund transfers to (1) move revenues from the funds that collect them to the funds that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to help finance various programs and capital projects accounted for in other funds in accordance with budgetary authorization, and (3) move cash to debt service funds from the funds responsible for payment as debt service payments become due.

**NOTE 6 –NOTES AND LOANS RECEIVABLE**

The following schedule summarizes notes and loans receivables as of June 30, 2007:

State Revolving Fund notes receivables	\$ 318,213
State Revolving Economic Development fund notes receivable	197,770
Home Revolving Loan funds notes receivable	671,958
Total notes receivable, Nonmajor Governmental Funds	\$ 1,187,941

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

**NOTE 7 –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, 2007, total \$219,531 for governmental activities and \$89,972 for business-type activities.

**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, 2007 is \$1,080,000.

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, 2007 is \$2,035,000.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2007

**NOTE 7 –LONG-TERM DEBT (Continued)**

**B. Revenue Bonds (Continued)**

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

Fiscal Year Ended June 30,	Revenue Bonds		Total
	Principal	Interest	
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	160,000	148,973	308,973
2013-2017	955,000	574,987	1,529,987
2018-2022	645,000	298,296	943,296
2023-2027	655,000	137,030	792,030
2028-2030	155,000	4,263	159,263
	<u>\$ 3,115,000</u>	<u>\$ 1,846,221</u>	<u>\$ 4,961,221</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 \$110,000 to \$445,000. 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, 2007 is \$6,015,000.

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 \$5,000 to \$585,000. Final payment is on December 1, 2035. Original issue was \$3,330,000. The balance at June 30, 2007 is \$3,330,000.

Water Enterprise debt service requirements for the 2000 and 2004 Revenue bonds are:

Fiscal Year Ended June 30,	Revenue Bonds		Total
	Principal	Interest	
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	175,000	471,307	646,307
2013-2017	1,015,000	2,213,835	3,228,835
2018-2022	1,310,000	1,909,570	3,219,570
2023-2027	1,750,000	1,492,295	3,242,295
2028-2032	2,250,000	941,535	3,191,535
2033-2036	2,220,000	293,235	2,513,235
Total	<u>\$ 9,345,000</u>	<u>\$ 9,283,475</u>	<u>\$ 18,628,475</u>

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2007

**NOTE 7 –LONG-TERM DEBT (Continued)**

**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,	Certificates of Participation		Total
	Principal	Interest	
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>\$ 5,656,304</u>	<u>\$ 29,896,304</u>

**D. Note Payable**

Note payable at June 30, 2007, consisted of the following:

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

\$943,000

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2007

**NOTE 7 –LONG-TERM DEBT (Continued)**

The scheduled annual minimum debt service requirements at June 30, 2007, are as follows:

Future debt service on the note is:

Fiscal Year Ending June 30,	Note Payable		Total
	Principal	Interest	
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	13,000	37,846	50,846
2013-2017	74,000	180,200	254,200
2018-2022	92,000	162,647	254,647
2023-2027	115,000	140,781	255,781
2028-2032	141,000	113,667	254,667
2033-2037	174,000	80,325	254,325
2038-2042	215,000	39,206	254,206
2043-2044	73,000	2,571	75,571
	<u>\$ 943,000</u>	<u>\$ 913,729</u>	<u>\$ 1,856,729</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.

Future minimum lease payments at June 30, 2007, were:

Fiscal Year Ending June 30,	Amount
2008	\$ 20,098
Less amounts representing interest	<u>(743)</u>
Present value of net minimum lease payments	<u>\$ 19,355</u>

The total value of the equipment as of the lease inception date was \$771,725.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2007

**NOTE 7 –LONG-TERM DEBT (Continued)**

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

Long-term liability activity for the fiscal year ended June 30, 2007, was as follows:

	July 1, 2006 Balance	Additions	Reductions	June 30, 2007 Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
Revenue	\$ 3,235,000	\$ -	\$ 120,000	\$ 3,115,000	\$ 125,000
Capital lease	52,239		32,884	19,355	19,355
Compensated absences	311,174		91,643	219,531	
Governmental activities Long-term liabilities	<u>\$ 3,598,413</u>	<u>\$ -</u>	<u>\$ 244,527</u>	<u>\$ 3,353,886</u>	<u>\$ 144,355</u>
<b>Business-type activities:</b>					
Bonds Payable:					
Revenue	\$ 9,480,000	\$ -	\$ 135,000	\$ 9,345,000	\$ 145,000
Certificates of participation	24,240,000			24,240,000	
Note payable	953,000		10,000	943,000	11,000
Capital lease	4,669		4,669		
Compensated absences	79,944	10,028		89,972	
Business-type activities Long-term liabilities	<u>\$ 34,757,613</u>	<u>\$ 10,028</u>	<u>\$ 149,669</u>	<u>\$ 34,617,972</u>	<u>\$ 156,000</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 8 - CITY EMPLOYEES' RETIREMENT PLAN (Defined Benefit Pension Plan)**

Plan Description

The City's defined benefit pension plan, Public Employees' Retirement System (PERS), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is 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 2006-07 was 20.156% for miscellaneous employees and 31.578% 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, 2007

**NOTE 8 - CITY EMPLOYEES' RETIREMENT PLAN (Defined Benefit Pension Plan) (Continued)**

Annual Pension Cost

For fiscal year 2006/2007, the City's annual pension cost was \$821,698 and was equal to the City's required and actual contributions. The City also contributed \$272,224 on behalf of employees, for their required contribution. Covered payroll for the fiscal year ended June 30, 2007 was \$3,333,896. The required contribution for fiscal year 2006/2007 was determined as part of the June 30, 2004 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 3.25%. 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, 2006, was 27 years, for both miscellaneous and safety employees.

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

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)*</b>	<b>Percentage of APC Contribution</b>	<b>Net Pension Obligation</b>	<b>Employee Annual Pension Cost (EAPC) **</b>
6/30/05	\$641,198	100%	\$ -	\$241,432
6/30/06	\$778,074	100%	\$ -	\$255,401
6/30/07	\$821,698	100%	\$ -	\$272,224

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

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

<b>Actuarial Valuation Date</b>	<b>Entry Age Normal Accrued Liability (A)</b>	<b>Actuarial Value of Assets (B)</b>	<b>Unfunded Liability (Excess Assets) (A-B)</b>	<b>Funded Status (B/A)</b>	<b>Annual Covered Payroll (C)</b>	<b>UAAL* as a % of Covered Payroll (A-B/C)</b>
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%
6/30/2006	2,754,396,608	2,492,226,176	262,170,432	90.5%	699,897,835	37.5%

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

<b>Actuarial Valuation Date</b>	<b>Entry Age Normal Accrued Liability (A)</b>	<b>Actuarial Value of Assets (B)</b>	<b>Unfunded Liability (Excess Assets) (A-B)</b>	<b>Funded Status (B/A)</b>	<b>Annual Covered Payroll (C)</b>	<b>UAAL *as a % of Covered Payroll (A-B/C)</b>
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%
6/30/2006	1,473,284,852	1,252,059,468	221,225,384	85.0%	177,088,890	124.9%

\*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, 2007

**NOTE 9 – INSURANCE**

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

Member cities participate in a Banking Plan for the first \$25,000 of loss. The portion of loss greater than \$25,000 but less than \$250,000 is shared among the Member Cities in the Shared Risk Pool. The JPA participates in the California Joint Powers Risk Management Authority (CJPRMA) for the portion of losses greater than \$250,000. The JPA is comprised of twenty 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, 2006, is as follows:

	Liability Program	Workers Comp. Program	Total
Total Assets	\$ 4,143,351	\$ 5,919,765	\$ 10,063,116
Total Liabilities	\$ 1,441,134	\$ 2,860,470	\$ 4,301,604
Fund Equity	2,702,217	3,059,295	5,761,512
Total Liabilities and Equity	\$ 4,143,351	\$ 5,919,765	\$ 10,063,116
Total Revenues	\$ 1,747,013	\$ 2,231,360	\$ 3,978,373
Total Expenditures	1,259,338	2,304,919	3,564,257
Net Increase/(Decrease)	\$ 487,675	\$ (73,559)	\$ 414,116

The financial information above is the latest available information, as the June 30, 2007 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.

As of June 30, 2007, no claims exceeded insurance coverage in the last three fiscal years.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2007

**NOTE 10 – POSTRETIREMENT BENEFITS OTHER THAN PENSION BENEFITS**

The City provides post-retirement health care benefits to eligible employees who retire from the City. On June 30, 2007 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, 2007, is \$313,927. 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 2006/2007 fiscal year, the City paid \$10,774 for three employees receiving this benefit.

**NOTE 11 – DEFERRED COMPENSATION PLANS**

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

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust by a third party administrator (AIG Valic, PebsCo, or 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 12 – 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.

**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.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2007

**NOTE 12 – NET ASSETS AND FUND BALANCES (Continued)**

**B. Fund Balances, Reserves, and Designations (Continued)**

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, 2007 are as follows:

Schedule of Designated Fund Balances

Other Governmental Funds

Unreserved and designated for:

Capital improvements	<u>\$ 290,152</u>
----------------------	-------------------

**NOTE 13 – REVENUE LIMITATIONS IMPOSED BY CALIFORNIA PROPOSITION 218**

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

**NOTE 14 – CONTINGENCIES AND COMMITMENTS**

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

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

The City has construction commitments of \$734,261 for contracts awarded but not completed at June 30, 2007. The major contracts outstanding are \$160,000 in the Water Fund for the Cady Springs capital improvement project, \$296,570 in Streets for the Safe Routes to School improvement project, and \$277,691 in the Airport Fund for the Taxiway E Project.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2007

**NOTE 15 – 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, 2007, the Natural Gas Fund has borrowed \$889,785 of pooled cash in order to maintain its operations. It is estimated, based on unaudited information that for the fiscal year ending June 30, 2008, that the natural gas system total loss will be \$519,422, 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 at approximately 9 per month.

**NOTE 16 – DEBT WITHOUT GOVERNMENT COMMITMENT**

**Local Agency Revenue Bonds – 1992**

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

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

The District Bonds are not general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bond reserves, these bonds have not been reflected in the long-term debt in the accompanying financial statements. The outstanding indebtedness at June 30, 2007 was \$1,080,000.

**Nonmajor Governmental Funds**

**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
 June 30, 2007

Special Revenue Funds

	<b>Local Law Enforcement Block Grant Fund</b>	<b>05-PTAA-1505 Fund</b>	<b>Gas Tax Fund</b>	<b>Solid Waste Fund</b>
<b>Assets</b>				
Cash and investments	\$ 56,851	\$ 14,940	\$ -	\$ 35,722
Cash and investments with fiscal agent				
Investment in bonds				
Accounts receivable			36,543	
Interest receivable	828	298		450
Advances to other funds				
Prepaid expenditures				
Loans receivable				
	<u>\$ 57,679</u>	<u>\$ 15,238</u>	<u>\$ 36,543</u>	<u>\$ 36,172</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 21,684	\$ 1,130	\$ -
Deferred revenue				
Due to other funds				
Advances from other funds				
	<u>-</u>	<u>21,684</u>	<u>1,130</u>	<u>-</u>
<b>Fund Balances:</b>				
<b>Reserved:</b>				
Advances				
Debt service				
Prepaid expenditures				
Encumbrances				
<b>Unreserved:</b>				
Designated for capital improvements				
Undesignated	57,679	(6,446)	35,413	36,172
	<u>57,679</u>	<u>(6,446)</u>	<u>35,413</u>	<u>36,172</u>
<b>Total fund balances</b>	<u>57,679</u>	<u>(6,446)</u>	<u>35,413</u>	<u>36,172</u>
<b>Total liabilities and fund balances</b>	<u>\$ 57,679</u>	<u>\$ 15,238</u>	<u>\$ 36,543</u>	<u>\$ 36,172</u>

**Special Revenue Funds**

<b>Street Mitigation Fund</b>	<b>Police Mitigation Fund</b>	<b>Fire Mitigation Fund</b>	<b>Park Land In-lieu Fund</b>
\$ 2,370	\$ 66,617	\$ 139,515	\$ 56,836
95	809	1,766	704
<u>\$ 2,465</u>	<u>\$ 67,426</u>	<u>\$ 141,281</u>	<u>\$ 57,540</u>
\$ -	\$ 268	\$ 127	\$ -
	<u>268</u>	<u>127</u>	
		2,000	
<u>2,465</u>	<u>67,158</u>	<u>139,154</u>	<u>57,540</u>
<u>2,465</u>	<u>67,158</u>	<u>141,154</u>	<u>57,540</u>
<u>\$ 2,465</u>	<u>\$ 67,426</u>	<u>\$ 141,281</u>	<u>\$ 57,540</u>

(Continued)

**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (Continued)**  
 June 30, 2007

	<b>Special Revenue Funds</b>			
	<b>State Revolving Fund</b>	<b>State Revolving Economic Development Fund</b>	<b>Home Revolving Fund</b>	<b>Community Redevelopment Agency Fund</b>
<b>Assets</b>				
Cash and investments	\$ 433,203	\$ 69,795	\$ 115,613	\$ -
Cash and investments with fiscal agent				
Investment in bonds				
Accounts receivable	331	2,220		
Interest receivable	6,178		1,466	
Advances to other funds	247,549	133,822		
Prepaid expenditures				
Loans receivable	318,213	197,770	671,958	
<b>Total assets</b>	<b>\$ 1,005,474</b>	<b>\$ 403,607</b>	<b>\$ 789,037</b>	<b>\$ -</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 1,691	\$ -	\$ 10
Deferred revenue	318,213	197,770	671,958	
Due to other funds				
Advances from other funds				660,485
<b>Total liabilities</b>	<b>318,213</b>	<b>199,461</b>	<b>671,958</b>	<b>660,495</b>
<b>Fund Balances:</b>				
<b>Reserved:</b>				
Advances	247,549	133,822		
Debt service				
Prepaid expenditures				
Encumbrances				
<b>Unreserved:</b>				
Designated for capital improvements				
Undesignated	439,712	70,324	117,079	(660,495)
<b>Total fund balances</b>	<b>687,261</b>	<b>204,146</b>	<b>117,079</b>	<b>(660,495)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,005,474</b>	<b>\$ 403,607</b>	<b>\$ 789,037</b>	<b>\$ -</b>

**Special Revenue Funds**

<b>STBG Fund</b>	<b>04-STBG-1933 Rehab Fund</b>	<b>04-EDBG-0630 Fund</b>	<b>Traffic Safety Fund</b>	<b>Barry Creek Development Fund</b>	<b>04-STBG-1968 Fund</b>
\$ -	\$ -	\$ -	\$ 30,116	\$ 444	\$ 46,102
		252,500	325	6	100,149
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,500</u>	<u>\$ 30,441</u>	<u>\$ 450</u>	<u>\$ 146,251</u>
\$ -	\$ -	\$ 506	\$ -	\$ -	\$ 21,678
		183,100			
		<u>183,606</u>			<u>21,678</u>
					15,000
		<u>68,894</u>	<u>30,441</u>	<u>450</u>	<u>109,573</u>
		<u>68,894</u>	<u>30,441</u>	<u>450</u>	<u>124,573</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,500</u>	<u>\$ 30,441</u>	<u>\$ 450</u>	<u>\$ 146,251</u>

(Continued)

**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (Continued)**  
 June 30, 2007

**Special Revenue Funds**

	<b>Chestnut Street Culvert Fund</b>	<b>Skyline Park Project Fund</b>	<b>Jensen Slough Pedestrian Bridge Fund</b>	<b>Skyline Numa Signal Fund</b>	<b>Skyline Bicycle Lane Fund</b>
<b>Assets</b>					
Cash and investments	\$ 22,947	\$ 162,023	\$ 956	\$ 66,571	\$ 3,855
Cash and investments with fiscal agent					
Investment in bonds					
Accounts receivable					
Interest receivable	289	2,041		841	47
Advances to other funds					
Prepaid expenditures					
Loans receivable					
<b>Total assets</b>	<b>\$ 23,236</b>	<b>\$ 164,064</b>	<b>\$ 956</b>	<b>\$ 67,412</b>	<b>\$ 3,902</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts 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	23,236	164,064		67,412	3,902
Undesignated			956		
<b>Total fund balances</b>	<b>23,236</b>	<b>164,064</b>	<b>956</b>	<b>67,412</b>	<b>3,902</b>
<b>Total liabilities and fund balances</b>	<b>\$ 23,236</b>	<b>\$ 164,064</b>	<b>\$ 956</b>	<b>\$ 67,412</b>	<b>\$ 3,902</b>

Special Revenue Funds		Debt Service Funds		
Skyline Rt. 139 Signal Fund	Office of Traffic Safety Fund	Mark Roos 92B Fund	City Hall Debt Service Fund	Lasalle Debt Service Fund
\$ 15,548	\$ -	\$ 110,919	\$ -	\$ -
		152,479	315,089	
	34,738	1,135,000		
197				
		821		
<u>\$ 15,745</u>	<u>\$ 34,738</u>	<u>\$ 1,399,219</u>	<u>\$ 315,089</u>	<u>\$ -</u>
\$ -	\$ 60	\$ -	\$ 537	\$ -
	34,678			
	<u>34,738</u>		<u>537</u>	
		1,398,398	314,552	
		821		
15,745				
<u>15,745</u>		<u>1,399,219</u>	<u>314,552</u>	
<u>\$ 15,745</u>	<u>\$ 34,738</u>	<u>\$ 1,399,219</u>	<u>\$ 315,089</u>	<u>\$ -</u>

(Continued)

**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (Continued)**  
June 30, 2007

<b>Capital Projects Funds</b>					
	<b>Safe Routes to School Fund</b>	<b>Police Department Evidence Room Fund</b>	<b>Building Reserve Fund</b>	<b>Uptown Cinema Barrier Fund</b>	<b>Totals</b>
<b>Assets</b>					
Cash and investments	\$ 29,946	\$ -	\$ 353	\$ 2,116	\$ 1,483,358
Cash and investments with fiscal agent					467,568
Investment in bonds					1,135,000
Accounts receivable	246,085				672,566
Interest receivable			4	27	16,371
Advances to other funds					381,371
Prepaid expenditures					821
Loans receivable					1,187,941
<b>Total assets</b>	<b>\$ 276,031</b>	<b>\$ -</b>	<b>\$ 357</b>	<b>\$ 2,143</b>	<b>\$ 5,344,996</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 277,722	\$ -	\$ -	\$ -	\$ 325,413
Deferred revenue					1,187,941
Due to other funds					217,778
Advances from other funds					660,485
<b>Total liabilities</b>	<b>277,722</b>				<b>2,391,617</b>
<b>Fund Balances:</b>					
<b>Reserved:</b>					
Advances					381,371
Debt service					1,712,950
Prepaid expenditures					821
Encumbrances					17,000
<b>Unreserved:</b>					
Designated for capital improvements					274,359
Undesignated	(1,691)		357	2,143	566,878
<b>Total fund balances</b>	<b>(1,691)</b>		<b>357</b>	<b>2,143</b>	<b>2,953,379</b>
<b>Total liabilities and fund balances</b>	<b>\$ 276,031</b>	<b>\$ -</b>	<b>\$ 357</b>	<b>\$ 2,143</b>	<b>\$ 5,344,996</b>

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2007**

	<b>Special Revenue Funds</b>			
	<b>Local Law Enforcement Block Grant Fund</b>	<b>05-PTAA-1505 Fund</b>	<b>Gas Tax Fund</b>	<b>Solid Waste Fund</b>
<b>Revenues:</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	3,884	295		1,840
Intergovernmental revenues	100,000		387,308	
Program income				
Other revenues			25,224	
<b>Total revenues</b>	<b>103,884</b>	<b>295</b>	<b>412,532</b>	<b>1,840</b>
<b>Expenditures:</b>				
Current:				
General government				
Public safety	103,884			
Streets			485,141	
Community services				
Community development		30,241		
Capital outlay				
Debt service:				
Principal				
Interest and fiscal agent fees				
<b>Total expenditures</b>	<b>103,884</b>	<b>30,241</b>	<b>485,141</b>	
Excess of revenues over (under) expenditures		(29,946)	(72,609)	1,840
<b>Other Financing Sources (Uses):</b>				
Transfers in		23,500	108,022	
Transfers out				
<b>Total other financing sources (uses)</b>		<b>23,500</b>	<b>108,022</b>	
Net changes in fund balances		(6,446)	35,413	1,840
Fund balances (deficits) - July 1, 2006	57,679			34,332
Fund balances (deficits) - June 30, 2007	<u>\$ 57,679</u>	<u>\$ (6,446)</u>	<u>\$ 35,413</u>	<u>\$ 36,172</u>

**Special Revenue Funds**

<b>Street Mitigation Fund</b>	<b>Police Mitigation Fund</b>	<b>Fire Mitigation Fund</b>	<b>Park Land In-lieu Fund</b>
\$ -	\$ -	\$ -	\$ -
582	3,048	7,283	2,606
<u>45,341</u>	<u>58,518</u>	<u>59,144</u>	<u>12,574</u>
<u>45,923</u>	<u>61,566</u>	<u>66,427</u>	<u>15,180</u>
	18,829	26,018	
	42,112	47,518	
	<u>60,941</u>	<u>73,536</u>	
<u>45,923</u>	<u>625</u>	<u>(7,109)</u>	<u>15,180</u>
<u>(43,655)</u>	<u>2,622</u> <u>(7,400)</u>	<u>(1,624)</u>	
<u>(43,655)</u>	<u>(4,778)</u>	<u>(1,624)</u>	
2,268	(4,153)	(8,733)	15,180
<u>197</u>	<u>71,311</u>	<u>149,887</u>	<u>42,360</u>
<u>\$ 2,465</u>	<u>\$ 67,158</u>	<u>\$ 141,154</u>	<u>\$ 57,540</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, 2007**

	<b>Special Revenue Funds</b>			
	<b>State Revolving Fund</b>	<b>State Revolving Economic Development Fund</b>	<b>Home Revolving Fund</b>	<b>Community Redevelopment Agency Fund</b>
<b>Revenues:</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	29,384	3,019	4,967	
Intergovernmental revenues				
Program income	106,434	13,323	61,203	
Other revenues				
<b>Total revenues</b>	<b>135,818</b>	<b>16,342</b>	<b>66,170</b>	
<b>Expenditures:</b>				
Current:				
General government				
Public safety				
Streets				
Community services				
Community development	835	282,747		10,295
Capital outlay				
Debt service:				
Principal				
Interest and fiscal agent fees				13,529
<b>Total expenditures</b>	<b>835</b>	<b>282,747</b>		<b>23,824</b>
Excess of revenues over (under) expenditures	134,983	(266,405)	66,170	(23,824)
<b>Other Financing Sources (Uses):</b>				
Transfers in		24,092		
Transfers out	(43,500)			
<b>Total other financing sources (uses)</b>	<b>(43,500)</b>	<b>24,092</b>		
Net changes in fund balances	91,483	(242,313)	66,170	(23,824)
Fund balances (deficits) - July 1, 2006	595,778	446,459	50,909	(636,671)
Fund balances (deficits) - June 30, 2007	<b>\$ 687,261</b>	<b>\$ 204,146</b>	<b>\$ 117,079</b>	<b>\$ (660,495)</b>

**Special Revenue Funds**

<b>STBG Fund</b>	<b>04-STBG-1933 Rehab Fund</b>	<b>04-EDBG-0630 Fund</b>	<b>Traffic Safety Fund</b>	<b>Barry Creek Development Fund</b>	<b>04-STBG-1968 Fund</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			1,146	22	
	257,882	259,220			405,337
			15,434		982
	<u>257,882</u>	<u>259,220</u>	<u>16,580</u>	<u>22</u>	<u>406,319</u>
	329,178	198,425			289,253
	<u>329,178</u>	<u>198,425</u>			<u>289,253</u>
	(71,296)	60,795	16,580	22	117,066
					20,000
(24,091)	(1)				
<u>(24,091)</u>	<u>(1)</u>				<u>20,000</u>
(24,091)	(71,297)	60,795	16,580	22	137,066
24,091	71,297	8,099	13,861	428	(12,493)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,894</u>	<u>\$ 30,441</u>	<u>\$ 450</u>	<u>\$ 124,573</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, 2007**

	<b>Special Revenue Funds</b>				
	<b>Chestnut Street Culvert Fund</b>	<b>Skyline Park Project Fund</b>	<b>Jensen Slough Pedestrian Bridge Fund</b>	<b>Skyline Numa Signal Fund</b>	<b>Skyline Bicycle Lane Fund</b>
<b>Revenues:</b>					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	1,183	8,336	2	3,349	461
Intergovernmental revenues					
Program income					
Other revenues				5,417	2,183
<b>Total revenues</b>	<b>1,183</b>	<b>8,336</b>	<b>2</b>	<b>8,766</b>	<b>2,644</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government					
Public safety					
Streets					16,930
Community services					
Community development					
Capital outlay					
<b>Debt service:</b>					
Principal					
Interest and fiscal agent fees					
<b>Total expenditures</b>					<b>16,930</b>
Excess of revenues over (under) expenditures	1,183	8,336	2	8,766	(14,286)
<b>Other Financing Sources (Uses):</b>					
Transfers in					
Transfers out					
<b>Total other financing sources (uses)</b>					
Net changes in fund balances	1,183	8,336	2	8,766	(14,286)
Fund balances (deficits) - July 1, 2006	22,053	155,728	954	58,646	18,188
Fund balances (deficits) - June 30, 2007	<b>\$ 23,236</b>	<b>\$ 164,064</b>	<b>\$ 956</b>	<b>\$ 67,412</b>	<b>\$ 3,902</b>

Special Revenue Funds		Debt Service Funds		
Skyline Rt. 139 Signal Fund	Office of Traffic Safety Fund	Mark Roos 92B Fund	City Hall Debt Service Fund	Lasalle Debt Service Fund
\$ - 783	\$ - 104,999	\$ 220,566 7,907	\$ - 14,928	\$ -
2,559				40,197
<u>3,342</u>	<u>104,999</u>	<u>228,473</u>	<u>14,928</u>	<u>40,197</u>
	75,271			
	29,728			
		60,000	60,000	32,884
		89,842	106,823	7,313
	<u>104,999</u>	<u>149,842</u>	<u>166,823</u>	<u>40,197</u>
<u>3,342</u>		<u>78,631</u>	<u>(151,895)</u>	
			162,595	
			<u>162,595</u>	
3,342		78,631	10,700	
<u>12,403</u>		<u>1,320,588</u>	<u>303,852</u>	
<u>\$ 15,745</u>	<u>\$ -</u>	<u>\$ 1,399,219</u>	<u>\$ 314,552</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, 2007**

<u>Capital Projects Funds</u>					
	<u>Safe Routes to School Fund</u>	<u>Police Department Evidence Room Fund</u>	<u>Building Reserve Fund</u>	<u>Uptown Cinema Barrier Fund</u>	<u>Totals</u>
<b>Revenues:</b>					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ 220,566
Use of money and property		28	187	104	95,344
Intergovernmental revenues	246,085				838,392
Program income					1,103,399
Other revenues		274			267,847
Total revenues	<u>246,085</u>	<u>302</u>	<u>187</u>	<u>104</u>	<u>2,525,548</u>
<b>Expenditures:</b>					
Current:					
General government			9,341		9,341
Public safety					224,002
Streets	277,896				779,967
Community services					
Community development					1,140,974
Capital outlay					119,358
Debt service:					
Principal					152,884
Interest and fiscal agent fees					217,507
Total expenditures	<u>277,896</u>		<u>9,341</u>		<u>2,644,033</u>
Excess of revenues over (under) expenditures	<u>(31,811)</u>	<u>302</u>	<u>(9,154)</u>	<u>104</u>	<u>(118,485)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	30,120				370,951
Transfers out		(2,622)			(122,893)
Total other financing sources (uses)	<u>30,120</u>	<u>(2,622)</u>			<u>248,058</u>
Net changes in fund balances	(1,691)	(2,320)	(9,154)	104	129,573
Fund balances (deficits) - July 1, 2006		2,320	9,511	2,039	2,823,806
Fund balances (deficits) - June 30, 2007	<u>\$ (1,691)</u>	<u>\$ -</u>	<u>\$ 357</u>	<u>\$ 2,143</u>	<u>\$ 2,953,379</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, 2007

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ 1,069	\$ 3,884	\$ 2,815
Intergovernmental revenues	100,000	100,000	
<b>Total Revenues</b>	<u>101,069</u>	<u>103,884</u>	<u>2,815</u>
<b>Expenditures:</b>			
Current:			
Public safety	101,069	103,884	(2,815)
<b>Total Expenditures</b>	<u>101,069</u>	<u>103,884</u>	<u>(2,815)</u>
Excess of revenues over (under) expenditures			
<b>Fund Balance - beginning of fiscal year</b>	<u>57,679</u>	<u>57,679</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ 57,679</u>	<u>\$ 57,679</u>	<u>\$ -</u>

**CITY OF SUSANVILLE**  
**05-PTAA-1505 FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2007**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 295	\$ 295
Program income	70,000		(70,000)
<b>Total Revenues</b>	<b>70,000</b>	<b>295</b>	<b>(69,705)</b>
<b>Expenditures:</b>			
Current:			
Community development	93,500	30,241	63,259
<b>Total Expenditures</b>	<b>93,500</b>	<b>30,241</b>	<b>63,259</b>
Excess of revenues over (under) expenditures	(23,500)	(29,946)	(6,446)
<b>Other Financing Sources (Uses):</b>			
Transfers in	23,500	23,500	
<b>Total other financing sources (uses)</b>	<b>23,500</b>	<b>23,500</b>	
Net changes in fund balance		(6,446)	(6,446)
<b>Fund Balance - beginning of fiscal year</b>			
<b>Fund Balance (Deficit) - end of fiscal year</b>	<b>\$ -</b>	<b>\$ (6,446)</b>	<b>\$ (6,446)</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, 2007**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Intergovernmental revenues	\$ 403,056	\$ 387,308	\$ (15,748)
Other revenues		25,224	25,224
<b>Total Revenues</b>	<u>403,056</u>	<u>412,532</u>	<u>9,476</u>
<b>Expenditures:</b>			
Current:			
Streets	<u>527,008</u>	<u>485,141</u>	<u>41,867</u>
<b>Total Expenditures</b>	<u>527,008</u>	<u>485,141</u>	<u>41,867</u>
Excess of revenues over (under) expenditures	<u>(123,952)</u>	<u>(72,609)</u>	<u>51,343</u>
Other financing Sources (Uses)			
Transfers in	<u>122,271</u>	<u>108,022</u>	<u>(14,249)</u>
<b>Total other financing sources (uses)</b>	<u>122,271</u>	<u>108,022</u>	<u>(14,249)</u>
<b>Net change in fund balance</b>	<u>(1,681)</u>	<u>35,413</u>	<u>37,094</u>
<b>Fund Balance - beginning of fiscal year</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Fund Balance (Deficit) - end of fiscal year</b>	<u>\$ (1,681)</u>	<u>\$ 35,413</u>	<u>\$ 37,094</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, 2007

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 1,840	\$ 1,840
Total Revenues		1,840	1,840
Excess of revenues over (under) expenditures		1,840	1,840
<b>Fund Balance - beginning of fiscal year</b>	34,332	34,332	
<b>Fund Balance - end of fiscal year</b>	\$ 34,332	\$ 36,172	\$ 1,840

**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, 2007

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 582	\$ 582
Other revenues	25,000	45,341	20,341
<b>Total Revenues</b>	<u>25,000</u>	<u>45,923</u>	<u>20,923</u>
<b>Other financing Sources (Uses)</b>			
Transfers out	(37,000)	(43,655)	(6,655)
<b>Total other financing sources (uses)</b>	<u>(37,000)</u>	<u>(43,655)</u>	<u>(6,655)</u>
<b>Net change in fund balance</b>	(12,000)	2,268	14,268
<b>Fund Balance - beginning of fiscal year</b>	<u>197</u>	<u>197</u>	
<b>Fund Balance (Deficit) - end of fiscal year</b>	<u>\$ (11,803)</u>	<u>\$ 2,465</u>	<u>\$ 14,268</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, 2007

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 3,048	\$ 3,048
Other revenues	33,000	58,518	25,518
<b>Total Revenues</b>	<b>33,000</b>	<b>61,566</b>	<b>28,566</b>
<b>Expenditures:</b>			
Current:			
Public safety	22,000	18,829	3,171
Capital outlay	50,000	42,112	7,888
<b>Total Expenditures</b>	<b>72,000</b>	<b>60,941</b>	<b>11,059</b>
Excess of Revenues Over (Under) Expenditures	(39,000)	625	39,625
<b>Other financing Sources (Uses)</b>			
Transfers in		2,622	2,622
Transfers out	(7,400)	(7,400)	
<b>Total other financing sources (uses)</b>	<b>(7,400)</b>	<b>(4,778)</b>	<b>2,622</b>
Net change in fund balance	(46,400)	(4,153)	42,247
<b>Fund Balance - beginning of fiscal year</b>	<b>71,311</b>	<b>71,311</b>	
<b>Fund Balance - end of fiscal year</b>	<b>\$ 24,911</b>	<b>\$ 67,158</b>	<b>\$ 42,247</b>

**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, 2007

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ 1,000	\$ 7,283	\$ 6,283
Other revenues	35,000	59,144	24,144
<b>Total Revenues</b>	<u>36,000</u>	<u>66,427</u>	<u>30,427</u>
<b>Expenditures:</b>			
Current:			
Public safety	58,916	26,018	32,898
Capital outlay	57,410	47,518	9,892
<b>Total Expenditures</b>	<u>116,326</u>	<u>73,536</u>	<u>42,790</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(80,326)</u>	<u>(7,109)</u>	<u>73,217</u>
<b>Other financing Sources (Uses)</b>			
Transfers out	(1,624)	(1,624)	
<b>Total other financing sources (uses)</b>	<u>(1,624)</u>	<u>(1,624)</u>	
<b>Net change in fund balance</b>	(81,950)	(8,733)	73,217
<b>Fund Balance - beginning of fiscal year</b>	<u>149,887</u>	<u>149,887</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ 67,937</u>	<u>\$ 141,154</u>	<u>\$ 73,217</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, 2007

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 2,606	\$ 2,606
Other revenues	15,000	12,574	(2,426)
<b>Total Revenues</b>	<b>15,000</b>	<b>15,180</b>	<b>180</b>
<b>Expenditures:</b>			
Current:			
Community services	10,000		10,000
<b>Total Expenditures</b>	<b>10,000</b>		<b>10,000</b>
Net change in fund balance	5,000	15,180	10,180
<b>Fund Balance - beginning of fiscal year</b>	<b>42,360</b>	<b>42,360</b>	
<b>Fund Balance - end of fiscal year</b>	<b>\$ 47,360</b>	<b>\$ 57,540</b>	<b>\$ 10,180</b>

**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, 2007**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 29,384	\$ 29,384
Program income	50,000	106,434	56,434
<b>Total Revenues</b>	<u>50,000</u>	<u>135,818</u>	<u>85,818</u>
<b>Expenditures:</b>			
Current:			
Community development	370,000	835	369,165
<b>Total Expenditures</b>	<u>370,000</u>	<u>835</u>	<u>369,165</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(320,000)</u>	<u>134,983</u>	<u>454,983</u>
<b>Other financing Sources (Uses)</b>			
Transfers out	(43,500)	(43,500)	
<b>Total other financing sources (uses)</b>	<u>(43,500)</u>	<u>(43,500)</u>	
<b>Net change in fund balance</b>	<u>(363,500)</u>	<u>91,483</u>	<u>454,983</u>
<b>Fund Balance - beginning of fiscal year</b>	<u>595,778</u>	<u>595,778</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ 232,278</u>	<u>\$ 687,261</u>	<u>\$ 454,983</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, 2007

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 3,019	\$ 3,019
Program income	13,323	13,323	
<b>Total Revenues</b>	<u>13,323</u>	<u>16,342</u>	<u>3,019</u>
<b>Expenditures:</b>			
Current:			
Community development	310,000	282,747	27,253
<b>Total Expenditures</b>	<u>310,000</u>	<u>282,747</u>	<u>27,253</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(296,677)</u>	<u>(266,405)</u>	<u>30,272</u>
<b>Other financing Sources (Uses)</b>			
Transfers in		24,092	24,092
<b>Total other financing sources (uses)</b>		<u>24,092</u>	<u>24,092</u>
<b>Net change in fund balance</b>	(296,677)	(242,313)	54,364
<b>Fund Balance - beginning of fiscal year</b>	<u>446,459</u>	<u>446,459</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ 149,782</u>	<u>\$ 204,146</u>	<u>\$ 54,364</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, 2007

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 4,967	\$ 4,967
Program income	35,996	61,203	25,207
<b>Total Revenues</b>	<u>35,996</u>	<u>66,170</u>	<u>30,174</u>
<b>Net change in fund balance</b>	35,996	66,170	30,174
<b>Fund Balance - beginning of fiscal year</b>	<u>50,909</u>	<u>50,909</u>	
<b>Fund Balance - end of fiscal year</b>	<u><u>\$ 86,905</u></u>	<u><u>\$ 117,079</u></u>	<u><u>\$ 30,174</u></u>

**CITY OF SUSANVILLE**  
**COMMUNITY REDEVELOPMENT AGENCY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ -	\$ -
<b>Total Revenues</b>			
<b>Expenditures:</b>			
Current:			
Community development	2,596	10,295	(7,699)
Interest and fiscal agent fees		13,529	(13,529)
<b>Total Expenditures</b>	2,596	23,824	(21,228)
Excess of revenues over (under) expenditures	(2,596)	(23,824)	(21,228)
<b>Fund Balance (Deficit) - beginning of fiscal year</b>	(636,671)	(636,671)	
<b>Fund Balance (Deficit) - end of fiscal year</b>	\$ (639,267)	\$ (660,495)	\$ (21,228)

04-STBG-1933 REHAB FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Program income	\$ 257,882	\$ 257,882	\$ -
<b>Total Revenues</b>	<u>257,882</u>	<u>257,882</u>	
<b>Expenditures:</b>			
Current:			
Community development	329,178	329,178	
<b>Total Expenditures</b>	<u>329,178</u>	<u>329,178</u>	
Excess of revenues over (under) expenditures	<u>(71,296)</u>	<u>(71,296)</u>	
<b>Other Financing Sources (Uses):</b>			
Transfers out	(1)	(1)	
<b>Total other financing sources (uses)</b>	<u>(1)</u>	<u>(1)</u>	
Net changes in fund balance	(71,297)	(71,297)	
<b>Fund Balance - beginning of fiscal year</b>	<u>71,297</u>	<u>71,297</u>	
<b>Fund Balance - end of fiscal year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></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, 2007**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Program income	\$ 259,220	\$ 259,220	\$ -
<b>Total Revenues</b>	<b>259,220</b>	<b>259,220</b>	<b>-</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Community development	267,319	198,425	68,894
<b>Total Expenditures</b>	<b>267,319</b>	<b>198,425</b>	<b>68,894</b>
Excess of revenues over (under) expenditures	(8,099)	60,795	68,894
<b>Fund Balance - beginning of fiscal year</b>	<b>8,099</b>	<b>8,099</b>	
<b>Fund Balance - end of fiscal year</b>	<b>\$ -</b>	<b>\$ 68,894</b>	<b>\$ 68,894</b>

**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, 2007**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 1,146	\$ 1,146
Other revenues	10,000	15,434	5,434
<b>Total Revenues</b>	<b>10,000</b>	<b>16,580</b>	<b>6,580</b>
<b>Fund Balance - beginning of fiscal year</b>	<b>13,861</b>	<b>13,861</b>	
<b>Fund Balance - end of fiscal year</b>	<b>\$ 23,861</b>	<b>\$ 30,441</b>	<b>\$ 6,580</b>

**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, 2007**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Program income	\$ 1,000,000	\$ 405,337	\$ (594,663)
Other revenues		982	982
<b>Total Revenues</b>	<u>1,000,000</u>	<u>406,319</u>	<u>(593,681)</u>
<b>Expenditures:</b>			
Current:			
Community development	<u>1,007,507</u>	<u>289,253</u>	<u>718,254</u>
<b>Total Expenditures</b>	<u>1,007,507</u>	<u>289,253</u>	<u>718,254</u>
Excess if revenues over (under) expenditures	<u>(7,507)</u>	<u>117,066</u>	<u>124,573</u>
<b>Other financing Sources (Uses)</b>			
Transfers in	<u>20,000</u>	<u>20,000</u>	
<b>Total other financing sources (uses)</b>	<u>20,000</u>	<u>20,000</u>	
Net change in fund balance	12,493	137,066	124,573
<b>Fund Balance - beginning of fiscal year</b>	<u>(12,493)</u>	<u>(12,493)</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ -</u>	<u>\$ 124,573</u>	<u>\$ 124,573</u>

**CITY OF SUSANVILLE**  
**SKYLINE BICYCLE LANE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2007

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ 236	\$ 461	\$ 225
Other revenues		2,183	2,183
	<u>236</u>	<u>2,644</u>	<u>2,408</u>
<b>Total Revenues</b>	<u>236</u>	<u>2,644</u>	<u>2,408</u>
<b>Expenditures:</b>			
Current:			
Streets	18,424	16,930	1,494
	<u>18,424</u>	<u>16,930</u>	<u>1,494</u>
<b>Total Expenditures</b>	<u>18,424</u>	<u>16,930</u>	<u>1,494</u>
Excess of revenues over (under) expenditures	(18,188)	(14,286)	3,902
<b>Fund Balance - beginning of fiscal year</b>	<u>18,188</u>	<u>18,188</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ -</u>	<u>\$ 3,902</u>	<u>\$ 3,902</u>

**CITY OF SUSANVILLE**  
**OFFICE OF TRAFFIC SAFETY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2007**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Intergovernmental revenues	\$ 237,609	\$ 104,999	\$ (132,610)
Total Revenues	<u>237,609</u>	<u>104,999</u>	<u>(132,610)</u>
<b>Expenditures:</b>			
Current:			
Public safety	207,348	75,271	132,077
Capital outlay	<u>30,261</u>	<u>29,728</u>	<u>533</u>
Total Expenditures	<u>237,609</u>	<u>104,999</u>	<u>132,610</u>
Net change in fund balance			
<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>

**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, 2007

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes and assessments	\$ 162,902	\$ 220,566	\$ 57,664
Use of money and property		7,907	7,907
<b>Total Revenues</b>	<u>162,902</u>	<u>228,473</u>	<u>65,571</u>
<b>Expenditures:</b>			
Debt service:			
Principal	60,000	60,000	
Interest and fiscal agent fees	91,025	89,842	1,183
<b>Total Expenditures</b>	<u>151,025</u>	<u>149,842</u>	<u>1,183</u>
Excess of revenues over (under) expenditures	11,877	78,631	66,754
<b>Fund Balance - beginning of fiscal year</b>	<u>1,320,588</u>	<u>1,320,588</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ 1,332,465</u>	<u>\$ 1,399,219</u>	<u>\$ 66,754</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, 2007**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ 7,000	\$ 14,928	\$ 7,928
Total Revenues	<u>7,000</u>	<u>14,928</u>	<u>7,928</u>
<b>Expenditures:</b>			
Debt service:			
Principal	60,000	60,000	
Interest and fiscal agent fees	<u>107,215</u>	<u>106,823</u>	<u>392</u>
Total Expenditures	<u>167,215</u>	<u>166,823</u>	<u>392</u>
Excess of revenues over (under) expenditures	<u>(160,215)</u>	<u>(151,895)</u>	<u>8,320</u>
Other financing Sources (Uses)			
Transfers in	<u>160,215</u>	<u>162,595</u>	<u>2,380</u>
Total other financing sources (uses)	<u>160,215</u>	<u>162,595</u>	<u>2,380</u>
Net change in fund balance		10,700	10,700
<b>Fund Balance - beginning of fiscal year</b>	<u>303,852</u>	<u>303,852</u>	
<b>Fund Balance - end of fiscal year</b>	<u>\$ 303,852</u>	<u>\$ 314,552</u>	<u>\$ 10,700</u>

**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, 2007

	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	32,884	
Interest and fiscal agent fees	4,638	7,313	
<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>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF SUSANVILLE**  
**SAFE ROUTES TO SCHOOL**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Intergovernmental revenues	\$ 271,080	\$ 246,085	\$ (24,995)
<b>Total Revenues</b>	<u>271,080</u>	<u>246,085</u>	<u>(24,995)</u>
<b>Expenditures:</b>			
Current:			
Streets	301,200	277,896	23,304
<b>Total Expenditures</b>	<u>301,200</u>	<u>277,896</u>	<u>23,304</u>
Excess of revenues over (under) expenditures	<u>(30,120)</u>	<u>(31,811)</u>	<u>(1,691)</u>
<b>Other financing Sources (Uses)</b>			
Transfers in	30,120	30,120	
<b>Total other financing sources (uses)</b>	<u>30,120</u>	<u>30,120</u>	
Net change in fund balance		(1,691)	(1,691)
<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>\$ (1,691)</u>	<u>\$ (1,691)</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, 2007**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 28	\$ 28
Other revenues		274	274
Total Revenues		302	302
<b>Expenditures:</b>			
Current:			
Public safety	1,380		1,380
Total Expenditures	1,380		1,380
Excess of revenues over (under) expenditures	(1,380)	302	1,682
Other financing Sources (Uses)			
Transfers out		(2,622)	(2,622)
Total other financing sources (uses)		(2,622)	(2,622)
Net change in fund balance	(1,380)	(2,320)	(940)
<b>Fund Balance - beginning of fiscal year</b>	2,320	2,320	
<b>Fund Balance - end of fiscal year</b>	\$ 940	\$ -	\$ (940)

**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, 2007

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 187	\$ 187
<b>Total Revenues</b>	<u>          </u>	<u>187</u>	<u>187</u>
<b>Expenditures:</b>			
Current:			
General government	9,511	9,341	170
<b>Total Expenditures</b>	<u>9,511</u>	<u>9,341</u>	<u>170</u>
Excess of revenues over (under) expenditures	(9,511)	(9,154)	357
<b>Fund Balance - beginning of fiscal year</b>	<u>9,511</u>	<u>9,511</u>	<u>          </u>
<b>Fund Balance - end of fiscal year</b>	<u><u>\$ -</u></u>	<u><u>\$ 357</u></u>	<u><u>\$ 357</u></u>

**CITY OF SUSANVILLE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
June 30, 2007

	<b>Public Works Administration Fund</b>	<b>Risk Management Fund</b>	<b>Payroll Fund</b>	<b>Totals</b>
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 70,533	\$ 493,302	\$ 198,420	\$ 762,255
Interest receivable	1,270	5,413		6,683
Accounts receivable	96			96
Prepaid expenses		2,433		2,433
Total current assets	<u>71,899</u>	<u>501,148</u>	<u>198,420</u>	<u>771,467</u>
Capital Assets:				
Nondepreciable				
Land	<u>405,965</u>			<u>405,965</u>
Total nondepreciable capital assets	<u>405,965</u>			<u>405,965</u>
Depreciable				
Vehicles	13,219			13,219
Buildings	<u>89,349</u>			<u>89,349</u>
Total depreciable capital assets	<u>102,568</u>			<u>102,568</u>
Less accumulated depreciation	<u>(79,091)</u>			<u>(79,091)</u>
Net depreciable capital assets	<u>23,477</u>			<u>23,477</u>
Net capital assets	<u>429,442</u>			<u>429,442</u>
Total noncurrent assets	<u>429,442</u>			<u>429,442</u>
Total assets	<u>501,341</u>	<u>501,148</u>	<u>198,420</u>	<u>1,200,909</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	2,327	25,859		28,186
Accrued wages			198,420	198,420
Total current liabilities	<u>2,327</u>	<u>25,859</u>	<u>198,420</u>	<u>226,606</u>
Total liabilities	<u>2,327</u>	<u>25,859</u>	<u>198,420</u>	<u>226,606</u>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	429,442			429,442
Unrestricted	<u>69,572</u>	<u>475,289</u>		<u>544,861</u>
Total net assets	<u>\$ 499,014</u>	<u>\$ 475,289</u>	<u>\$ -</u>	<u>\$ 974,303</u>

**CITY OF SUSANVILLE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS**  
**For the Fiscal Year Ended June 30, 2007**

	<b>Public Works Administration Fund</b>	<b>Risk Management Fund</b>	<b>Payroll Fund</b>	<b>Totals</b>
Revenues:				
Charges for services	\$ 119,351	\$ 762,857	\$ -	\$ 882,208
Total Revenues	<u>119,351</u>	<u>762,857</u>		<u>882,208</u>
Expenses:				
Administration	105,959	5,536		111,495
Insurance costs and claims		778,233		778,233
Depreciation	1,118			1,118
Total Expenses	<u>107,077</u>	<u>783,769</u>		<u>890,846</u>
Operating Income (Loss)	12,274	(20,912)		(8,638)
Non-Operating Revenues (Expenses):				
Interest income	4,698	15,453		20,151
Income (loss) before transfer	16,972	(5,459)		11,513
Transfers in		14,348		14,348
Change in Net Assets	16,972	8,889		25,861
Net Assets, July 1, 2006	<u>482,042</u>	<u>466,400</u>		<u>948,442</u>
Net Assets, June 30, 2007	<u>\$ 499,014</u>	<u>\$ 475,289</u>	<u>\$ -</u>	<u>\$ 974,303</u>

**CITY OF SUSANVILLE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended June 30, 2007

	<b>Public Works Administration Fund</b>	<b>Risk Management Fund</b>	<b>Payroll Fund</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities:</b>				
Receipts from customers	\$ 119,264	\$ 1,049,319	\$ -	\$ 1,168,583
Payment to suppliers and users	(68,392)	(784,374)	(256)	(853,022)
Payment to employees	(64,641)	(2,118)	(3,565)	(70,324)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(13,769)</b>	<b>262,827</b>	<b>(3,821)</b>	<b>245,237</b>
<b>Cash flows from Non-Capital Financing Activities</b>				
Transfers received		14,348		14,348
<b>Net Cash Provided by Non-Capital Financing Activities</b>		<b>14,348</b>		<b>14,348</b>
<b>Cash flows from Investing Activities</b>				
Interest received	4,212	11,074		15,286
<b>Net Cash Provided by Investing Activities</b>	<b>4,212</b>	<b>11,074</b>		<b>15,286</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(9,557)</b>	<b>288,249</b>	<b>(3,821)</b>	<b>274,871</b>
Cash and Cash Equivalents, July 1, 2006	80,090	205,053	202,241	487,384
Cash and Cash Equivalents, June 30, 2007	<u>\$ 70,533</u>	<u>\$ 493,302</u>	<u>\$ 198,420</u>	<u>\$ 762,255</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ 12,274	\$ (20,912)	\$ -	\$ (8,638)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Depreciation	1,118			1,118
<b>(Increase) Decrease in Operating Assets:</b>				
Prepaid expenses	45	(385)		(340)
Accounts receivable	(87)	286,462		286,375
<b>Increase (Decrease) in Operating Liabilities:</b>				
Accounts payable	54	(2,338)	(256)	(2,540)
Accrued wages	(776)		(3,565)	(4,341)
Compensated absences	(26,397)			(26,397)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (13,769)</b>	<b>\$ 262,827</b>	<b>\$ (3,821)</b>	<b>\$ 245,237</b>

**CITY OF SUSANVILLE**  
**AGENCY FUNDS**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**JUNE 30, 2007**

	<b>Balance</b> <b>July 1, 2006</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b> <b>June 30, 2007</b>
<b>Section 125 Aflac Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 15,346	\$ -	\$ (525)	\$ 14,821
Total Assets	\$ 15,346	\$ -	\$ (525)	\$ 14,821
<b>LIABILITIES</b>				
Deposits payable	\$ 15,346	\$ -	\$ (525)	\$ 14,821
Total Liabilities	\$ 15,346	\$ -	\$ (525)	\$ 14,821
<b>LAFCO Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 31,533	\$ 14,538	\$ (473)	\$ 45,598
Interest receivable	411	192		603
Total Assets	\$ 31,944	\$ 14,730	\$ (473)	\$ 46,201
<b>LIABILITIES</b>				
Accounts payable	\$ 4,305	\$ -	\$ (473)	\$ 3,832
Deposits payable	27,639	14,730		42,369
Total Liabilities	\$ 31,944	\$ 14,730	\$ (473)	\$ 46,201
<b>HUSA Business Improvement Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 789	\$ 2,021	\$ -	\$ 2,810
Accounts receivable	8,533		(8,470)	63
Interest receivable	12	22		34
Total Assets	\$ 9,334	\$ 2,043	\$ (8,470)	\$ 2,907
<b>LIABILITIES</b>				
Accounts payable	\$ 131	\$ 2,043	\$ (124)	\$ 2,050
Deposits payable	9,203		(8,346)	857
Total Liabilities	\$ 9,334	\$ 2,043	\$ (8,470)	\$ 2,907



**PARTNERS:**

RONALD A. LEVY, C.P.A.  
CRAIG A. HARTZHEIM, C.P.A.  
HADLEY Y. HUI, C.P.A.

**Consultant:**

ROBERT M. MOSS (Retired C.P.A.)

9107 WILSHIRE BLVD., STE. 400  
BEVERLY HILLS, CA 90210  
PHONE: (310) 273-2745  
FAX: (310) 273-1689  
EMAIL: mlhbh@mlhpcpas.com

**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 Mayor and 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, 2007 which collectively comprise the City of Susanville's basic financial statements, and have issued our report thereon dated December 18, 2007. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Susanville's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Susanville's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Susanville's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Susanville's financial statements that is more than inconsequential will not be prevented or detected by the City of Susanville's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Susanville's internal control.

OFFICES: BEVERLY HILLS • SANTA MARIA

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted certain other matters that we reported to management of the City of Susanville in a separate letter dated September 21, 2007.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the City of Susanville are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*

Moss, Levy & Hartzheim, LLP  
Beverly Hills, CA  
December 18, 2007

## **Statistical Section**

This part of the report consists of the City of Susanville's comprehensive annual financial report which presents detailed information as a context for understanding 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 that the City provides and the activities that it performs.

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

Schedule 1  
City of Susanville  
Net Assets by Component,  
Last Three Fiscal Years  
*(accrual basis of accounting)*

	Fiscal Year		
	2005	2006	2007
<b>Governmental activities</b>			
Invested in capital assets, net of related debt	\$ 2,525,295	\$ 2,648,771	\$ 2,480,051
Restricted	1,600,652	1,565,208	1,651,776
Unrestricted	3,515,171	3,830,893	4,404,242
<b>Total governmental activities net assets</b>	<b>\$ 7,641,118</b>	<b>\$ 8,044,872</b>	<b>\$ 8,536,069</b>
<b>Business-type activities</b>			
Invested in capital assets, net of related debt	\$ 1,651,318	\$ (3,892,035)	\$ 3,673,059
Restricted for Debt Service	3,328,579	3,089,827	2,971,552
Unrestricted	(3,708,004)	1,368,985	(5,823,491)
<b>Total business-type activities net assets</b>	<b>\$ 1,271,893</b>	<b>\$ 566,777</b>	<b>\$ 821,120</b>
<b>Primary government</b>			
Invested in capital assets, net of related debt	\$ 4,176,613	\$ (1,243,264)	\$ 6,153,110
Restricted	4,929,231	4,655,035	4,623,328
Unrestricted	(192,833)	5,199,878	(1,419,249)
<b>Total primary government net assets</b>	<b>\$ 8,913,011</b>	<b>\$ 8,611,649</b>	<b>\$ 9,357,189</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		
	2005	2006	2007
<b>Expenses</b>			
Governmental activities:			
General government	\$1,991,240	\$1,629,410	\$1,616,449
Public safety	3,407,302	3,398,809	3,537,646
Streets	763,635	663,794	884,532
Protective Inspections	190,003	203,979	212,454
Community services	415,340	328,252	504,755
Community development	185,535	867,183	336,742
Interest on long term debt	402,890	294,672	230,157
Total governmental activities expenses	<u>7,355,945</u>	<u>7,386,099</u>	<u>7,322,735</u>
Business-type activities:			
Rodeo	55,031	36,508	0
Airport	116,260	113,600	145,780
Water	2,207,464	2,200,070	2,180,730
Geothermal	207,914	104,637	46,800
Natural Gas	3,858,071	4,855,872	4,783,357
Swimming Pool (closed in 2004-05)	148,842	0	0
Day Care	140,657	140,796	133,493
Golf Course	7,701	6,400	37,749
Total business-type activities expenses	<u>6,741,940</u>	<u>7,457,883</u>	<u>7,327,909</u>
Total primary government expenses	<u>\$14,097,885</u>	<u>\$14,843,982</u>	<u>\$14,650,644</u>
<b>Program Revenues</b>			
Governmental activities			
Charges for services:			
General government	\$854,062	\$1,020,336	\$743,153
Public safety	448,104	179,907	308,352
Streets	277,403	0	265,907
Protective Inspections	219,654	232,684	167,645
Community services	31,918	4,784	5,932
Community development	48,584	45,392	48,620
Operating grants and contributions	675,192	890,930	690,816
Capital grants and contributions	53,172	337,178	494,448
Total governmental activities program revenues	<u>2,608,089</u>	<u>2,711,211</u>	<u>2,724,873</u>
Business-type activities:			
Charges for services:			
Rodeo	50,700	29,654	0
Airport	36,553	41,302	50,190
Water	2,118,368	2,046,516	2,064,187
Geothermal	223,565	71,124	73,653
Natural Gas	2,724,148	4,264,151	4,325,805
Swimming Pool	43,391	0	0
Day Care	134,231	121,386	117,446
Golf Course	0	0	0
Operating grants and contributions	174,347	202,667	283,641
Capital grants and contributions			438,934
Total business-type activities program revenues	<u>5,505,303</u>	<u>6,776,800</u>	<u>7,353,856</u>
Total primary government program revenues	<u>\$8,113,392</u>	<u>\$9,488,011</u>	<u>\$10,078,729</u>

Net (Expense)/Revenue			
Governmental activities	(\$4,747,856)	(\$4,674,888)	(\$4,597,862)
Business-type activities	(1,236,637)	(681,083)	25,947
Total primary government net expense	<u>(\$5,984,493)</u>	<u>(\$5,355,971)</u>	<u>(\$4,571,915)</u>
<b>General Revenues and Other Changes in Net Assets</b>			
<b>Governmental activities:</b>			
Taxes			
Property taxes	\$746,508	\$884,863	\$906,170
Sales taxes	1,516,274	1,263,661	1,398,022
Transient Lodging Taxes	462,246	465,369	523,774
Franchise taxes	45,275	39,161	48,027
Business license taxes	233,690	276,044	240,592
Other taxes	326,140	330,685	36,479
Property tax in lieu of VLF, unrestricted	988,907	1,138,723	1,256,457
Property tax in lieu of sales tax, unrestricted	308,668	417,836	506,153
Use of Money and Property	351,453	227,236	161,206
Miscellaneous revenues	277,911	227,752	42,099
Transfers	(239,569)	5,000	(29,920)
Total governmental activities	<u>5,017,503</u>	<u>5,276,330</u>	<u>5,089,059</u>
Business-type activities:			
Use of Money and Property	184,777	142,518	189,756
Gain on sale of capital assets			3,637
Miscellaneous revenues			5,083
Transfers	239,569	(5,000)	29,920
Total business-type activities	<u>424,346</u>	<u>137,518</u>	<u>228,396</u>
Total primary government	<u>5,441,849</u>	<u>5,413,848</u>	<u>5,317,455</u>
Change in Net Assets			
Governmental activities	269,647	601,442	491,197
Business-type activities	(812,291)	(543,565)	254,343
Total primary government	<u>(\$542,644)</u>	<u>\$57,877</u>	<u>\$745,540</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		
	2005	2006	2007
General Fund			
Reserved	\$ 102,413	\$ 305,858	\$ 370,296
Unreserved	844,902	971,144	1,281,067
Total general fund	<u>\$ 947,315</u>	<u>\$ 1,277,002</u>	<u>\$ 1,651,363</u>
All Other Governmental Funds			
Reserved	\$ 420,365	\$ 688,726	\$ 399,192
Unreserved, reported in:			
Special revenue funds	589,990	501,016	566,069
Capital projects funds	281,564	13,370	275,168
Debt Service Funds	1,657,994	1,620,694	1,712,950
Total all other governmental funds	<u>\$ 2,949,913</u>	<u>\$ 2,823,806</u>	<u>\$ 2,953,379</u>

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

	Fiscal Year		
	2005	2006	2007
<b>Revenues</b>			
Taxes and assessments	\$4,019,990	\$4,518,116	\$5,113,507
Licenses and permits	324,535	258,277	189,740
Fines and forfeitures	41,118	54,872	67,621
Use of money and property	680,604	232,778	141,181
Intergovernmental revenues	1,001,651	1,228,108	1,185,264
Program income	138,092	590,316	1,103,399
Charges for services	1,322,127	1,115,460	792,797
Other revenues	763,810	608,611	333,591
<b>Total revenues</b>	<b>8,291,927</b>	<b>8,606,538</b>	<b>8,927,100</b>
<b>Expenditures</b>			
General government	1,806,528	1,591,271	1,399,497
Public safety	3,211,146	3,453,212	3,486,523
Streets	712,216	670,762	848,692
Protective Inspections	188,475	203,470	212,454
Community services	324,616	273,198	441,325
Community development	414,785	863,933	1,500,658
Capital Outlay	593,457	717,791	119,358
Debt service:			
Principal	213,106	400,559	152,884
Interest	375,182	290,388	217,507
<b>Total expenditures</b>	<b>7,839,511</b>	<b>8,464,584</b>	<b>8,378,898</b>
<b>Excess of revenues over (under) expenditures</b>	<b>452,416</b>	<b>141,954</b>	<b>548,202</b>
<b>Other Financing Sources (Uses)</b>			
Contributions from trust funds		56,626	
Transfers in	830,452	736,834	377,575
Transfers out	(1,073,316)	(731,834)	(421,843)
<b>Total other financing sources (uses)</b>	<b>(242,864)</b>	<b>61,626</b>	<b>(44,268)</b>
<b>Net changes in fund balances</b>	<b>\$ 209,552</b>	<b>\$ 203,580</b>	<b>\$ 503,934</b>
<b>Debt service as a percentage of non-capital expenditures</b>	<b>8.1%</b>	<b>8.9%</b>	<b>4.5%</b>

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

<u>Fiscal Year</u>	<u>Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Less: Tax Exemptions</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2004	\$375,828,965	\$207,787	\$25,279,665	\$12,003,306	\$389,313,111	1.0000
2005	\$399,569,372	\$206,940	\$25,966,041	\$12,284,799	\$413,457,554	1.0000
2006	\$435,313,349	\$206,482	\$26,084,788	\$12,428,869	\$449,175,750	1.0000
2007	\$484,139,014	\$13,587	\$26,234,905	\$12,657,141	\$497,730,365	1.0000

Source:  
 Lassen County - Assessor's Office

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

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

Schedule 6  
 City of Susanville  
 Direct and Overlapping Property Tax Rates,  
 Last 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		
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
2007	1.0000	0.0008			1.0008

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

	2007		1998 (2)	
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value (1)	Information Unavailable
Wal-Mart	10,324,353	1	2.07%	
Rassier-Mariani	9,566,300	2	1.92%	
Triple E Investment Co. Inc.	8,500,379	3	1.71%	
Darmond Eagle Lake Village	6,609,200	4	1.33%	
SRB Associates	4,835,258	5	0.97%	
Trav-Cor & Investment Inc.	3,974,295	6	0.80%	
Joel Nolen	3,864,055	7	0.78%	
Robbins Family Trust	2,406,318	8	0.48%	
Standifords	2,402,987	9	0.48%	
Gullerud, Cherie	2,107,988	10	0.42%	
<b><u>Taxpayer</u></b>				
Total	<u>\$44,266,780</u>		<u>8.89%</u>	

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
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	\$661,347	96.67%	\$25,346	\$686,694	100.38%
2007	18,125,879	0.04150919	\$752,391	\$707,387	94.02%			

*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	3.32%	720
2004	2,215,000	185,904	1,200,000	3,600,904	6,405,000	973,390	24,240,000	5,572	31,623,962	35,224,866	9.05%	1,948
2005	2,155,000	87,798	1,145,000	3,387,798	9,610,000	963,000	24,240,000	4,669	34,817,669	38,205,467	9.24%	2,094
2006	2,095,000	52,238	1,140,000	3,287,238	9,480,000	953,000	24,240,000	4,669	34,677,669	37,964,907	8.45%	2,079
2007	2,035,000	19,355	1,080,000	3,134,355	9,345,000	943,000	24,240,000	0	34,528,000	37,662,355	7.57%	2,025

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	2007
Assessed Valuation	\$381,592,925	\$389,313,111	\$413,457,554	\$449,175,750	\$497,730,365
Conversion Percentage	25%	25%	25%	25%	25%
Adjusted Assessed Valuation	\$95,398,231	\$97,328,278	\$103,364,389	\$112,293,938	\$124,432,591
Debt Limit Percentage	15%	15%	15%	15%	15%
Debt Limit	\$14,309,735	\$14,599,242	\$15,504,658	\$16,844,091	\$18,664,889
Total net debt applicable to limit	\$2,270,000	\$2,215,000	\$2,155,000	\$2,095,000	\$2,035,000
Legal debt margin	\$12,039,735	\$12,384,242	\$13,349,658	\$14,749,091	\$16,629,889
Total net debt applicable to the limit as a percentage of debt limit	15.9%	15.2%	13.9%	12.4%	10.9%

Source:

Lassen County Assessors Office  
City of Susanville Finance Department

Notes:

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

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

General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property	Per Capita (a)
Fiscal Year	General Obligation Bonds	Capital Leases	Total		
2004	2,215,000	185,904	2,400,904	0.62%	133
2005	2,155,000	87,798	2,242,798	0.54%	123
2006	2,095,000	52,238	2,147,238	0.48%	118
2007	2,035,000	19,355	2,054,355	0.41%	110

*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

Water Revenue Bonds						
Fiscal Year	Gross Income and Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2004	1,804,093	764,660	1,039,433	115,000	373,114	2.13
2005	2,175,791	1,330,188	845,603	134,440	503,440	1.33
2006	2,188,482	1,308,937	879,545	140,000	553,358	1.27
2007	2,691,213	1,298,562	1,392,651	145,000	547,213	2.01

Miller /Fletcher Assessment Bonds				
Special Assessment Collections	Debt Service		Coverage	
	Principal	Interest		
72,163	50,000	98,750	0.49	
572,406	55,000	94,744	3.82	
417,794	55,000	90,481	2.87	
228,473	60,000	86,025	1.56	

Natural Gas Revenue Bonds						
Fiscal Year	Gross Income and Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2004	1,783,692	1,252,460	531,232	0	1,514,314	0.35
2005	2,850,519	1,908,215	942,304	0	1,428,059	0.66
2006	4,264,151	2,863,840	1,400,311	0	1,470,486	0.95
2007	4,419,813	2,941,944	1,477,869	0	1,414,075	1.05

City Hall Improvement Bond			
Vehicle License Fees	Debt Service		Coverage
	Principal	Interest	
952,051	55,000	107,930	5.84
120,328	60,000	106,605	0.72
174,072	60,000	105,015	1.05
116,605	60,000	103,215	0.71

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	(b) Personal Income <i>(thousands of dollars)</i>	(b) Per Capita Personal Income	(c) Unemployment Rate
1998	16,969	\$553,980	\$16,279	7.39%
1999	16,822	\$872,753	\$16,926	5.05%
2000	17,465	\$589,375	\$17,454	6.90%
2001	17,420	\$605,104	\$17,981	7.10%
2002	17,383	\$628,276	\$18,716	7.50%
2003	17,601	\$662,092	\$19,408	7.50%
2004	18,084	\$711,934	\$20,625	7.40%
2005	18,242	\$742,765	\$21,465	7.70%
2006	18,261	n/a	n/a	7.60%
2007	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. 06-07 population total is an estimate.*
- (b) Personal Income and Per Capita Personal Income are totals for Lassen County and will not compute from table. 2006 and 2007 data unavailable at this time on the E.D.D website.*
- (c) Unemployment rate is for the City of Susanville. 2007 data unavailable at this time.*

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

Employer	2007			1998			
	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
Wal-Mart	224	1	4.98%				
Banner Lassen Medical Center	202	2	4.49%				
Lassen Community College	155	6	3.44%				
Diamond Mountain Casino	150	3	3.33%				
Susanville School District	142	4	3.16%				
Lassen Union High School	124	5	2.76%				
Northeastern Rural Health	120	7	2.67%				
Countryvilla Riverview Rehab	115	8	2.56%				
Safeway	100	9	2.22%				
City of Susanville	68	10	1.51%				
	1400		31.11%				

**Information Unavailable**

*Notes:*

*(a) Total Labor Force for the City is 4500.*

*(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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Administration	2.8	3.7	3.1	3.4	3.4	3.5	3.5	2.5	2.5	2.5
City Clerk	4.1	4.1	4.1	4.1	4.1	1.5	1.5	1.5	1.5	1.5
Finance	6	6.5	6.5	6.5	6.5	7	7	7	6	6
Police	20	22	23	24	24	24	22	22	20	21
Fire	8.5	8.8	8.8	9.7	9.7	11	10.5	8.5	8.5	9
Community Development	9.4	8.6	10	9.8	9.8	5	4.5	4.5	4.5	4
Community Services	5.9	5.9	5.9	6.9	6.9	9	9	8	5	6
Public Works	17.3	16.4	16.6	18.6	18.6	19	20	17	18	18
<b>Total</b>	<b>74</b>	<b>76</b>	<b>78</b>	<b>83</b>	<b>83</b>	<b>80</b>	<b>78</b>	<b>71</b>	<b>66</b>	<b>68</b>

Source:  
 City Finance Department

Notes:  
 A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).

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

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Building Permits Issued	n/a	n/a	n/a	300	377	465	532	453	321	351
Building Inspections Conducted	n/a	n/a	n/a	n/a	690	1094	1452	1821	1627	1921
Police										
Physical arrests	654	467	496	634	578	601	485	681	479	400
Parking violations	0	0	0	0	0	0	271	819	498	401
Traffic violations	805	1029	580	677	1093	472	425	650	724	832
Fire										
Emergency responses	n/a	n/a	597	738	1098	1067	1087	1311	1309	n/a
Fires extinguished	n/a	n/a	82	72	84	70	73	82	96	n/a
Inspections	n/a	n/a	n/a	n/a	n/a	n/a	406	217	350	n/a
Public Works										
Street resurfacing (miles)	0	0	0	0	6.27	0	0	0	0.25	0
Potholes repaired	55	65	50	110	75	125	150	150	180	165
Community Services										
Athletic field permits issued	4	4	4	4	4	4	4	4	4	4
Water										
New connections	3	6	2	16	31	41	91	34	8	68
Average daily consumption (thousands of gallons)	2933	2111	2693	3026	3057	2954	3039	3152	2758	2116
Peak daily consumption (thousands of gallons)	4516	4861	4255	4932	5055	4394	4642	4900	4777	4809
Natural Gas										
New connections					1480	329	323	124	76	44
Average daily consumption					246	328	441	457	513	499
Peak daily consumption					481	824	768	834	870	1044

Sources:  
 Various City Departments

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

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

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	7	7	7	7	7	7	8	7
Fire										
Fire Stations	1	1	1	1	1	1	1	1	1	1
Fire engines	5	5	5	5	5	5	5	6	6	6
Public works										
Streets (miles)	53	53	53	53	53	53	54	54	54	54
Highways (miles)	0	0	0	0	0	0	0	0	0	0
Street lights	492	492	494	494	496	502	512	528	532	532
Traffic signals	0	0	0	0	0	0	0	0	0	0
Community Services										
Parks acreage	97	97	97	97	97	97	147	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	0	0	0
Water										
Water mains (miles)	63	63	63	63	63	64	64	65	65	65
Fire Hydrants	334	334	340	344	352	356	371	389	396	403
Storage capacity (thousands of gallons)	2000	2000	2000	2000	2000	3000	4000	4000	4000	4000
Water meters	3412	3418	3420	3436	3467	3508	3599	3633	3641	3709
Natural Gas										
Gas mains (miles)				44	56	56	56	57	57	59
Gas meters					1480	1809	2132	2256	2332	2392

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	2007
Residential	569.45	548.37	567.09	558.7
Commercial	245.6	216.2	209.1	214.91
Total	815.0	764.5	776.2	773.6
City Direct Rate Per Gallon	0.0022	0.0027	0.0026	0.0027

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
2004	\$12.85	\$1.23
2005	\$16.50	\$1.41
2006	\$18.20	\$1.41
2007	\$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	2007		1998	
	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
Lassen County	\$57,854.41	2.80%	Information Unavailable	
Susanville Indian Rancheria	\$28,030.29	1.36%		
Lassen County Fairgrounds	\$24,533.01	1.19%		
Lassen High School	\$24,373.44	1.18%		
Meadowview School	\$13,841.91	0.67%		
Meadowbrook Apartments	\$10,898.89	0.53%		
Millview Apartments	\$9,868.86	0.48%		
Hidden Acres	\$9,718.95	0.47%		
Diamond View School	\$9,657.45	0.47%		
Wal-Mart	\$9,551.44	0.46%		
	\$198,328.65	9.61%		

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	2007
Residential	749,716	974,574	932,384	881,058
Commercial	548,769	730,538	941,029	943,663
Total	1,298,485	1,705,112	1,873,413	1,824,721
City Direct Rate per Therm	\$1.35	\$1.60	\$2.28	\$2.37

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 Ten Fiscal Years

Fiscal Year Ended June 30	Monthly Base Rates	Rate per Therm
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
2007	\$7.00	\$2.21 (A)(B)

Source:  
 City of Susanville Finance Department

Notes:  
 City of Susanville Natural Gas Department began operation in 2002  
 (A) - City of Susanville currently has winter and summer rates as follows:  
 Winter rates apply from November-March

	Winter	Summer
0-30 Therms	\$2.19	\$2.44
30-450 Therms	\$2.44	\$2.44
450 + Therms	\$1.99	\$1.99

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

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	2007		1998	
	Gas Charges	Percent of Total Gas Revenues	Gas Charges	Percent of Total Gas Revenues
Banner Lassen Hospital	\$347,058.12	8.02%	Information Unavailable	
Lassen Community College	\$193,880.87	4.48%		
Susanville Indian Rancheria	\$103,799.08	2.40%		
Susanville Garden Apartments	\$87,639.21	2.03%		
Diamond View School	\$61,824.95	1.43%		
Safeway	\$59,420.50	1.37%		
California Division of Forestry	\$47,185.00	1.09%		
McKinley School	\$46,408.76	1.07%		
Northeastern Rural Health Clinic	\$42,372.39	0.98%		
Meadowview School	\$40,310.78	0.93%		
	\$1,029,899.66	23.81%		

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.

