

**CITY OF SUSANVILLE  
CALIFORNIA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**



Historical Museum

**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

CITY OF SUSANVILLE  
CALIFORNIA

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For the fiscal year ended  
June 30, 2009

**CITY OF SUSANVILLE**

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## Finance Department

December 2, 2009

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, 2009 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 and Mayor Pro-Tempore are 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 and reports to the City Administrator. All municipal elections are non-partisan.

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

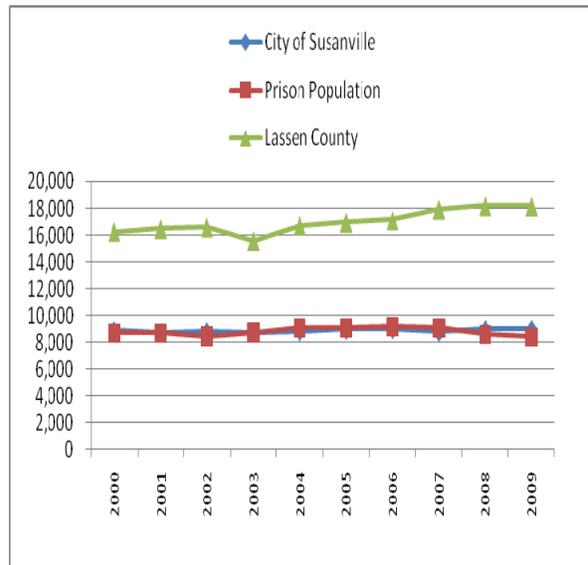
Portland, OR	458 miles	Northwest
San Francisco, CA	280 miles	Southwest
Redding, CA	112 miles	West
Reno, NV	86 miles	Southeast
Sacramento, CA	223 miles	Southwest

## 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. 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 which equals the amount of the City's population. The local economy has been consistently stable during the past years, and insulated from the nation's economy, but it has also been very dependent on the government, since in Susanville, 74% of the work force is employed by the federal, state and local governments. The two prisons alone employ approximately 54% of the total work force. This economic condition is good and bad for the local economy. It was good during the recent recession and economic downturn that rocket the nation, because the local housing market, employment and local sales remained fairly stable. Another reason for the insulation from the economic downturn is the city's isolation. The City of Susanville is the only city in the county, and the closest city is Reno (Nevada) that is about 100 miles away. On the other hand, for the same reasons, our economy would probably not improve much from the economic recovery that has started to occur.

### POPULATION

Year	City of Susanville	Prison Population	Lassen County
2000	8,877	8,688	16,263
2001	8,733	8,676	16,474
2002	8,794	8,446	16,587
2003	8,756	8,750	15,570
2004	8,826	9,082	16,724
2005	8,935	9,114	16,949
2006	8,947	9,166	17,133
2007	8,790	9,093	17,921
2008	8,971	8,599	18,187
2009	8,972	8,430	18,148



(a) County population does not include City and Prison

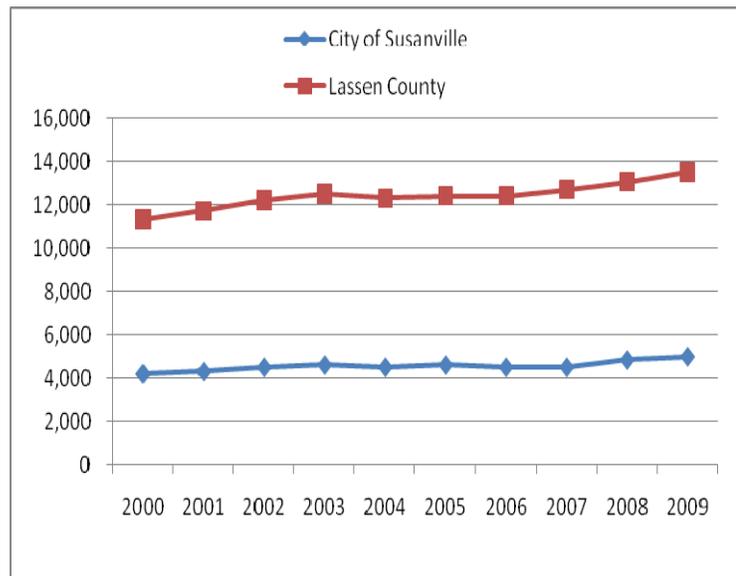
## LABOR MARKET

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. Unemployment has suffered a slight increase in the City and a higher increase in the County during the recent recession.

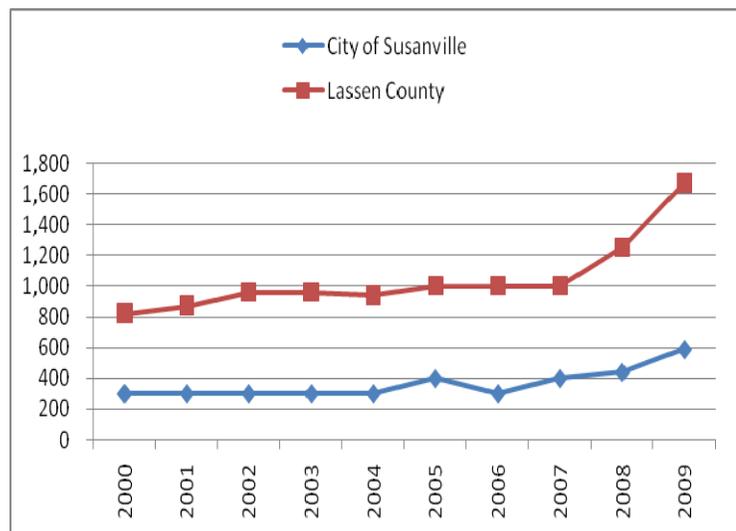
### TOTAL LABOR FORCE

Year	City of Susanville	Lassen County
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
2007	4,500	12,700
2008	4,830	13,060
2009	4,980	13,510



### UNEMPLOYMENT

Year	City of Susanville	Lassen County
2000	300	820
2001	300	870
2002	300	960
2003	300	960
2004	300	940
2005	400	1,000
2006	300	1,000
2007	400	1,000
2008	440	1,250
2009	590	1,670



## **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, ladder truck, 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 Complete the water transmission pipeline, storage tank, and pump house project at Cady Springs.
- 11 Increase code enforcement efforts through the use of a citation/infraction process.
- 12 Refinance the \$24 million debt of the Natural Gas System.
- 13 Update and employ an economic development strategic plan.
- 14 Start replacing water lines throughout the city
- 15 Replace all water and natural gas meters with remote reading units.

## **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, Air Fair, Veterans Parade, Best of Broadway, Main Street Cruise, Susanville Symphony, Rails to Trails Festival, and wine tasting.

## **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.

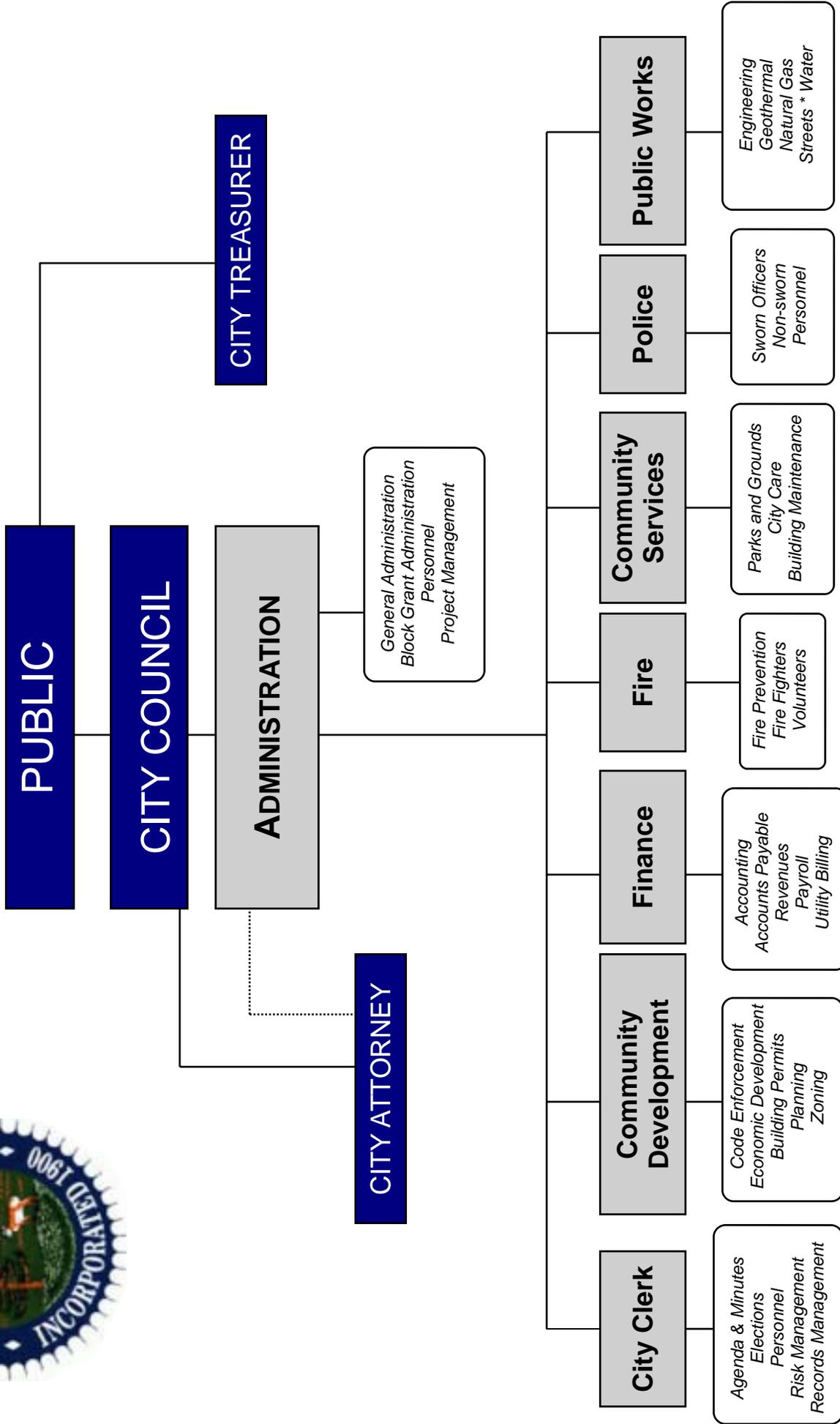
### **ACKNOWLEDGEMENTS**

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



City of Susanville

# City Council

Fiscal Year 2008-2009

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## Mayor

Kurt Bonham

## Mayor Pro-Tempore

Vernon Templeton

## Council Members

Lino Callegari

Joseph Franco

Douglas Sayers

**California Society of  
Municipal Finance Officers**

*Certificate of Award*

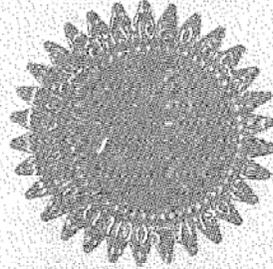
***Outstanding Financial Reporting for the Fiscal  
Year ending June 30, 2008***

*Presented to the*

***City of Susanville***

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

***June 2009***



*Thomas Fil*

*Thomas Fil, President*

*Jesse Takahashi*

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

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



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

RONALD A LEVY, CPA  
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**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, 2009, 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, 2009, and the respective changes in financial position and cash flows where applicable, thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 of the notes to basic financial statements effective July 1, 2008, the City adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements of Auditing Standards*.

Management's Discussion and Analysis, on pages 3 through 17, and the budgetary comparison schedules of the General Fund and Gas Tax Fund, on pages 64 and 65 are not required parts of the basic financial statements but are 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 2, 2009, on our consideration of the City of Susanville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming 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*

Moss, Levy & Hartzheim, LLP  
Beverly Hills, CA  
December 2, 2009



**City of Susanville**  
**Management's Discussion & Analysis**  
**June 30, 2009**

This is the management's discussion and analysis of the financial performance of the City of Susanville for the fiscal year ended June 30, 2009. Please read this in conjunction with the transmittal letter, which can be found in the introductory section of this report, and with the City's financial statements, which follow this discussion.

**BASIC FINANCIAL STATEMENTS**

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

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

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

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

**Government-Wide Funds**

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

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

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

### **Format**

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

The format is: Assets – Liabilities = Net assets

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

### **Activities columns**

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

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

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

### **Format**

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

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

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

## **Program Revenues**

Some programs are directly financed, in whole or in part, by resources other than taxes and other general revenues. GAAP requires that such *program revenues* be presented separately. Examples of program revenues include:

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

## **General revenues**

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

## **GOVERNMENTAL FUNDS**

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

### **Major fund reporting**

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

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

- Total governmental fund assets
- Total governmental fund liabilities
- Total governmental 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**

GAAP prescribes three basic financial statements for proprietary funds:

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

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

## **FIDUCIARY FUNDS**

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

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

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

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

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

## **COMPARATIVE DATA**

### **FINANCIAL ANALYSIS**

Net assets act as an indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$12 million as of June 30, 2008 (\$9.4 million for Governmental Activities and \$2.6 million for Business-type activities); and \$12.5 million as of June 30, 2009 (\$9.2 million for Governmental Activities and \$3.3 million for Business-type Activities). Governmental activities are generally financed through taxes and intergovernmental revenues. These activities are reported in the governmental funds (general fund, special revenue funds, capital projects funds, debt service funds) and internal service funds. Tables A-1 and A-2 below, present a summary of the City's Statement of Net Assets for fiscal years ended June 30, 2008 and 2009.

Table A-1  
Statement of Net Assets for June 30, 2008 and 2009  
**Governmental activities**

	<u>2008</u>	<u>2009</u>
Cash & investments	\$ 3,914,139	\$ 4,805,742
Capital assets	5,148,015	4,917,283
Other assets, including cash and Investments with fiscal agents	4,105,390	3,173,246
Total assets	<u>\$ 13,167,544</u>	<u>\$ 12,896,271</u>
Long-term liabilities	3,051,467	2,897,344
Other liabilities	664,479	781,027
Total liabilities	<u>\$ 3,715,946</u>	<u>\$ 3,678,371</u>
Invested in capital assets, net of related debt	2,274,687	2,062,283
Restricted for debt service	420,435	1,547,711
Unrestricted net assets	6,756,476	5,607,906
Total net assets	<u>\$ 9,451,598</u> =====	<u>\$ 9,217,900</u> =====

Table A-2  
Statement of Net Assets for June 30, 2008 and 2009  
**Business-type activities**

	<u>2008</u>	<u>2009</u>
Cash & investments	\$ 1,632,835	\$ 1,809,111
Capital assets	31,852,222	32,332,619
Other assets	4,696,366	4,478,875
Total assets	<u>\$ 38,181,423</u>	<u>\$ 38,620,605</u>
Long-term liabilities	34,287,899	34,139,713
Other liabilities	1,269,210	1,150,661
Total liabilities	<u>\$ 35,557,109</u>	<u>\$ 35,290,374</u>
Invested in capital assets, net of related debt	(2,270,671)	(1,804,335)
Restricted for debt service	2,864,661	2,892,138
Unrestricted net assets	2,030,324	2,242,428
Total net assets	<u>\$ 2,624,314</u> =====	<u>\$ 3,330,231</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 Net Assets  
For the Fiscal Year Ended June 30, 2008 and 2009  
**Governmental Activities**

<b>EXPENSES</b>	<u>2008</u>	<u>2009</u>
<u>Program expenses (by function):</u>		
General Government	\$ 816,839	\$ 1,228,083
Public Safety	3,696,206	3,593,218
Streets	1,427,687	935,540
Protective Inspections	244,966	235,270
Community Services	325,669	288,355
Community Development	462,648	302,502
Interest on long term debt	194,800	186,060
Total expenses	<u>\$ 7,168,815</u>	<u>\$ 6,769,028</u>
 <b>REVENUES</b>		
<u>Program Revenues (by major source):</u>		
Charges for services	\$ 334,600	\$ 457,589
Operating Contributions, Capital Contributions And Grants	2,277,555	1,281,678
Total program revenues	<u>\$ 2,612,155</u>	<u>\$ 1,739,267</u>
 <u>General Revenues (by major source):</u>		
Property taxes	\$ 924,914	\$ 913,055
Sales & use taxes	1,326,767	1,193,085
Transient lodging taxes	517,214	405,860
Franchise taxes	55,428	45,197
Business license taxes	247,732	235,283
Other taxes	246,035	70,723
Property tax in lieu of Sales tax	419,193	474,943
Property tax in lieu of VLF	1,396,408	1,488,666
Use of money and property	163,501	( 35,749)
Gain on sale of capital assets	( 6,491)	---
Miscellaneous revenues	100,101	---
Total general revenues	<u>\$ 5,390,802</u>	<u>\$ 4,791,063</u>
Total revenues	<u>\$ 8,002,957</u>	<u>\$ 6,530,330</u>
Excess (deficiency) before contributions to:	\$ 834,142	\$ ( 238,698)
Contributions to term & permanent endowments	---	
Special and extraordinary items	---	
Transfers	<u>5,000</u>	<u>5,000</u>
Changes in net assets	\$ 839,142	\$ ( 233,698)
Net assets at July 1, 2007 and 2008	8,536,069	9,451,598
Prior Period Adjustments (See Note #17 to Basic Financial Statement)	<u>76,387</u>	<u>---</u>
Ending net assets at June 30, 2008 and 2009	<u>\$ 9,451,598</u> =====	<u>\$ 9,217,900</u> =====

Table B-2  
Changes in Net Assets  
For the Fiscal Year Ended June 30, 2008 and 2009  
**Business-Type Activities**

<b>EXPENSES</b>	<u>2008</u>	<u>2009</u>
<u>Expenses (by function)</u>		
Airport	\$ 166,609	\$ 189,488
Water	2,145,401	2,396,179
Geothermal	63,868	55,889
Natural Gas	4,941,853	4,924,613
Day Care	118,160	144,912
Golf Course	<u>99,865</u>	<u>112,179</u>
Total expenses	\$ <u>7,535,756</u>	\$ <u>7,823,260</u>
 <b>REVENUES</b>		
<u>Program revenues (by major source)</u>		
Charges for Services	\$ 6,930,026	\$ 6,900,740
Operating, Capital Contributions And grants	2,111,713	1,500,068
 <u>General revenues (by major source)</u>		
Use of money and property	282,717	120,656
Gain on sale of capital assets	17,982	---
Miscellaneous revenue	1,512	12,713
Total program and general revenues	<u>\$ 9,343,950</u>	<u>\$ 8,534,177</u>
Excess (deficiency) before contributions to:	\$ 1,808,194	\$ 710,917
Term & Permanent Endowments	---	---
Transfers	<u>( 5,000)</u>	<u>( 5,000)</u>
Change in net assets	\$ 1,803,194	\$ 705,917
Net Assets, July 1, 2007 and 2008	821,120	2,624,314
Net Assets, June 30, 2008 and 2009	<u>\$ 2,624,314</u> =====	<u>\$ 3,330,231</u> =====

**OVERALL ANALYSIS**

The 2008-09 annual budget was prepared and approved on time and became effective July 1, 2008. The total full time equivalent positions decreased by two (from 66 to 64 from the prior fiscal year. In the Community Development Department 1 position was deleted (Associate Planner) and in the Community Services Department 1 position was deleted (Secretary). Overall, the financial position of the City has improved slightly maintaining fiscal solvency and strict controls on spending. At June 30, 2009 the total pooled cash and investments for all funds increased by \$1,073,446 (from \$5,624,774 to \$6,698,220). Total net assets decreased by (\$233,698) in the governmental activities, and increased by \$705,917 in the business-type activities.

## Governmental Activities

Overall, in fiscal year 2008-09, the City's ability to keep its commitments has improved in the General Fund, Mitigation Funds, and Streets Fund.

### **FUND ANALYSIS**

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

GENERAL FUND - Prudent budgeting and a conservative approach in spending have paid off again in this fiscal year for the General Fund. Fiscal year 2008-09 ended with a positive increase in fund balance of \$244,881. The increase in fund balance is mostly due to salary savings from delaying the hiring of vacant positions and from a re-organization of the staff that had the net effect of deleting two full-time positions as follows:

Community Development	Associate Planner
Community Services	Secretary

On a cash basis, the General Fund cash and investments total increased by \$441,811 from the prior year. The main reason for this increase is a combination of an increase in fund balance (revenues over expenditures \$244,881), the collection of accounts receivable \$49,116 outstanding from prior year, and the increase in accounts payable and deferred revenue for the balance.

Total General Fund revenues increased from prior year by a total of \$34,258 (from \$5,671,712 to 5,705,970). The increase is due to a combination of a decrease in taxes of \$-120,281, a decrease in Licenses and Permits of \$-47,730, a decrease in Fines and Forfeitures of \$-26,971, a decrease in Use of Money and Property of \$-30,630, an increase in Intergovernmental Revenues of \$120,546, and an increase in other miscellaneous revenues of \$139,324.

Compared to prior year, the General Fund expenditures (not including transfers out to other funds) increased by \$310,361 (from \$4,891,881 to \$5,202,242). The increase is a combination of an increase in the General Government of \$273,566, an increase in Public Safety of \$41,338, a decrease in Streets of \$-36,577, a decrease in Protective Inspections of \$-10,663, a decrease in the Community Services Department of \$-45,567, a decrease in Community Development Department of \$-2,563, an increase in Capital Outlay of \$90,827.

Transfers out to other funds decreased by \$150,107.

On June 30, 2009 the General Fund had a fund balance of \$2,272,377 which is an increase of \$244,881 from the prior fiscal year of \$2,027,496. This is a welcome repeat of an increase in fund balance that allowed the City to increase its 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, 2009, the total fund balance of these funds was \$3,216,068, a decrease of (\$404,627) when compared to the prior fiscal year of \$3,620,695.

## **ANALYSIS OF MAJOR PROPRIETARY FUNDS**

### **Business-type Activities**

WATER UTILITY ENTERPRISE FUND – At June 30, 2009, the water fund reports an increase in net assets of \$455,165. The gain includes \$336,587 in depreciation and amortization expenses. On a cash basis, the water fund Cash and Investments increased by \$157,979 (from \$1,546,193 to \$1,704,172). The Due-From-Other-Funds account increased by \$362,132 (from \$986,689 to \$1,348,821). The number of water accounts increased from 3,788 at June 30, 2008 to 3,797 at June 30, 2009.

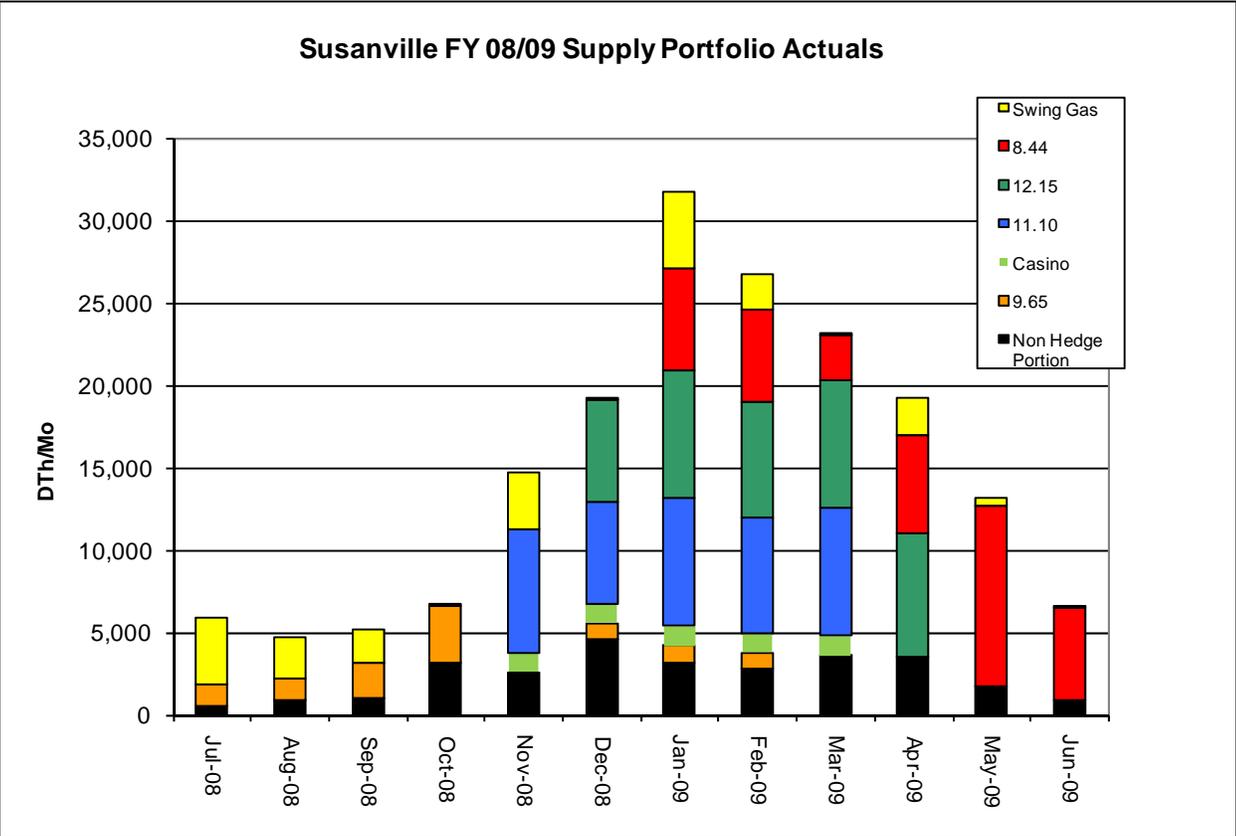
The net assets increase of \$455,165 is mostly due to the increase in water rates that went into effect in August, 2008. The purpose of the increase was to set aside money for imminent capital improvement projects; such as, the replacement of the current aging meters, and the replacement of water lines throughout the water distribution system.

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 rates were increased in fiscal year 2008-09 as mentioned above.

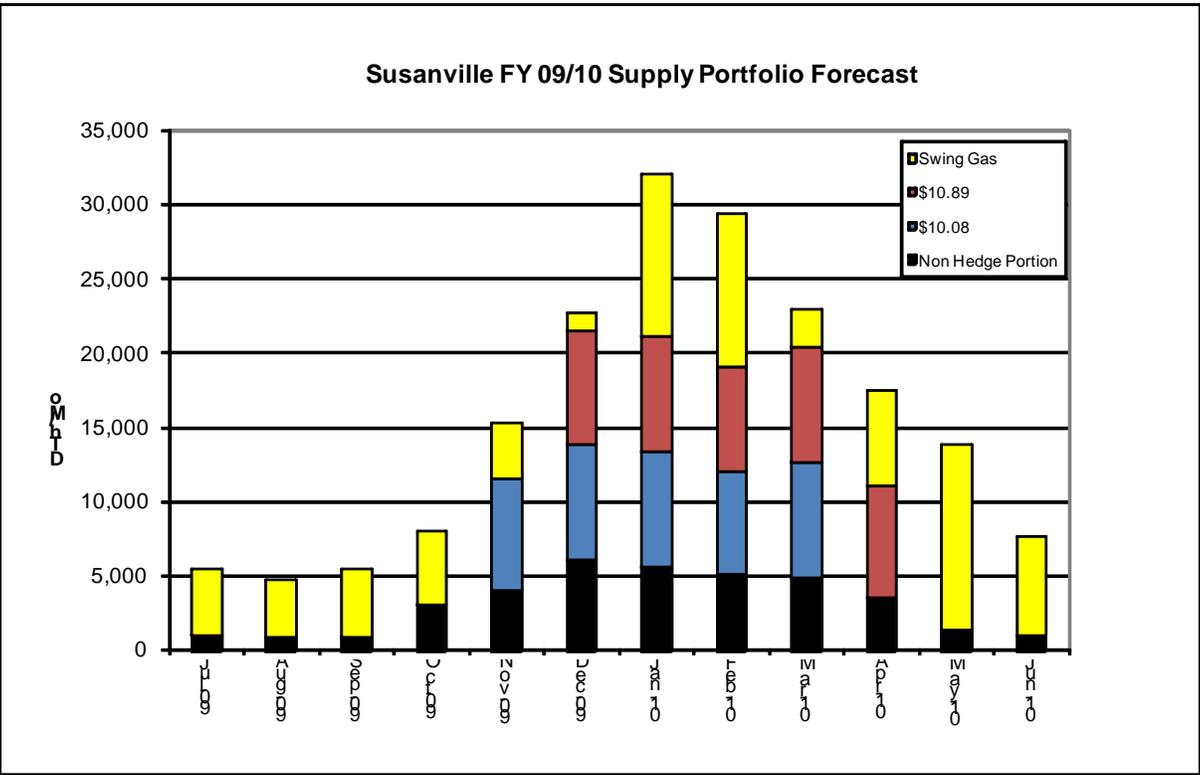
NATURAL GAS ENTERPRISE FUND – Due to a warm winter, the Natural Gas system did not perform as projected and revenues projections were not met during the 2008-09 fiscal year.

The Natural Gas Fund shows a decrease in net assets of (\$611,302) which includes depreciation and amortization expenses for \$511,149. The change in due to other funds was an increase of \$109,156, which means that the Fund needed to borrow an additional \$109,156 as of June 30, 2009, due to negative pooled cash. Because the natural gas was priced competitively, the City was able to continue adding new customers to the system. The number of natural gas accounts increased from 2,449 at June 30, 2008 to 2,546 at June 30, 2009 equivalent to a 4% increase.

The gas purchased in FY 2008-09 was as follows:



The cost of natural gas in the open market has continued to decrease allowing the City to make critical purchases for the following year. As the gas is purchased in the market approximately a year in advance, the City has already secured its FY 2009-10 supply portfolio as follows:



Historically, the cost of natural gas has been lower than its competition (propane, electricity, kerosene and heating oil). During this year, however, the cost of other fuels has matched the natural gas, and at times, has been even lower. Despite the competitiveness of other fuels, the City has continued adding new customers to the system and in fiscal year 2008-09, a net of 97 new customers were added to the system for an estimated 37,600 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 2009-10 fiscal year. IGS was hired to evaluate and monitor the natural gas system operations 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.

AIRPORT ENTERPRISE FUND – The net assets of the Airport Fund increased by \$1,026,333 due to the capitalization of expenses related to capital improvement projects. The operating revenues of the Airport remain insufficient to pay for operating expenses. On a cash-basis, the Airport cash balance at June 30, 2008 went from negative \$-252,170 to negative \$-430,015 as of June 30, 2009 (this amount has been borrowed from the pooled cash fund). The Airport remains a valuable asset to the City and County despite the fact that it needs a cash inflow to continue operating.

**BUDGET VARIANCES IN THE GENERAL FUND**

	Original Budget	Final Budget	Difference	Actual	Variance
Revenues	\$5,770,097	\$6,034,603	\$ 264,506	\$5,705,970	\$(328,633)
Expenditures	\$5,574,948	\$5,646,205	\$ 71,257	\$5,202,242	\$ 443,963
<b>Difference</b>	<b>\$ 195,149</b>	<b>\$ 388,398</b>	<b>\$ 193,249</b>	<b>\$ 503,728</b>	

Other financing sources and (uses):

Transfers-In	5,000	5,000	----	5,000	
Transfers-Out	( 200,149)	( 260,699)	( 60,550)	( 263,847)	( 3,148)
<b>Difference</b>	<b>( 195,149)</b>	<b>( 255,699)</b>	<b>( 60,550)</b>	<b>( 258,847)</b>	
<b>Net change in Fund balance</b>	<b>( --- )</b>	<b>132,699</b>	<b>132,699</b>	<b>244,881</b>	

## Reasons for Variances

### General Fund - Original Budget to Final Budget variance:

After the original 2008-09 budget was adopted, the City Council approved several budget amendments. Changes were as follows:

	Increases <u>(Decreases)</u>
<b><u>Revenues and Transfers In:</u></b>	
Decrease Sales Tax Revenue	(\$98,000)
Decrease Interest Revenue	(\$10,000)
Decrease Property Tax in-lieu of Sales Tax	(\$25,057)
Increase for Live Scan Reimbursement	\$12,257
Increase Public Safety Sales Tax	\$4,163
Increase for Out of Area Fires	\$186,438
Increase for Memorial Park Project	\$5,057
Increase Bullet Proof Vest Revenue	\$4,546
Increase Property Tax in-lieu of VLF	\$88,666
Decrease Vehicle License Fees	(\$60,000)
Increase Loan Repayment	\$5,600
Decrease Business License Tax	(\$12,000)
Decrease Hotel Occupancy Tax	(\$20,000)
Decrease Fines and Reimbursements	(\$2,084)
Decrease Building and Planning Revenues	(\$36,000)
Increase Booking Fees and Interest Income	\$32,259
Increase revenue for Rancheria Contribution	\$88,999
Increase for Donations and Grants	\$99,662
	\$264,506
Transfers in	\$0
Total Revenues and Transfers In	\$264,506

### **Expenditures and Transfers Out:**

Decrease Payroll for unfilled positions	(\$221,885)
Increase budget for Net of Open Purchase Orders	\$20,458
Decrease budget for Travel/Training	(\$6,007)
Decrease budget for Net of Supplies	(\$10,193)
Decrease budget for Advertising	(\$2,210)
Decrease budget for Professional/Technical Services	(\$17,970)
Decrease Election budget	(\$8,497)
Increase budget for Net of Machinery and Equipment	\$21,789
Increase Non-Departmental for Property Insurance	\$2,000
Decrease Administrative Overhead Reimbursement	(\$200,087)
Decrease Non-Departmental Custodial and Natural	(\$37,213)

Gas	
Increase Non-Departmental Contingencies	\$28,063
Increase Fire budget for Out of Area Fires	\$186,438
Increase Fire budget for carry over Homeland Grant	\$84,907
Increase Police Budget for LIVE SCAN machine	\$12,257
Decrease Chamber of Commerce Contribution	(\$1,000)
Increase Fire budget for Homeland/FEMA Fire Grant	\$99,307
	<u>(\$49,843)</u>
Increase Transfers - Out	\$60,550
Total Expenditures & Transfers Out	<u>\$10,707</u>

### Final Budget to Actual variance

**REVENUES:** As of June 30, 2009, total General Fund actual revenues were \$5,705,970 or \$328,633 less than budgeted. This variance comes mostly from a decline in general revenues such as property taxes, sales and use taxes, transient occupancy taxes, business licenses, etc.

**EXPENDITURES:** Expenditures were \$5,202,242 or \$443,963 less than budgeted. This was due mainly from salary savings from unfilled vacant positions in General Government and Public Safety.

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

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

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

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

## **Infrastructure**

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

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

## **Long-term debt activity**

The City's total outstanding long-term debt at June 30, 2009 was as follows (not including notes payable or compensated absences):

Natural Gas Utility	\$24,240,000	Secured by gas revenues
Water Utility	\$ 9,050,000	Secured by water revenues
City Hall	\$ 1,910,000	Secured by vehicle license fees
Capital Leases	\$ 0	Secured by equipment
Mark Roos Assessment	\$ 945,000	Secured by property assessments

All debt service principal and interest payments are current.

## **OTHER POTENTIALLY SIGNIFICANT MATTERS**

As with 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. 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; mostly by cutting positions.

The City has a Redevelopment Agency; however, currently, it does not have an approved redevelopment project. 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.

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

The Country's mortgage crisis, the stock plunge, the drop in retail sales, the increase in unemployment, the fear of economic recession, the banks' rescue by the federal government and the repercussions on the European and World markets, have created a very difficult economic condition that is not going to improve significantly in the next year or two. The City of Susanville as well as most other cities in the State and in the Country are faced with declining revenues and increased cost of services. The State budget shortfall for the coming fiscal year is in the \$21 billion range. 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 revenues are not going to grow significantly. The City's population is expected to grow at a very

slow rate and the unemployment rate is expected to stay the same as the prior fiscal year. The 2009-10 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 expenditures budget for 2009-10 (including transfers out) has been reduced significantly from the 2008-09. The reduction is \$451,171 or 7.6% (from \$5,906,904 in 2008-09 to \$5,455,733 in 2009-10). The main reasons for the decrease are: projected declining general revenues, reduction in full-time and part-time positions and in total employee benefits.

### **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.

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**CITY OF SUSANVILLE**  
**STATEMENT OF NET ASSETS**  
June 30, 2009

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 4,805,742	\$ 1,809,111	\$ 6,614,853
Cash and investments with fiscal agents	464,520	3,141,071	3,605,591
Investment in bonds	940,000		940,000
Accounts receivable	393,420	724,542	1,117,962
Internal balances	70,624	(70,624)	
Interest receivable	16,410	6,988	23,398
Prepaid expenses	33,449	12,809	46,258
Inventory	30,761	129,920	160,681
Deposits		75,000	75,000
Loans receivable	1,113,531		1,113,531
Deferred charges - net of accumulated amortization	110,531	459,169	569,700
Capital assets:			
Nondepreciable:			
Land	2,930,975	2,226,085	5,157,060
Construction in progress	2,177	1,435,470	1,437,647
Depreciable:			
Buildings, improvements, equipment, and vehicles	5,876,112	37,760,228	43,636,340
Accumulated depreciation	(3,891,981)	(9,089,164)	(12,981,145)
Total assets	<u>12,896,271</u>	<u>38,620,605</u>	<u>51,516,876</u>
<b>LIABILITIES</b>			
Accounts payable	364,335	165,421	529,756
Accrued wages	107,580		107,580
Accrued interest payable	57,026	276,273	333,299
Deposits payable	39,672	150,795	190,467
Unearned revenue	45,567		45,567
Noncurrent liabilities:			
Due within one year	166,847	558,172	725,019
Due in more than one year	2,897,344	34,139,713	37,037,057
Total liabilities	<u>3,678,371</u>	<u>35,290,374</u>	<u>38,968,745</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,062,283	(1,804,335)	257,948
Restricted for:			
Debt service	1,547,711	2,892,138	4,439,849
Unrestricted	5,607,906	2,242,428	7,850,334
Total net assets	<u>\$ 9,217,900</u>	<u>\$ 3,330,231</u>	<u>\$ 12,548,131</u>

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

**CITY OF SUSANVILLE**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Governmental activities:</b>				
General government	\$ 1,228,083	\$ 132,822	\$ 152,206	\$ -
Public safety	3,593,218	137,948	486,007	51,707
Streets	935,540	36,417	545,255	46,503
Protective inspections	235,270	31,433		
Community services	288,355	18,526		
Community development	302,502	100,443		
Interest on long term debt	186,060			
<b>Total governmental activities</b>	<b>6,769,028</b>	<b>457,589</b>	<b>1,183,468</b>	<b>98,210</b>
<b>Business-type activities:</b>				
Airport	189,488	58,097	10,000	1,147,621
Water	2,396,179	2,424,802		342,247
Geothermal	55,889	69,391		
Natural gas	4,924,613	4,271,575		
Day care	144,912	76,875		200
Golf course	112,179			
<b>Total business-type activities</b>	<b>7,823,260</b>	<b>6,900,740</b>	<b>10,000</b>	<b>1,490,068</b>
<b>Total government</b>	<b>\$ 14,592,288</b>	<b>\$ 7,358,329</b>	<b>\$ 1,193,468</b>	<b>\$ 1,588,278</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

Miscellaneous revenue

Transfers

Total general revenues and transfers

Change in net assets

Net Assets, July 1, 2008

Net assets, June 30, 2009

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
\$ (943,055)	\$ -	\$ (943,055)
(2,917,556)		(2,917,556)
(307,365)		(307,365)
(203,837)		(203,837)
(269,829)		(269,829)
(202,059)		(202,059)
(186,060)		(186,060)
(5,029,761)		(5,029,761)
	1,026,230	1,026,230
	370,870	370,870
	13,502	13,502
	(653,038)	(653,038)
	(67,837)	(67,837)
	(112,179)	(112,179)
	577,548	577,548
(5,029,761)	577,548	(4,452,213)
913,055		913,055
1,193,085		1,193,085
405,860		405,860
45,197		45,197
235,283		235,283
70,723		70,723
474,943		474,943
1,488,666		1,488,666
(35,749)	120,656	84,907
	12,713	12,713
5,000	(5,000)	
4,796,063	128,369	4,924,432
(233,698)	705,917	472,219
9,451,598	2,624,314	12,075,912
\$ 9,217,900	\$ 3,330,231	\$ 12,548,131

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

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**CITY OF SUSANVILLE**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
June 30, 2009

	General Fund	Gas Tax Fund	Other Governmental Funds	Totals
<b>ASSETS</b>				
Cash and investments	\$ 1,998,394	\$ 73	\$ 2,053,124	\$ 4,051,591
Cash and investments with fiscal agent			464,520	464,520
Investment in bonds			940,000	940,000
Accounts receivable	272,601	74,116	46,703	393,420
Interest receivable	8,242		6,059	14,301
Prepaid expenditures	18,405	473	3,253	22,131
Inventory	30,761			30,761
Due from other funds	18,656			18,656
Loans receivable	90,833		1,022,698	1,113,531
Advances to other funds	355,947		381,372	737,319
	<u>\$ 2,793,839</u>	<u>\$ 74,662</u>	<u>\$ 4,917,729</u>	<u>\$ 7,786,230</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 345,006	\$ 1,867	\$ 12,268	\$ 359,141
Deposits payable	39,672			39,672
Deferred revenue	136,784	35,567	1,022,698	1,195,049
Due to other funds		18,656		18,656
Advances from other funds			666,695	666,695
	<u>521,462</u>	<u>56,090</u>	<u>1,701,661</u>	<u>2,279,213</u>
Fund Balances:				
Reserved:				
Debt service			1,604,737	1,604,737
Advances	355,947		381,372	737,319
Prepaid expenditures	18,405	473	3,253	22,131
Inventory	30,761			30,761
Encumbrances	6,500			6,500
Unreserved, designated:				
Capital improvements	22,528		124,749	147,277
Unreserved, undesignated				
Reported in:				
General Fund	1,838,236			1,838,236
Special Revenue Funds		18,099	792,027	810,126
Capital Projects Funds			309,930	309,930
	<u>2,272,377</u>	<u>18,572</u>	<u>3,216,068</u>	<u>5,507,017</u>
Total fund balances	<u>2,272,377</u>	<u>18,572</u>	<u>3,216,068</u>	<u>5,507,017</u>
Total liabilities and fund balances	<u>\$ 2,793,839</u>	<u>\$ 74,662</u>	<u>\$ 4,917,729</u>	<u>\$ 7,786,230</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, 2009

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 5,507,017

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	\$ 8,809,264	
Accumulated depreciation	<u>(3,891,981)</u>	
Net		4,917,283

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. (57,026)

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>(42,984)</u>	
Net		110,531

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. 654,804

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

Bonds payable	(2,855,000)	
Compensated absences payable	<u>(209,191)</u>	
Total		(3,064,191)

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. 1,149,482

**TOTAL NET ASSETS, GOVERNMENTAL ACTIVITIES \$ 9,217,900**

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, 2009

	General Fund	Gas Tax Fund	Other Governmental Funds	Totals
<b>Revenues:</b>				
Taxes and assessments	\$ 4,522,565	\$ -	\$ 68,964	\$ 4,591,529
Licenses and permits	103,413			103,413
Fines and forfeitures	47,614			47,614
Use of money and property	39,512	5,678	(91,012)	(45,822)
Intergovernmental revenues	446,934	502,936	208,101	1,157,971
Program income	4,583		49,386	53,969
Charges for services	308,690			308,690
Other revenues	232,659	9,097	115,106	356,862
<b>Total revenues</b>	<b>5,705,970</b>	<b>517,711</b>	<b>350,545</b>	<b>6,574,226</b>
<b>Expenditures:</b>				
Current:				
General government	996,336			996,336
Public safety	3,366,410		126,959	3,493,369
Streets		711,740	200,837	912,577
Protective inspections	234,303			234,303
Community services	219,456			219,456
Community development	250,510		111,678	362,188
Capital outlay	135,227	20,454	28,961	184,642
Debt service:				
Principal			135,000	135,000
Interest and fiscal agent fees			182,529	182,529
<b>Total expenditures</b>	<b>5,202,242</b>	<b>732,194</b>	<b>785,964</b>	<b>6,720,400</b>
Excess of revenues over (under) expenditures	503,728	(214,483)	(435,419)	(146,174)
<b>Other Financing Sources (Uses):</b>				
Transfers in	5,000	124,656	753,992	883,648
Transfers out	(263,847)	(400,000)	(214,801)	(878,648)
<b>Total other financing sources (uses)</b>	<b>(258,847)</b>	<b>(275,344)</b>	<b>539,191</b>	<b>5,000</b>
Net changes in fund balances	244,881	(489,827)	103,772	(141,174)
Fund balances - July 1, 2008	2,027,496	508,399	3,112,296	5,648,191
Fund balances - June 30, 2009	<u>\$ 2,272,377</u>	<u>\$ 18,572</u>	<u>\$ 3,216,068</u>	<u>\$ 5,507,017</u>

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

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**CITY OF SUSANVILLE**  
**RECONCILIATION OF THE STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2009

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 \$ (141,174)

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	155,718
Depreciation expense is not reported in governmental funds	(379,793)

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

Repayment of debt principal is added back to fund balances	135,000
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 revenues or expenditures in governmental funds (net change):

Interest payable	2,610
Compensated absences	(5,478)

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

12,217

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

(6,657)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ (233,698)

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

**CITY OF SUSANVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
June 30, 2009

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Airport Fund</b>	<b>Water Fund</b>	<b>Geothermal Fund</b>
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ -	\$ 1,704,172	\$ 104,939
Cash and investments with fiscal agents		802,410	
Accounts receivable - net	145,047	337,478	8,625
Interest receivable	(1,682)	12,483	415
Prepaid expenses	1,616	2,103	1,200
Due from other funds		1,348,821	
Inventory		58,477	
Deposits			
<b>Total Current Assets</b>	<b>144,981</b>	<b>4,265,944</b>	<b>115,179</b>
Noncurrent Assets:			
Deferred charges, net of accumulated amortization		315,538	
Capital Assets:			
Nondepreciable			
Land	43,189	943,183	249,124
Construction in progress	1,345,314	9,015	
<b>Total Nondepreciable Capital Assets</b>	<b>1,388,503</b>	<b>952,198</b>	<b>249,124</b>
Depreciable			
Buildings	166,873	315,266	24,852
Improvements	1,094,493	8,047,894	
Equipment	128,400	3,796,303	228,666
<b>Total Depreciable Capital Assets</b>	<b>1,389,766</b>	<b>12,159,463</b>	<b>253,518</b>
Less accumulated depreciation	(560,902)	(6,043,733)	(246,682)
<b>Net Depreciable Capital Assets</b>	<b>828,864</b>	<b>6,115,730</b>	<b>6,836</b>
<b>Net Capital Assets</b>	<b>2,217,367</b>	<b>7,067,928</b>	<b>255,960</b>
<b>Total Noncurrent Assets</b>	<b>2,217,367</b>	<b>7,383,466</b>	<b>255,960</b>
<b>Total Assets</b>	<b>2,362,348</b>	<b>11,649,410</b>	<b>371,139</b>

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

Business-type Activities - Enterprise Funds				Governmental
Natural	Day	Golf	Totals	Internal
Gas	Care	Course		Service
Fund	Fund	Fund		Funds
\$ -	\$ -	\$ -	\$ 1,809,111	\$ 754,151
2,338,661			3,141,071	
226,028	7,364		724,542	
(3,153)	(1,053)	(22)	6,988	2,109
7,662	228		12,809	11,318
			1,348,821	
71,443			129,920	
75,000			75,000	
2,715,641	6,539	(22)	7,248,262	767,578
143,631			459,169	
		990,589	2,226,085	
80,778		363	1,435,470	
80,778		990,952	3,661,555	
		374,632	881,623	
21,624,566		1,555,951	32,322,904	
277,332		125,000	4,555,701	
21,901,898		2,055,583	37,760,228	
(2,013,937)		(223,910)	(9,089,164)	
19,887,961		1,831,673	28,671,064	
19,968,739		2,822,625	32,332,619	
20,112,370		2,822,625	32,791,788	
22,828,011	6,539	2,822,603	40,040,050	767,578

(Continued)

**CITY OF SUSANVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS (Continued)**  
June 30, 2009

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Airport Fund</b>	<b>Water Fund</b>	<b>Geothermal Fund</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 1,638	\$ 54,029	\$ 14,175
Accrued wages			
Due to other funds	430,015		
Accrued interest		40,594	
Deposits payable		98,188	
Current portion - long-term debt	49	172,488	
	431,702	365,299	14,175
Total Current Liabilities			
Noncurrent Liabilities:			
Advances from other funds			
Notes payable		909,000	
Revenue bonds payable		8,890,000	
Certificates of participation			
Compensated absences	1,461	53,348	240
	1,461	9,852,348	240
Total Noncurrent Liabilities			
	433,163	10,217,647	14,415
Total Liabilities			
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	2,217,367	(2,587,534)	255,960
Restricted for debt service		789,156	
Unrestricted	(288,182)	3,230,141	100,764
	\$ 1,929,185	\$ 1,431,763	\$ 356,724
Total Net Assets			

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

<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
<b>Natural</b>	<b>Day</b>	<b>Golf</b>		<b>Activities-</b>
<b>Gas</b>	<b>Care</b>	<b>Course</b>		<b>Internal</b>
<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Totals</b>	<b>Service</b>
				<b>Funds</b>
\$ 94,502	\$ 712	\$ 365	\$ 165,421	\$ 5,194
				107,580
646,471	266,070	6,265	1,348,821	
235,679			276,273	
52,607			150,795	
495	17	385,123	558,172	
<u>1,029,754</u>	<u>266,799</u>	<u>391,753</u>	<u>2,499,482</u>	<u>112,774</u>
		70,624	70,624	
			909,000	
			8,890,000	
24,240,000			24,240,000	
38,067	5,988	1,609	100,713	
<u>24,278,067</u>	<u>5,988</u>	<u>72,233</u>	<u>34,210,337</u>	
<u>25,307,821</u>	<u>272,787</u>	<u>463,986</u>	<u>36,709,819</u>	<u>112,774</u>
(4,127,630)		2,437,502	(1,804,335)	
2,102,982			2,892,138	
(455,162)	(266,248)	(78,885)	2,242,428	654,804
<u>\$ (2,479,810)</u>	<u>\$ (266,248)</u>	<u>\$ 2,358,617</u>	<u>\$ 3,330,231</u>	<u>\$ 654,804</u>

**CITY OF SUSANVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS**  
For the Fiscal Year Ended June 30, 2009

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Airport Fund</b>	<b>Water Fund</b>	<b>Geothermal Fund</b>
Operating Revenues:			
Sales and charges for services	\$ 58,097	\$ 2,424,802	\$ 69,391
Total Operating Revenues	<u>58,097</u>	<u>2,424,802</u>	<u>69,391</u>
Operating Expenses:			
Direct:			
Purchase of natural gas			
Administration	100,677	1,452,857	53,607
Insurance costs and claims			
Depreciation and amortization	69,787	336,587	621
Total Direct Operating Expenses	<u>170,464</u>	<u>1,789,444</u>	<u>54,228</u>
Indirect:			
Overhead allocation	11,394	73,768	1,661
Total Indirect Operating Expenses	<u>11,394</u>	<u>73,768</u>	<u>1,661</u>
Total Operating Expenses	<u>181,858</u>	<u>1,863,212</u>	<u>55,889</u>
Operating Income (Loss)	<u>(123,761)</u>	<u>561,590</u>	<u>13,502</u>
Non-Operating Revenues (Expenses):			
Interest income		83,204	2,167
Interest expense	(7,630)	(532,967)	
Reimbursements	103	6,091	74
Grants and subsidies	10,000		
Total Non-Operating Revenue(Expenses)	<u>2,473</u>	<u>(443,672)</u>	<u>2,241</u>
Income (Loss) Before Transfers and Capital Contributions and Grants	(121,288)	117,918	15,743
Capital contributions and grants	1,147,621	342,247	
Transfers:			
Transfers out		(5,000)	
Change in Net Assets	1,026,333	455,165	15,743
Net Assets, July 1, 2008	<u>902,852</u>	<u>976,598</u>	<u>340,981</u>
Net Assets, June 30, 2009	<u>\$ 1,929,185</u>	<u>\$ 1,431,763</u>	<u>\$ 356,724</u>

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

<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
<b>Natural</b>	<b>Day</b>	<b>Golf</b>		<b>Activities-</b>
<b>Gas</b>	<b>Care</b>	<b>Course</b>		<b>Internal</b>
<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Totals</b>	<b>Service</b>
				<b>Funds</b>
\$ 4,271,575	\$ 76,875	\$ -	\$ 6,900,740	\$ 773,482
4,271,575	76,875		6,900,740	773,482
1,769,160			1,769,160	
1,144,779	133,691	10,996	2,896,607	88,098
				695,457
511,149		72,698	990,842	
3,425,088	133,691	83,694	5,656,609	783,555
85,450	5,888	4,145	182,306	
85,450	5,888	4,145	182,306	
3,510,538	139,579	87,839	5,838,915	783,555
761,037	(62,704)	(87,839)	1,061,825	(10,073)
35,291		(6)	120,656	10,073
(1,414,075)	(5,333)	(24,340)	(1,984,345)	
6,445			12,713	
			10,000	
(1,372,339)	(5,333)	(24,346)	(1,840,976)	10,073
(611,302)	(68,037)	(112,185)	(779,151)	
	200		1,490,068	
			(5,000)	
(611,302)	(67,837)	(112,185)	705,917	
(1,868,508)	(198,411)	2,470,802	2,624,314	654,804
\$ (2,479,810)	\$ (266,248)	\$ 2,358,617	\$ 3,330,231	\$ 654,804

**CITY OF SUSANVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended June 30, 2009

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Airport Fund</b>	<b>Water Fund</b>	<b>Geothermal Fund</b>
Cash Flows from Operating Activities:			
Receipts from customers	\$ 10,509	\$ 2,541,064	\$ 62,726
Payments to suppliers and users	84,739	(1,288,004)	(41,480)
Payments to employees	(63,719)	(781,062)	240
Net Cash Provided (Used) by Operating Activities	<u>31,529</u>	<u>471,998</u>	<u>21,486</u>
Cash Flow from Non-Capital Financing Activities:			
Grants and contributions received	10,000		
Other non-operating revenues	103	6,091	74
Transfers in/ (out)		(5,000)	
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>10,103</u>	<u>1,091</u>	<u>74</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(1,183,305)	(51,410)	
Capital grants received	1,147,621	342,247	
Proceeds from issuance of debt			
Interest paid	(7,630)	(533,554)	
Principal payments - long-term debt		(161,000)	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(43,314)</u>	<u>(403,717)</u>	
Cash Flows from Investing Activities:			
Proceeds from advances from other funds			
Interest received	1,682	90,084	2,436
Net Cash Provided (Used) by Investing Activities	<u>1,682</u>	<u>90,084</u>	<u>2,436</u>
Net Increase (Decrease) in Cash and Cash Equivalents		159,456	23,996
Cash and Cash Equivalents, July 1, 2008		<u>2,347,126</u>	<u>80,943</u>
Cash and Cash Equivalents, June 30, 2009	<u>\$ -</u>	<u>\$ 2,506,582</u>	<u>\$ 104,939</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets			
Cash and investments	\$ -	\$ 1,704,172	\$ 104,939
Cash and investments with fiscal agents		<u>802,410</u>	
Total Cash and Investments	<u>\$ -</u>	<u>\$ 2,506,582</u>	<u>\$ 104,939</u>

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

Business-type Activities - Enterprise Funds				Governmental
Natural Gas Fund	Day Care Fund	Golf Course Fund	Totals	Activities - Internal Service Funds
\$ 4,329,826	\$ 74,862	\$ -	\$ 7,018,987	\$ 773,710
(2,099,199)	53,438	996	(3,289,510)	(792,172)
(776,442)	(124,220)	(7,897)	(1,753,100)	(757)
1,454,185	4,080	(6,901)	1,976,377	(19,219)
			10,000	
6,445			12,713	
			(5,000)	
6,445			17,713	
(92,998)		(363)	(1,328,076)	
	200		1,490,068	
		385,123	385,123	
(1,414,075)	(5,333)	(30,412)	(1,991,004)	
		(353,222)	(514,222)	
(1,507,073)	(5,133)	1,126	(1,958,111)	
38,444	1,053	76	133,775	12,108
38,444	1,053	76	133,775	12,108
(7,999)		(5,699)	169,754	(7,111)
2,346,660		5,699	4,780,428	761,262
<u>\$ 2,338,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,950,182</u>	<u>\$ 754,151</u>
\$ -	\$ -	\$ -	\$ 1,809,111	\$ 754,151
2,338,661			3,141,071	
<u>\$ 2,338,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,950,182</u>	<u>\$ 754,151</u>

(Continued)

**CITY OF SUSANVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS (Continued)**  
For the Fiscal Year Ended June 30, 2009

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Airport Fund</b>	<b>Water Fund</b>	<b>Geothermal Fund</b>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (123,761)	\$ 561,590	\$ 13,502
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and amortization	69,787	336,587	621
(Increase) Decrease in Operating Assets:			
Accounts receivable	(47,588)	114,838	(6,665)
Inventory		(48,589)	
Prepaid expenses		(81)	
Due from other funds		(362,132)	
Increase (Decrease) in Operating Liabilities:			
Accounts payable	(45,900)	(129,642)	13,788
Accrued wages			
Due to other funds	177,845		
Compensated absences	1,146	(1,997)	240
Deposits payable		1,424	
Net Cash Provided (Used) by Operating Activities	<u>\$ 31,529</u>	<u>\$ 471,998</u>	<u>\$ 21,486</u>

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

<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
<b>Natural</b>	<b>Day</b>	<b>Golf</b>		<b>Activities-</b>
<b>Gas</b>	<b>Care</b>	<b>Course</b>		<b>Internal</b>
<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Totals</b>	<b>Service</b>
				<b>Funds</b>
\$ 761,037	\$ (62,704)	\$ (87,839)	\$ 1,061,825	\$ (10,073)
511,149		72,698	990,842	
53,285	(2,013)		111,857	228
(5,811)			(54,400)	
(2,685)	(1)		(2,767)	(7,801)
			(362,132)	
14,433	(822)	366	(147,777)	(816)
				(757)
109,156	68,866	6,265	362,132	
8,655	754	1,609	10,407	
4,966			6,390	
<u>\$ 1,454,185</u>	<u>\$ 4,080</u>	<u>\$ (6,901)</u>	<u>\$ 1,976,377</u>	<u>\$ (19,219)</u>

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**CITY OF SUSANVILLE**  
**FIDUCIARY FUNDS**  
**STATEMENT OF NET ASSETS**  
June 30, 2009

	<u>Agency Funds</u>			<u>Totals</u>
	<u>Section 125 Aflac Fund</u>	<u>LAFCO Fund</u>	<u>HUSA Business Improvement Fund</u>	
<b>ASSETS</b>				
Cash and investments	\$ 14,682	\$ 68,376	\$ 957	\$ 84,015
Accounts receivable			212	212
Interest receivable		291		291
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	14,682	68,667	1,169	84,518
	<hr/>	<hr/>	<hr/>	<hr/>
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable		5,230		5,230
Deposits payable	14,682	63,437	1,169	79,288
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	14,682	68,667	1,169	84,518
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET ASSETS</b>				
Unrestricted	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Assets	\$ -	\$ -	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**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 a 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, 2009 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, 2009

**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 funds are also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Change in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liabilities are incurred.

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

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains three funds – HUSA Business Improvement, Section 125 Aflac, 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, 2009

**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.

Gas Tax Fund

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

The City reported the following major proprietary funds:

Airport Fund

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

Water Fund

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

Geothermal Fund

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

Natural Gas Fund

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

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, 2009

**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, 2009

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

**F. Property Taxes (Continued)**

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

**G. Capital Assets**

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

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

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

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

**H. Use of Estimates**

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

**I. Inventory**

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

**J. New Accounting Pronouncements**

The City has implemented the requirements of GASB Statement No. 49, No. 52, No. 55, and No. 56 during the fiscal year ended June 30, 2009.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

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

**J. New Accounting Pronouncements (Continued)**

GASB Statement No. 49 – Accounting and Financial Reporting for Pollution Remediation Obligations

This Statement is effective for periods beginning after December 15, 2007. The Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the document excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post-closure care and nuclear power plant decommissioning. Implementation of GASB Statement No. 49 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2009.

GASB Statement No. 52 – Land and Other Real Estate Held as Investments by Endowments

This Statement is effective for periods beginning after June 15, 2008. The Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. Implementation of GASB Statement No. 52 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2009.

GASB Statement No. 55 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

This Statement is effective as of April 2, 2009. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. Implementation of GASB Statement No. 55 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2009.

GASB Statement No. 56 – Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements of Auditing Standards

This Statement is effective as of April 16, 2009. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles – related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature. Implementation of GASB Statement No. 56 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2009.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2009

**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 was no budget adopted for the Jensen Slough Pedestrian Bridge Fund.

There was approximately a \$3,605,362 change in appropriations from the original budget to the final budget.

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

Major Funds

A deficit net assets of \$2,479,810 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 \$266,248 exists in the Day Care Fund. The deficit is due to the City incurring costs in excess of revenues.

Nonmajor Fund

A deficit fund balance of \$666,706 exists in the Community Redevelopment Agency Fund. The deficit is due to the City incurring costs in advance of receiving revenue.

**NOTE 3 – CASH AND INVESTMENTS**

Statement of Net Assets:	
Cash and investments	\$ 6,614,853
Cash and investments with fiscal agent	3,605,591
Investment in bonds	940,000
Statement of Fiduciary Net Assets:	
Cash and investments	84,015
Total	\$ 11,244,459

Cash and investments as of June 30, 2009 consist of the following:

Cash on hand	\$ 650
Deposits with financial institutions	147,018
Investments in bonds	940,000
Investments	10,156,791
Total	\$ 11,244,459

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

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

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage/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

**Investments Authorized by Debt Agreements**

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage/Amount of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Certificates of Deposit	1 year	20%	None
Insured Deposits with Banks and Savings and Loans	N/A	None	None
Repurchase Agreements	90 days	None	None
Money Market Accounts	N/A	None	None
Local Agency Investment Fund (State Pool)	N/A	\$40 million	\$40 million
Guaranteed Investment Contracts	N/A	None	None
Local Assessment District Bonds	30 years	None	None

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

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

**Disclosures Relating to Interest Rate Risk**

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

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

Investment Type	Totals	Remaining Maturity (in Months)					
		12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	49-60 Months	More Than 60 Months
State Investment Pool	\$ 6,551,200	\$ 6,551,200	\$ -	\$ -	\$ -	\$ -	\$ -
Held by debt trustees:							
Money market funds	3,605,591	3,605,591					
Miller Fletcher bonds	940,000	75,000	80,000	85,000	95,000	105,000	500,000
	<u>\$ 11,096,791</u>	<u>\$ 10,231,791</u>	<u>\$ 80,000</u>	<u>\$ 85,000</u>	<u>\$ 95,000</u>	<u>\$ 105,000</u>	<u>\$ 500,000</u>

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

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

**Disclosures Relating to Credit Risk**

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

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
State Investment Pool	\$ 6,551,200	N/A	\$ -	\$ -	\$ -	\$ -	\$ 6,551,200
Held by debt trustees:							
Money market funds	3,605,591	N/A		3,605,591			
Miller Fletcher bonds	940,000						940,000
Total	<u>\$ 11,096,791</u>		<u>\$ -</u>	<u>\$ 3,605,591</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,491,200</u>

**CITY OF SUSANVILLE**  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2009

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

**Concentration of Credit Risk**

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

**Custodial Credit Risk**

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

As of June 30, 2009, the City did not have any deposits with financial institutions in excess of federal depository insurance limits.

**Investment in State Investment Pool**

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

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>Governmental Activities</b>				
Nondepreciable capital assets:				
Land	\$ 2,930,975	\$ -	\$ -	\$ 2,930,975
Construction in progress	5,902	1,221	(4,946)	2,177
Total nondepreciable capital assets	2,936,877	1,221	(4,946)	2,933,152
Depreciable capital assets:				
Buildings	1,252,436			1,252,436
Machinery and equipment	2,187,842	154,497	(83,713)	2,258,626
Other improvements	2,365,050			2,365,050
Total depreciable capital assets	5,805,328	154,497	(83,713)	5,876,112
Less accumulated depreciation	(3,594,190)	(379,793)	82,002	(3,891,981)
Net depreciable capital assets	2,211,138	(225,296)	(1,711)	1,984,131
Net capital assets	<u>\$ 5,148,015</u>	<u>\$ (224,075)</u>	<u>\$ (6,657)</u>	<u>\$ 4,917,283</u>
<b>Business-type Activities</b>				
<b>Airport</b>				
Nondepreciable capital assets:				
Land	\$ 43,189	\$ -	\$ -	\$ 43,189
Construction in progress	162,009	1,183,305		1,345,314
Total nondepreciable capital assets	205,198	1,183,305		1,388,503
Depreciable capital assets:				
Buildings	166,873			166,873
Machinery and equipment	128,400			128,400
Other improvements	1,094,493			1,094,493
Total depreciable capital assets	1,389,766			1,389,766
Less accumulated depreciation	(491,115)	(69,787)		(560,902)
Net depreciable capital assets	898,651	(69,787)		828,864
Net capital assets	<u>\$ 1,103,849</u>	<u>\$ 1,113,518</u>	<u>\$ -</u>	<u>\$ 2,217,367</u>

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

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

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Additions	Deletions	Transfers	Balance June 30, 2009
<b>Business-type Activities</b>					
<b>Water</b>					
Nondepreciable capital assets:					
Land	\$ 943,183	\$ -	\$ -	\$ -	\$ 943,183
Construction in progress	2,575,645	25,415		(2,592,045)	9,015
Total nondepreciable capital assets	3,518,828	25,415		(2,592,045)	952,198
Depreciable capital assets:					
Infrastructure	1,520,819			2,592,045	4,112,864
Buildings	315,266				315,266
Machinery and equipment	3,796,303				3,796,303
Other improvements	3,909,035	25,995			3,935,030
Total depreciable capital assets	9,541,423	25,995		2,592,045	12,159,463
Less accumulated depreciation	(5,722,086)	(321,647)			(6,043,733)
Net depreciable capital assets	3,819,337	(295,652)		2,592,045	6,115,730
Net capital assets	<u>\$ 7,338,165</u>	<u>\$ (270,237)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,067,928</u>
<b>Geothermal</b>					
Nondepreciable capital assets:					
Land	\$ 249,124	\$ -	\$ -	\$ -	\$ 249,124
Total nondepreciable capital assets	249,124				249,124
Depreciable capital assets:					
Buildings	24,852				24,852
Machinery and equipment	228,666				228,666
Total depreciable capital assets	253,518				253,518
Less accumulated depreciation	(246,061)	(621)			(246,682)
Net depreciable capital assets	7,457	(621)			6,836
Net capital assets	<u>\$ 256,581</u>	<u>\$ (621)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,960</u>

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

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

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>Business-type Activities</b>				
<b>Natural Gas</b>				
Nondepreciable capital assets:				
Construction in progress	\$ -	\$ 80,778	\$ -	\$ 80,778
Total nondepreciable capital assets		80,778		80,778
Depreciable capital assets:				
Infrastructure	21,612,346	12,220		21,624,566
Machinery and equipment	277,332			277,332
Total depreciable capital assets	21,889,678	12,220		21,901,898
Less accumulated depreciation	(1,631,008)	(382,929)		(2,013,937)
Net depreciable capital assets	20,258,670	(370,709)		19,887,961
Net capital assets	<u>\$ 20,258,670</u>	<u>\$ (289,931)</u>	<u>\$ -</u>	<u>\$ 19,968,739</u>
	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>Golf Course</b>				
Nondepreciable capital assets:				
Land	\$ 990,589	\$ -	\$ -	\$ 990,589
Construction in progress		363		363
Total nondepreciable capital assets	990,589	363		990,952
Depreciable capital assets:				
Buildings	374,632			374,632
Machinery and equipment	125,000			125,000
Other improvements	1,555,951			1,555,951
Total depreciable capital assets	2,055,583			2,055,583
Less accumulated depreciation	(151,212)	(72,698)		(223,910)
Net depreciable capital assets	1,904,371	(72,698)		1,831,673
Net capital assets	<u>\$ 2,894,960</u>	<u>\$ (72,335)</u>	<u>\$ -</u>	<u>\$ 2,822,625</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	\$ 187,272
Public safety	98,138
Community development	6,500
Streets	22,963
Protective inspections	967
Community services	<u>63,953</u>
Total Depreciation Expense-Governmental Activities	<u>\$ 379,793</u>

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

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

Depreciation Allocations (Continued)

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

<b>Business-type Activities:</b>		
Airport	\$	69,787
Water		321,647
Geothermal		621
Natural gas		382,929
Golf course		<u>72,698</u>
Total Depreciation Expense-Business-type Activities	\$	<u>847,682</u>

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

The composition of interfund balances at June 30, 2009, is as follows:

**Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Fund:	Major Governmental Fund:	
General Fund	Gas Tax Fund	\$ <u>18,656</u>
Major Proprietary Fund:	Major Proprietary Funds:	
Water Fund	Airport Fund	\$ 430,015
Water Fund	Natural Gas Fund	646,471
Water Fund	Day Care Fund	266,070
Water Fund	Golf Course Fund	<u>6,265</u>
		<u>\$ 1,348,821</u>

**Advances To / From Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Fund:	Nonmajor Governmental Funds:	
General Fund	Community Redevelopment Agency Fund	\$285,323
	Major Proprietary Fund:	
	Golf Course Fund	70,624
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>133,823</u>
		<u>\$737,319</u>

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

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

**Interfund transfers:**

	Transfer In	Explanation	Transfer Out	Explanation
Major Governmental Funds:				
General Fund	\$ 5,000	Fire hydrant maintenance	\$ (263,847)	City Hall debt service, street lights, snow removal, and Park Dedication Fund
Gas Tax Fund	124,656	Street maintenance, street lights, and snow removal	(400,000)	Prob 1B funds to CIP Project Fund
Major Proprietary Fund:				
Water Fund			(5,000)	Fire hydrant maintenance
Nonmajor Governmental Funds:				
Special Revenue Funds:				
05-PTAA-1505 Fund			(2,321)	Return unspent city matching funds
Street Mitigation Fund			(25,000)	Street maintenance
Police Mitigation Fund	15,000	Sale of 1/2 airport hangar		
Fire Mitigation Fund	75,000	Park project closed - return funds	(15,000)	Purchase 1/2 airport hangar
Park Land In-Lieu Fund	98,430	Park project closed - return funds		
State Revolving Fund	2,321	Return unspent city matching funds		
Skyline Park Project Fund			(172,480)	Park project closed - return funds
Debt Service Fund:				
City Hall Debt Service Fund	163,241	General fund vehicle license fees for debt service		
Capital Projects Fund:				
Prop 1B Local Streets and Road Fund	400,000	To establish a capital project		
Total	<u>\$ 883,648</u>	Total	<u>\$ (883,648)</u>	

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

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

**NOTE 6 – NOTES AND LOANS RECEIVABLE**

The following schedule summarizes notes and loans receivables as of June 30, 2009:

Note Receivable for business assistance	\$ 90,833
State Revolving Fund notes receivables	222,113
State Revolving Economic Development fund notes receivable	128,627
Home Revolving Loan funds notes receivable	<u>671,958</u>
Total notes receivable, Nonmajor Governmental Funds	<u>\$ 1,113,531</u>

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

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2009

**NOTE 7 – LONG-TERM DEBT**

**A. Compensated Absences**

City employees accumulate earned but unused vacation and compensatory time benefits which can be converted to cash at termination of employment. Since no means exists to reasonably estimate the amounts that might be liquidated with expendable currently available financial resources, if any, they are reported as long-term debt on the Statement of Net Assets. No expenditure is reported for these amounts in the fund statements. However, in the Statement of Activities the expenditure is allocated to each function based on usage. The non-current portion of these vested benefits, payable in accordance with various collective bargaining agreements, at June 30, 2009, total \$209,191 for governmental activities and \$101,764 for business-type activities. The current portion is \$26,847 and \$1,051, respectively.

**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, 2009 is \$945,000.

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, 2009 is \$1,910,000.

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

Fiscal Year Ended June 30,	Revenue Bonds		Total
	Principal	Interest	
2010	\$ 140,000	\$ 166,903	\$ 306,903
2011	145,000	158,330	303,330
2012	160,000	148,973	308,973
2013	165,000	138,794	303,794
2014	180,000	127,826	307,826
2015-2019	935,000	447,178	1,382,178
2020-2024	560,000	235,613	795,613
2025-2028	<u>570,000</u>	<u>65,175</u>	<u>635,175</u>
	<u>\$ 2,855,000</u>	<u>\$ 1,488,792</u>	<u>\$ 4,343,792</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, 2009 is \$5,730,000.

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 June 1, 2036. Original issue was \$3,330,000. The balance at June 30, 2009 is \$3,320,000.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

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

**B. Revenue Bonds (Continued)**

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

Fiscal Year Ended June 30,	Revenue Bonds		Total
	Principal	Interest	
2010	\$ 160,000	\$ 487,133	\$ 647,133
2011	170,000	479,540	649,540
2012	175,000	471,307	646,307
2013	185,000	462,663	647,663
2014	190,000	453,343	643,343
2015-2019	1,125,000	2,103,835	3,228,835
2020-2024	1,470,000	1,757,900	3,227,900
2025-2029	1,945,000	1,288,080	3,233,080
2030-2034	2,470,000	693,910	3,163,910
2035-2036	1,160,000	90,740	1,250,740
Total	<u>\$ 9,050,000</u>	<u>\$ 8,288,451</u>	<u>\$ 17,338,451</u>

**C. Certificates of Participation**

Certificates of Participation are summarized as follows:

Natural Gas Enterprise Fund

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

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

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

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

Debt service requirements for the Certificates of Participation are:

Fiscal Year Ended June 30,	Certificates of Participation		Total
	Principal	Interest	
2010	\$ -	\$ 1,414,075	\$ 1,414,075
2011	24,240,000	1,414,075	25,654,075
Total	<u>\$ 24,240,000</u>	<u>\$ 2,828,150</u>	<u>\$ 27,068,150</u>

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

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

**D. Notes Payable**

Notes payable at June 30, 2009, consisted of the following:

Water Fund to United States Department of Agriculture, bears interest at 4.25%. Principal is payable annually on September 23 and interest is payable semi-annually on March and September 23. The note matures on September 23, 2043. \$ 921,000

Golf Course Fund to Plumas Bank, bears interest at 6.50%. This note was used to pay off a settlement agreement. Principal was payable on June 30, 2009, but was not paid until July 6, 2009. Interest is due on the 25<sup>th</sup> of each month. 385,123

Total Notes Payable \$1,306,123

The scheduled annual minimum debt service requirements at June 30, 2009, are as follows:

Fiscal Year Ending June 30,	Notes Payable		Total
	Principal	Interest	
2010	\$ 397,123	\$ 38,888	\$ 436,011
2011	12,000	38,378	50,378
2012	13,000	37,846	50,846
2013	14,000	37,273	51,273
2014	14,000	36,677	50,677
2015-2019	81,000	173,634	254,634
2020-2024	100,000	154,488	254,488
2025-2029	125,000	130,581	255,581
2030-2034	153,000	101,171	254,171
2035-2039	189,000	64,919	253,919
2040-2044	208,000	20,655	228,655
	<u>\$ 1,306,123</u>	<u>\$ 834,510</u>	<u>\$ 2,140,633</u>

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

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

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

Long-term liability activity for the fiscal year ended June 30, 2009, was as follows:

	July 1, 2008 Balance	Additions	Reductions	June 30, 2009 Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
Revenue	\$ 2,990,000	\$ -	\$ 135,000	\$ 2,855,000	\$ 140,000
Compensated absences	203,713	5,478		209,191	26,847
Governmental activities Long-term liabilities	<u>\$ 3,193,713</u>	<u>\$ 5,478</u>	<u>\$ 135,000</u>	<u>\$ 3,064,191</u>	<u>\$ 166,847</u>
<b>Business-type activities:</b>					
Bonds Payable:					
Revenue	\$ 9,200,000	\$ -	\$ 150,000	\$ 9,050,000	\$ 160,000
Certificates of participation	24,240,000			24,240,000	
Notes payable	1,285,222	385,123	364,222	1,306,123	397,123
Compensated absences	91,353	10,409		101,762	1,049
Business-type activities Long-term liabilities	<u>\$ 34,816,575</u>	<u>\$ 395,532</u>	<u>\$ 514,222</u>	<u>\$ 34,697,885</u>	<u>\$ 558,172</u>

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

Funding Policy

The City contributes the employees and employer shares for the Miscellaneous Plan and the Safety Plan. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year 2008-09 was 21.233% for miscellaneous employees and 33.235% for safety employees. The contribution requirements of the plan members are established by the State statute and the employer contribution rate is established and may be amended by CalPERS. The City's contributions to CalPERS for the fiscal years ending June 30, 2009, 2008, and 2007, were \$856,400, \$842,328, and \$821,698, respectively, and equal 100% of the required contributions for each fiscal year. The City also paid the employees portion of their required contribution, which was \$271,044, \$269,402, and \$272,224 for the fiscal years ending June 30, 2009, 2008, and 2007, respectively.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**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, 2007, is as follows:

	<u>Liability Program</u>	<u>Workers Comp. Program</u>	<u>Total</u>
Total Assets	\$ 5,336,908	\$ 6,066,865	\$ 11,403,773
Total Liabilities	\$ 1,418,550	\$ 2,984,000	\$ 4,402,550
Fund Equity	3,918,358	3,082,865	7,001,223
Total Liabilities and Equity	<u>\$ 5,336,908</u>	<u>\$ 6,066,865</u>	<u>\$ 11,403,773</u>
Total Revenues	\$ 1,842,411	\$ 2,145,153	\$ 3,987,564
Total Expenditures	1,364,505	992,630	2,357,135
Net Increase/(Decrease)	<u>\$ 477,906</u>	<u>\$ 1,152,523</u>	<u>\$ 1,630,429</u>

The financial information above is the latest available information, as neither the June 30, 2008 or 2009 information was 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.

Condensed draft financial information of ERMA for the fiscal year ended June 30, 2009, is as follows:

Total Assets	<u>\$ 16,382,303</u>
Total Liabilities	\$ 15,863,170
Fund Equity	519,133
Total Liabilities and Equity	<u>\$ 16,382,303</u>
Total Revenues	\$ 7,740,857
Total Expenditures	5,480,391
Net Increase/(Decrease)	<u>\$ 2,260,466</u>

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 9 – INSURANCE (Continued)**

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

As of June 30, 2008, no claims exceeded insurance coverage in the last three fiscal years.

**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, 2009 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 on June 30, 2009, is \$363,869. 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 2008/2009 fiscal year, the City paid \$2,857 for two retirees 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 ICMA) for the exclusive benefit of the plan participants and their beneficiaries as prescribed by Internal Revenue Code Section 457 (g). Accordingly, these assets have been excluded from the accompanying financial statements.

**NOTE 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.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2009

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

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

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

Reserves:

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

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

**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.

**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:

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

Fund balances unreserved/designated on June 30, 2009 are as follows:

Schedule of Designated Fund Balances

	<u>General Fund</u>	<u>Other Governmental Funds</u>
Unreserved and designated for:		
Capital improvements	\$ 22,528	\$ 124,749

**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 had \$6,362 in construction commitments for contracts awarded but not completed as of June 30, 2009.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 15 – SUBSEQUENT EVENTS**

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 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, 2009, the Natural Gas Fund has borrowed \$646,471 of pooled cash in order to maintain its operations. It is estimated, based on unaudited information that for the fiscal year ending June 30, 2010, that the natural gas system's total loss will be \$102,432, including depreciation and amortization expenses. However, on a cash flow basis, the Natural Gas system is expected to provide a positive cash flow, assuming no additional capital outlay expenses. 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 7 per month.

Note Payable

On July 6, 2009, the City issued a note payable to Plumas Bank in the amount of \$410,025. This note relates to the outstanding note payable of \$385,125 in the Golf Course Fund as of June 30, 2009, and is a part of a settlement agreement. The interest rate is 6.50% and is due in full on June 30, 2010. It is anticipated that this note will be paid off by a fourth note, with similar terms.

CalPERS

On August 5, 2009, the City Council approved an amendment to the contract between the City of Susanville and the Board of Administration of CalPERS. The amendment includes a 2% at 55 plan for Miscellaneous employees and a 2% at 50 plan for Safety employees hired after September 5, 2009.

**NOTE 16 – DEBT WITHOUT GOVERNMENT COMMITMENT**

**Local Agency Revenue Bonds – 1992**

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

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

The District Bonds are not general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bond reserves, these bonds have not been reflected in the long-term debt in the accompanying financial statements. The outstanding indebtedness on June 30, 2009 was \$945,000.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF SUSANVILLE**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			<b>Variance with</b>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues:</b>				
Property taxes	\$ 2,844,763	\$ 2,908,372	\$ 2,876,664	\$ (31,708)
Taxes other than property	1,981,000	1,871,709	1,645,901	(225,808)
Licenses and permits	168,600	116,800	103,413	(13,387)
Fines and forfeitures	58,154	56,394	47,614	(8,780)
Use of money and property	18,000	42,636	39,512	(3,124)
Intergovernmental	190,878	429,795	446,934	17,139
Program income		5,600	4,583	(1,017)
Charges for services	289,195	299,018	308,690	9,672
Other revenues	219,507	304,279	232,659	(71,620)
	<u>5,770,097</u>	<u>6,034,603</u>	<u>5,705,970</u>	<u>(328,633)</u>
<b>Expenditures:</b>				
Current:				
General government	1,114,872	1,096,893	996,336	100,557
Public safety	3,694,354	3,665,090	3,366,410	298,680
Streets				
Protective inspections	257,786	263,444	234,303	29,141
Community development	298,980	269,753	250,510	19,243
Community services	208,956	212,008	219,456	(7,448)
Capital outlay		139,017	135,227	3,790
	<u>5,574,948</u>	<u>5,646,205</u>	<u>5,202,242</u>	<u>443,963</u>
Excess of revenues over (under) expenditures	<u>195,149</u>	<u>388,398</u>	<u>503,728</u>	<u>115,330</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	5,000	5,000	5,000	
Transfers out	(200,149)	(260,699)	(263,847)	(3,148)
	<u>(195,149)</u>	<u>(255,699)</u>	<u>(258,847)</u>	<u>(3,148)</u>
Total other financing sources (uses)				
Net changes in fund balance		132,699	244,881	112,182
Fund balance - July 1, 2008	<u>2,027,496</u>	<u>2,027,496</u>	<u>2,027,496</u>	
Fund balance - June 30, 2009	<u>\$ 2,027,496</u>	<u>\$ 2,160,195</u>	<u>\$ 2,272,377</u>	<u>\$ 112,182</u>

**CITY OF SUSANVILLE**  
**GAS TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>Revenues:</b>				
Use of money and property	\$ -	\$ 5,678	\$ 5,678	\$ -
Intergovernmental	609,793	573,224	502,936	(70,288)
Other revenues		3,761	9,097	5,336
	<u>609,793</u>	<u>582,663</u>	<u>517,711</u>	<u>(64,952)</u>
<b>Expenditures:</b>				
Current:				
Streets	629,904	756,179	711,740	44,439
Capital outlay	1,621	20,454	20,454	
	<u>631,525</u>	<u>776,633</u>	<u>732,194</u>	<u>44,439</u>
Excess of revenues over (under) expenditures	<u>(21,732)</u>	<u>(193,970)</u>	<u>(214,483)</u>	<u>(20,513)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	23,000	124,656	124,656	
Transfers out		(400,000)	(400,000)	
	<u>23,000</u>	<u>(275,344)</u>	<u>(275,344)</u>	
Net changes in fund balance	1,268	(469,314)	(489,827)	(20,513)
Fund balance - July 1, 2008	<u>508,399</u>	<u>508,399</u>	<u>508,399</u>	
Fund balance - June 30, 2009	<u>\$ 509,667</u>	<u>\$ 39,085</u>	<u>\$ 18,572</u>	<u>\$ (20,513)</u>

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**OTHER SUPPLEMENTAL INFORMATION**

## Nonmajor Governmental Funds

### *SPECIAL REVENUE FUNDS*

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

05-PTAA-1505 Fund – A grant from the Department of Housing and Community Development to fund a Household Income Survey to be used for future CDBG applications.

Solid Waste Fund – General Fund money set aside for the City use in any solid waste matters.

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

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

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

Office of Traffic Safety Fund – A grant from the State of California to be used for the Vehicle Impound Program. This grant will be used to fund a full time traffic officer and purchase a motorcycle for traffic enforcement. Funding for the full time officer is 100% year one of the grant and 50% year two of the grant. Grant expired 9/30/08.

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

Community Redevelopment Agency Fund - This fund represents the City’s Redevelopment Area. At this time the City does not have a project area on file.

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

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

04-STBG-1968 Fund – A grant from the State of California to provide Housing Rehabilitation to citizens within the City that fall within the Target Income Group. Grant expired 12/31/08.

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

Jensen Slough Pedestrian Bridge Fund – The construction and maintenance of the pedestrian bridge over Jensen Slough.

## ***DEBT SERVICE FUNDS***

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

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

## ***CAPITAL PROJECTS FUNDS***

STIP Rehabilitation Fund – State of California, Department of Transportation funds used to rehab project streets within the City.

Building Reserve Fund – Capital set aside to upgrade the City Hall facility. Fund was closed in 08/09.

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

**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
June 30, 2009

	<b>Special Revenue Funds</b>		
	<b>Local Law Enforcement Block Grant Fund</b>	<b>05-PTAA-1505 Fund</b>	<b>Solid Waste Fund</b>
<b>Assets</b>			
Cash and investments	\$ 6,093	\$ -	\$ 38,471
Cash and investments with fiscal agent			
Investment in bonds			
Accounts receivable	46,703		
Interest receivable	57		
Advances to other funds			
Prepaid expenditures			
Loans receivable			
Total assets	\$ 52,853	\$ -	\$ 38,471
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Deferred revenue			
Advances from other funds			
Total liabilities			
<b>Fund Balances:</b>			
<b>Reserved:</b>			
Advances			
Debt service			
Prepaid expenditures			
<b>Unreserved:</b>			
Designated for capital improvements			
Undesignated	52,853		38,471
Total fund balances	52,853		38,471
Total liabilities and fund balances	\$ 52,853	\$ -	\$ 38,471

**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>	<b>State Revolving Fund</b>
\$ 4,808	\$ 83,988	\$ 202,469	\$ 179,952	\$ 527,453
12	333	816	730	2,157
				247,549
				222,113
<u>\$ 4,820</u>	<u>\$ 84,321</u>	<u>\$ 203,285</u>	<u>\$ 180,682</u>	<u>\$ 999,272</u>
\$ -	\$ -	\$ 130	\$ -	\$ 273
				222,113
		130		222,386
				247,549
4,820	84,321	203,155	180,682	529,337
4,820	84,321	203,155	180,682	776,886
<u>\$ 4,820</u>	<u>\$ 84,321</u>	<u>\$ 203,285</u>	<u>\$ 180,682</u>	<u>\$ 999,272</u>

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**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (Continued)**  
June 30, 2009

	<b>Special Revenue Funds</b>		
	<b>Office of Traffic Safety Fund</b>	<b>State Revolving Economic Development Fund</b>	<b>Home Revolving Fund</b>
<b>Assets</b>			
Cash and investments	\$ -	\$ 182,711	\$ 124,529
Cash and investments with fiscal agent			
Investment in bonds			
Accounts receivable			
Interest receivable		733	505
Advances to other funds		133,823	
Prepaid expenditures			
Loans receivable		128,627	671,958
Total assets	\$ -	\$ 445,894	\$ 796,992
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Deferred revenue		128,627	671,958
Advances from other funds			
Total liabilities		128,627	671,958
<b>Fund Balances:</b>			
<b>Reserved:</b>			
Advances		133,823	
Debt service			
Prepaid expenditures			
<b>Unreserved:</b>			
Designated for capital improvements			
Undesignated		183,444	125,034
Total fund balances		317,267	125,034
Total liabilities and fund balances	\$ -	\$ 445,894	\$ 796,992

**Special Revenue Funds**

<b>Community Redevelopment Agency Fund</b>	<b>Traffic Safety Fund</b>	<b>Barry Creek Development Fund</b>	<b>04-STBG-1968 Fund</b>	<b>Skyline Rt. 139 Signal Fund</b>
\$ -	\$ 55,922	\$ 479	\$ -	\$ 17,380
	213	2		71
<u>\$ -</u>	<u>\$ 56,135</u>	<u>\$ 481</u>	<u>\$ -</u>	<u>\$ 17,451</u>
\$ 11	\$ -	\$ -	\$ -	\$ -
<u>666,695</u>				
<u>666,706</u>				
<u>(666,706)</u>	<u>56,135</u>	<u>481</u>		<u>17,451</u>
<u>(666,706)</u>	<u>56,135</u>	<u>481</u>		<u>17,451</u>
<u>\$ -</u>	<u>\$ 56,135</u>	<u>\$ 481</u>	<u>\$ -</u>	<u>\$ 17,451</u>

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**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (Continued)**  
June 30, 2009

	<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>Assets</b>			
Cash and investments	\$ 24,719	\$ -	\$ 956
Cash and investments with fiscal agent			
Investment in bonds			
Accounts receivable			
Interest receivable	100		
Advances to other funds			
Prepaid expenditures			
Loans receivable			
Total assets	\$ 24,819	\$ -	\$ 956
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Deferred revenue			
Advances from other funds			
Total liabilities			
Fund Balances:			
Reserved:			
Advances			
Debt service			
Prepaid expenditures			
Unreserved:			
Designated for capital improvements	24,819		956
Undesignated			
Total fund balances	24,819		956
Total liabilities and fund balances	\$ 24,819	\$ -	\$ 956

<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		<u>Capital Projects Funds</u>
<u>Skyline Noma Signal Fund</u>	<u>Skyline Bicycle Lane Fund</u>	<u>Mark Roos 92B Fund</u>	<u>City Hall Debt Service Fund</u>	<u>STIP Rehabilitation Fund</u>
\$ 74,852	\$ 6,341	\$ 187,096 153,335 940,000	\$ 13,121 311,185	\$ -
304	26	799	2,454	
<u>\$ 75,156</u>	<u>\$ 6,367</u>	<u>\$ 1,281,230</u>	<u>\$ 326,760</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
		1,280,431 799	324,306 2,454	
75,156	6,367			
<u>75,156</u>	<u>6,367</u>	<u>1,281,230</u>	<u>326,760</u>	
<u>\$ 75,156</u>	<u>\$ 6,367</u>	<u>\$ 1,281,230</u>	<u>\$ 326,760</u>	<u>\$ -</u>

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**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (Continued)**  
June 30, 2009

	<b>Capital Projects Funds</b>		
	<b>Building Reserve Fund</b>	<b>Prop 1B Local Streets and Road Fund</b>	<b>Totals</b>
<b>Assets</b>			
Cash and investments	\$ -	\$ 321,784	\$ 2,053,124
Cash and investments with fiscal agent			464,520
Investment in bonds			940,000
Accounts receivable			46,703
Interest receivable			6,059
Advances to other funds			381,372
Prepaid expenditures			3,253
Loans receivable			1,022,698
Total assets	\$ -	\$ 321,784	\$ 4,917,729
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	\$ 11,854	\$ 12,268
Deferred revenue			1,022,698
Advances from other funds			666,695
Total liabilities	11,854	11,854	1,701,661
Fund Balances:			
Reserved:			
Advances			381,372
Debt service			1,604,737
Prepaid expenditures			3,253
Unreserved:			
Designated for capital improvements			124,749
Undesignated		309,930	1,101,957
Total fund balances	309,930	309,930	3,216,068
Total liabilities and fund balances	\$ -	\$ 321,784	\$ 4,917,729

**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
For the Fiscal Year Ended June 30, 2009

	<b>Special Revenue Funds</b>		
	<b>Local Law Enforcement Block Grant Fund</b>	<b>05-PTAA-1505 Fund</b>	<b>Solid Waste Fund</b>
<b>Revenues:</b>			
Taxes and assessments	\$ -	\$ -	\$ -
Use of money and property	832		727
Intergovernmental revenues	100,000		
Program income			
Other revenues			
Total revenues	100,832		727
<b>Expenditures:</b>			
Current:			
Public safety	98,837		
Streets			
Community development			
Capital outlay			
Debt service:			
Principal			
Interest and fiscal agent fees			
Total expenditures	98,837		
Excess of revenues over (under) expenditures	1,995		727
<b>Other Financing Sources (Uses):</b>			
Transfers in			
Transfers out		(2,321)	
Total other financing sources (uses)		(2,321)	
Net changes in fund balances	1,995	(2,321)	727
Fund balances (deficits) - July 1, 2008	50,858	2,321	37,744
Fund balances (deficits) - June 30, 2009	\$ 52,853	\$ -	\$ 38,471

**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>	<b>State Revolving Fund</b>
\$ -	\$ -	\$ -	\$ -	\$ -
118	1,691	3,617	2,630	12,973
				26,001
25,225	34,707	32,173	9,770	
25,343	36,398	35,790	12,400	38,974
		8,843		
	28,799			46,400
	28,799	8,843		46,400
25,343	7,599	26,947	12,400	(7,426)
(25,000)	15,000	75,000 (15,000)	98,430	2,321
(25,000)	15,000	60,000	98,430	2,321
343	22,599	86,947	110,830	(5,105)
4,477	61,722	116,208	69,852	781,991
<u>\$ 4,820</u>	<u>\$ 84,321</u>	<u>\$ 203,155</u>	<u>\$ 180,682</u>	<u>\$ 776,886</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, 2009

	<b>Special Revenue Funds</b>		
	<b>Office of Traffic Safety Fund</b>	<b>State Revolving Economic Development Fund</b>	<b>Home Revolving Fund</b>
<b>Revenues:</b>			
Taxes and assessments	\$ -	\$ -	\$ -
Use of money and property		2,847	2,894
Intergovernmental revenues	19,279		
Program income		17,141	
Other revenues			
Total revenues	19,279	19,988	2,894
<b>Expenditures:</b>			
Current:			
Public safety	19,279		
Streets			
Community development			
Capital outlay			
Debt service:			
Principal			
Interest and fiscal agent fees			
Total expenditures	19,279		
Excess of revenues over (under) expenditures		19,988	2,894
<b>Other Financing Sources (Uses):</b>			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Net changes in fund balances		19,988	2,894
Fund balances (deficits) - July 1, 2008		297,279	122,140
Fund balances (deficits) - June 30, 2009	\$ -	\$ 317,267	\$ 125,034

**Special Revenue Funds**

<b>Community Redevelopment Agency Fund</b>	<b>Traffic Safety Fund</b>	<b>Barry Creek Development Fund</b>	<b>04-STBG-1968 Fund</b>	<b>Skyline Rt. 139 Signal Fund</b>
\$ -	\$ - 1,097	\$ - 11	\$ -	\$ - 402
	11,135		6,244	221
	12,232	11	6,244	623
744			64,143	
744			64,143	
(744)	12,232	11	(57,899)	623
(744)	12,232	11	(57,899)	623
(665,962)	43,903	470	57,899	16,828
<u>\$ (666,706)</u>	<u>\$ 56,135</u>	<u>\$ 481</u>	<u>\$ -</u>	<u>\$ 17,451</u>

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**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES (Continued)**  
For the Fiscal Year Ended June 30, 2009

	<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>Revenues:</b>			
Taxes and assessments	\$ -	\$ -	\$ -
Use of money and property	575	2,288	
Intergovernmental revenues			
Program income			
Other revenues			
<b>Total revenues</b>	<b>575</b>	<b>2,288</b>	
<b>Expenditures:</b>			
Current:			
Public safety			
Streets			
Community development			
Capital outlay			
Debt service:			
Principal			
Interest and fiscal agent fees			
<b>Total expenditures</b>			
Excess of revenues over (under) expenditures	575	2,288	
<b>Other Financing Sources (Uses):</b>			
Transfers in			
Transfers out		(172,480)	
<b>Total other financing sources (uses)</b>		<b>(172,480)</b>	
Net changes in fund balances	575	(170,192)	
Fund balances (deficits) - July 1, 2008	24,244	170,192	956
Fund balances (deficits) - June 30, 2009	<u>\$ 24,819</u>	<u>\$ -</u>	<u>\$ 956</u>

<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		<u>Capital Projects Funds</u>
<u>Skyline Noma Signal Fund</u>	<u>Skyline Bicycle Lane Fund</u>	<u>Mark Roos 92B Fund</u>	<u>City Hall Debt Service Fund</u>	<u>STIP Rehabilitation Fund</u>
\$ - 1,730	\$ - 140	\$ 68,964 (127,864)	\$ - 2,280	\$ - 88,822
<u>1,099</u>	<u>776</u>			
<u>2,829</u>	<u>916</u>	<u>(58,900)</u>	<u>2,280</u>	<u>88,822</u>
				110,929
		70,000 79,619	65,000 102,910	
		<u>149,619</u>	<u>167,910</u>	<u>110,929</u>
<u>2,829</u>	<u>916</u>	<u>(208,519)</u>	<u>(165,630)</u>	<u>(22,107)</u>
			163,241	
			<u>163,241</u>	
<u>2,829</u>	<u>916</u>	<u>(208,519)</u>	<u>(2,389)</u>	<u>(22,107)</u>
<u>72,327</u>	<u>5,451</u>	<u>1,489,749</u>	<u>329,149</u>	<u>22,107</u>
<u>\$ 75,156</u>	<u>\$ 6,367</u>	<u>\$ 1,281,230</u>	<u>\$ 326,760</u>	<u>\$ -</u>

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**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES (Continued)**  
For the Fiscal Year Ended June 30, 2009

	<u>Capital Projects Funds</u>		<u>Totals</u>
	<u>Building Reserve Fund</u>	<u>Prop 1B Local Streets and Road Fund</u>	
<b>Revenues:</b>			
Taxes and assessments	\$ -	\$ -	\$ 68,964
Use of money and property			(91,012)
Intergovernmental revenues			208,101
Program income			49,386
Other revenues			115,106
Total revenues			350,545
<b>Expenditures:</b>			
Current:			
Public safety			126,959
Streets		89,908	200,837
Community development	391		111,678
Capital outlay		162	28,961
Debt service:			
Principal			135,000
Interest and fiscal agent fees			182,529
Total expenditures	391	90,070	785,964
Excess of revenues over (under) expenditures	(391)	(90,070)	(435,419)
<b>Other Financing Sources (Uses):</b>			
Transfers in		400,000	753,992
Transfers out			(214,801)
Total other financing sources (uses)		400,000	539,191
Net changes in fund balances	(391)	309,930	103,772
Fund balances (deficits) - July 1, 2008	391		3,112,296
Fund balances (deficits) - June 30, 2009	\$ -	\$ 309,930	\$ 3,216,068

**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, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ 832	\$ 832	\$ -
Intergovernmental revenues	100,000	100,000	
Total revenues	<u>100,832</u>	<u>100,832</u>	
<b>Expenditures:</b>			
Current:			
Public safety	<u>100,858</u>	<u>98,837</u>	<u>2,021</u>
Total expenditures	<u>100,858</u>	<u>98,837</u>	<u>2,021</u>
Net changes in fund balances	(26)	1,995	2,021
Fund balances - July 1, 2008	<u>50,858</u>	<u>50,858</u>	
Fund balances - June 30, 2009	<u><u>\$ 50,832</u></u>	<u><u>\$ 52,853</u></u>	<u><u>\$ 2,021</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, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Other Financing Sources (Uses):</b>			
Transfers out	\$ (2,321)	\$ (2,321)	\$ -
Total other financing sources (uses)	(2,321)	(2,321)	
Net changes in fund balances	(2,321)	(2,321)	
Fund balances - July 1, 2008	2,321	2,321	
Fund balances - June 30, 2009	\$ -	\$ -	\$ -

**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, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ 727	\$ 727	\$ -
Total revenues	727	727	
Net changes in fund balances	727	727	
Fund balances - July 1, 2008	37,744	37,744	
Fund balances - June 30, 2009	\$ 38,471	\$ 38,471	\$ -

**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, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ 118	\$ 118	\$ -
Other revenues	25,000	25,225	225
<b>Total revenues</b>	<b>25,118</b>	<b>25,343</b>	<b>225</b>
Excess of revenues over (under) expenditures	25,118	25,343	225
<b>Other Financing Sources (Uses):</b>			
Transfers out	(25,000)	(25,000)	
<b>Total other financing sources (uses)</b>	<b>(25,000)</b>	<b>(25,000)</b>	
Net changes in fund balances	118	343	225
Fund balances - July 1, 2008	4,477	4,477	
Fund balances - June 30, 2009	\$ 4,595	\$ 4,820	\$ 225

**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, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ 1,691	\$ 1,691	\$ -
Other revenues	31,000	34,707	3,707
Total revenues	32,691	36,398	3,707
<b>Expenditures:</b>			
Capital outlay	44,000	28,799	15,201
Total expenditures	44,000	28,799	15,201
Excess of revenues over (under) expenditures	(11,309)	7,599	18,908
<b>Other Financing Sources (Uses):</b>			
Transfers in	15,000	15,000	
Total other financing sources (uses)	15,000	15,000	
Net changes in fund balances	3,691	22,599	18,908
Fund balances - July 1, 2008	61,722	61,722	
Fund balances - June 30, 2009	\$ 65,413	\$ 84,321	\$ 18,908

**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, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ 3,617	\$ 3,617	\$ -
Other revenues	33,182	32,173	(1,009)
Total revenues	<u>36,799</u>	<u>35,790</u>	<u>(1,009)</u>
<b>Expenditures:</b>			
Current:			
Public safety	<u>53,300</u>	<u>8,843</u>	<u>44,457</u>
Total expenditures	<u>53,300</u>	<u>8,843</u>	<u>44,457</u>
Excess of revenues over (under) expenditures	<u>(16,501)</u>	<u>26,947</u>	<u>43,448</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	75,000	75,000	
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	
Total other financing sources (uses)	<u>60,000</u>	<u>60,000</u>	
Net changes in fund balances	43,499	86,947	43,448
Fund balances - July 1, 2008	<u>116,208</u>	<u>116,208</u>	
Fund balances - June 30, 2009	<u>\$ 159,707</u>	<u>\$ 203,155</u>	<u>\$ 43,448</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, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ 2,630	\$ 2,630	\$ -
Other revenues	6,000	9,770	3,770
<b>Total revenues</b>	<b>8,630</b>	<b>12,400</b>	<b>3,770</b>
 Excess of revenues over (under) expenditures	 8,630	 12,400	 3,770
<b>Other Financing Sources (Uses):</b>			
Transfers in	96,349	98,430	
<b>Total other financing sources (uses)</b>	<b>96,349</b>	<b>98,430</b>	<b>2,081</b>
 Net changes in fund balances	 104,979	 110,830	 5,851
 Fund balances - July 1, 2008	 69,852	 69,852	
 Fund balances - June 30, 2009	 \$ 174,831	 \$ 180,682	 \$ 5,851

**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, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ 12,973	\$ 12,973	\$ -
Program income	50,000	26,001	(23,999)
Total revenues	<u>62,973</u>	<u>38,974</u>	<u>(23,999)</u>
<b>Expenditures:</b>			
Current:			
Community development	500,000	46,400	453,600
Total expenditures	<u>500,000</u>	<u>46,400</u>	<u>453,600</u>
Excess of revenues over (under) expenditures	<u>(437,027)</u>	<u>(7,426)</u>	<u>429,601</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	2,321	2,321	
Transfers out	(100,000)		100,000
Total other financing sources (uses)	<u>(97,679)</u>	<u>2,321</u>	<u>100,000</u>
Net changes in fund balances	(534,706)	(5,105)	529,601
Fund balances - July 1, 2008	<u>781,991</u>	<u>781,991</u>	
Fund balances - June 30, 2009	<u>\$ 247,285</u>	<u>\$ 776,886</u>	<u>\$ 529,601</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, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Intergovernmental revenues	\$ 19,279	\$ 19,279	\$ -
Total revenues	19,279	19,279	
<b>Expenditures:</b>			
Current:			
Public safety	19,279	19,279	
Total expenditures	19,279	19,279	
Net changes in fund balances			
Fund balances - July 1, 2008			
Fund balances - June 30, 2009	\$ -	\$ -	\$ -

**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, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ 4,025	\$ 2,847	\$ (1,178)
Program income	13,322	17,141	3,819
Total revenues	<u>17,347</u>	<u>19,988</u>	<u>2,641</u>
<b>Expenditures:</b>			
Current:			
Community development	<u>136,434</u>	<u></u>	<u>136,434</u>
Total expenditures	<u>136,434</u>	<u></u>	<u>136,434</u>
Net changes in fund balances	(119,087)	19,988	139,075
Fund balances - July 1, 2008	<u>297,279</u>	<u>297,279</u>	<u></u>
Fund balances - June 30, 2009	<u>\$ 178,192</u>	<u>\$ 317,267</u>	<u>\$ 139,075</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, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ 2,894	\$ 2,894	\$ -
Total revenues	<u>2,894</u>	<u>2,894</u>	
<b>Expenditures:</b>			
Current:			
Community development	<u>100,000</u>		<u>100,000</u>
Total expenditures	<u>100,000</u>		<u>100,000</u>
Net changes in fund balances	(97,106)	2,894	100,000
Fund balances - July 1, 2008	<u>122,140</u>	<u>122,140</u>	
Fund balances - June 30, 2009	<u><u>\$ 25,034</u></u>	<u><u>\$ 125,034</u></u>	<u><u>\$ 100,000</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, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Expenditures:</b>			
Current:			
Community development	\$ 5,733	\$ 744	\$ 4,989
Total expenditures	5,733	744	4,989
Net changes in fund balances	(5,733)	(744)	4,989
Fund balances (deficits) - July 1, 2008	(665,962)	(665,962)	
Fund balances (deficits) - June 30, 2009	\$ (671,695)	\$ (666,706)	\$ 4,989

**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, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ 1,097	\$ 1,097	\$ -
Other revenues	10,000	11,135	1,135
<b>Total revenues</b>	<b>11,097</b>	<b>12,232</b>	<b>1,135</b>
 Net changes in fund balances	 11,097	 12,232	 1,135
 Fund balances - July 1, 2008	 43,903	 43,903	
 Fund balances - June 30, 2009	 <u>\$ 55,000</u>	 <u>\$ 56,135</u>	 <u>\$ 1,135</u>

**CITY OF SUSANVILLE**  
**BARRY CREEK DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ 11	\$ 11	\$ -
Total revenues	11	11	
Net changes in fund balances	11	11	
Fund balances - July 1, 2008	470	470	
Fund balances - June 30, 2009	\$ 481	\$ 481	\$ -

**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, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Program income	\$ 594,662	\$ 6,244	\$ (588,418)
Total revenues	594,662	6,244	(588,418)
<b>Expenditures:</b>			
Current:			
Community development	594,662	64,143	530,519
Total expenditures	594,662	64,143	530,519
Net changes in fund balances		(57,899)	(57,899)
Fund balances - July 1, 2008	57,899	57,899	
Fund balances - June 30, 2009	\$ 57,899	\$ -	\$ (57,899)

**CITY OF SUSANVILLE**  
**SKYLINE RT. 139 SIGNAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ 402	\$ 402	\$ -
Other revenues	1,500	221	(1,279)
Total revenues	<u>1,902</u>	<u>623</u>	<u>(1,279)</u>
Net changes in fund balances	1,902	623	(1,279)
Fund balances - July 1, 2008	<u>16,828</u>	<u>16,828</u>	
Fund balances - June 30, 2009	<u>\$ 18,730</u>	<u>\$ 17,451</u>	<u>\$ (1,279)</u>

**CITY OF SUSANVILLE**  
**CHESTNUT STREET CULVERT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ 575	\$ 575	\$ -
Total revenues	575	575	
Net changes in fund balances	575	575	
Fund balances - July 1, 2008	24,244	24,244	
Fund balances - June 30, 2009	\$ 24,819	\$ 24,819	\$ -

**CITY OF SUSANVILLE**  
**SKYLINE PARK PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ 2,288	\$ 2,288	\$ -
Total revenues	2,288	2,288	
Excess of revenues over (under) expenditures	2,288	2,288	
<b>Other Financing Sources (Uses):</b>			
Transfers out	(171,349)	(172,480)	(1,131)
Total other financing sources (uses)	(171,349)	(172,480)	(1,131)
Net changes in fund balances	(169,061)	(170,192)	(1,131)
Fund balances - July 1, 2008	170,192	170,192	
Fund balances - June 30, 2009	\$ 1,131	\$ -	\$ (1,131)

**CITY OF SUSANVILLE**  
**SKYLINE NUMA SIGNAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ 1,730	\$ 1,730	\$ -
Other revenues	2,250	1,099	(1,151)
Total revenues	<u>3,980</u>	<u>2,829</u>	<u>(1,151)</u>
Net changes in fund balances	3,980	2,829	(1,151)
Fund balances - July 1, 2008	<u>72,327</u>	<u>72,327</u>	
Fund balances - June 30, 2009	<u>\$ 76,307</u>	<u>\$ 75,156</u>	<u>\$ (1,151)</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, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ 140	\$ 140	\$ -
Other revenues	1,125	776	(349)
Total revenues	<u>1,265</u>	<u>916</u>	<u>(349)</u>
Net changes in fund balances	1,265	916	(349)
Fund balances - July 1, 2008	<u>5,451</u>	<u>5,451</u>	
Fund balances - June 30, 2009	<u>\$ 6,716</u>	<u>\$ 6,367</u>	<u>\$ (349)</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, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Taxes and assessments	\$ 149,950	\$ 68,964	\$ (80,986)
Use of money and property	(127,864)	(127,864)	
Total revenues	<u>22,086</u>	<u>(58,900)</u>	<u>(80,986)</u>
<b>Expenditures:</b>			
Debt service:			
Principal	70,000	70,000	
Interest and fiscal agent fees	79,950	79,619	331
Total expenditures	<u>149,950</u>	<u>149,619</u>	<u>331</u>
Net changes in fund balances	(127,864)	(208,519)	(80,655)
Fund balances - July 1, 2008	<u>1,489,749</u>	<u>1,489,749</u>	
Fund balances - June 30, 2009	<u><u>\$ 1,361,885</u></u>	<u><u>\$ 1,281,230</u></u>	<u><u>\$ (80,655)</u></u>

**CITY OF SUSANVILLE**  
**CITY HALL DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ 7,000	\$ 2,280	\$ (4,720)
Total revenues	7,000	2,280	(4,720)
<b>Expenditures:</b>			
Debt service:			
Principal	65,000	65,000	
Interest and fiscal agent fees	103,043	102,910	133
Total expenditures	168,043	167,910	133
Excess of revenues over (under) expenditures	(161,043)	(165,630)	(4,587)
<b>Other Financing Sources (Uses):</b>			
Transfers in	161,043	163,241	2,198
Total other financing sources (uses)	161,043	163,241	2,198
Net changes in fund balances		(2,389)	(2,389)
Fund balances - July 1, 2008	329,149	329,149	
Fund balances - June 30, 2009	\$ 329,149	\$ 326,760	\$ (2,389)

**CITY OF SUSANVILLE**  
**STIP REHABILITATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Intergovernmental revenues	\$ 88,822	\$ 88,822	\$ -
Total revenues	88,822	88,822	
<b>Expenditures:</b>			
Current:			
Streets	110,929	110,929	
Total expenditures	110,929	110,929	
Net changes in fund balances	(22,107)	(22,107)	
Fund balances - July 1, 2008	22,107	22,107	
Fund balances - June 30, 2009	\$ -	\$ -	\$ -

**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, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Expenditures:</b>			
Current:			
Community development	\$ 391	\$ 391	\$ -
Total expenditures	391	391	
Net changes in fund balances	(391)	(391)	
Fund balances - July 1, 2008	391	391	
Fund balances - June 30, 2009	\$ -	\$ -	\$ -

**CITY OF SUSANVILLE**  
**PROP 1B LOCAL STREETS AND ROAD FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
<b>Expenditures:</b>			
Current:			
Streets	\$ 399,838	\$ 89,908	\$ 309,930
Capital outlay	162	162	
Total expenditures	400,000	90,070	309,930
Excess of revenues over (under) expenditures	(400,000)	(90,070)	309,930
<b>Other Financing Sources (Uses):</b>			
Transfers in	400,000	400,000	
Total other financing sources (uses)	400,000	400,000	
Net changes in fund balances		309,930	309,930
Fund balances - July 1, 2008			
Fund balances - June 30, 2009	\$ -	\$ 309,930	\$ 309,930

**CITY OF SUSANVILLE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
June 30, 2009

	<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	\$ 4,820	\$ 641,751	\$ 107,580	\$ 754,151
Interest receivable	112	1,997		2,109
Prepaid expenses	295	11,023		11,318
	<u>5,227</u>	<u>654,771</u>	<u>107,580</u>	<u>767,578</u>
Total current assets				
	<u>5,227</u>	<u>654,771</u>	<u>107,580</u>	<u>767,578</u>
Total assets				
	<u>5,227</u>	<u>654,771</u>	<u>107,580</u>	<u>767,578</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	5,194			5,194
Accrued wages			107,580	107,580
	<u>5,194</u>		<u>107,580</u>	<u>112,774</u>
Total current liabilities				
	<u>5,194</u>		<u>107,580</u>	<u>112,774</u>
Total liabilities				
	<u>5,194</u>		<u>107,580</u>	<u>112,774</u>
<b>NET ASSETS</b>				
Unrestricted	33	654,771		654,804
	<u>33</u>	<u>654,771</u>		<u>654,804</u>
Total net assets	<u>\$ 33</u>	<u>\$ 654,771</u>	<u>\$ -</u>	<u>\$ 654,804</u>

**CITY OF SUSANVILLE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS**  
For the Fiscal Year Ended June 30, 2009

	<b>Public Works Administration Fund</b>	<b>Risk Management Fund</b>	<b>Payroll Fund</b>	<b>Totals</b>
Revenues:				
Charges for services	\$ 83,016	\$ 690,466	\$ -	\$ 773,482
Total Revenues	<u>83,016</u>	<u>690,466</u>		<u>773,482</u>
Expenses:				
Administration	83,482	4,616		88,098
Insurance costs and claims		695,457		695,457
Total Expenses	<u>83,482</u>	<u>700,073</u>		<u>783,555</u>
Operating Income (Loss)	(466)	(9,607)		(10,073)
Non-Operating Revenues (Expenses):				
Interest income	<u>466</u>	<u>9,607</u>		<u>10,073</u>
Change in Net Assets				
Net Assets, July 1, 2008	<u>33</u>	<u>654,771</u>		<u>654,804</u>
Net Assets, June 30, 2009	<u>\$ 33</u>	<u>\$ 654,771</u>	<u>\$ -</u>	<u>\$ 654,804</u>

**CITY OF SUSANVILLE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended June 30, 2009

	<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	\$ 83,244	\$ 690,466	\$ -	\$ 773,710
Payment to suppliers and users	(83,321)	(708,851)		(792,172)
Payment to employees			(757)	(757)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(77)</u>	<u>(18,385)</u>	<u>(757)</u>	<u>(19,219)</u>
<b>Cash flows from Investing Activities:</b>				
Interest received	489	11,619		12,108
<b>Net Cash Provided by Investing Activities</b>	<u>489</u>	<u>11,619</u>		<u>12,108</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	412	(6,766)	(757)	(7,111)
Cash and Cash Equivalents, July 1, 2008	<u>4,408</u>	<u>648,517</u>	<u>108,337</u>	<u>761,262</u>
Cash and Cash Equivalents, June 30, 2009	<u>\$ 4,820</u>	<u>\$ 641,751</u>	<u>\$ 107,580</u>	<u>\$ 754,151</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ (466)	\$ (9,607)	\$ -	\$ (10,073)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
<b>(Increase) Decrease in</b>				
<b>Operating Assets:</b>				
Prepaid expenses	315	(8,116)		(7,801)
Accounts receivable	228			228
<b>Increase (Decrease) in</b>				
<b>Operating Liabilities:</b>				
Accounts payable	(154)	(662)		(816)
Accrued wages			(757)	(757)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (77)</u>	<u>\$ (18,385)</u>	<u>\$ (757)</u>	<u>\$ (19,219)</u>

**CITY OF SUSANVILLE**  
**AGENCY FUNDS**  
**STATEMENT OF CHANGES IN NET ASSETS**  
For the Fiscal Year Ended June 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
<b>Section 125 Aflac Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 15,787	\$ -	\$ (1,105)	\$ 14,682
Total Assets	<u>\$ 15,787</u>	<u>\$ -</u>	<u>\$ (1,105)</u>	<u>\$ 14,682</u>
<b>LIABILITIES</b>				
Deposits payable	\$ 15,787	\$ -	\$ (1,105)	\$ 14,682
Total Liabilities	<u>\$ 15,787</u>	<u>\$ -</u>	<u>\$ (1,105)</u>	<u>\$ 14,682</u>
<b>LAFCO Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 61,147	\$ 10,986	\$ (3,757)	\$ 68,376
Interest receivable	492	291	(492)	291
Total Assets	<u>\$ 61,639</u>	<u>\$ 11,277</u>	<u>\$ (4,249)</u>	<u>\$ 68,667</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,249	\$ 5,230	\$ (4,249)	\$ 5,230
Deposits payable	57,390	6,047		63,437
Total Liabilities	<u>\$ 61,639</u>	<u>\$ 11,277</u>	<u>\$ (4,249)</u>	<u>\$ 68,667</u>
<b>HUSA Business Improvement Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 1,151	\$ -	\$ (194)	\$ 957
Accounts receivable	2,837	212	(2,837)	212
Total Assets	<u>\$ 3,988</u>	<u>\$ 212</u>	<u>\$ (3,031)</u>	<u>\$ 1,169</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 631	\$ -	\$ (631)	\$ -
Deposits payable	3,357	212	(2,400)	1,169
Total Liabilities	<u>\$ 3,988</u>	<u>\$ 212</u>	<u>\$ (3,031)</u>	<u>\$ 1,169</u>



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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**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 the City of Susanville, California, as of and for the fiscal year ended June 30, 2009 which collectively comprise the City of Susanville's basic financial statements, and have issued our report thereon dated December 2, 2009. 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.

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 December 2, 2009.

#### 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*

Moss, Levy & Hartzheim, LLP  
Beverly Hills, CA  
December 2, 2009

## **STATISTICAL SECTION**

## **Statistical Section**

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

### **Contents**

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

#### **Demographic and Economic Information**

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

#### **Operating Information**

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

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

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

	<b>Fiscal Year</b>					
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Governmental activities</b>						
Invested in capital assets, net of related debt	\$ 2,154,482	\$ 2,525,295	\$ 2,648,771	\$ 2,480,051	\$ 2,274,687	\$ 2,062,283
Restricted	253,461	1,600,652	1,565,208	1,651,776	1,780,484	1,547,711
Unrestricted	3,378,973	3,515,171	3,830,893	4,404,242	5,396,427	5,607,906
<b>Total governmental activities net assets</b>	<b>\$ 5,786,916</b>	<b>\$ 7,641,118</b>	<b>\$ 8,044,872</b>	<b>\$ 8,536,069</b>	<b>\$ 9,451,598</b>	<b>\$ 9,217,900</b>
<b>Business-type activities</b>						
Invested in capital assets, net of related debt	\$ 352,514	\$ 1,651,318	\$(3,892,035)	\$ 3,673,059	\$ (2,285,127)	\$ (1,804,335)
Restricted for Debt Service	2,373,866	3,328,579	3,089,827	2,971,552	2,864,661	2,892,138
Unrestricted	(844,764)	(3,708,004)	1,368,985	(5,823,491)	2,044,780	2,242,428
<b>Total business-type activities net assets</b>	<b>\$ 1,881,616</b>	<b>\$ 1,271,893</b>	<b>\$ 566,777</b>	<b>\$ 821,120</b>	<b>\$ 2,624,314</b>	<b>\$ 3,330,231</b>
<b>Primary government</b>						
Invested in capital assets, net of related debt	\$ 2,506,996	\$ 4,176,613	\$(1,243,264)	\$ 6,153,110	\$ (10,440)	\$ 257,948
Restricted	2,627,327	4,929,231	4,655,035	4,623,328	4,645,145	4,439,849
Unrestricted	2,534,209	(192,833)	5,199,878	(1,419,249)	7,441,207	7,850,334
<b>Total primary government net assets</b>	<b>\$ 7,668,532</b>	<b>\$ 8,913,011</b>	<b>\$ 8,611,649</b>	<b>\$ 9,357,189</b>	<b>\$ 12,075,912</b>	<b>\$ 12,548,131</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 Six Fiscal Years  
(Accrual basis of accounting)

	<b>Fiscal Year</b>					
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Expenses</b>						
Governmental activities:						
General government	\$2,055,249	\$1,991,240	\$1,629,410	\$1,616,449	\$816,839	\$1,228,083
Public safety	3,451,988	3,407,302	3,398,809	3,537,646	3,696,206	3,479,617
Streets	887,797	763,635	663,794	884,532	1,427,687	935,540
Protective Inspections	213,806	190,003	203,979	212,454	244,966	235,270
Community services	473,055	415,340	328,252	504,755	325,669	288,355
Community development	255,211	185,535	867,183	336,742	462,648	416,103
Interest on long term debt	199,930	402,890	294,672	230,157	194,800	186,060
<b>Total governmental activities expenses</b>	<b>7,537,036</b>	<b>7,355,945</b>	<b>7,386,099</b>	<b>7,322,735</b>	<b>7,168,815</b>	<b>6,769,028</b>
Business-type activities:						
Rodeo	\$70,032	55,031	36,508			
Airport	81,362	116,260	113,600	145,780	166,609	189,488
Water	1,442,121	2,207,464	2,200,070	2,180,730	2,145,401	2,396,179
Geothermal	190,297	207,914	104,637	46,800	63,868	55,889
Natural Gas	2,814,468	3,858,071	4,855,872	4,783,357	4,941,853	4,924,613
Swimming Pool (closed in 2004-05)	193,679	148,842				
Day Care	130,794	140,657	140,796	133,493	118,160	144,912
Golf Course	1,036	7,701	6,400	37,749	99,865	112,179
<b>Total business-type activities expenses</b>	<b>4,923,789</b>	<b>6,741,940</b>	<b>7,457,883</b>	<b>7,327,909</b>	<b>7,535,756</b>	<b>7,823,260</b>
<b>Total primary government expenses</b>	<b>\$12,460,825</b>	<b>\$14,097,885</b>	<b>\$14,843,982</b>	<b>\$14,650,644</b>	<b>\$14,704,571</b>	<b>\$14,592,288</b>
<b>Program Revenues</b>						
Governmental activities:						
Charges for services:						
General government	\$362,530	\$854,062	\$1,020,336	\$743,153	\$27,937	\$132,822
Public safety	273,909	448,104	179,907	308,352	121,247	137,948
Streets	97,142	277,403		265,907		36,417
Protective Inspections	195,483	219,654	232,684	167,645		31,433
Community services	24,349	31,918	4,784	5,932	8,931	18,526
Community development	44,159	48,584	45,392	48,620	176,485	100,443
Operating contributions and grants	2,834,407	675,192	890,930	690,816	1,178,902	1,183,468
Capital contributions and grants	0	53,172	337,178	494,448	1,098,653	98,210
<b>Total governmental activities program revenues</b>	<b>3,831,979</b>	<b>2,608,089</b>	<b>2,711,211</b>	<b>2,724,873</b>	<b>2,612,155</b>	<b>1,739,267</b>
Business-type activities:						
Charges for services:						
Rodeo	61,297	50,700	29,654			
Airport	32,867	36,553	41,302	50,190	52,477	58,097
Water	1,796,393	2,118,368	2,046,516	2,064,187	2,049,605	2,424,802
Geothermal	250,742	223,565	71,124	73,653	69,389	69,391
Natural Gas	1,749,040	2,724,148	4,264,151	4,325,805	4,650,665	4,271,575
Swimming Pool	93,474	43,391				
Day Care	98,485	134,231	121,386	117,446	107,890	76,875
Operating contributions and grants	25,666	174,347	202,667	283,641	439,104	10,000
Capital contributions and grants				438,934	1,672,609	1,490,068
<b>Total business-type activities program revenues</b>	<b>4,107,964</b>	<b>5,505,303</b>	<b>6,776,800</b>	<b>7,353,856</b>	<b>9,041,739</b>	<b>8,400,808</b>
<b>Total primary government program revenues</b>	<b>\$7,939,943</b>	<b>8,113,392</b>	<b>9,488,011</b>	<b>10,078,729</b>	<b>11,653,894</b>	<b>10,140,075</b>

Net (Expense)/Revenue						
Governmental activities	(\$3,705,057)	(\$4,747,856)	(\$4,674,888)	(\$4,597,862)	(\$4,556,660)	(\$5,029,761)
Business-type activities	(815,825)	(1,236,637)	(681,083)	25,947	1,505,983	577,548
Total primary government net expense	<u>(\$4,520,882)</u>	<u>(\$5,984,493)</u>	<u>(\$5,355,971)</u>	<u>(\$4,571,915)</u>	<u>(\$3,050,677)</u>	<u>(\$4,452,213)</u>

**General Revenues and Other Changes in Net Assets****Governmental activities:**

Taxes						
Property taxes	\$717,840	\$746,508	\$884,863	\$906,170	\$924,914	\$913,055
Sales taxes	1,605,629	1,516,274	1,263,661	1,398,022	1,326,767	1,193,085
Transient Lodging Taxes	354,338	462,246	465,369	523,774	517,214	405,860
Franchise taxes	47,608	45,275	39,161	48,027	55,428	45,197
Business license taxes	205,664	233,690	276,044	240,592	247,732	235,283
Other taxes	163,305	326,140	330,685	36,479	246,035	70,723
Property tax in lieu of VLF, unrestricted	0	988,907	1,138,723	1,256,457	1,396,408	1,488,666
Property tax in lieu of sales tax, unrestricted	0	308,668	417,836	506,153	419,193	474,943
Use of Money and Property	45,068	351,453	227,236	161,206	163,501	(35,749)
Gain (loss) on sale of capital assets					(6,491)	
Miscellaneous revenues	0	277,911	227,752	42,099	100,101	
Transfers	760,288	(239,569)	5,000	(29,920)	5,000	5,000
Total governmental activities	<u>3,899,740</u>	<u>5,017,503</u>	<u>5,276,330</u>	<u>5,089,059</u>	<u>5,395,802</u>	<u>4,796,063</u>
Business-type activities:						
Use of Money and Property	42,627	184,777	142,518	189,756	282,717	120,656
Gain on sale of capital assets				3,637	17,982	
Miscellaneous revenues				5,083	1,512	12,713
Transfers	(760,288)	239,569	(5,000)	29,920	(5,000)	(5,000)
Total business-type activities	<u>(717,661)</u>	<u>424,346</u>	<u>137,518</u>	<u>228,396</u>	<u>297,211</u>	<u>128,369</u>
Total primary government	<u>3,182,079</u>	<u>5,441,849</u>	<u>5,413,848</u>	<u>5,317,455</u>	<u>5,693,013</u>	<u>4,924,432</u>
Change in Net Assets						
Governmental activities	194,683	269,647	601,442	491,197	839,142	(233,698)
Business-type activities	(1,533,486)	(812,291)	(543,565)	254,343	1,803,194	705,917
Total primary government	<u>(\$1,338,803)</u>	<u>(\$542,644)</u>	<u>\$57,877</u>	<u>\$745,540</u>	<u>\$2,642,336</u>	<u>\$472,219</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 Six Fiscal Years  
(Modified accrual basis of accounting)

	<b>Fiscal Year</b>					
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
General Fund						
Reserved	\$83,392	\$ 102,413	\$ 305,858	\$ 370,296	\$ 418,932	\$ 411,613
Unreserved	711,771	844,902	971,144	1,281,067	1,608,564	1,860,764
Total general fund	<u>795,163</u>	<u>\$ 947,315</u>	<u>\$ 1,277,002</u>	<u>\$ 1,651,363</u>	<u>\$ 2,027,496</u>	<u>\$ 2,272,377</u>
All Other Governmental Funds						
Reserved	574,208	\$ 420,365	\$ 688,726	\$ 399,192	\$ 382,257	\$ 385,098
Unreserved, reported in:						
Special Revenue Funds	753,032	589,990	501,016	566,069	1,108,885	934,875
Capital Projects Funds	503,734	281,564	13,370	275,168	289,433	309,930
Debt Service Funds	(178,461)	1,657,994	1,620,694	1,712,950	1,840,120	1,604,737
Total all other governmental funds	<u>\$1,652,513</u>	<u>\$ 2,949,913</u>	<u>\$ 2,823,806</u>	<u>\$ 2,953,379</u>	<u>\$ 3,620,695</u>	<u>\$ 3,234,640</u>

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

	<b>Fiscal Year</b>					
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Revenues</b>						
Taxes and assessments	\$3,191,838	\$4,019,990	\$4,518,116	\$5,113,507	\$4,749,716	\$4,591,529
Licenses and permits	195,483	324,535	258,277	189,740	151,143	103,413
Fines and forfeitures	28,343	41,118	54,872	67,621	74,585	47,614
Use of money and property	45,068	680,604	232,778	141,181	145,591	(45,822)
Intergovernmental revenues	2,567,689	1,001,651	1,228,108	1,185,264	2,277,555	1,157,971
Program income	0	138,092	590,316	1,103,399	222,302	53,969
Charges for services	132,043	1,322,127	1,115,460	792,797	318,628	308,690
Other revenues	810,967	763,810	608,611	333,591	276,331	356,862
<b>Total revenues</b>	<b>6,971,431</b>	<b>8,291,927</b>	<b>8,606,538</b>	<b>8,927,100</b>	<b>8,215,851</b>	<b>6,574,226</b>
<b>Expenditures</b>						
General government	1,553,060	1,806,528	1,591,271	1,399,497	722,770	996,336
Public safety	3,347,798	3,211,146	3,453,212	3,486,523	3,601,675	3,379,768
Streets	506,158	712,216	670,762	848,692	1,397,936	912,577
Protective inspections	212,278	188,475	203,470	212,454	244,966	234,303
Community services	443,568	324,616	273,198	441,325	265,023	219,456
Community development	255,211	414,785	863,933	1,500,658	634,274	475,789
Capital outlay	1,085,611	593,457	717,791	119,358	104,490	184,642
Debt service:						
Principal	245,192	213,106	400,559	152,884	144,355	135,000
Interest	191,951	375,182	290,388	217,507	191,019	182,529
<b>Total expenditures</b>	<b>7,840,827</b>	<b>7,839,511</b>	<b>8,464,584</b>	<b>8,378,898</b>	<b>7,306,508</b>	<b>6,720,400</b>
Excess of revenues over (under) expenditures	(869,396)	452,416	141,954	548,202	909,343	(146,174)
<b>Other Financing Sources (Uses)</b>						
Contributions from trust funds			56,626			
Transfers in	1,030,131	830,452	736,834	377,575	555,154	883,648
Transfers out	(696,723)	(1,073,316)	(731,834)	(421,843)	(550,154)	(878,648)
<b>Total other financing sources (uses)</b>	<b>333,408</b>	<b>(242,864)</b>	<b>61,626</b>	<b>(44,268)</b>	<b>5,000</b>	<b>5,000</b>
<b>Net changes in fund balances</b>	<b>(535,988)</b>	<b>209,552</b>	<b>203,580</b>	<b>503,934</b>	<b>914,343</b>	<b>(141,174)</b>
Debt service as a percentage of non-capital expenditures	6.5%	8.1%	8.9%	4.5%	4.7%	4.9%

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

<u>Fiscal Year</u>	<u>Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Less: Tax Exemptions</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2004	\$375,828,965	\$207,787	\$25,279,665	\$12,003,306	\$389,313,111	1.0000
2005	\$399,569,372	\$206,940	\$25,966,041	\$12,284,799	\$413,457,554	1.0000
2006	\$435,313,349	\$206,482	\$26,084,788	\$12,428,869	\$449,175,750	1.0000
2007	\$484,139,014	\$13,587	\$26,234,905	\$12,657,141	\$497,730,365	1.0000
2008	\$568,493,249	\$12,420	\$26,872,204	\$12,432,005	\$582,945,868	1.0000
2009	\$578,912,881	\$12,420	\$30,360,571	\$12,561,467	\$596,724,405	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

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Overlapping Rates (a)</u>	Total Direct Rate
	Basic Rate	Elementary School Bond	
2000	1.0000	0.0605	1.0605
2001	1.0000	0.0586	1.0586
2002	1.0000	0.0606	1.0606
2003	1.0000	0.0606	1.0606
2004	1.0000	0.0598	1.0598
2005	1.0000	0.0090	1.0090
2006	1.0000	0.0096	1.0096
2007	1.0000	0.0008	1.0008
2008	1.0000		1.0000
2009	1.0000		1.0000

Source:  
 Lassen County

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

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

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

	<b>2009</b>		<b>2000 (2)</b>	
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value (1)	Information Unavailable
<b><u>Taxpayer</u></b>				
Wal-Mart	10,473,979	1	1.76%	
Rassier-Mariani	9,952,774	2	1.67%	
Triple E Investment Co. Inc.	8,968,996	3	1.50%	
Susanville Limited Partnership	6,728,458	4	1.13%	
Foxdale Associates LTD (Walgreens)	6,126,120	5	1.03%	
Nolen Properties	5,435,290	6	0.91%	
Lassen Station LP	4,256,350	7	0.71%	
Trav-Cor & Investment Inc	4,172,301	8	0.70%	
Standiford, Larr & Reta	3,925,866	9	0.66%	
Indar Kaur	3,494,111	10	0.59%	
Total	<u>\$63,534,245</u>		<u>10.65%</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 Six Fiscal Years

Fiscal Year Ended June 30,	County Taxes Levied	AB8 City Allocation Factor	Percent Growth	AB8 Allocations Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$14,508,790	0.04118791	1.03366934	\$617,707	\$583,624	94.48%	\$42,765	\$626,389	101.41%
2005	\$15,302,568	0.04136327	1.08078017	\$684,095	\$613,665	89.70%	\$31,033	\$644,698	94.24%
2006	\$16,409,859	0.04168806	1.09983310	\$752,391	\$661,347	87.90%	\$25,346	\$686,693	91.27%
2007	\$18,125,879	0.04150919	1.08755598	\$818,267	\$707,387	86.45%	\$45,004	\$752,391	91.95%
2008	\$19,437,444	0.04209745	1.06588089	\$872,175	\$773,822	88.72%	\$93,749	\$867,571	99.47%
2009	\$20,699,884	0.04252227	1.02306917	\$900,512	\$773,350	85.88%		\$773,350	85.88%

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 Six 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			
2004	\$2,215,000	\$185,904	\$1,200,000	\$3,600,904	\$6,405,000	\$973,390	\$24,240,000	\$5,572	\$31,623,962	\$35,224,866	9.05%	3,991
2005	\$2,155,000	\$87,798	\$1,145,000	\$3,387,798	\$9,610,000	\$963,000	\$24,240,000	\$4,669	\$34,817,669	\$38,205,467	9.24%	4,276
2006	\$2,095,000	\$52,238	\$1,140,000	\$3,287,238	\$9,480,000	\$953,000	\$24,240,000	\$4,669	\$34,677,669	\$37,964,907	8.45%	4,243
2007	\$2,035,000	\$19,549	\$1,080,000	\$3,134,549	\$9,345,000	\$943,000	\$24,240,000	\$0	\$34,528,000	\$37,662,549	7.57%	4,285
2008	\$1,975,000	\$0	\$1,015,000	\$2,990,000	\$9,200,000	\$1,285,222	\$24,240,000	\$0	\$34,725,222	\$37,715,222	6.47%	4,204
2009	\$1,910,000	\$0	\$945,000	\$2,855,000	\$9,050,000	\$1,306,123	\$24,240,000	\$0	\$34,596,123	\$37,451,123	6.28%	4,174

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  
Last Six Fiscal Years

	2004	2005	2006	2007	2008	2009
Assessed Valuation	\$389,313,111	\$413,457,554	\$449,175,750	\$497,730,365	\$582,945,868	\$596,724,405
Conversion Percentage	25%	25%	25%	25%	25%	25%
Adjusted Assessed Valuation	\$97,328,278	\$103,364,389	\$112,293,938	\$124,432,591	\$145,736,467	\$149,181,101
Debt Limit Percentage	15%	15%	15%	15%	15%	15%
Debt Limit	\$14,599,242	\$15,504,658	\$16,844,091	\$18,664,889	\$21,860,470	\$22,377,165
Total net debt applicable to limit	\$2,215,000	\$2,155,000	\$2,095,000	\$2,035,000	\$1,975,000	\$1,910,000
Legal debt margin	\$12,384,242	\$13,349,658	\$14,749,091	\$16,629,889	\$19,885,470	\$20,467,165
Total net debt applicable to the limit as a percentage of debt limit	15.2%	13.9%	12.4%	10.9%	9.0%	8.5%

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 Six Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita (a)
	General Revenue Bonds	Capital Leases	Total		
2004	\$2,215,000	\$185,904	\$2,400,904	0.62%	272
2005	\$2,155,000	\$87,798	\$2,242,798	0.54%	251
2006	\$2,095,000	\$52,238	\$2,147,238	0.48%	240
2007	\$2,035,000	\$19,549	\$2,054,549	0.41%	234
2008	\$1,975,000	\$0	\$1,975,000	0.34%	220
2009	\$1,910,000	\$0	\$1,910,000	0.32%	213

*Notes:*

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

*(a) Population data can be found in Schedule 13*

Schedule 12  
City of Susanville  
Pledged Revenue Coverage  
Last Six 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	2,252,280	1,298,562	953,718	145,000	547,213	1.38
2008	2,207,718	1,275,999	931,719	156,000	540,691	1.34
2009	2,514,097	1,531,625	982,472	161,000	532,967	1.42

Natural Gas Revenue Bonds						
Fiscal Year	Gross Income and Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2004	\$ 1,749,040	\$ 1,252,460	\$ 496,580	\$ -	\$ 1,514,314	0.33
2005	2,775,708	1,922,169	853,539	-	1,428,059	0.60
2006	4,207,739	2,863,838	1,343,901	-	1,470,486	0.91
2007	4,363,546	2,941,944	1,421,602	-	1,414,075	1.01
2008	4,735,092	3,010,223	1,724,870	-	1,414,075	1.22
2009	4,278,020	2,999,389	1,278,631	-	1,414,075	0.90

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.

Miller /Fletcher Assessment Bonds

Special Assessment Collections		Debt Service		
		Principal	Interest	Coverage
\$	72,163	\$ 50,000	\$ 98,750	0.49
	572,406	55,000	94,744	3.82
	417,794	55,000	90,481	2.87
	228,473	60,000	86,025	1.56
	112,407	65,000	81,181	0.77
	138,964	70,000	75,950	0.95

City Hall Revenue Bond

Vehicle License Fees	Property Tax In Lieu of VLF	Debt Service		Coverage	
		Principal	Interest		
\$	952,051	\$ -	\$ 55,000	\$ 107,930	5.84
	120,328	988,907	60,000	106,605	6.66
	174,072	1,138,723	60,000	105,015	7.96
	116,605	1,256,457	60,000	103,215	8.41
	83,753	1,396,408	60,000	101,265	9.18
	63,206	1,488,666	65,000	99,043	9.46

Schedule 13  
 City of Susanville and County of Lassen  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years

Fiscal Year	City Population	Prison Population	Total City & Prison Population	Total County Population	County Personal Income	County Per Capita Personal Income	City Unemployment Rate
2000	8,877	8,688	17,565	33,828	\$589,375,000	\$17,423	6.90%
2001	8,733	8,676	17,409	33,883	\$605,104,000	\$17,859	7.10%
2002	8,794	8,446	17,240	33,827	\$628,276,000	\$18,573	7.50%
2003	8,756	8,750	17,506	34,076	\$666,873,000	\$19,570	7.50%
2004	8,826	9,082	17,908	34,632	\$708,056,000	\$20,445	7.40%
2005	8,935	9,114	18,049	34,998	\$736,266,000	\$21,037	7.70%
2006	8,947	9,166	18,113	35,246	\$783,732,000	\$22,236	7.60%
2007	8,790	9,093	17,883	35,804	\$824,244,000	\$23,563	7.80%
2008	8,971	8,599	17,570	35,757	n/a	n/a	9.10%
2009	8,972	8,430	17,402	35,550	n/a	n/a	n/a

Sources:

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

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

*Total County population includes the correctional facilities*

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

Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
High Desert State Prison	1504	1	30.20%			
California Correctional Center	1268	2	25.46%			
Lassen County	464	3	9.32%			
Wal-Mart	226	4	4.54%			
Banner Lassen Medical Center	200	5	4.02%			
Diamond Mountain Casino	159	6	3.19%			
Lassen Community College	153	7	3.07%			
Susanville Indian Rancheria	143	8	2.87%			
Susanville School District	141	9	2.83%			
Lassen Union High School	122	10	2.45%			
Northeastern Rural Health	110	11	2.21%			
Countryvilla Riverview Rehab	105	12	2.11%			
Safeway	100	13	2.01%			
City of Susanville	62	14	1.24%			
Susanville Supermarket	52	15	1.04%			
	4809		96.57%			

**Information Unavailable**

*Notes:*

(a) Total Labor Force for the City is 4980.

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

*Source:*

Employment Development Department, Lassen County Chamber of Commerce

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

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

*Source:*  
 City Finance Department

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

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

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
Building Permits Issued	n/a	300	377	465	532	453	467	352	281	332
Building Inspections Conducted	n/a	n/a	690	1094	1452	1821	2249	1921	1152	1145
Police										
Physical arrests	496	634	578	601	485	681	479	400	565	483
Parking violations	0	0	0	0	271	819	498	401	338	256
Traffic violations	580	677	1093	472	425	650	724	832	1180	790
Fire										
Emergency responses	597	738	1098	1067	1087	1311	1309	1383	1390	1467
Fires extinguished	82	72	84	70	73	82	96	89	94	67
Inspections	n/a	n/a	n/a	n/a	406	217	350	224	n/a	201
Public Works										
Street resurfacing (miles)	0	0	6.27	0	0	0	0.25	0	2.3	0
Potholes repaired	50	110	75	125	150	150	180	165	172	168
Community Services										
Athletic field permits issued	4	4	4	4	4	4	4	4	4	4
Water										
New connections	2	16	31	41	91	34	8	68	-12	22
Average daily consumption (thousands of gallons)	2693	3026	3057	2954	3039	3152	2758	2116	2123	3173
Peak daily consumption (thousands of gallons)	4255	4932	5055	4394	4642	4900	4777	4809	5308	5500
Natural Gas										
New connections			1480	329	323	124	69	109	73	84
Average daily consumption MMBTU's			246	328	441	457	513	499	539	472
Peak daily consumption MMBTU's			481	824	768	834	870	1044	1099	980

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	7	7	7	7	8	7	8	13
Fire										
Fire Stations	1	1	1	1	1	1	1	1	1	1
Fire engines	5	5	5	5	5	6	6	6	6	6
Public works										
Streets (miles)	53	53	53	53	54	54	54	54	54	54
Highways (miles)	0	0	0	0	0	0	0	0	0	0
Street lights	494	494	496	502	512	528	532	532	532	532
Traffic signals	0	0	0	0	0	0	0	0	0	0
Community Services										
Parks acreage	97	97	97	97	147	147	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	0	0	0	0	0
Water										
Water mains (miles)	63	63	63	64	64	65	65	65	65	65
Fire Hydrants	340	344	352	356	371	389	396	403	403	410
Storage capacity (thousands of gallons)	2000	2000	2000	3000	4000	4000	4000	4000	4000	4000
Water meters	3420	3436	3467	3508	3599	3633	3641	3709	3788	3797
Natural Gas										
Gas mains (miles)		44	56	56	56	57	57	59	59	59
Gas meters			1480	1809	2063	2143	2212	2281	2462	2546

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 Six Fiscal Years  
 (In Millions of Gallons)

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

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 Six Fiscal Years

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

\*\*

*Source*

*City of Susanville Finance Department*

*Notes:*

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

*Commercial accounts charged differently based on meter size.*

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

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

Water Customer	2009		2000	
	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
Lassen County	\$76,078.13	3.14%		
Susanville Indian Rancheria	\$40,644.08	1.68%		
Lassen High School	\$31,599.39	1.30%		Information Unavailable
Lassen County Fairgrounds	\$23,471.09	0.97%		
Hidden Acres	\$22,767.71	0.94%		
Diamond View School	\$19,581.51	0.81%		
Meadowview School	\$16,910.89	0.70%		
Meadowbrook Apartments	\$15,426.55	0.64%		
Mathfallu Properties	\$12,449.63	0.51%		
Citrus Manor Apartments	\$12,045.90	0.50%		
	\$270,974.88	11.18%		

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 Six Fiscal Years  
 (In Therms)

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Residential	749,716	974,574	932,384	881,058	942,696	837,390
Commercial	548,769	730,538	941,029	943,663	1,024,591	926,457
<b>Total</b>	<b>1,298,485</b>	<b>1,705,112</b>	<b>1,873,413</b>	<b>1,824,721</b>	<b>1,967,287</b>	<b>1,763,847</b>
Natural Gas Sales	\$ 1,749,040	\$ 2,724,148	\$ 4,264,151	\$ 4,325,805	\$ 4,650,465	\$ 4,271,575
City Direct Rate per Therm	\$1.35	\$1.60	\$2.28	\$2.37	\$2.36	\$2.42

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.

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

Fiscal Year Ended June 30	Monthly Base Rates	Rate per Therm	
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)
2008	\$7.00	\$2.21	(A)(B)(C)
2009	\$7.00	\$2.30	(A)(B)(C)

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	\$2.36
30-450 Therms	\$2.60	\$2.60
450 + Therms	\$2.12	\$2.12

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

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

1 Therm=100,000 BTU's

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

Gas Customer	2009		2000	
	Gas Charges	Percent of Total Gas Revenues	Gas Charges	Percent of Total Gas Revenues
Lassen Community College	\$223,015.65	5.22%	Information Unavailable	
Banner Lassen Hospital	\$138,484.24	3.24%		
Susanville Indian Rancheria	\$134,041.73	3.14%		
Lassen County Jail/Sheriff	\$89,950.42	2.11%		
Northeastern Rural Health Clinic	\$65,134.12	1.52%		
Safeway	\$63,457.46	1.49%		
Susanville Garden Apartments	\$60,854.03	1.42%		
Diamond View School	\$60,799.40	1.42%		
McKinley School	\$50,974.46	1.19%		
Lassen High School	\$49,410.70	1.16%		
	\$936,122.21	21.92%		

Source:  
 City of Susanville Finance Department

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

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