



Susanville, California

**CITY OF SUSANVILLE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

CITY OF SUSANVILLE  
CALIFORNIA

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For the fiscal year ended  
June 30, 2011

**CITY OF SUSANVILLE**

**TABLE OF CONTENTS**

June 30, 2011

**INTRODUCTORY SECTION**

Letter of Transmittal ..... i  
Organization Chart..... vii  
City Council..... viii  
Executive Staff..... ix  
CSMFO Certificate of Award for Outstanding Financial Reporting 2009-10 ..... x

**FINANCIAL SECTION**

Independent Auditor’s Report ..... 1  
Management’s Discussion and Analysis..... 3  
Basic Financial Statements:  
    Government-wide Financial Statements:  
        Statement of Net Assets..... 19  
        Statement of Activities ..... 20  
    Fund Financial Statements:  
        Governmental Funds:  
            Balance Sheet ..... 23  
            Reconciliation of the Governmental Funds – Balance Sheet to the Statement of Net Assets ..... 24  
            Statement of Revenues, Expenditures, and Changes in Fund Balances..... 25  
            Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
                Governmental Funds to the Statement of Activities ..... 27  
        Proprietary Funds:  
            Statement of Net Assets..... 28  
            Statement of Revenues, Expenses, and Change in Net Assets ..... 32  
            Statement of Cash Flows ..... 34  
        Fiduciary Funds:  
            Statement of Net Assets..... 39  
    Notes to Basic Financial Statements..... 40  
Required Supplementary Information:  
    Schedule of Revenues, Expenditures, and Changes in  
        Fund Balance – Budget and Actual - General Fund ..... 65  
    Schedule of Revenues, Expenditures, and Changes in  
        Fund Balance – Budget and Actual – Gas Tax Special Revenue Fund ..... 66

**CITY OF SUSANVILLE**  
**TABLE OF CONTENTS**  
June 30, 2011

**FINANCIAL SECTION (Continued)**

Other Supplemental Information:

Nonmajor Governmental Funds:

Combining Balance Sheet .....	70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	76
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Local Law Enforcement Block Grant Fund .....	84
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Street Mitigation Fund .....	85
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Police Mitigation Fund .....	86
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Fire Mitigation Fund.....	87
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Park Land In-Lieu Fund.....	88
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – State Revolving Fund .....	89
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – State Revolving Economic Development Fund .....	90
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Home Revolving Fund.....	91
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Community Redevelopment Agency Fund .....	92
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Traffic Safety Fund.....	93
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Skyline Rt. 139 Signal Fund .....	94
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Skyline Numa Signal Fund .....	95
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Skyline Bicycle Lane Fund .....	96
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual – Mark Roos 92B Fund .....	97

**CITY OF SUSANVILLE**  
**TABLE OF CONTENTS**  
June 30, 2011

**FINANCIAL SECTION (Continued)**

Other Supplemental Information:

    Nonmajor Governmental Funds:

Schedule of Revenues, Expenditures, and Changes in Fund Balance

    Budget and Actual – City Hall Debt Service Fund..... 98

Schedule of Revenues, Expenditures, and Changes in Fund Balance

    Budget and Actual – Prop 1B Local Streets and Roads Fund ..... 99

Schedule of Revenues, Expenditures, and Changes in Fund Balance

    Budget and Actual – 2010 Federal ARRA Rehab Project Fund..... 100

Internal Service Funds:

    Combining Statement of Net Assets..... 101

    Combining Statement of Revenues, Expenses, and Change in Net Assets..... 102

    Combining Statement of Cash Flows ..... 103

Agency Funds:

    Statement of Changes in Assets and Liabilities ..... 104

Independent Auditor’s Report on Internal Control Over Financial Reporting

    and on Compliance and Other Matters Based on an Audit of Financial Statements

    Performed in Accordance with Government Auditing Standards..... 105

**STATISTICAL SECTION**

    Exhibit A-1 Contents..... 107

    Schedule 1 Net Assets by Component..... 108

    Schedule 2 Changes in Net Assets ..... 109

    Schedule 3 Fund Balances – Governmental Funds ..... 111

    Schedule 4 Changes in Fund Balances – Governmental Funds..... 112

    Schedule 5 Assessed Value and Estimated Actual Value of Taxable Property ..... 113

    Schedule 6 Direct and Overlapping Property Tax Rates ..... 114

    Schedule 7 Principal Property Taxpayers..... 115

    Schedule 8 Property Tax Levies and Collections ..... 116

    Schedule 9 Ratios of Outstanding Debt by Type..... 117

    Schedule 10 Legal Debt Margin Information ..... 118

    Schedule 11 Ratios of General Bonded Debt Outstanding..... 119

    Schedule 12 Pledged Revenue Coverage ..... 120

**CITY OF SUSANVILLE**  
**TABLE OF CONTENTS**  
June 30, 2011

**STATISTICAL SECTION (Continued)**

Schedule 13 Demographic and Economic Statistics.....	122
Schedule 14 Principal Employers.....	123
Schedule 15 Full-time and Part-time City Governmental Employees by Function/Program.....	124
Schedule 16 Operation Indicators by Function/Program.....	125
Schedule 17 Capital Asset Statistics by Function/Program.....	126
Schedule 18 Water Department – Water Sold by Type of Customer .....	127
Schedule 19 Water Department – Water Rates .....	128
Schedule 20 Water Department – Top Ten Water Customers.....	129
Schedule 21 Gas Department – Gas Sold by Type of Customer .....	130
Schedule 22 Gas Department – Gas Rates .....	131
Schedule 23 Gas Department – Top Ten Gas Customers.....	132



## Finance Department

December 21, 2011

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

The Comprehensive Annual Financial Report of the City of Susanville for the fiscal year ended June 30, 2011 is hereby submitted. In order to better understand the report, this letter of transmittal should be read in conjunction with the Management's Discussion and Analysis, which can be found in the financial section of the report.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Susanville's Management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds 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 accounting principles generally accepted in the United States of America (USGAAP) as set forth in pronouncements by the National Council of Governmental Accounting (NCGA), the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB) and includes the report of the City's independent certified public accountants, Moss, Levy & Hartzheim, LLP

### **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 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	85 miles	Southeast
Sacramento, CA	223 miles	Southwest

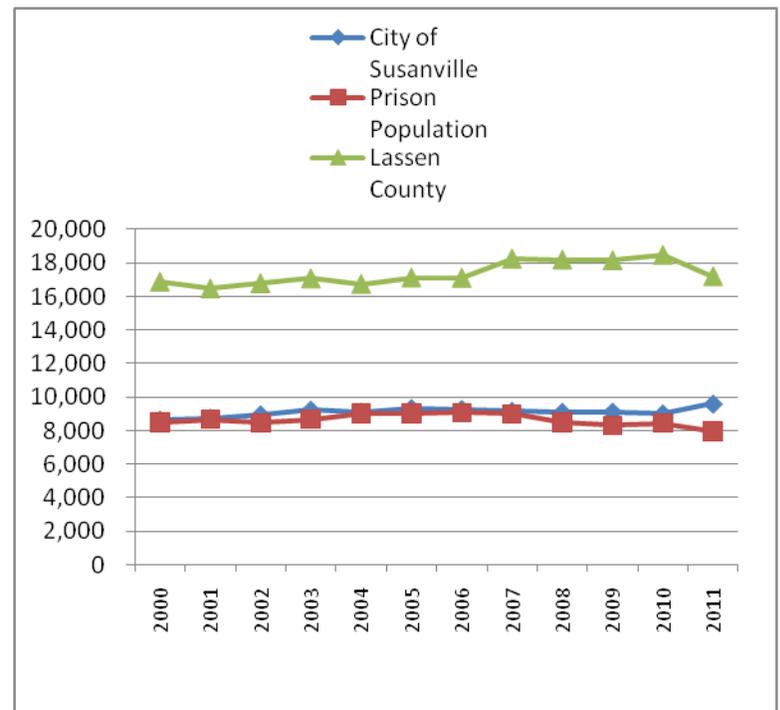
## LOCAL ECONOMY

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 rocked 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 85 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	8,620	8,469	16,871
2001	8,733	8,676	16,474
2002	8,936	8,456	16,791
2003	9,216	8,670	17,069
2004	9,099	9,000	16,747
2005	9,323	9,001	17,131
2006	9,267	9,070	17,115
2007	9,151	8,987	18,237
2008	9,091	8,479	18,187
2009	9,104	8,298	18,148
2010	8,992	8,439	18,458
2011	9,591	7,963	17,203

(a) County population does not include City and Prison



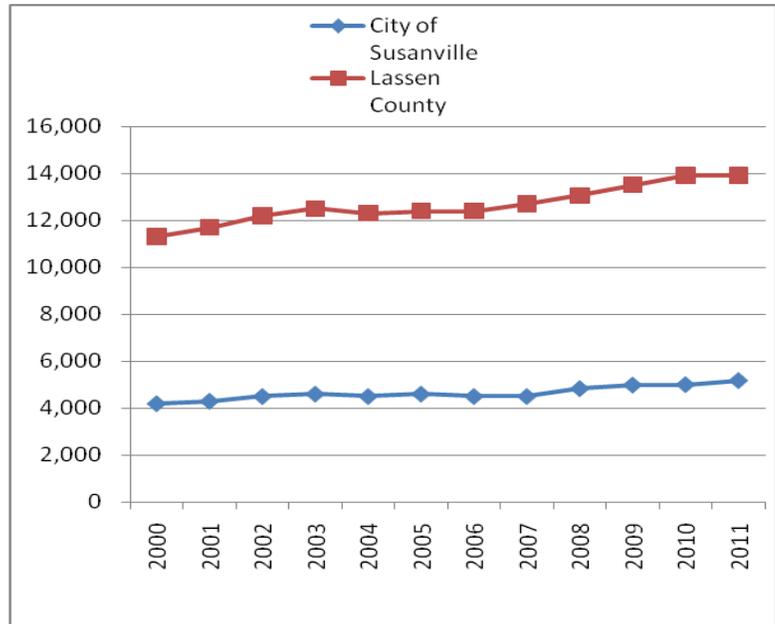
## LABOR MARKET

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 rates for both the City and County increased during the recent recession but are now on the decline.

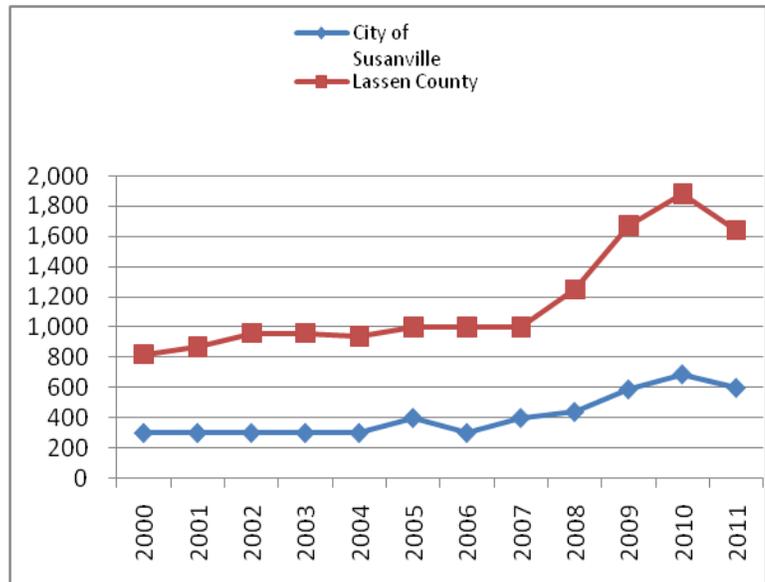
### TOTAL LABOR FORCE

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
2010	5,000	13,910
2011	5,170	13,900



### 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
2010	690	1,880
2011	600	1,640



## **MAJOR PROJECTS FOR THE FUTURE**

- 1 Update the Land Use Element of the General Plan.
- 2 Update the Zoning Ordinance.
- 3 Update Susanville Area Plan.
- 4 Increase code enforcement efforts through the use of a citation/infraction process.
- 5 Update and employ an economic development strategic plan.
- 6 Start replacing water lines throughout the city
- 7 Replace all water and natural gas meters with remote reading units.
- 8 Continue looking for opportunities to rebuild the old Roosevelt Swimming Pool.
- 9 Develop a new Community Park and Sports Complex at Sierra Road.
- 10 Look for funding to improve/develop paths and walkways along the Susan River.
- 11 Increase Economic Vitality efforts by promoting recreational activities to attract people to our community.
- 12 Invite the community to assist with the development of a City Beautification Program.

## **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.

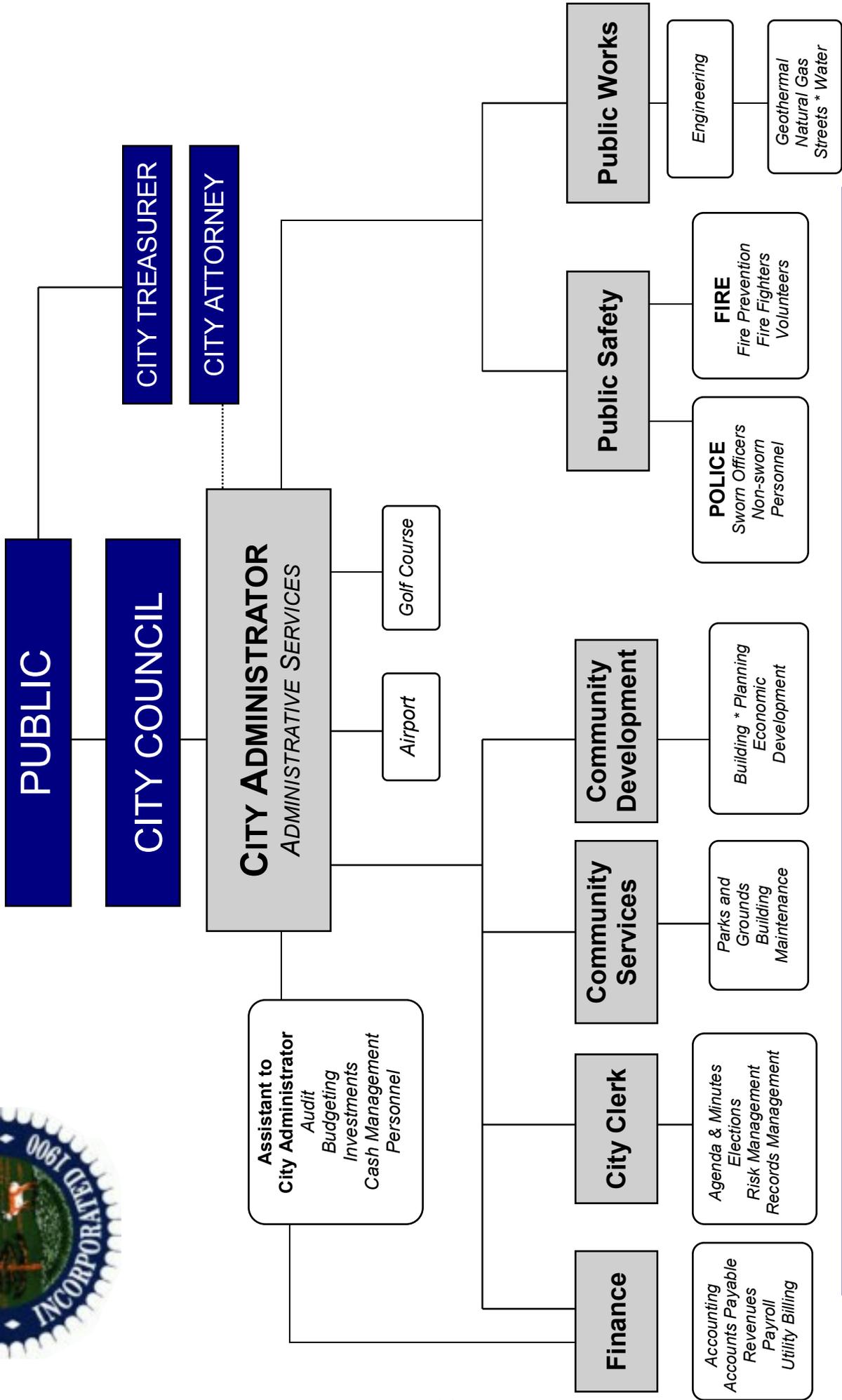
#### **ACKNOWLEDGEMENTS**

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. This is the fifth consecutive year that our report has received the Certificate of Award for Outstanding financial Reporting from the California Society of Municipal Finance Officers. We would like to express our appreciation to all who assisted and contributed to the preparation of this report.

Sincerely

*Robert Porfiri*

City Administrator/Finance Director



# Organization Chart



City of Susanville  
**City Council**

Fiscal Year 2010-11

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**Mayor**

Lino Callegari

**Mayor Pro-Tempore**

Douglas Sayers

**Council Members**

Rodney DeBoer

Joseph Franco

Cheryl MacDonald

City of Susanville  
**Executive Staff**

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City Administrator/Finance Director	Robert Porfiri
City Clerk	Debra Magginetti
City Attorney	Peter Talia
Police Chief	Jeff Atkinson
Fire Chief	Theodore Friedline
Public Works/Engineering Director	Craig Platt

# California Society of Municipal Finance Officers

*Certificate of Award*

***Outstanding Financial Reporting  
for the Fiscal Year Ending June 30, 2010***

*Presented to the*

***City of Susanville***

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

*February 24, 2011*



*Ronnie Campbell*

*Ronnie Campbell  
CSMFO President*

*Chu Thai*

*Chu Thai, Chair  
Professional Standards and  
Recognition Committee*

***Dedicated Excellence in Municipal Financial Reporting***



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

RONALD A LEVY, CPA  
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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, 2011, 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, 2011, and the respective changes in financial position and cash flows where applicable thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 of the notes to the basic financial statements effective July 1, 2010, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and Statement No. 59, *Financial Instruments Omnibus*.

In accordance with the *Government Auditing Standards*, we have also issued a report dated December 20, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 17 and budgetary comparison information on pages 65 and 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
December 20, 2011



**City of Susanville**  
**Management's Discussion & Analysis**  
**June 30, 2011**

This is the management's discussion and analysis of the financial performance of the City of Susanville for the fiscal year ended June 30, 2011. 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**

Accounting principles generally accepted in the United States of America (USGAAP) for state and local governments prescribe two basic government-wide financial statements: the government-wide *statement of net assets* and the government-wide *statement of activities*.

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

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

### **Format**

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

The format is: Assets – Liabilities = Net assets

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

### **Activities columns**

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

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

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

### **Format**

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

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

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

### **Program Revenues**

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

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

### **General revenues**

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

## **GOVERNMENTAL FUNDS**

USGAAP requires two basic statements: Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances. The difference between the assets and liabilities of governmental funds is reported as *fund balance*. GASB statement No. 54 outlines five new components of fund balance designation. Fund balance is divided into *non-spendable, restricted, committed, assigned, and unassigned*.

### **Major fund reporting**

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

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

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

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

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

- Original appropriated budget
- Final amended budget
- Actual amounts

## **PROPRIETARY FUNDS**

USGAAP prescribes three basic financial statements for proprietary funds:

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

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

## **FIDUCIARY FUNDS**

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

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

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

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

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

## **COMPARATIVE DATA**

### **FINANCIAL ANALYSIS**

Net assets act as an indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$12.8 million as of June 30, 2010 (\$9.2 million for Governmental Activities and \$3.6 million for Business-type Activities), and by \$14.2 million as of June 30 2011 (\$9.2 million for Governmental Activities and \$5.0 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, 2010 and 2011.

Table A-1  
Government Net Assets for June 30, 2010 and 2011  
**Governmental activities**

	<u>2010</u>	<u>2011</u>
Cash & investments	\$ 3,897,948	\$ 4,039,721
Capital assets	4,564,411	4,544,076
Other assets, including cash and Investments with fiscal agents	4,150,619	4,459,541
<b>Total assets</b>	<b><u>\$ 12,612,978</u></b>	<b><u>\$ 13,043,338</u></b>
Long-term liabilities	2,895,845	2,743,618
Other liabilities	488,344	1,063,449
<b>Total liabilities</b>	<b><u>\$ 3,384,189</u></b>	<b><u>\$ 3,807,067</u></b>
Invested in capital assets, net of related debt	1,849,411	2,072,326
Restricted for debt service	1,569,288	4,958,166
Unrestricted	5,810,090	2,205,779
<b>Total net assets</b>	<b><u>\$ 9,228,789</u></b> =====	<b><u>\$ 9,236,271</u></b> =====

Table A-2  
Government Net Assets for June 30, 2010 and 2011  
**Business-type activities**

	<u>2010</u>	<u>2011</u>
Cash & investments	\$ 3,591,355	\$ 5,044,623
Capital assets	31,648,520	31,422,411
Other assets	3,531,281	3,117,505
<b>Total assets</b>	<b><u>\$ 38,771,156</u></b>	<b><u>\$ 39,584,539</u></b>
Long-term liabilities	34,638,356	34,181,039
Other liabilities	496,945	433,938
<b>Total liabilities</b>	<b><u>\$ 35,135,301</u></b>	<b><u>\$ 34,614,977</u></b>
Invested in capital assets, net of related debt	(2,877,539)	(990,783)
Restricted for debt service	2,864,195	2,287,718
Unrestricted	3,649,199	3,672,627
<b>Total net assets</b>	<b><u>\$ 3,635,855</u></b> =====	<b><u>\$ 4,969,562</u></b> =====

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

Table B-1  
Changes in Governmental Net Assets  
For the Fiscal Years Ended June 30, 2010 and 2011  
**Governmental Activities**

<b>EXPENSES</b>	<u>2010</u>	<u>2011</u>
<u>Program expenses (by function):</u>		
General Government	\$ 1,094,945	\$ 1,149,706
Public Safety	3,517,162	3,461,796
Streets	963,197	1,240,131
Protective Inspections	210,793	239,869
Community Services	255,316	255,719
Community Development	149,961	106,432
Interest on Long Term Debt	175,910	166,008
Total expenses	<u>\$ 6,367,284</u>	<u>\$ 6,619,661</u>
 <b>REVENUES</b>		
<u>Program Revenues (by major source):</u>		
Charges for services	\$ 503,040	\$ 683,374
Operating Contributions, Capital Contributions and Grants	911,150	1,341,737
Total program revenues	<u>\$ 1,414,190</u>	<u>\$ 2,025,111</u>
 <u>General Revenues (by major source):</u>		
Property taxes	\$ 829,452	\$ 824,578
Sales & use taxes	1,076,014	1,081,602
Transient lodging taxes	380,354	366,382
Franchise taxes	48,855	60,840
Business license taxes	231,796	227,101
Other taxes	188,948	105,350
Property tax in lieu of sales tax	298,882	409,887
Property tax in lieu of VLF	1,523,051	1,461,838
Use of money and property	29,896	28,872
Miscellaneous revenues	351,735	142,288
Total general revenues	<u>\$ 4,958,983</u>	<u>\$ 4,708,738</u>
Total revenues	<u>\$ 6,373,173</u>	<u>\$ 6,733,849</u>
Excess (deficiency) before transfers:	\$ 5,889	\$ 114,188
Transfers	<u>5,000</u>	<u>(375,069)</u>
Changes in net assets	<u>\$ 10,889</u>	<u>\$ (260,881)</u>
Net assets at July 1, 2009 and 2010	9,217,900	9,228,789
Prior Period Adjustments	<u>---</u>	<u>268,363</u>
(See Note #16 to Basic Financial Statements)		
Net assets at July 1, 2009 and 2010, restated	<u>9,217,900</u>	<u>9,497,152</u>
Net assets at June 30, 2010 and 2011	<u>\$ 9,228,789</u>	<u>\$ 9,236,271</u>
	=====	=====

Table B-2  
 Changes in Governmental Net Assets  
 For the Fiscal Year Ended June 30, 2010 and 2011  
**Business-Type Activities**

<b>EXPENSES</b>	<u>2010</u>	<u>2011</u>
<u>Expenses (by function)</u>		
Airport	\$ 171,886	\$ 227,608
Water	2,126,843	1,997,499
Geothermal	52,561	67,755
Natural Gas	4,557,201	4,341,673
Day Care	120,890	93,502
Golf Course	<u>136,267</u>	<u>311,089</u>
Total expenses	<u>\$ 7,165,648</u>	<u>\$ 7,039,126</u>
 <b>REVENUES</b>		
<u>Program revenues (by major source)</u>		
Charges for Services	\$ 7,228,588	\$ 7,333,054
Operating, Capital Contributions and Grants	29,175	24,176
 <u>General revenues (by major source)</u>		
Use of Money and Property	27,132	25,297
Miscellaneous Revenue	42,542	20,098
 Total program and general revenues	<u>\$ 7,327,437</u>	<u>\$ 7,402,625</u>
 Excess (deficiency) before transfers:	\$ 161,789	\$ 363,499
Transfers	<u>( 5,000)</u>	<u>375,069</u>
 Change in net assets	\$ 156,789	\$ 738,568
 Net Assets, July 1, 2009 and 2010	<u>3,330,231</u>	<u>3,635,855</u>
Prior Period Adjustments	<u>148,835</u>	<u>595,139</u>
Net Assets, July 1, 2009 and 2010 Restated	<u>\$ 3,479,066</u>	<u>\$ 4,230,994</u>
 Net Assets, June 30, 2010 and 2011	\$ 3,635,855 =====	\$ 4,969,562 =====

**OVERALL ANALYSIS**

The 2010-11 annual budget was prepared and approved on time and became effective July 1, 2010. As with most cities in the State of California, we have had to deal with declining revenues each year. To balance the General Fund budget, the City used a refund received from SCORE (Small Cities Organized Risk Effort) for a retrospective adjustment on our Worker's Comp and Liability insurances.

Overall, the financial position of the City is improved from the prior fiscal year. At June 30, 2011 the total pooled cash and investments for all funds increased by \$1,595,041 (from \$7,489,303 to \$9,084,344). Of the largest funds, the General Fund cash increased by \$230,912 (from \$1,025,182 to \$1,256,094). This increase in cash is due in part to the collection of prior year ACCOUNTS RECEIVABLE of \$197,209 (from \$575,652 to \$378,443), the decrease of DUE FROM other funds of \$172,239 (from \$691,957 to \$519,608), offset by the increase in ADVANCES to other funds of <\$142,018> (from \$356,838 to \$498,856).

The Natural Gas Fund cash increased by \$1,193,910 (from \$84,173 to \$1,278,083). This increase is due mostly from the refinancing of the Natural Gas Bonds in August 2010 which resulted in a net cash increase. The Water Fund increased by \$227,182 (from \$3,393,303 to \$3,620,485). This increase is mostly due to a water rate increase approved years ago designated for water lines replacement. Total net assets in the business-type activities increased by \$1,333,707 (from \$3,635,855 to \$4,969,562); again the main reason for this increase is the refinancing of debt in the Water and Natural Gas funds.

## Governmental Activities

Overall, in fiscal year 2010-11, the City's ability to keep its commitments has remained the same.

## **FUND ANALYSIS**

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

GENERAL FUND - Fiscal year 2010-11 ended with a decrease in fund balance of \$209,465 (from \$2,452,205 to \$2,242,740). The decrease in fund balance is mostly due to a one-time cash transfer of \$380,069 to close the Day Care Fund. The Day Care fund had accumulated a deficit over several years and was closed due to the continued decrease in funding from the State. However, some savings were realized in the General Fund when the administrative departments were reorganized and consolidated into one (Administrative Services Department). With this reorganization, the position of City Administrator and Finance Director were combined. Also a police officer's position was frozen when it became vacant during the year creating additional savings. Continuing reducing staff helped the City cope with the economic downfall of the last few years; however, the City's ability to provide services has started to degrade in quality and quantity.

Total General Fund revenues and transfers-in decreased from the prior fiscal year by a total of \$203,285 (from \$5,438,443 to 5,235,158). This decrease is due to a combination of an increase in taxes and assessments of \$286,353, a decrease in licenses and permits of \$-7,275, a decrease in fines and forfeitures of \$-7,733, a decrease in use of money and property \$-2,678, a decrease in intergovernmental revenues of \$-5,518, a

decrease of program income of \$-834, a decrease in charges for services of \$-233,125, a decrease in other revenue of \$-195,922 and a decrease in transfers in by \$-36,553.

Compared to the prior fiscal year, the General Fund expenditures and transfers-out increased by \$186,008 (from \$5,258,615 to \$5,444,623). The change is a combination of a decrease in the General Government of \$-25,245, a decrease in Public Safety of \$-97,695 an increase in Protective Inspections of \$29,076, a increase in the Community Services Department of \$45, a decrease in Community Development Department of \$-2,680 and an increase in transfers-out of \$282,507.

On June 30, 2011 the General Fund had a fund balance of \$2,242,740 which is a decrease of \$(209,465) from the prior fiscal year of \$2,452,205. The City has consistently had increases to its fund balance since Fiscal Year Ending 2006. This is the first occurrence of a decrease in fund balance and it was due to the cash transfer made to close the Day Care Fund in December 2010.

### **Gas Tax and Other Governmental Funds**

Cash transfers from the General Fund and Street Mitigation Fund to the Gas Tax Fund decreased by \$-97,873 (from \$282,329 to \$184,458)

The Other Governmental Funds are not presented separately in the Basic Financial Statements, but are individually presented as Other Supplemental Information. At June 30, 2011, the total fund balance of these funds was \$2,852,753, a decrease of \$-167,559 when compared to the prior fiscal year of \$3,020,312.

## **ANALYSIS OF MAJOR PROPRIETARY FUNDS**

### **Business-type Activities**

WATER UTILITY ENTERPRISE FUND – At June 30, 2011, the water fund shows an increase in net assets of \$294,148 (from \$1,670,383 to \$1,964,531). The water fund Cash and Investments increased by \$227,182 (from \$3,393,303 to \$3,620,485).

The Water system remained the same during the year. The number of water accounts decreased from 3,807 at June 30, 2010 to 3,800 at June 30, 2011 because seven accounts were merged in to one.

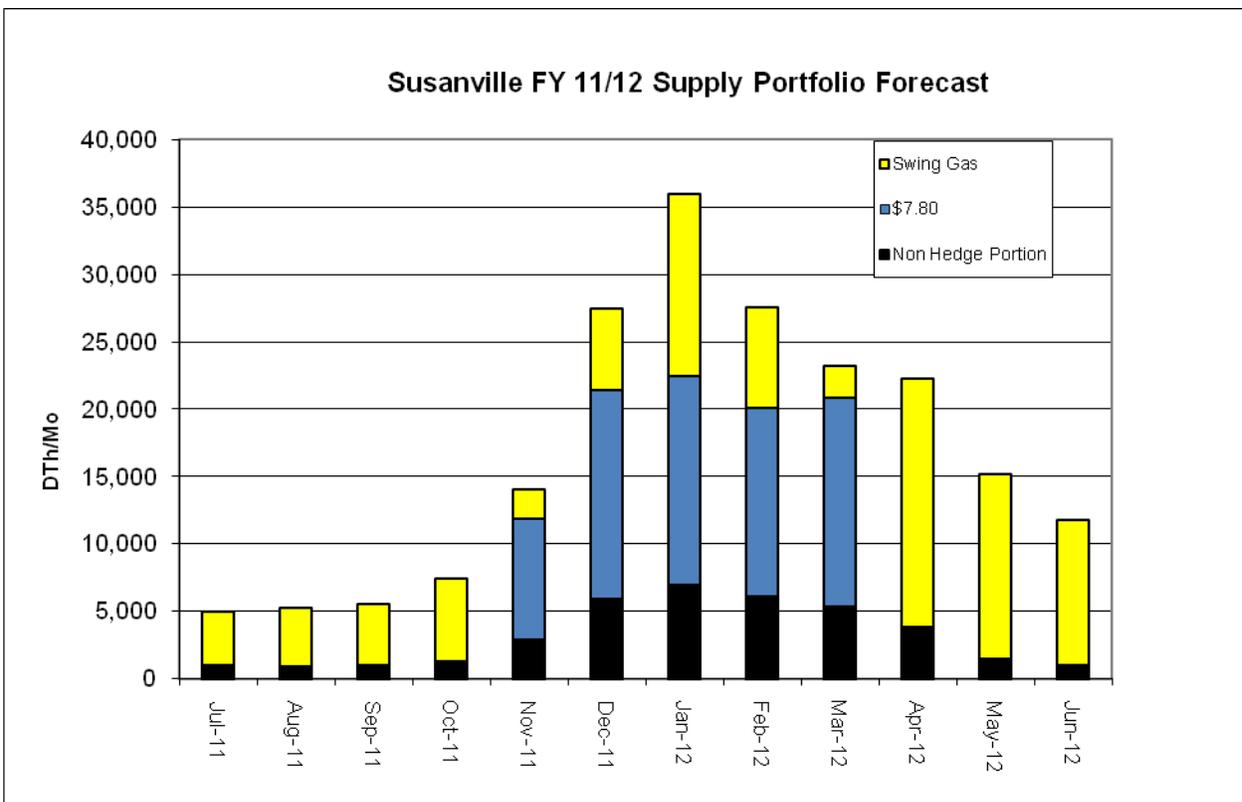
The net assets increase of \$294,148 (from \$1,670,383 to \$1,964,531) is mostly due to the increase in water rates that went into effect in August, 2008. The purpose of the increase was to set aside money for capital improvement projects; such as, the replacement of meters and the replacement of aging 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. The last time water rates were increased was in fiscal year 2008-09 as mentioned above.

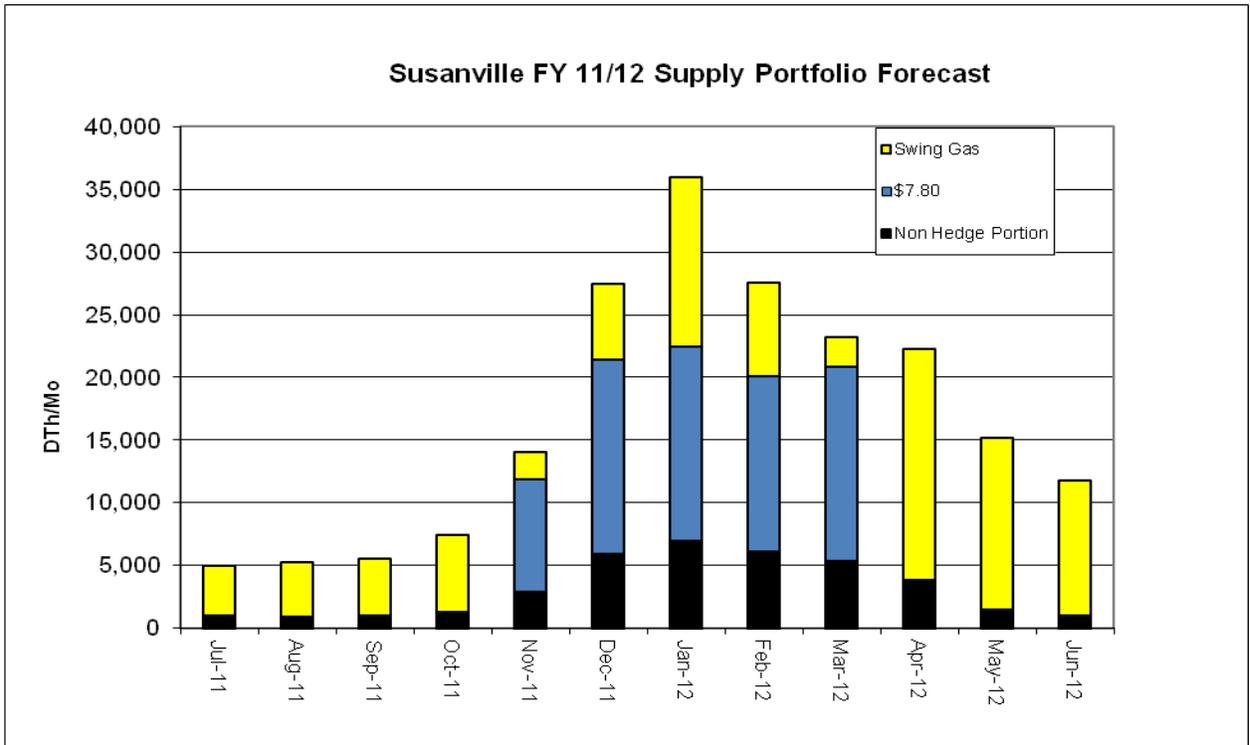
**NATURAL GAS ENTERPRISE FUND** – The Natural Gas system did very well in FY 2010-11 by exceeding expectation and ultimately reducing its net assets deficit by \$ 934,059 (from negative \$2,159,207 to negative \$1,225,148). This large reduction was partly due to a prior period adjustment of \$595,139 to book gas laterals that had been installed between fiscal year ending June 2005 and June 2010.

The increase in net assets of \$934,059 includes depreciation and amortization expenses of \$427,546. The cash at the end of the fiscal year was increased by \$1,193,910 for a total of \$1,278,083 at June 30, 2011. Because the cost of natural gas remained below its main competitors (propane, heating oil and electricity), the City was able to keep its price low and continue to add new customers to the system. The number of natural gas accounts increased from 2,633 at June 30, 2010 to 2,696 at June 30, 2011 equivalent to approximately 2% increase.

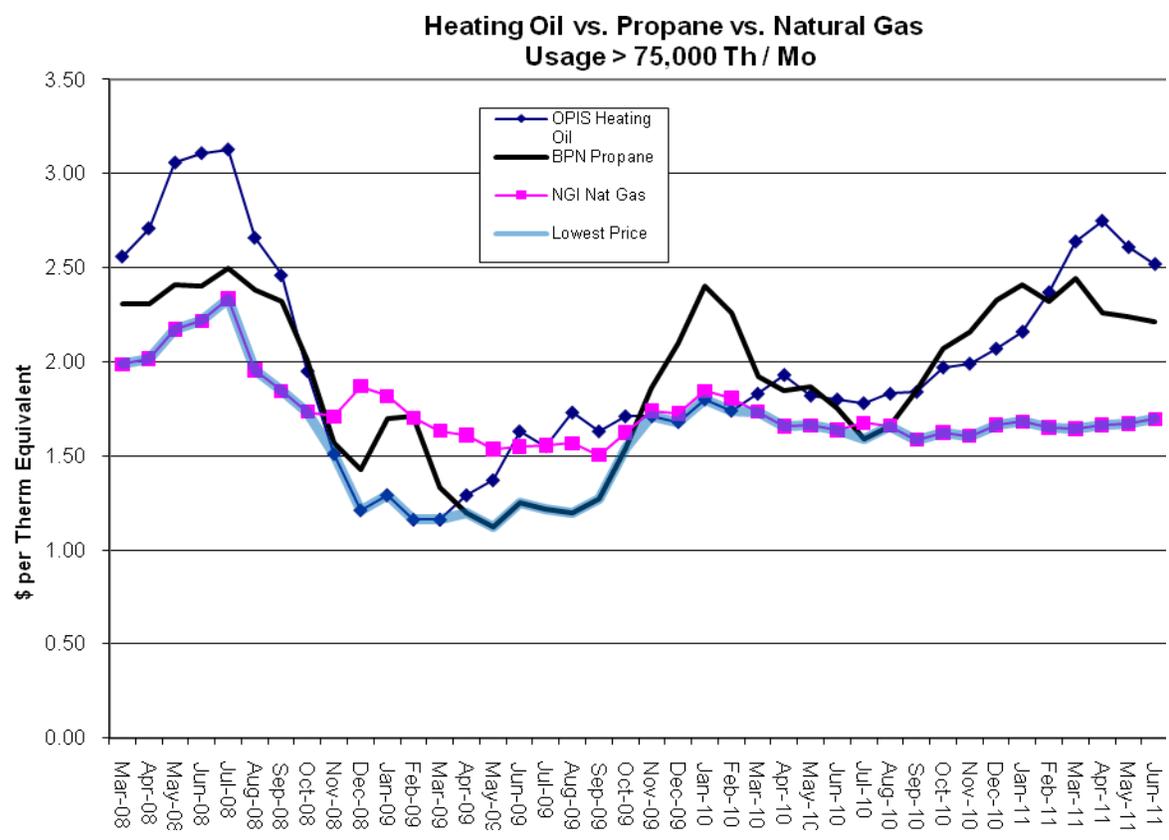
The gas purchased in FY 2010-11 was as follows:



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 2011-12 supply portfolio as follows:



Historically, the cost of natural gas has been lower than its competition (propane, electricity, kerosene and heating oil). This year, the cost of natural gas has been consistently lower than its competition allowing our system to continue to grow.



During the fiscal year a net of 63 new customers were added to the system for an estimated 24,900 additional gas therms. As of June 30, 2011 the system had 2,696 customers.

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

AIRPORT ENTERPRISE FUND – The net assets of the Airport Fund decreased by \$132,382 due to expenses exceeding revenues. Consistent with the prior fiscal year, the operating revenues of the Airport remain insufficient to pay for operating expenses. On a cash-basis, however, the Airport cash balance at June 30 remained stable from negative \$-302,830 to negative \$-303,718. This is possible because revenues covered all the expenses except for depreciation of \$137,438 which is a non cash expense.

**BUDGET VARIANCES IN THE GENERAL FUND**

	Original Budget	Final Budget	Difference	Actual	Variance
Revenues	\$5,382,283	\$4,984,372	\$ (397,911)	\$5,228,202	\$ 243,830
Expenditures	\$4,871,741	\$4,844,674	\$ 27,067	\$4,733,188	\$ 111,486
<b>Difference</b>	<b>\$ 510,542</b>	<b>\$ 139,698</b>	<b>\$ (370,844)</b>	<b>\$ 495,014</b>	<b>\$ 355,316</b>

Other financing sources and (uses):

Transfers-In	5,000	6,000	1,000	6,956	956
Transfers-Out	( 457,049)	( 719,905)	( 262,856)	( 711,435)	8,470
<b>Difference</b>	<b>( 452,049)</b>	<b>( 713,905)</b>	<b>( 261,856)</b>	<b>( 704,479)</b>	<b>9,426</b>
<b>Net change in Fund balance</b>	<b>58,493</b>	<b>( 574,207)</b>	<b>(632,700)</b>	<b>(209,465)</b>	<b>364,742</b>

## Reasons for Variances

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

After the original 2010-11 budget was adopted, the City Council approved several budget amendments. Changes were as follows:

		Increases <u>(Decreases)</u>
<b>REVENUES</b>	\$ 111,005	Increase Sales Tax in-Lieu (Lassen County update)
	(61,213)	Decrease VLF in-Lieu (Lassen County update)
	(2,556)	Decrease Miscellaneous Revenues
	(92,368)	Decrease Property Tax Revenue - Projection from Lassen County
	(5,000)	Decrease Vehicle Code Fines
	4,670	Increase Fire Reimbursements
	(10,000)	Decrease Plan Check Fees
	(351,069)	Increase Transfer in for BLM Grant match #10-4692.
	8,620	Increase Fire for BLM Grant #10-4692
	<u>\$ (397,911)</u>	Net Revenues
 <b>EXPENDITURES</b>	 \$ 125,853	 Increase in total Salary and Benefits for Tier System & back pay (Res 10-4681)
	(17,152)	Decrease for Acct Tech allocation charges to other funds
	(94,292)	Decrease payroll exp. for vacant City Administrator position
	57,087	Increase for 6 months New City Administrator
	8,535	Increase for City Attorney - Health Insurance as additional compensation
	(46,402)	Decrease for vacant Police Officer position (6 months)
	(4,231)	Decrease Parks salaries allocation (Day Care Director/Day Care Closure)
	2,688	Increase Police OFC salary for POST training (MOU required)
	9,084	Increase Planning Payroll for merit increase from step 3 to step 6
	33,832	Increase expenses for allocation change due to Day Care Closure
	1,350	increase for computer rack for Server in City Hall
	10,860	Increase for Website/Computer/Phone repairs
	3,000	Increase Business Licenses software (Open PO Caselle Contract)
	9,620	Increase Budget for #10-4692 BLM Grant Expenses
	(86,797)	Cost allocation and Mitigation changes for Res #11-4747
	(40,102)	Remove budget for frozen police officer position/
	<u>(27,067)</u>	Net Expenditures
	 280,932	 Increase cash transfers to close Day Care at 12/31/10
	(18,076)	Decrease cash transfer to Snow Removal (received additional revenue from State)
	<u>262,856</u>	Net Transfers-Out
	 <u>\$ 235,789</u>	 Net Expenditures and Transfers-Out

## Final Budget to Actual variance

**REVENUES:** As of June 30, 2011, total General Fund actual revenues were \$5,228,202 or \$243,830 more than budgeted. This variance comes due to an increase in general revenues, such as franchise taxes, sales taxes, charges for services and reimbursements as compared to the mid-year budgeted revenue projections.

**EXPENDITURES:** Actual expenditures were \$4,844,674 or \$111,486 less than budgeted. This was due mainly from salary savings from unfilled vacant positions.

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

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

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

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

#### **Infrastructure**

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

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

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

The City's outstanding debt at June 30, 2011 was as follows:

Natural Gas Utility	\$ 25,160,000	Secured by gas revenues
Water Utility	\$ 10,242,000	Secured by water revenues
City Hall	\$ 1,780,000	Secured by vehicle license fees
Golf Course	\$ 492,250	Secured by equipment/assets (including advance from General Fund and Risk Management Fund)
Mark Roos Assessment	\$ 790,000	Secured by property assessments

All debt service principal and interest payments are current.

## **OTHER POTENTIALLY SIGNIFICANT MATTERS**

As many other cities in California, the City of Susanville's ability to provide services decreases over time. 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, it does not have an approved redevelopment project. This has saved the City from having to relinquish any Redevelopment Agency revenues to the State of California as required by adoption of Assembly Bill XI 26 (Dissolution Act) and Assembly Bill XI 27 (Continuation Act) on June 28, 2011.

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

The Country's mortgage crisis, the stock plunge, the drop in retail sales, the increase in unemployment, the economic recession, the banks' rescue by the federal government and the repercussions on the European and World markets, have created a very difficult economic condition that is improving, but very slowly. 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. Many City governments are struggling to balance their budget. 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 year.

Despite declining revenues and State budget takeaways, the City Council of the City of Susanville adopted a balanced budget on July 1, 2011. The budget reflects Council priorities and maintains the same level of services provided in 2010-11. The General Fund expenditures budget for 2011-12 is \$540,397 or 9% less than the prior fiscal year. The reduction (from \$5,564,579 in 2010-11 to \$5,024,182 in 2011-12) reflects reduced cash transfers to other funds and reduced salaries and benefits costs. The reduction in salaries is achieved by a reorganization of the administrative departments into one (Administrative Services Department) and consolidation of a few positions. General revenues are projected to remain low due to the economy for at least another year or two.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This annual financial report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this report should be directed to the Finance Department, at 66 North Lassen Street, Susanville, California 96130.

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

June 30, 2011

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 4,039,721	\$ 5,044,623	\$ 9,084,344
Cash and investments with fiscal agents	484,591	2,447,444	2,932,035
Investment in bonds with fiscal agent	785,000		785,000
Accounts receivable	880,846	672,103	1,552,949
Internal balances	911,890	(911,890)	
Interest receivable	5,096	6,209	11,305
Prepaid expenses	29,780	7,500	37,280
Inventory	28,295	124,964	153,259
Deposits		75,000	75,000
Loans receivable	1,235,793		1,235,793
Deferred charges - net of accumulated amortization	98,250	696,175	794,425
Capital assets:			
Nondepreciable:			
Land	3,230,764	2,226,085	5,456,849
Construction in progress	10,241	123,270	133,511
Depreciable:			
Buildings, improvements, equipment, and vehicles	5,870,694	40,047,802	45,918,496
Accumulated depreciation	(4,567,623)	(10,974,746)	(15,542,369)
Total assets	<u>13,043,338</u>	<u>39,584,539</u>	<u>52,627,877</u>
<b>LIABILITIES</b>			
Accounts payable	613,988	104,753	718,741
Accrued wages	238,285	16,611	254,896
Accrued interest payable	51,310	159,726	211,036
Deposits payable	138,574	128,255	266,829
Unearned revenue	21,292	24,593	45,885
Noncurrent liabilities:			
Due within one year	160,000	244,442	404,442
Due in more than one year	2,583,618	33,936,597	36,520,215
Total liabilities	<u>3,807,067</u>	<u>34,614,977</u>	<u>38,422,044</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,072,326	(990,783)	1,081,543
Restricted	4,958,166	2,287,718	7,245,884
Unrestricted	2,205,779	3,672,627	5,878,406
Total net assets	<u>\$ 9,236,271</u>	<u>\$ 4,969,562</u>	<u>\$ 14,205,833</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, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 1,149,706	\$ 303,864	\$ 85,151	\$ -
Public safety	3,461,796	201,942	128,944	
Streets	1,240,131	61,704	527,135	600,507
Protective inspections	239,869	8,749		
Community services	255,719	20,461		
Community development	106,432	86,654		
Interest on long term debt	166,008			
<b>Total governmental activities</b>	<b>6,619,661</b>	<b>683,374</b>	<b>741,230</b>	<b>600,507</b>
Business-type activities:				
Airport	227,608	70,632		24,176
Water	1,997,499	2,271,480		
Geothermal	67,755	100,728		
Natural gas	4,341,673	4,667,746		
Day care	93,502	39,895		
Golf course	311,089	182,573		
<b>Total business-type activities</b>	<b>7,039,126</b>	<b>7,333,054</b>		<b>24,176</b>
<b>Total government</b>	<b>\$ 13,658,787</b>	<b>\$ 8,016,428</b>	<b>\$ 741,230</b>	<b>\$ 624,683</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, 2010
- Prior period adjustments
- Net Assets, July 1, 2010, restated
- Net Assets, June 30, 2011

Net (Expense) Revenue and Change in Net Assets

Net Governmental Activities	Net Business-type Activities	Totals
\$ (760,691)	\$ -	\$ (760,691)
(3,130,910)		(3,130,910)
(50,785)		(50,785)
(231,120)		(231,120)
(235,258)		(235,258)
(19,778)		(19,778)
(166,008)		(166,008)
<u>(4,594,550)</u>		<u>(4,594,550)</u>
	(132,800)	(132,800)
	273,981	273,981
	32,973	32,973
	326,073	326,073
	(53,607)	(53,607)
	<u>(128,516)</u>	<u>(128,516)</u>
	<u>318,104</u>	<u>318,104</u>
<u>(4,594,550)</u>	<u>318,104</u>	<u>(4,276,446)</u>
824,578		824,578
1,081,602		1,081,602
366,382		366,382
60,840		60,840
227,101		227,101
105,350		105,350
409,887		409,887
1,461,838		1,461,838
28,872	25,297	54,169
142,288	20,098	162,386
<u>(375,069)</u>	<u>375,069</u>	
<u>4,333,669</u>	<u>420,464</u>	<u>4,754,133</u>
<u>(260,881)</u>	<u>738,568</u>	<u>477,687</u>
9,228,789	3,635,855	12,864,644
<u>268,363</u>	<u>595,139</u>	<u>863,502</u>
<u>9,497,152</u>	<u>4,230,994</u>	<u>13,728,146</u>
<u>\$ 9,236,271</u>	<u>\$ 4,969,562</u>	<u>\$ 14,205,833</u>

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**CITY OF SUSANVILLE**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
June 30, 2011

	General Fund	Gas Tax Fund	Other Governmental Funds	Totals
<b>ASSETS</b>				
Cash and investments	\$ 1,256,094	\$ 198,343	\$ 1,927,513	\$ 3,381,950
Cash and investments with fiscal agent			484,591	484,591
Investment in bonds			785,000	785,000
Accounts receivable	378,443	62,369	435,879	876,691
Interest receivable	2,446	213	1,870	4,529
Prepaid expenditures	23,595		2,267	25,862
Inventory	28,295			28,295
Due from other funds	519,608			519,608
Loans receivable	80,833		1,154,960	1,235,793
Advances to other funds	498,856		381,372	880,228
 Total assets	 <u>\$ 2,788,170</u>	 <u>\$ 260,925</u>	 <u>\$ 5,173,452</u>	 <u>\$ 8,222,547</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 219,912	\$ 3,511	\$ 384,203	\$ 607,626
Accrued wages	50,297	5,454		55,751
Deposits payable	115,151		23,423	138,574
Deferred revenue	160,070	5,000	1,202,922	1,367,992
Due to other funds			41,361	41,361
Advances from other funds			668,790	668,790
 Total liabilities	 <u>545,430</u>	 <u>13,965</u>	 <u>2,320,699</u>	 <u>2,880,094</u>
Fund Balances:				
Reserved:				
Nonspendable	550,746			550,746
Restricted	17,931	246,960	3,589,625	3,854,516
Assigned	13,776			13,776
Unassigned	1,660,287		(736,872)	923,415
 Total fund balances	 <u>2,242,740</u>	 <u>246,960</u>	 <u>2,852,753</u>	 <u>5,342,453</u>
 Total liabilities and fund balances	 <u>\$ 2,788,170</u>	 <u>\$ 260,925</u>	 <u>\$ 5,173,452</u>	 <u>\$ 8,222,547</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, 2011

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 5,342,453

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

Capital assets at historical cost	\$	9,111,699	
Accumulated depreciation		<u>(4,567,623)</u>	
Net			4,544,076

In the governmental funds balance sheet, interest on long-term debt is not recognized until the period in which it matures and is paid.  
In government-wide statement of net assets, it is recognized in the period that it is incurred. (51,310)

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>(55,265)</u>	
Net			98,250

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. 699,720

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		(2,570,000)	
Compensated absences payable		<u>(173,618)</u>	
Total			(2,743,618)

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. 1,346,700

**TOTAL NET ASSETS, GOVERNMENTAL ACTIVITIES \$ 9,236,271**

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, 2011

	General Fund	Gas Tax Fund	Other Governmental Funds	Totals
<b>Revenues:</b>				
Taxes and assessments	\$ 4,470,587	\$ -	\$ 66,991	\$ 4,537,578
Licenses and permits	92,956			92,956
Fines and forfeitures	26,667			26,667
Use of money and property	9,676	527	6,999	17,202
Intergovernmental revenues	116,045	530,549	652,545	1,299,139
Program income	4,583		56,110	60,693
Charges for services	87,956	10,400		98,356
Other revenues	419,732	8,194	174,393	602,319
Total revenues	<u>5,228,202</u>	<u>549,670</u>	<u>957,038</u>	<u>6,734,910</u>
<b>Expenditures:</b>				
Current:				
General government	944,718			944,718
Public safety	3,216,835		142,876	3,359,711
Streets		619,715	604,881	1,224,596
Protective inspections	238,709			238,709
Community services	193,759			193,759
Community development	139,167		108,725	247,892
Capital outlay			106,003	106,003
Debt service:				
Principal			145,000	145,000
Interest and fiscal agent fees			162,064	162,064
Total expenditures	<u>4,733,188</u>	<u>619,715</u>	<u>1,269,549</u>	<u>6,622,452</u>
Excess of revenues over (under) expenditures	<u>495,014</u>	<u>(70,045)</u>	<u>(312,511)</u>	<u>112,458</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	6,956	184,458	166,908	358,322
Transfers out	(711,435)		(21,956)	(733,391)
Total other financing sources (uses)	<u>(704,479)</u>	<u>184,458</u>	<u>144,952</u>	<u>(375,069)</u>
Net changes in fund balances	(209,465)	114,413	(167,559)	(262,611)
Fund balances - July 1, 2010	<u>2,452,205</u>	<u>132,547</u>	<u>3,020,312</u>	<u>5,605,064</u>
Fund balances - June 30, 2011	<u>\$ 2,242,740</u>	<u>\$ 246,960</u>	<u>\$ 2,852,753</u>	<u>\$ 5,342,453</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, 2011

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 \$ (262,611)

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	81,815
Depreciation expense is not reported in governmental funds	(369,557)

Gain or loss on disposition of capital assets is not reported in the governmental funds. This is the loss on disposition of capital assets that occurred during the current fiscal year.	(956)
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but deferred and amortized throughout the period during which the related debt is outstanding in the Statement of Net Assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balances	145,000
Amortization expense of costs of issuance not reported in governmental funds	(6,140)

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

Interest payable	2,196
Compensated absences	7,227

Certain revenues are offset by deferred revenue in the governmental funds because they are not available to pay for current period expenditures. This amount represents the amount by which current year deferred revenue exceeded prior year.	142,636
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Internal service funds are used by management to charge the costs of certain activities, such as fleet, to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental activities.	(491)
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ (260,881)
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The notes to the financial statements are an integral part of this statement.

**CITY OF SUSANVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
June 30, 2011

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Airport Fund</u>	<u>Water Fund</u>	<u>Geothermal Fund</u>
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ -	\$ 3,620,485	\$ 145,655
Cash and investments with fiscal agents		639,191	
Accounts receivable - net	4,983	293,848	8,717
Interest receivable		4,690	182
Prepaid expenses	14	2,636	1,200
Inventory		50,437	
Deposits			
	<hr/>	<hr/>	<hr/>
Total Current Assets	4,997	4,611,287	155,754
Noncurrent Assets:			
Deferred charges, net of accumulated amortization		234,734	
Advances to other funds			
	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets		234,734	
Capital Assets:			
Nondepreciable			
Land	43,189	943,183	249,124
Construction in progress		118,765	
	<hr/>	<hr/>	<hr/>
Total Nondepreciable Capital Assets	43,189	1,061,948	249,124
Depreciable			
Buildings	166,873	315,266	24,852
Improvements	2,447,519	8,047,894	
Equipment	128,400	3,862,384	228,666
	<hr/>	<hr/>	<hr/>
Total Depreciable Capital Assets	2,742,792	12,225,544	253,518
Less accumulated depreciation	(768,127)	(6,729,649)	(247,925)
	<hr/>	<hr/>	<hr/>
Net Depreciable Capital Assets	1,974,665	5,495,895	5,593
	<hr/>	<hr/>	<hr/>
Net Capital Assets	2,017,854	6,557,843	254,717
	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets	2,017,854	6,792,577	254,717
	<hr/>	<hr/>	<hr/>
Total Assets	2,022,851	11,403,864	410,471

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>
\$ 1,278,083	\$ -	\$ 400	\$ 5,044,623	\$ 657,771
1,808,253			2,447,444	
363,907		648	672,103	4,155
1,337			6,209	567
2,764		886	7,500	3,918
42,395		32,132	124,964	
75,000			75,000	
<u>3,571,739</u>		<u>34,066</u>	<u>8,377,843</u>	<u>666,411</u>
461,441			696,175	222,205
<u>461,441</u>			<u>696,175</u>	<u>222,205</u>
		990,589	2,226,085	
		4,505	123,270	
		<u>995,094</u>	<u>2,349,355</u>	
		390,487	897,478	
22,368,262		1,563,229	34,426,904	
280,688		223,282	4,723,420	
22,648,950		2,176,998	40,047,802	
(2,838,552)		(390,493)	(10,974,746)	
19,810,398		1,786,505	29,073,056	
19,810,398		2,781,599	31,422,411	
20,271,839		2,781,599	32,118,586	222,205
23,843,578		2,815,665	40,496,429	888,616

(Continued)

**CITY OF SUSANVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS (Continued)**  
**June 30, 2011**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Airport Fund</u>	<u>Water Fund</u>	<u>Geothermal Fund</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 1,784	\$ 28,924	\$ 1,428
Accrued wages	509		
Due to other funds	303,718		
Accrued interest		41,592	
Deposits payable		53,635	
Unearned revenue			
Current portion - long-term debt		211,698	
	<u>306,011</u>	<u>335,849</u>	<u>1,428</u>
Total Current Liabilities			
Noncurrent Liabilities:			
Advances from other funds			
Capital lease payable			
Notes payable		884,000	
Revenue bonds payable		8,171,567	
Compensated absences	1,031	47,917	686
	<u>1,031</u>	<u>9,103,484</u>	<u>686</u>
Total Noncurrent Liabilities			
	<u>1,031</u>	<u>9,103,484</u>	<u>686</u>
Total Liabilities	<u>307,042</u>	<u>9,439,333</u>	<u>2,114</u>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	2,017,854	(1,499,953)	254,717
Restricted for debt service		597,599	
Unrestricted	(302,045)	2,866,885	153,640
	<u>(302,045)</u>	<u>2,866,885</u>	<u>153,640</u>
Total Net Assets (Deficit)	<u>\$ 1,715,809</u>	<u>\$ 1,964,531</u>	<u>\$ 408,357</u>

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

Business-type Activities - Enterprise Funds				Governmental
Natural	Day	Golf	Totals	Activities-
Gas	Care	Course		Internal
Fund	Fund	Fund		Service
				Funds
\$ 54,423	\$ -	\$ 18,194	\$ 104,753	\$ 6,362
12,811		3,291	16,611	182,534
		174,529	478,247	
118,134			159,726	
72,437		2,183	128,255	
7,062		17,531	24,593	
13,183		19,561	244,442	
<u>278,050</u>		<u>235,289</u>	<u>1,156,627</u>	<u>188,896</u>
		433,643	433,643	
		39,046	39,046	
			884,000	
24,745,049			32,916,616	
45,627		1,674	96,935	
<u>24,790,676</u>		<u>474,363</u>	<u>34,370,240</u>	
<u>25,068,726</u>		<u>709,652</u>	<u>35,526,867</u>	<u>188,896</u>
(4,486,393)		2,722,992	(990,783)	
1,690,119			2,287,718	
1,571,126		(616,979)	3,672,627	699,720
<u>\$ (1,225,148)</u>	<u>\$ -</u>	<u>\$ 2,106,013</u>	<u>\$ 4,969,562</u>	<u>\$ 699,720</u>

**CITY OF SUSANVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS**  
For the Fiscal Year Ended June 30, 2011

	<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	\$ 70,632	\$ 2,271,480	\$ 100,728
Total Operating Revenues	<u>70,632</u>	<u>2,271,480</u>	<u>100,728</u>
Operating Expenses:			
Direct:			
Purchase of natural gas			
Administration	80,961	1,095,736	62,830
Insurance costs and claims			
Depreciation and amortization	137,438	399,571	621
Total Direct Operating Expenses	<u>218,399</u>	<u>1,495,307</u>	<u>63,451</u>
Indirect:			
Overhead allocation	7,783	173,794	4,304
Total Indirect Operating Expenses	<u>7,783</u>	<u>173,794</u>	<u>4,304</u>
Total Operating Expenses	<u>226,182</u>	<u>1,669,101</u>	<u>67,755</u>
Operating Income (Loss)	<u>(155,550)</u>	<u>602,379</u>	<u>32,973</u>
Non-Operating Revenues (Expenses):			
Interest income	418	18,260	630
Interest expense	(1,426)	(328,398)	
Reimbursements		6,907	
Total Non-Operating Revenue(Expenses)	<u>(1,008)</u>	<u>(303,231)</u>	<u>630</u>
Income (Loss) Before Transfers and Capital Contributions and Grants	(156,558)	299,148	33,603
Capital contributions and grants	24,176		
Transfers:			
Transfers in			
Transfers out		(5,000)	
Change in Net Assets	<u>(132,382)</u>	<u>294,148</u>	<u>33,603</u>
Net Assets (Deficit), July 1, 2010	1,848,191	1,670,383	374,754
Prior Period Adjustments			
Net Assets (Deficit), July 1, 2010, restated	<u>1,848,191</u>	<u>1,670,383</u>	<u>374,754</u>
Net Assets (Deficit), June 30, 2011	<u>\$ 1,715,809</u>	<u>\$ 1,964,531</u>	<u>\$ 408,357</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
\$ 4,667,746	\$ 39,895	\$ 182,573	\$ 7,333,054	\$ 643,802
4,667,746	39,895	182,573	7,333,054	643,802
1,150,778			1,150,778	
1,041,628	85,743	154,274	2,521,172	23,957
				624,599
439,363		88,590	1,065,583	
2,631,769	85,743	242,864	4,737,533	648,556
219,647	6,960	41,056	453,544	
219,647	6,960	41,056	453,544	
2,851,416	92,703	283,920	5,191,077	648,556
1,816,330	(52,808)	(101,347)	2,141,977	(4,754)
5,989			25,297	4,263
(1,490,257)	(799)	(27,169)	(1,848,049)	
6,858		6,333	20,098	
(1,477,410)	(799)	(20,836)	(1,802,654)	4,263
338,920	(53,607)	(122,183)	339,323	(491)
			24,176	
	380,069		380,069	
			(5,000)	
338,920	326,462	(122,183)	738,568	(491)
(2,159,207)	(326,462)	2,228,196	3,635,855	700,211
595,139			595,139	
(1,564,068)	(326,462)	2,228,196	4,230,994	700,211
\$ (1,225,148)	\$ -	\$ 2,106,013	\$ 4,969,562	\$ 699,720

**CITY OF SUSANVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended June 30, 2011

	<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	\$ 71,073	\$ 2,287,179	\$ 98,022
Proceeds from advances			
Payments to suppliers and users	(57,279)	(473,089)	(53,203)
Payments to other funds for advances			
Payments to employees	(33,733)	(820,920)	(13,649)
Net Cash Provided (Used) by Operating Activities	(19,939)	993,170	31,170
Cash Flow from Non-Capital Financing Activities:			
Other non-operating revenues		6,907	
Transfers in/(out)		(5,000)	
Net Cash Provided (Used) by Non-Capital Financing Activities		1,907	
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(3,229)	(92,249)	
Capital grants received	24,176		
Proceeds from issuance of debt		9,700,000	
Paid to refunding escrow agent		(9,718,925)	
Bond issue costs paid		(144,763)	
Interest paid	(1,426)	(326,768)	
Principal payments - long-term debt		(367,000)	
Net Cash Provided (Used) by Capital and Related Financing Activities	19,521	(949,705)	
Cash Flows from Investing Activities:			
Interest received	418	18,539	606
Net Cash Provided (Used) by Investing Activities	418	18,539	606
Net Increase (Decrease) in Cash and Cash Equivalents		63,911	31,776
Cash and Cash Equivalents, July 1, 2010		4,195,765	113,879
Cash and Cash Equivalents, June 30, 2011	\$ -	\$ 4,259,676	\$ 145,655
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets			
Cash and investments	\$ -	\$ 3,620,485	\$ 145,655
Cash and investments with fiscal agents		639,191	
Total Cash and Investments	\$ -	\$ 4,259,676	\$ 145,655

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>
\$ 4,650,278	\$ 47,455	\$ 203,925	\$ 7,357,932	\$ 672,643
		363,019	363,019	
(1,593,330)	(347,029)	17,152	(2,506,778)	(645,377)
				(222,205)
<u>(804,388)</u>	<u>(79,696)</u>	<u>(114,049)</u>	<u>(1,866,435)</u>	
<u>2,252,560</u>	<u>(379,270)</u>	<u>470,047</u>	<u>3,347,738</u>	<u>(194,939)</u>
6,858		6,333	20,098	
	380,069		375,069	
<u>6,858</u>	<u>380,069</u>	<u>6,333</u>	<u>395,167</u>	
(22,882)		(20,360)	(138,720)	
			24,176	
25,160,000			34,860,000	
(24,801,702)			(34,520,627)	
(326,895)			(471,658)	
(1,607,802)	(799)	(27,169)	(1,963,964)	
		(428,451)	(795,451)	
<u>(1,599,281)</u>	<u>(799)</u>	<u>(475,980)</u>	<u>(3,006,244)</u>	
4,652			24,215	4,558
<u>4,652</u>			<u>24,215</u>	<u>4,558</u>
664,789		400	760,876	(190,381)
<u>2,421,547</u>			<u>6,731,191</u>	<u>848,152</u>
<u>\$ 3,086,336</u>	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ 7,492,067</u>	<u>\$ 657,771</u>
\$ 1,278,083	\$ -	\$ 400	\$ 5,044,623	\$ 657,771
1,808,253			2,447,444	
<u>\$ 3,086,336</u>	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ 7,492,067</u>	<u>\$ 657,771</u>

(Continued)

**CITY OF SUSANVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS (Continued)**  
**For the Fiscal Year Ended June 30, 2011**

	<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)	\$ (155,550)	\$ 602,379	\$ 32,973
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and amortization	137,438	399,571	621
(Increase) Decrease in Operating Assets:			
Accounts receivable	441	28,604	(2,706)
Inventory		(22,966)	
Prepaid expenses	(1)	(73)	
Due from other funds			
Increase (Decrease) in Operating Liabilities:			
Accounts payable	(3,442)	7,503	(171)
Accrued wages	509		
Due to other funds	888		
Unearned revenue			
Advances from other funds			
Compensated absences	(222)	(8,943)	453
Deposits payable		(12,905)	
Net Cash Provided (Used) by Operating Activities	<u>\$ (19,939)</u>	<u>\$ 993,170</u>	<u>\$ 31,170</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>
\$ 1,816,330	\$ (52,808)	\$ (101,347)	\$ 2,141,977	\$ (4,754)
439,363		88,590	1,065,583	
(40,891)	7,560	1,638	(5,354)	(2,981)
11,059		(32,132)	(44,039)	
2,893	236	(339)	2,716	22
				(222,205)
(10,554)	(840)	13,568	6,064	3,157
12,811		3,291	16,611	31,822
	(327,431)	112,833	(213,710)	
7,062		17,531	24,593	
		363,019	363,019	
(1,874)	(5,987)	1,212	(15,361)	
16,361		2,183	5,639	
<u>\$ 2,252,560</u>	<u>\$ (379,270)</u>	<u>\$ 470,047</u>	<u>\$ 3,347,738</u>	<u>\$ (194,939)</u>

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**CITY OF SUSANVILLE**  
**FIDUCIARY FUNDS**  
**STATEMENT OF ASSETS AND LIABILITIES**  
June 30, 2011

	<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	\$ 1,523	\$ 62,965	\$ 298	\$ 64,786
Accounts receivable			8,510	8,510
Interest receivable		84		84
	<u>1,523</u>	<u>63,049</u>	<u>8,808</u>	<u>73,380</u>
Total Assets	<u>\$ 1,523</u>	<u>\$ 63,049</u>	<u>\$ 8,808</u>	<u>\$ 73,380</u>
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable	\$ -	\$ 5,265	\$ -	\$ 5,265
Deposits payable	1,523	57,784	8,808	68,115
	<u>1,523</u>	<u>63,049</u>	<u>8,808</u>	<u>73,380</u>
Total Liabilities	<u>\$ 1,523</u>	<u>\$ 63,049</u>	<u>\$ 8,808</u>	<u>\$ 73,380</u>

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

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2011

**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, 2011 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.

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

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2011

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

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

Fund Financial Statements

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

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Change in Net Assets, and a Statement of Cash Flows for all proprietary funds. Internal service funds are also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

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

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

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains three funds – HUSA Business Improvement, Section 125 Aflac, 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 of all funds excluding fiduciary. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

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

General Fund

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

**CITY OF SUSANVILLE**  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2011

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

**C. Major Funds (Continued)**

Gas Tax Fund

This fund accounts for gas tax monies received from the State of California, which are used to construct and maintain streets, alleys, etc., and provide emergency snow-removal services within the City 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. Agency funds have no measurement focus. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

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

**CITY OF SUSANVILLE**  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2011

**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, 2011

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

**F. Property Taxes (Continued)**

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

**G. Capital Assets**

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

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

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

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

**H. Use of Estimates**

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

**I. Inventory**

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

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2011

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

**J. New Accounting Pronouncements**

The City has implemented the requirements of Governmental Accounting Standards Board (GASB) Statement No. 54 and No. 59 during the fiscal year ended June 30, 2011.

GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions

This Statement is effective for periods beginning June 15, 2010. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This Statement affects the Balance Sheet – Governmental Funds for the fiscal year ended June 30, 2011 by changing the classification of the fund balances. See Note 12 for detailed information on the effect on these financial statements.

GASB Statement No. 59 – Financial Instruments Omnibus

For the fiscal year ended June 30, 2011, the Agency implemented GASB Statement No. 59, “*Financial Instruments Omnibus*”. This Statement is effective for financial statements for periods beginning after June 15, 2010. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The implementation of this Statement did not have an effect on these financial statements.

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

**A. Budgetary Information**

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

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

There were no budgets adopted for the Solid Waste Fund, Barry Creek Development Fund, Chestnut Street Culvert Fund, or Jensen Slough Pedestrian Bridge Fund.

There was approximately a (\$278,069) change in appropriations from the original budget to the final budget, for all funds.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2011

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

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

Major Funds

A deficit net assets of \$1,225,148 exists in the Natural Gas Fund. The deficit is due to the City incurring costs in excess of revenues.

Nonmajor Funds

A deficit fund balance of \$668,801 exists in the Community Redevelopment Agency Fund. The deficit is due to the City incurring costs in advance of receiving revenue.

A deficit of net assets of \$68,071 exists in the 2010 Federal ARRA Rehab Project Fund. The deficit is due to the City incurring costs in excess of revenues.

**NOTE 3 – CASH AND INVESTMENTS**

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

Statement of Net Assets:		
Cash and investments	\$	9,084,344
Cash and investments with fiscal agent		2,932,035
Investment in bonds		785,000
Statement of Fiduciary Net Assets:		
Cash and investments		64,786
Total		\$ 12,866,165

Cash and investments as of June 30, 2011 consist of the following:

Cash on hand	\$	1,050
Deposits with financial institutions		379,560
Investments in bonds		785,000
Investments		11,700,555
Total		\$ 12,866,165

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

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

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2011

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

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

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

**Investments Authorized by Debt Agreements**

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

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

**Disclosures Relating to Interest Rate Risk**

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

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2011

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

**Disclosures Relating to Interest Rate Risk (Continued)**

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

Investment Type	Totals	Remaining Maturity (in Months)					
		12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	49-60 Months	More Than 60 Months
State Investment Pool	\$ 8,768,520	\$ 8,768,520	\$ -	\$ -	\$ -	\$ -	\$ -
Held by fiscal agents:							
Money market funds	2,932,035	2,932,035					
Miller Fletcher bonds	785,000	85,000	95,000	105,000	110,000	120,000	270,000
	<u>\$ 12,485,555</u>	<u>\$ 11,785,555</u>	<u>\$ 95,000</u>	<u>\$ 105,000</u>	<u>\$ 110,000</u>	<u>\$ 120,000</u>	<u>\$ 270,000</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	\$ 8,768,520	N/A	\$ -	\$ -	\$ -	\$ -	\$ 8,768,520
Held by fiscal agents:							
Money market funds	2,932,035	N/A		2,932,035			
Miller Fletcher bonds	785,000						785,000
Total	<u>\$ 12,485,555</u>		<u>\$ -</u>	<u>\$ 2,932,035</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,553,520</u>

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2011

**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, 2011, 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, 2011

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Additions	Deletions	Prior Period Adjustments	Balance June 30, 2011
<b>Governmental Activities</b>					
Nondepreciable capital assets:					
Land	\$ 2,930,975	\$ 35,189	\$ -	\$ 264,600	\$ 3,230,764
Construction in progress	6,612	822	(956)	3,763	10,241
Total nondepreciable capital assets	<u>2,937,587</u>	<u>36,011</u>	<u>(956)</u>	<u>268,363</u>	<u>3,241,005</u>
Depreciable capital assets:					
Buildings	1,252,436				1,252,436
Machinery and equipment	2,270,626	45,804	(15,400)	(47,822)	2,253,208
Other improvements	2,365,050				2,365,050
Total depreciable capital assets	<u>5,888,112</u>	<u>45,804</u>	<u>(15,400)</u>	<u>(47,822)</u>	<u>5,870,694</u>
Less accumulated depreciation	<u>(4,261,288)</u>	<u>(369,557)</u>	<u>15,400</u>	<u>47,822</u>	<u>(4,567,623)</u>
Net depreciable capital assets	<u>1,626,824</u>	<u>(323,753)</u>			<u>1,303,071</u>
Net capital assets	<u>\$ 4,564,411</u>	<u>\$ (287,742)</u>	<u>\$ (956)</u>	<u>\$ 268,363</u>	<u>\$ 4,544,076</u>
<b>Business-type Activities</b>					
<b>Airport</b>					
Nondepreciable capital assets:					
Land	\$ 43,189	\$ -	\$ -	\$ -	\$ 43,189
Construction in progress	1,349,797	3,229		(1,353,026)	-
Total nondepreciable capital assets	<u>1,392,986</u>	<u>3,229</u>		<u>(1,353,026)</u>	<u>43,189</u>
Depreciable capital assets:					
Buildings	166,873				166,873
Machinery and equipment	128,400				128,400
Other improvements	1,094,493			1,353,026	2,447,519
Total depreciable capital assets	<u>1,389,766</u>			<u>1,353,026</u>	<u>2,742,792</u>
Less accumulated depreciation	<u>(630,689)</u>	<u>(137,438)</u>			<u>(768,127)</u>
Net depreciable capital assets	<u>759,077</u>	<u>(137,438)</u>		<u>1,353,026</u>	<u>1,974,665</u>
Net capital assets	<u>\$ 2,152,063</u>	<u>\$ (134,209)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,017,854</u>

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2011

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

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>Business-type Activities</b>				
<b>Water</b>				
Nondepreciable capital assets:				
Land	\$ 943,183	\$ -	\$ -	\$ 943,183
Construction in progress	79,240	39,525		118,765
Total nondepreciable capital assets	<u>1,022,423</u>	<u>39,525</u>		<u>1,061,948</u>
Depreciable capital assets:				
Infrastructure	4,112,864			4,112,864
Buildings	315,266			315,266
Machinery and equipment	3,809,660	52,724		3,862,384
Other improvements	3,935,030			3,935,030
Total depreciable capital assets	<u>12,172,820</u>	<u>52,724</u>		<u>12,225,544</u>
Less accumulated depreciation	<u>(6,394,895)</u>	<u>(334,754)</u>		<u>(6,729,649)</u>
Net depreciable capital assets	<u>5,777,925</u>	<u>(282,030)</u>		<u>5,495,895</u>
Net capital assets	<u>\$ 6,800,348</u>	<u>\$ (242,505)</u>	<u>\$ -</u>	<u>\$ 6,557,843</u>
	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>Geothermal</b>				
Nondepreciable capital assets:				
Land	\$ 249,124	\$ -	\$ -	\$ 249,124
Total nondepreciable capital assets	<u>249,124</u>			<u>249,124</u>
Depreciable capital assets:				
Buildings	24,852			24,852
Machinery and equipment	228,666			228,666
Total depreciable capital assets	<u>253,518</u>			<u>253,518</u>
Less accumulated depreciation	<u>(247,304)</u>	<u>(621)</u>		<u>(247,925)</u>
Net depreciable capital assets	<u>6,214</u>	<u>(621)</u>		<u>5,593</u>
Net capital assets	<u>\$ 255,338</u>	<u>\$ (621)</u>	<u>\$ -</u>	<u>\$ 254,717</u>

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2011

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

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Additions	Transfers	Prior Period Adjustments	Balance June 30, 2011
<b>Business-type Activities</b>					
<b>Natural Gas</b>					
Depreciable capital assets:					
Infrastructure	\$ 21,705,344	\$ 19,526	\$ -	\$ 643,393	\$ 22,368,263
Machinery and equipment	277,332	3,356			280,688
Total depreciable capital assets	21,982,676	22,882		643,393	22,648,951
Less accumulated depreciation	(2,391,735)	(398,563)		(48,254)	(2,838,552)
Net depreciable capital assets	19,590,941	(375,681)		595,139	19,810,399
Net capital assets	\$ 19,590,941	\$ (375,681)	\$ -	\$ 595,139	\$ 19,810,399

	Balance July 1, 2010	Additions	Transfers	Balance June 30, 2011
<b>Golf Course</b>				
Nondepreciable capital assets:				
Land	\$ 990,589	\$ -	\$ -	\$ 990,589
Construction in progress		4,505		4,505
Total nondepreciable capital assets	990,589	4,505		995,094
Depreciable capital assets:				
Buildings	374,632	15,855		390,487
Machinery and equipment	223,645		(363)	223,282
Other improvements	1,562,865		363	1,563,228
Total depreciable capital assets	2,161,142	15,855		2,176,997
Less accumulated depreciation	(301,902)	(88,591)		(390,493)
Net depreciable capital assets	1,859,240	(72,736)		1,786,504
Net capital assets	\$ 2,849,829	\$ (68,231)	\$ -	\$ 2,781,598

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	\$ 183,273
Public safety	102,085
Community development	6,500
Streets	14,579
Protective inspections	1,160
Community services	61,960
Total Depreciation Expense-Governmental Activities	<u>\$ 369,557</u>

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2011

**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	\$	137,438
Water		334,754
Geothermal		621
Natural gas		398,563
Golf course		<u>88,591</u>
Total Depreciation Expense-Business-type Activities	\$	<u>959,967</u>

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

The composition of interfund balances at June 30, 2011, is as follows:

**Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Fund: General Fund	Nonmajor Governmental Fund: 2010 Federal ARRA Rehab Project Fund	\$ 41,361
	Major Proprietary Funds: Airport Fund	303,718
	Golf Course Fund	<u>174,529</u>
		<u>\$ 519,608</u>

**Advances to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Fund: General Fund	Nonmajor Governmental Funds: Community Redevelopment Agency Fund	\$ 287,418
	Major Proprietary Fund: Golf Course Fund	211,438
Internal Service Fund: Risk Management Fund	Golf Course Fund	222,205
Nonmajor Governmental Funds: Special Revenue Funds: State Revolving Fund	Nonmajor Governmental Funds: Special Revenue Funds: Community Redevelopment Agency Fund	247,549
State Revolving Economic Development Fund	Community Redevelopment Agency Fund	<u>133,823</u>
		<u>\$ 1,102,433</u>

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2011

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

**Interfund transfers:**

	<u>Transfer In</u>	<u>Explanation</u>	<u>Transfer Out</u>	<u>Explanation</u>
Major Governmental Funds:				
General Fund	\$ 6,956	Fire hydrant maintenance, Close Jensen Slough CIP, and BLM grant match	\$ (711,435)	City Hall debt service, street lights, snow removal, street maintenance, and close Day Care fund
Gas Tax Fund	184,458	Street maintenance, street lights, and snow removal		
Major Proprietary Fund:				
Water Fund			(5,000)	Fire hydrant maintenance
Day Care Fund	380,069	Close fund		
Nonmajor Governmental Funds:				
Special Revenue Funds:				
Street Mitigation Fund			(20,000)	Street maintenance
Fire Mitigation Fund			(1,000)	Cash match for BLM grant
Jensen Slough Pedestrian Bridge Fund			(956)	Close fund
Debt Service Fund:				
City Hall Debt Service Fund	<u>166,908</u>	General fund vehicle license fees for debt service	<u>                    </u>	
Total	<u>\$ 738,391</u>	Total	<u>\$ (738,391)</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, 2011:

Note Receivable for business assistance	\$ 80,833
State Revolving Fund notes receivables	425,083
State Revolving Economic Development fund notes receivable	77,942
Home Revolving Loan funds notes receivable	<u>651,935</u>
Total notes receivable Nonmajor Governmental Funds	<u>\$ 1,235,793</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, 2011

**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, 2011, total \$173,618 for governmental activities and \$96,935 for business-type activities. Compensated absences for governmental activities are generally liquidated by the fund where the accrued liability accrued, which is usually the General Fund.

**B. Revenue Bonds**

1992 Revenue Bond, Series B – Interest from 6.6% to 7.75% is payable on March 1 and September 1, maturities are payable on September 1 in annual redemptions of \$35,000 and above. Final payment is on September 1, 2017. Original issue was \$1,650,000. The balance at June 30, 2011 is \$790,000.

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, 2011 is \$1,780,000.

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

Fiscal Year Ended June 30,	Revenue Bonds		Total
	Principal	Interest	
2012	\$ 160,000	\$ 148,973	\$ 308,973
2013	165,000	138,794	303,794
2014	180,000	127,817	307,817
2015	190,000	115,937	305,937
2016	205,000	103,125	308,125
2017-2021	750,000	340,206	1,090,206
2022-2026	615,000	171,906	786,906
2027-2028	305,000	16,912	321,912
Total	<u>\$ 2,570,000</u>	<u>\$ 1,163,670</u>	<u>\$ 3,733,670</u>

2010 Refunding Revenue Bonds Senior, Series A – Interest from .6% to 5.0% is payable on June 1 and December 1, maturities are payable on June 1 in annual redemptions of \$250,000 to \$605,000. Final payment is on June 1, 2036. Original issue was \$9,700,000. Proceeds were used to repay the 2000 Water Revenue Bond, fund a reserve account, and pay the costs of issuance incurred in connection with the issuance, sale, and delivery of the new bond. The liability is shown in the Water Enterprise Fund. The balance at June 30, 2011 is \$9,345,000.

2010 Refunding Revenue Subordinate, Series B – Interest from 2.0% to 6.0% is payable on June 1 and December 1, maturities are payable on June 1 in annual redemptions of \$25,000 to \$1,700,000. Final payment is on June 1, 2045. Original issue was \$25,160,000. Proceeds were used to repay the 2001- 1 Certification of Participation (COP's), Series A, B, C, and D, fund a reserve account, and pay the costs of issuance incurred in connection with the issuance, sale, and delivery of the new bond. The liability is shown in the Natural Gas Enterprise Fund. The balance at June 30, 2011 is \$25,160,000.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2011

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

**B. Revenue Bonds (Continued)**

The City defeased the 2000 Water Revenue bond and 2001-1 COP's Series A, B, C, and D by placing the proceeds from the issuance of the 2010 Refunding Revenue Bonds Senior, Series A and 2010 Refunding Revenue Subordinate, Series B in an irrevocable trust to provide for all future debt service payments. Accordingly, the trust account assets and the liability for the defeased debt is not included in the City's financial statements. At June 30, 2011, the outstanding balances on the defeased debt was \$0, as the entire balance has been redeemed.

Water Enterprise and Natural Gas debt service requirements for the 2010 Refunding Revenue bonds are:

Fiscal Year Ended June 30,	Revenue Bonds		Total
	Principal	Interest	
2012	\$ 275,000	\$ 1,802,342	\$ 2,077,342
2013	330,000	1,799,342	2,129,342
2014	460,000	1,794,408	2,254,408
2015	485,000	1,785,262	2,270,262
2016	510,000	1,773,962	2,283,962
2017-2021	3,075,000	8,608,088	11,683,088
2022-2026	4,245,000	7,851,638	12,096,638
2027-2031	5,590,000	6,624,604	12,214,604
2032-2036	7,265,000	4,939,002	12,204,002
2037-2041	6,020,000	3,000,600	9,020,600
2042-2045	6,250,000	964,500	7,214,500
Total	<u>\$ 34,505,000</u>	<u>\$ 40,943,748</u>	<u>\$ 75,448,748</u>

**C. Notes Payable**

Notes payable at June 30, 2011, 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.

\$ 897,000

Total Notes Payable

\$ 897,000

The scheduled annual minimum debt service requirements at June 30, 2011, are as follows:

Fiscal Year Ended June 30,	Notes Payable		Total
	Principal	Interest	
2012	\$ 13,000	\$ 37,846	\$ 50,846
2013	14,000	37,273	51,273
2014	14,000	36,677	50,677
2015	15,000	36,061	51,061
2016	15,000	35,424	50,424
2017-2021	88,000	166,471	254,471
2022-2026	110,000	145,562	255,562
2027-2031	135,000	120,530	255,530
2032-2036	167,000	88,572	255,572
2037-2041	206,000	48,152	254,152
2042-2044	120,000	6,673	126,673
Total	<u>\$ 897,000</u>	<u>\$ 759,241</u>	<u>\$ 1,656,241</u>

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2011

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

**D. Capital Lease Payable**

The City entered into a capital lease agreement with Business Equipment Financing for golf course equipment during the fiscal year ended June 30, 2010. The lease terms are 48 months with monthly payments of \$2,033, which includes sales tax, and commenced June 12, 2010. The fair market value of the leased property was \$80,000.

The scheduled annual minimum debt service requirements at June 30, 2011 were as follows:

Fiscal Year Ended June 30,	Total
2012	\$ 22,541
2013	22,541
2014	18,786
Total requirements	63,868
Less: interest	(5,261)
Present value of remaining payments	\$ 58,607

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

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	July 1, 2010 Balance	Additions	Reductions	June 30, 2011 Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
Revenue	\$ 2,715,000	\$ -	\$ 145,000	\$ 2,570,000	\$ 160,000
Compensated absences	180,845		7,227	173,618	
Governmental activities Long-term liabilities	\$ 2,895,845	\$ -	\$ 152,227	\$ 2,743,618	\$ 160,000
<b>Business-type activities:</b>					
Bonds Payable:					
Revenue	\$ 8,890,000	\$ 34,860,000	\$ (9,245,000)	\$ 34,505,000	\$ 275,000
Certificates of participation	24,240,000		(24,240,000)		
Deferred loss on refunding		(974,735)		(974,735)	(51,302)
Original issue discounts		(413,585)	11,817	(401,768)	(11,817)
Notes payable	1,319,025		(422,025)	897,000	13,000
Capital lease payable	77,033		(18,426)	58,607	19,561
Compensated absences	112,296		(15,361)	96,935	
Business-type activities Long-term liabilities	\$ 34,638,354	\$ 33,471,680	\$ (33,928,995)	\$ 34,181,039	\$ 244,442

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2011

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

**F. Deferred Debt Expenses**

Bond issuance costs and original issue discounts are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method. Deferred losses on refundings are capitalized and amortized over the remaining life of the refunded issuance or the refunding issuance, whichever is shorter.

**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 2010-11 was 22.139% and 8.984% for miscellaneous employees and 32.456% and 14.172% 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, 2011, 2010, and 2009, were \$780,344, \$804,776, and \$856,400, 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 \$256,882, \$261,837, and \$271,044 for the fiscal years ending June 30, 2011, 2010, and 2009, respectively.

**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.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2011

**NOTE 9 – INSURANCE (Continued)**

The City adopted the provisions of GASB Statement Number 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”.

The City makes payments to SCORE based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

Condensed financial information of the Small Cities Organized Risk Effort (SCORE) for the fiscal year ended June 30, 2010, is as follows:

	<u>Liability Program</u>	<u>Workers Comp. Program</u>	<u>Total</u>
Total Assets	\$ 7,104,431	\$ 8,890,241	\$ 15,994,672
Total Liabilities	<u>\$ 2,493,503</u>	<u>\$ 4,106,758</u>	<u>\$ 6,600,261</u>
Fund Equity	4,610,928	4,783,483	9,394,411
Total Liabilities and Equity	<u>\$ 7,104,431</u>	<u>\$ 8,890,241</u>	<u>\$ 15,994,672</u>
Total Revenues	\$ 2,139,178	\$ 2,055,727	\$ 4,194,905
Total Expenditures	<u>1,459,637</u>	<u>2,148,167</u>	<u>3,607,804</u>
Net Increase/(Decrease)	<u>\$ 679,541</u>	<u>\$ (92,440)</u>	<u>\$ 587,101</u>

The financial information above is the latest available information, as the June 30, 2011 information was not available as of the date of these financial statements.

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

The City is also a member of a Joint Powers Agreement with Employment Risk Management Authority (ERMA). ERMA is in an overall deficit position.

Condensed financial information of ERMA for the fiscal year ended June 30, 2009 (most recent available), 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	<u>5,480,391</u>
Net Increase/(Decrease)	<u>\$ 2,260,466</u>

**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, 2011 all full time permanent City employees were eligible for this benefit, upon retirement. The City utilizes an internal service fund (Other Postemployment Benefits) to fund these future benefits.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2011

**NOTE 10 – POSTRETIREMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)**

The retirement benefit is limited to one-half of the employee's unused sick leave at the date of retirement, which may be applied only to fifty percent of health benefits for as long as the employee is eligible to receive those benefits. All employees other than members of the Susanville Police Officer's Association are limited to \$15,000 of conversion of unused sick leave upon retirement. This cost is funded on a pay-as-you-go basis and is not accrued as a long-term liability because the present value of future benefits is not estimable. During 2010/2011 fiscal year, the City paid \$9,811 for three 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, Pebco, 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.

Included in restricted net assets at June 30, 2011 are net assets restricted by enabling legislation of \$1,750,839.

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

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2011

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

**A. Net Assets (Continued)**

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

At June 30, 2011, the City had recorded restricted net assets in the Governmental Activities and Business-type Activities as follows:

Net Assets	Governmental Activities	Business-type Activities
<u>Restricted for:</u>		
Public Safety	\$ 372,694	\$ -
Parks	186,700	
Housing Rehabilitation	1,001,229	
Community Redevelopment Loan	1,237,161	
Traffic Safety	72,677	
Culvert Installations	25,592	
Traffic Signals	101,846	
Streets and Roads	279,676	
Debt Service	1,498,398	2,287,718
Capital Projects	182,193	
<i>Total Restricted</i>	<u>\$ 4,958,166</u>	<u>\$ 2,287,718</u>

**B. Fund Balances**

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

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

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

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2011

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

**B. Fund Balances (Continued)**

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

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

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

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

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

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

The constraints placed on fund balance for the major governmental funds and all other governmental funds at June 30, 2011 are as follows:

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2011

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

**B. Fund Balances (Continued)**

Fund Balances	General Fund	Gas Tax Fund	Nonmajor Governmental Funds	Total
<b>Nonspendable:</b>				
Prepays	\$ 23,595	\$ -	\$ -	\$ 23,595
Inventory	28,295			28,295
Advances	498,856			498,856
<i>Total Nonspendable</i>	<u>550,746</u>			<u>550,746</u>
<b>Restricted for:</b>				
Public Safety			372,694	372,694
Parks			186,700	186,700
Housing Rehabilitation			576,146	576,146
Community Redevelopment Loan			507,284	507,284
Traffic Safety			72,677	72,677
Culvert Installations			25,592	25,592
Traffic Signals			101,846	101,846
Streets and Roads		246,960	32,716	279,676
Debt Service			1,549,708	1,549,708
Capital Projects	17,931		164,262	182,193
<i>Total Restricted</i>	<u>17,931</u>	<u>246,960</u>	<u>3,589,625</u>	<u>3,854,516</u>
<b>Assigned for:</b>				
Capital Projects	13,776			13,776
<i>Total Assigned</i>	<u>13,776</u>			<u>13,776</u>
Unassigned	1,660,287		(736,872)	923,415
<i>Total Fund Balances</i>	<u>\$ 2,242,740</u>	<u>\$ 246,960</u>	<u>\$ 2,852,753</u>	<u>\$ 5,342,453</u>

\*Included in the Unassigned Fund Balance for the General Fund is \$123,142 that is set-aside as a reserve, by Council Resolution.

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

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

**NOTE 14 – CONTINGENCIES AND COMMITMENTS**

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

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

The City has secured a future price of \$7.73/Dth for natural gas purchases for the months of November 2011 through March 2012. The total amount of this future commitment is \$537,235 as of June 30, 2011. This represents approximately two thirds of the City’s winter gas requirements.

**CITY OF SUSANVILLE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2011

**NOTE 15 – DEBT WITHOUT GOVERNMENT COMMITMENT**

**Local Agency Revenue Bonds – 1992**

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

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

The District Bonds are not general obligations of the City nor any other political subdivision and the full faith and credit of the City is not pledged for repayment thereof. Since these debts do not constitute an obligation of the City and the City is not obligated to make payment beyond the available bond reserves, these bonds have not been reflected in the long-term debt in the accompanying financial statements. The outstanding indebtedness on June 30, 2011 was \$790,000.

**NOTE 16 - PRIOR PERIOD ADJUSTMENTS**

A prior period adjustment of \$268,363 was made on the Statement of Activities for Governmental Activities for an understatement of capital assets in the prior fiscal year. A prior period adjustment of \$595,139 was made in the Natural Gas Fund for an understatement of capital assets in the prior fiscal year.

**CITY OF SUSANVILLE**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2011

	<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	\$ 2,735,610	\$ 2,679,794	\$ 2,696,303	\$ 16,509
Taxes other than property	1,695,211	1,695,211	1,774,284	79,073
Licenses and permits	84,450	86,950	92,956	6,006
Fines and forfeitures	51,000	39,000	26,667	(12,333)
Use of money and property	12,000	12,000	9,676	(2,324)
Intergovernmental	182,878	182,878	116,045	(66,833)
Program income	6,960	6,750	4,583	(2,167)
Charges for services	54,610	54,880	87,956	33,076
Other revenues	559,564	226,909	419,732	192,823
	<u>5,382,283</u>	<u>4,984,372</u>	<u>5,228,202</u>	<u>243,830</u>
<b>Expenditures:</b>				
Current:				
General government	976,324	919,650	944,718	(25,068)
Public safety	3,491,149	3,532,294	3,216,835	315,459
Protective inspections	186,550	179,491	238,709	(59,218)
Community development	199,251	194,772	139,167	55,605
Community services	18,467	18,467	193,759	(175,292)
	<u>4,871,741</u>	<u>4,844,674</u>	<u>4,733,188</u>	<u>111,486</u>
Excess of revenues over (under) expenditures	<u>510,542</u>	<u>139,698</u>	<u>495,014</u>	<u>355,316</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	5,000	6,000	6,956	956
Transfers out	(457,049)	(719,905)	(711,435)	8,470
	<u>(452,049)</u>	<u>(713,905)</u>	<u>(704,479)</u>	<u>9,426</u>
Net changes in fund balance	58,493	(574,207)	(209,465)	364,742
Fund balance - July 1, 2010	<u>2,452,205</u>	<u>2,452,205</u>	<u>2,452,205</u>	<u></u>
Fund balance - June 30, 2011	<u>\$ 2,510,698</u>	<u>\$ 1,877,998</u>	<u>\$ 2,242,740</u>	<u>\$ 364,742</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, 2011

	<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	\$ -	\$ -	\$ 527	\$ 527
Intergovernmental	407,881	383,320	530,549	147,229
Charges for services	35,400	10,400	10,400	
Other revenues		25,000	8,194	(16,806)
	<u>443,281</u>	<u>418,720</u>	<u>549,670</u>	<u>130,950</u>
<b>Expenditures:</b>				
Current:				
Streets	594,500	647,137	619,715	27,422
Capital outlay	10,000	10,000		10,000
	<u>604,500</u>	<u>657,137</u>	<u>619,715</u>	<u>37,422</u>
Excess of revenues over (under) expenditures	<u>(161,219)</u>	<u>(238,417)</u>	<u>(70,045)</u>	<u>168,372</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	161,219	161,219	184,458	23,239
	<u>161,219</u>	<u>161,219</u>	<u>184,458</u>	<u>23,239</u>
Net changes in fund balance		(77,198)	114,413	191,611
Fund balance - July 1, 2010	<u>132,547</u>	<u>132,547</u>	<u>132,547</u>	
Fund balance - June 30, 2011	<u>\$ 132,547</u>	<u>\$ 55,349</u>	<u>\$ 246,960</u>	<u>\$ 191,611</u>

**OTHER SUPPLEMENTAL INFORMATION**

## **Nonmajor Governmental Funds**

### ***SPECIAL REVENUE FUNDS***

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

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

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

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

State Revolving Economic Development & Home Revolving Funds - Program income received from 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.

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

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.

## **Nonmajor Governmental Funds (Continued)**

### ***CAPITAL PROJECTS FUNDS***

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

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

**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
June 30, 2011

	<b>Special Revenue Funds</b>		
	<b>Local Law Enforcement Block Grant Fund</b>	<b>Street Mitigation Fund</b>	<b>Police Mitigation Fund</b>
<b>Assets</b>			
Cash and investments	\$ 47,480	\$ 32,660	\$ 102,767
Cash and investments with fiscal agent			
Investment in bonds			
Accounts receivable	11,316		
Interest receivable	59	56	139
Advances to other funds			
Prepaid expenditures			
Loans receivable			
Total assets	\$ 58,855	\$ 32,716	\$ 102,906
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 3,114
Accrued wages	1,495		
Deferred revenue			
Due to other funds			
Advances from other funds			
Total liabilities	1,495		3,114
Fund Balances:			
Restricted	57,360	32,716	99,792
Unassigned			
Total fund balances (deficits)	57,360	32,716	99,792
Total liabilities and fund balances	\$ 58,855	\$ 32,716	\$ 102,906

**Special Revenue Funds**

<b>Fire Mitigation Fund</b>	<b>Park Land In-lieu Fund</b>	<b>State Revolving Fund</b>	<b>State Revolving Economic Development Fund</b>	<b>Home Revolving Fund</b>
\$ 215,355	\$ 186,468	\$ 328,191	\$ 206,371	\$ 164,943
269	232	406	1,687	205
		247,549	255	
			133,823	
		425,083	77,942	651,935
<u>\$ 215,624</u>	<u>\$ 186,700</u>	<u>\$ 1,001,229</u>	<u>\$ 420,078</u>	<u>\$ 817,083</u>
\$ 82	\$ -	\$ -	\$ -	\$ -
		425,083	77,942	651,935
<u>82</u>		<u>425,083</u>	<u>77,942</u>	<u>651,935</u>
215,542	186,700	576,146	342,136	165,148
<u>215,542</u>	<u>186,700</u>	<u>576,146</u>	<u>342,136</u>	<u>165,148</u>
<u>\$ 215,624</u>	<u>\$ 186,700</u>	<u>\$ 1,001,229</u>	<u>\$ 420,078</u>	<u>\$ 817,083</u>

(Continued)

**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (Continued)**  
June 30, 2011

	<b>Special Revenue Funds</b>		
	<b>Community Redevelopment Agency Fund</b>	<b>Traffic Safety Fund</b>	<b>Barry Creek Development Fund</b>
<b>Assets</b>			
Cash and investments	\$ -	\$ 72,588	\$ 485
Cash and investments with fiscal agent			
Investment in bonds			
Accounts receivable			
Interest receivable		89	1
Advances to other funds			
Prepaid expenditures			
Loans receivable			
Total assets	\$ -	\$ 72,677	\$ 486
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 11	\$ -	\$ -
Accrued wages			
Deferred revenue			
Due to other funds			
Advances from other funds	668,790		
Total liabilities	668,801		
<b>Fund Balances:</b>			
Restricted		72,677	486
Unassigned	(668,801)		
Total fund balances (deficits)	(668,801)	72,677	486
Total liabilities and fund balances	\$ -	\$ 72,677	\$ 486

**Special Revenue Funds**

<b>Skyline Rt. 139 Signal Fund</b>	<b>Chestnut Street Culvert Fund</b>	<b>Jensen Slough Pedestrian Bridge Fund</b>	<b>Skyline Numa Signal Fund</b>	<b>Skyline Bicycle Lane Fund</b>
\$ 17,813	\$ 25,075	\$ -	\$ 76,835	\$ 7,070
22	31		96	10
<u>\$ 17,835</u>	<u>\$ 25,106</u>	<u>\$ -</u>	<u>\$ 76,931</u>	<u>\$ 7,080</u>
\$ -	\$ -	\$ -	\$ -	\$ -
17,835	25,106		76,931	7,080
<u>17,835</u>	<u>25,106</u>		<u>76,931</u>	<u>7,080</u>
<u>\$ 17,835</u>	<u>\$ 25,106</u>	<u>\$ -</u>	<u>\$ 76,931</u>	<u>\$ 7,080</u>

(Continued)

**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (Continued)**  
June 30, 2011

	<u>Debt Service Funds</u>		<u>Capital Projects Fund</u>
	<u>Mark Roos 92B Fund</u>	<u>City Hall Debt Service Fund</u>	<u>Prop 1B Local Streets and Road Fund</u>
<b>Assets</b>			
Cash and investments	\$ 277,358	\$ -	\$ 166,054
Cash and investments with fiscal agent	152,753	331,838	
Investment in bonds	785,000		
Accounts receivable	493		
Interest receivable			
Advances to other funds			
Prepaid expenditures		2,267	
Loans receivable			
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 1,215,604</u>	<u>\$ 334,105</u>	<u>\$ 166,054</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 1	\$ -	\$ 28
Accrued wages			1,764
Deferred revenue			
Due to other funds			
Advances from other funds			
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>1</u>	<u></u>	<u>1,792</u>
Fund Balances:			
Restricted	1,215,603	334,105	164,262
Unassigned			
	<hr/>	<hr/>	<hr/>
Total fund balances (deficits)	<u>1,215,603</u>	<u>334,105</u>	<u>164,262</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 1,215,604</u>	<u>\$ 334,105</u>	<u>\$ 166,054</u>

**Capital Projects Fund**

<b>2010 Federal ARRA Rehab Project Fund</b>	<b>Totals</b>
\$ -	\$ 1,927,513
	484,591
	785,000
422,383	435,879
	1,870
	381,372
	2,267
	1,154,960
<hr/>	<hr/>
\$ 422,383	\$ 5,173,452
<hr/>	<hr/>
\$ 380,967	\$ 384,203
20,164	23,423
47,962	1,202,922
41,361	41,361
	668,790
<hr/>	<hr/>
490,454	2,320,699
<hr/>	<hr/>
	3,589,625
(68,071)	(736,872)
<hr/>	<hr/>
(68,071)	2,852,753
<hr/>	<hr/>
\$ 422,383	\$ 5,173,452
<hr/>	<hr/>

**CITY OF SUSANVILLE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
For the Fiscal Year Ended June 30, 2011

	<b>Special Revenue Funds</b>		
	<b>Local Law Enforcement Block Grant Fund</b>	<b>Street Mitigation Fund</b>	<b>Police Mitigation Fund</b>
<b>Revenues:</b>			
Taxes and assessments	\$ -	\$ -	\$ -
Use of money and property	210	207	625
Intergovernmental revenues	100,000		
Program income			
Other revenues		47,052	60,861
	100,210	47,259	61,486
<b>Total revenues</b>	<b>100,210</b>	<b>47,259</b>	<b>61,486</b>
<b>Expenditures:</b>			
Current:			
Public safety	98,665		
Streets			
Community development			
Capital outlay			61,576
Debt service:			
Principal			
Interest and fiscal agent fees			
	98,665		61,576
<b>Total expenditures</b>	<b>98,665</b>	<b></b>	<b>61,576</b>
Excess of revenues over (under) expenditures	1,545	47,259	(90)
<b>Other Financing Sources (Uses):</b>			
Transfers in			
Transfers out		(20,000)	
		(20,000)	
<b>Total other financing sources (uses)</b>	<b></b>	<b>(20,000)</b>	<b></b>
Net changes in fund balances	1,545	27,259	(90)
Fund balances (deficits) - July 1, 2010	55,815	5,457	99,882
Fund balances (deficits) - June 30, 2011	\$ 57,360	\$ 32,716	\$ 99,792

**Special Revenue Funds**

<b>Fire Mitigation Fund</b>	<b>Park Land In-lieu Fund</b>	<b>State Revolving Fund</b>	<b>State Revolving Economic Development Fund</b>	<b>Home Revolving Fund</b>
\$ -	\$ -	\$ -	\$ -	\$ -
1,025	828	1,423	945	766
56,462	1,715	11,581	44,529	
57,487	2,543	13,004	45,474	766
44,211				
6,600	138	107,520	35,189	
50,811	138	107,520	35,189	
6,676	2,405	(94,516)	10,285	766
(1,000)				
(1,000)				
5,676	2,405	(94,516)	10,285	766
209,866	184,295	670,662	331,851	164,382
<u>\$ 215,542</u>	<u>\$ 186,700</u>	<u>\$ 576,146</u>	<u>\$ 342,136</u>	<u>\$ 165,148</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, 2011

	<b>Special Revenue Funds</b>		
	<b>Community Redevelopment Agency Fund</b>	<b>Traffic Safety Fund</b>	<b>Barry Creek Development Fund</b>
<b>Revenues:</b>			
Taxes and assessments	\$ -	\$ -	\$ -
Use of money and property		326	2
Intergovernmental revenues			
Program income			
Other revenues		7,464	
Total revenues			
<b>Expenditures:</b>			
Current:			
Public safety			
Streets			
Community development	1,205		
Capital outlay		2,500	
Debt service:			
Principal			
Interest and fiscal agent fees			
Total expenditures			
Excess of revenues over (under) expenditures			
<b>Other Financing Sources (Uses):</b>			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Net changes in fund balances			
Fund balances (deficits) - July 1, 2010			
Fund balances (deficits) - June 30, 2011			

**Special Revenue Funds**

<b>Skyline Rt. 139 Signal Fund</b>	<b>Chestnut Street Culvert Fund</b>	<b>Jensen Slough Pedestrian Bridge Fund</b>	<b>Skyline Numa Signal Fund</b>	<b>Skyline Bicycle Lane Fund</b>
\$ - 79	\$ - 111	\$ -	\$ - 341	\$ - 32
<u>88</u>			<u>434</u>	<u>317</u>
<u>167</u>	<u>111</u>		<u>775</u>	<u>349</u>
<u>167</u>	<u>111</u>		<u>775</u>	<u>349</u>
		<u>(956)</u>		
		<u>(956)</u>		
167	111	(956)	775	349
<u>17,668</u>	<u>24,995</u>	<u>956</u>	<u>76,156</u>	<u>6,731</u>
<u>\$ 17,835</u>	<u>\$ 25,106</u>	<u>\$ -</u>	<u>\$ 76,931</u>	<u>\$ 7,080</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, 2011

	<u>Debt Service Funds</u>		<u>Capital Projects Fund</u>
	<u>Mark Roos 92B Fund</u>	<u>City Hall Debt Service Fund</u>	<u>Prop 1B Local Streets and Road Fund</u>
<b>Revenues:</b>			
Taxes and assessments	\$ 66,991	\$ -	\$ -
Use of money and property	29	50	
Intergovernmental revenues			164,262
Program income			
Other revenues			
	<hr/>	<hr/>	<hr/>
Total revenues	<u>67,020</u>	<u>50</u>	<u>164,262</u>
<b>Expenditures:</b>			
Current:			
Public safety			
Streets			148,527
Community development			
Capital outlay			
Debt service:			
Principal	80,000	65,000	
Interest and fiscal agent fees	65,297	96,767	
	<hr/>	<hr/>	<hr/>
Total expenditures	<u>145,297</u>	<u>161,767</u>	<u>148,527</u>
Excess of revenues over (under) expenditures	<u>(78,277)</u>	<u>(161,717)</u>	<u>15,735</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in		166,908	
Transfers out			
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)		<u>166,908</u>	
Net changes in fund balances	(78,277)	5,191	15,735
Fund balances (deficits) - July 1, 2010	<u>1,293,880</u>	<u>328,914</u>	<u>148,527</u>
Fund balances (deficits) - June 30, 2011	<u>\$ 1,215,603</u>	<u>\$ 334,105</u>	<u>\$ 164,262</u>

**Capital Projects Fund**

<b>2010 Federal ARRA Rehab Project Fund</b>	<b>Totals</b>
\$ -	\$ 66,991
	6,999
388,283	652,545
	56,110
	174,393
<u>388,283</u>	<u>957,038</u>
	142,876
456,354	604,881
	108,725
	106,003
	145,000
	162,064
<u>456,354</u>	<u>1,269,549</u>
<u>(68,071)</u>	<u>(312,511)</u>
	166,908
	(21,956)
	144,952
(68,071)	(167,559)
	3,020,312
<u>\$ (68,071)</u>	<u>\$ 2,852,753</u>

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**NONMAJOR GOVERNMENTAL FUNDS  
BUDGET AND ACTUAL SCHEDULES**

**CITY OF SUSANVILLE**  
**LOCAL LAW ENFORCEMENT BLOCK GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 210	\$ 210
Intergovernmental revenues	100,000	100,000	
Total revenues	<u>100,000</u>	<u>100,210</u>	<u>210</u>
<b>Expenditures:</b>			
Current:			
Public safety	<u>100,622</u>	<u>98,665</u>	<u>1,957</u>
Total expenditures	<u>100,622</u>	<u>98,665</u>	<u>1,957</u>
Net changes in fund balance	(622)	1,545	2,167
Fund balance - July 1, 2010	<u>55,815</u>	<u>55,815</u>	
Fund balance - June 30, 2011	<u>\$ 55,193</u>	<u>\$ 57,360</u>	<u>\$ 2,167</u>

**CITY OF SUSANVILLE**  
**STREET MITIGATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 207	\$ 207
Other revenues	20,000	47,052	27,052
<b>Total revenues</b>	<b>20,000</b>	<b>47,259</b>	<b>27,259</b>
Excess of revenues over (under) expenditures	20,000	47,259	27,259
<b>Other Financing Sources (Uses):</b>			
Transfers out	(20,000)	(20,000)	
<b>Total other financing sources (uses)</b>	<b>(20,000)</b>	<b>(20,000)</b>	
Net changes in fund balance		27,259	27,259
Fund balance - July 1, 2010	5,457	5,457	
Fund balance - June 30, 2011	\$ 5,457	\$ 32,716	\$ 27,259

**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, 2011

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 625	\$ 625
Other revenues	25,000	60,861	35,861
Total revenues	25,000	61,486	36,486
<b>Expenditures:</b>			
Capital outlay	77,500	61,576	15,924
Total expenditures	77,500	61,576	15,924
Net changes in fund balance	(52,500)	(90)	52,410
Fund balance - July 1, 2010	99,882	99,882	
Fund balance - June 30, 2011	\$ 47,382	\$ 99,792	\$ 52,410

**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, 2011

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 1,025	\$ 1,025
Other revenues	23,000	56,462	33,462
Total revenues	23,000	57,487	34,487
<b>Expenditures:</b>			
Current:			
Public safety	76,092	44,211	31,881
Capital outlay	125,600	6,600	119,000
Total expenditures	201,692	50,811	150,881
Excess of revenues over (under) expenditures	(178,692)	6,676	185,368
<b>Other Financing Sources (Uses):</b>			
Transfers out	(1,000)	(1,000)	
Total other financing sources (uses)	(1,000)	(1,000)	
Net changes in fund balance	(179,692)	5,676	185,368
Fund balance - July 1, 2010	209,866	209,866	
Fund balance - June 30, 2011	\$ 30,174	\$ 215,542	\$ 185,368

**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, 2011

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 828	\$ 828
Other revenues	7,000	1,715	(5,285)
Total revenues	<u>7,000</u>	<u>2,543</u>	<u>(4,457)</u>
<b>Expenditures:</b>			
Capital outlay	8,000	138	7,862
Total expenditures	<u>8,000</u>	<u>138</u>	<u>7,862</u>
Net changes in fund balance	(1,000)	2,405	3,405
Fund balance - July 1, 2010	<u>184,295</u>	<u>184,295</u>	
Fund balance - June 30, 2011	<u><u>\$ 183,295</u></u>	<u><u>\$ 186,700</u></u>	<u><u>\$ 3,405</u></u>

**CITY OF SUSANVILLE**  
**STATE REVOLVING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 1,423	\$ 1,423
Program income	50,000	11,581	(38,419)
Total revenues	50,000	13,004	(36,996)
<b>Expenditures:</b>			
Current:			
Community development	500,000	107,520	392,480
Total expenditures	500,000	107,520	392,480
Net changes in fund balance	(450,000)	(94,516)	355,484
Fund balance - July 1, 2010	670,662	670,662	
Fund balance - June 30, 2011	\$ 220,662	\$ 576,146	\$ 355,484

**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, 2011

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 945	\$ 945
Program income	13,322	44,529	31,207
Total revenues	<u>13,322</u>	<u>45,474</u>	<u>32,152</u>
<b>Expenditures:</b>			
Current:			
Community development	135,734		135,734
Capital outlay		35,189	(35,189)
Total expenditures	<u>135,734</u>	<u>35,189</u>	<u>100,545</u>
Net changes in fund balance	(122,412)	10,285	132,697
Fund balance - July 1, 2010	<u>331,851</u>	<u>331,851</u>	
Fund balance - June 30, 2011	<u>\$ 209,439</u>	<u>\$ 342,136</u>	<u>\$ 132,697</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, 2011

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 766	\$ 766
Total revenues		766	766
<b>Expenditures:</b>			
Current:			
Community development	100,000		100,000
Total expenditures	100,000		100,000
Net changes in fund balance	(100,000)	766	100,766
Fund balance - July 1, 2010	164,382	164,382	
Fund balance - June 30, 2011	\$ 64,382	\$ 165,148	\$ 100,766

**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, 2011

	Final Budget	Actual	Variance Positive (Negative)
<b>Expenditures:</b>			
Current:			
Community development	\$ 5,748	\$ 1,205	\$ 4,543
Total expenditures	<u>5,748</u>	<u>1,205</u>	<u>4,543</u>
Net changes in fund balance	(5,748)	(1,205)	4,543
Fund balance (deficits) - July 1, 2010	<u>(667,596)</u>	<u>(667,596)</u>	
Fund balance (deficits) - June 30, 2011	<u><u>\$ (673,344)</u></u>	<u><u>\$ (668,801)</u></u>	<u><u>\$ 4,543</u></u>

**CITY OF SUSANVILLE**  
**TRAFFIC SAFETY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 326	\$ 326
Other revenues	8,000	7,464	(536)
Total revenues	<u>8,000</u>	<u>7,790</u>	<u>(210)</u>
<b>Expenditures:</b>			
Capital outlay	<u>3,000</u>	<u>2,500</u>	<u>500</u>
Total expenditures	<u>3,000</u>	<u>2,500</u>	<u>500</u>
Net changes in fund balance	5,000	5,290	290
Fund balance - July 1, 2010	<u>67,387</u>	<u>67,387</u>	
Fund balance - June 30, 2011	<u><u>\$ 72,387</u></u>	<u><u>\$ 72,677</u></u>	<u><u>\$ 290</u></u>

**CITY OF SUSANVILLE**  
**SKYLINE RT. 139 SIGNAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 79	\$ 79
Other revenues	100	88	(12)
Total revenues	<u>100</u>	<u>167</u>	<u>67</u>
Net changes in fund balance	100	167	67
Fund balance - July 1, 2010	<u>17,668</u>	<u>17,668</u>	
Fund balance - June 30, 2011	<u>\$ 17,768</u>	<u>\$ 17,835</u>	<u>\$ 67</u>

**CITY OF SUSANVILLE**  
**SKYLINE NUMA SIGNAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 341	\$ 341
Other revenues	500	434	(66)
Total revenues	<u>500</u>	<u>775</u>	<u>275</u>
Net changes in fund balance	500	775	275
Fund balance - July 1, 2010	<u>76,156</u>	<u>76,156</u>	
Fund balance - June 30, 2011	<u>\$ 76,656</u>	<u>\$ 76,931</u>	<u>\$ 275</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, 2011

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 32	\$ 32
Other revenues	100	317	217
Total revenues	100	349	249
Net changes in fund balance	100	349	249
Fund balance - July 1, 2010	6,731	6,731	
Fund balance - June 30, 2011	\$ 6,831	\$ 7,080	\$ 249

**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, 2011

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Taxes and assessments	\$ 148,825	\$ 66,991	\$ (81,834)
Use of money and property		29	29
Total revenues	<u>148,825</u>	<u>67,020</u>	<u>(81,805)</u>
<b>Expenditures:</b>			
Debt service:			
Principal	80,000	80,000	
Interest and fiscal agent fees	<u>68,825</u>	<u>65,297</u>	<u>3,528</u>
Total expenditures	<u>148,825</u>	<u>145,297</u>	<u>3,528</u>
Net changes in fund balance		(78,277)	(78,277)
Fund balance - July 1, 2010	<u>1,293,880</u>	<u>1,293,880</u>	
Fund balance - June 30, 2011	<u><u>\$ 1,293,880</u></u>	<u><u>\$ 1,215,603</u></u>	<u><u>\$ (78,277)</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, 2011

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ 100	\$ 50	\$ (50)
Total revenues	100	50	(50)
<b>Expenditures:</b>			
Debt service:			
Principal	65,000	65,000	
Interest and fiscal agent fees	98,005	96,767	1,238
Total expenditures	163,005	161,767	1,238
Excess of revenues over (under) expenditures	(162,905)	(161,717)	1,188
<b>Other Financing Sources (Uses):</b>			
Transfers in	162,905	166,908	4,003
Total other financing sources (uses)	162,905	166,908	4,003
Net changes in fund balance		5,191	5,191
Fund balance - July 1, 2010	328,914	328,914	
Fund balance - June 30, 2011	\$ 328,914	\$ 334,105	\$ 5,191

**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, 2011

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Intergovernmental revenues	\$ 164,262	\$ 164,262	\$ -
Total revenues	164,262	164,262	
<b>Expenditures:</b>			
Current:			
Streets	148,527	148,527	
Total expenditures	148,527	148,527	
Net changes in fund balance	15,735	15,735	
Fund balance - July 1, 2010	148,527	148,527	
Fund balance - June 30, 2011	\$ 164,262	\$ 164,262	\$ -

**CITY OF SUSANVILLE**  
**2010 FEDERAL ARRA REHAB PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Intergovernmental revenues	\$ 740,720	\$ 388,283	\$ (352,437)
Total revenues	<u>740,720</u>	<u>388,283</u>	<u>(352,437)</u>
<b>Expenditures:</b>			
Current:			
Streets	<u>740,720</u>	<u>456,354</u>	<u>284,366</u>
Total expenditures	<u>740,720</u>	<u>456,354</u>	<u>284,366</u>
Net changes in fund balance		(68,071)	(68,071)
Fund balance - July 1, 2010			
Fund balance (deficit) - June 30, 2011	<u>\$ -</u>	<u>\$ (68,071)</u>	<u>\$ (68,071)</u>

**CITY OF SUSANVILLE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
June 30, 2011

	<b>Public Works Administration Fund</b>	<b>Risk Management Fund</b>	<b>Payroll Fund</b>	<b>Other Postemployment Benefits Fund</b>	<b>Totals</b>
<b>ASSETS</b>					
Current Assets:					
Cash and investments	\$ -	\$ 432,743	\$ 182,534	\$ 42,494	\$ 657,771
Interest receivable	3	564			567
Accounts receivable	4,155				4,155
Prepaid expenses	839	3,079			3,918
Advances to other funds		222,205			222,205
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	4,997	658,591	182,534	42,494	888,616
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	4,997	658,591	182,534	42,494	888,616
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	4,747	1,615			6,362
Accrued wages			182,534		182,534
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	4,747	1,615	182,534		188,896
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	4,747	1,615	182,534		188,896
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET ASSETS</b>					
Unrestricted	250	656,976		42,494	699,720
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	\$ 250	\$ 656,976	\$ -	\$ 42,494	\$ 699,720
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF SUSANVILLE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS**  
For the Fiscal Year Ended June 30, 2011

	<b>Public Works Administration Fund</b>	<b>Risk Management Fund</b>	<b>Payroll Fund</b>	<b>Other Postemployment Benefits Fund</b>	<b>Totals</b>
Revenues:					
Charges for services	\$ 23,837	\$ 614,220	\$ -	\$ 5,745	\$ 643,802
Total Revenues	<u>23,837</u>	<u>614,220</u>		<u>5,745</u>	<u>643,802</u>
Expenses:					
Administration	22,549	1,408			23,957
Insurance costs and claims		614,788		9,811	624,599
Total Expenses	<u>22,549</u>	<u>616,196</u>		<u>9,811</u>	<u>648,556</u>
Operating Income (Loss)	1,288	(1,976)		(4,066)	(4,754)
Non-Operating Revenues (Expenses):					
Interest income	82	4,181			4,263
Change in Net Assets	1,370	2,205		(4,066)	(491)
Net Assets (Deficit), July 1, 2010	<u>(1,120)</u>	<u>654,771</u>		<u>46,560</u>	<u>700,211</u>
Net Assets, June 30, 2011	<u>\$ 250</u>	<u>\$ 656,976</u>	<u>\$ -</u>	<u>\$ 42,494</u>	<u>\$ 699,720</u>

**CITY OF SUSANVILLE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended June 30, 2011

	<b>Public Works Administration Fund</b>	<b>Risk Management Fund</b>	<b>Payroll Fund</b>	<b>Other Postemployment Benefits Fund</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities:</b>					
Receipts from city charges	\$ 20,856	\$ 614,220	\$ 31,822	\$ 5,745	\$ 672,643
Payment to suppliers and users	(20,940)	(614,626)		(9,811)	(645,377)
Payments to other funds for advances		(222,205)			(222,205)
Payment to employees					
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(84)</b>	<b>(222,611)</b>	<b>31,822</b>	<b>(4,066)</b>	<b>(194,939)</b>
<b>Cash flows from Investing Activities:</b>					
Interest received	84	4,474			4,558
<b>Net Cash Provided by Investing Activities</b>	<b>84</b>	<b>4,474</b>			<b>4,558</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>		<b>(218,137)</b>	<b>31,822</b>	<b>(4,066)</b>	<b>(190,381)</b>
Cash and Cash Equivalents, July 1, 2010		650,880	150,712	46,560	848,152
Cash and Cash Equivalents, June 30, 2011	\$ -	\$ 432,743	\$ 182,534	\$ 42,494	\$ 657,771
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ 1,288	\$ (1,976)	\$ -	\$ (4,066)	\$ (4,754)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
<b>(Increase) Decrease in Operating Assets:</b>					
Prepaid expenses	67	(45)			22
Accounts receivable	(2,981)				(2,981)
Advances to other funds		(222,205)			(222,205)
<b>Increase (Decrease) in Operating Liabilities:</b>					
Accounts payable	1,542	1,615			3,157
Accrued wages			31,822		31,822
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(84)</b>	<b>(222,611)</b>	<b>31,822</b>	<b>(4,066)</b>	<b>(194,939)</b>

**CITY OF SUSANVILLE**  
**AGENCY FUNDS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
For the Fiscal Year Ended June 30, 2011

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
<b>Section 125 Aflac Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 4,210	\$ -	\$ (2,687)	\$ 1,523
Total Assets	<u>\$ 4,210</u>	<u>\$ -</u>	<u>\$ (2,687)</u>	<u>\$ 1,523</u>
<b>LIABILITIES</b>				
Deposits payable	\$ 4,210	\$ -	\$ (2,687)	\$ 1,523
Total Liabilities	<u>\$ 4,210</u>	<u>\$ -</u>	<u>\$ (2,687)</u>	<u>\$ 1,523</u>
<b>LAFCO Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 68,963	\$ 5,181	\$ (11,179)	\$ 62,965
Interest receivable	104	84	(104)	84
Total Assets	<u>\$ 69,067</u>	<u>\$ 5,265</u>	<u>\$ (11,283)</u>	<u>\$ 63,049</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 5,463	\$ 5,265	\$ (5,463)	\$ 5,265
Deposits payable	63,604		(5,820)	57,784
Total Liabilities	<u>\$ 69,067</u>	<u>\$ 5,265</u>	<u>\$ (11,283)</u>	<u>\$ 63,049</u>
<b>HUSA Business Improvement Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 534	\$ -	\$ (236)	\$ 298
Accounts receivable	6,024	8,510	(6,024)	8,510
Total Assets	<u>\$ 6,558</u>	<u>\$ 8,510</u>	<u>\$ (6,260)</u>	<u>\$ 8,808</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 225	\$ -	\$ (225)	\$ -
Deposits payable	6,333	8,510	(6,035)	8,808
Total Liabilities	<u>\$ 6,558</u>	<u>\$ 8,510</u>	<u>\$ (6,260)</u>	<u>\$ 8,808</u>
<b>Total Agency Funds</b>				
<b>ASSETS</b>				
Cash and investments	\$ 73,707	\$ 5,181	\$ (14,102)	\$ 64,786
Accounts receivable	6,024	8,510	(6,024)	8,510
Interest receivable	104	84	(104)	84
Total Assets	<u>\$ 79,835</u>	<u>\$ 13,775</u>	<u>\$ (20,230)</u>	<u>\$ 73,380</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 5,688	\$ 5,265	\$ (5,688)	\$ 5,265
Deposits payable	74,147	8,510	(14,542)	68,115
Total Liabilities	<u>\$ 79,835</u>	<u>\$ 13,775</u>	<u>\$ (20,230)</u>	<u>\$ 73,380</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, 2011 which collectively comprise the City of Susanville's basic financial statements, and have issued our report thereon dated December 20, 2011. 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 the management of the City in a separate letter dated December 20, 2011.

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  
Culver City, California  
December 20, 2011

## **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 Eight Fiscal Years  
Accrual Basis of Accounting

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
<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	\$ 1,849,411	\$ 2,072,326
Restricted	253,461	1,600,652	1,565,208	1,651,776	1,780,484	1,547,711	1,568,520	4,958,166
Unrestricted	3,378,973	3,515,171	3,830,893	4,404,242	5,396,427	5,607,906	5,810,858	2,205,779
<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>\$ 9,228,789</b>	<b>\$ 9,236,271</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)	\$ (2,877,539)	\$ (990,783)
Restricted for Debt Service	2,373,866	3,328,579	3,089,827	2,971,552	2,864,661	2,864,798	2,864,195	2,287,718
Unrestricted	(844,764)	(3,708,004)	1,368,985	(5,823,491)	2,044,780	2,269,768	3,649,199	3,672,627
<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>\$ 3,635,855</b>	<b>\$ 4,969,562</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	\$ (1,028,128)	\$ 1,081,543
Restricted	2,627,327	4,929,231	4,655,035	4,623,328	4,645,145	4,412,509	4,432,715	7,245,884
Unrestricted	2,534,209	(192,833)	5,199,878	(1,419,249)	7,441,207	7,877,674	9,460,057	5,878,406
<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>	<b>\$ 12,864,644</b>	<b>\$ 14,205,833</b>

Source: City of Susanville's audited financial statements

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

Schedule 2  
City of Susanville  
Changes in Net Assets  
Last Eight Fiscal Years  
Accrual Basis of Accounting

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>								
Governmental activities:								
General government	\$2,055,249	\$1,991,240	\$1,629,410	\$1,616,449	\$816,839	\$1,228,083	\$1,094,945	\$1,149,706
Public safety	3,451,988	3,407,302	3,398,809	3,537,646	3,696,206	3,479,617	3,517,162	3,461,796
Streets	887,797	763,635	663,794	884,532	1,427,687	935,540	963,197	1,240,131
Protective Inspections	213,806	190,003	203,979	212,454	244,966	235,270	210,793	239,869
Community services	473,055	415,340	328,252	504,755	325,669	288,355	255,316	255,719
Community development	255,211	185,535	867,183	336,742	462,648	416,103	149,961	106,432
Interest on long term debt	199,930	402,890	294,672	230,157	194,800	186,060	175,910	166,008
Total governmental activities expenses	7,537,036	7,355,945	7,386,099	7,322,735	7,168,815	6,769,028	6,367,284	6,619,661
Business-type activities:								
Rodeo (closed in 2005-06)	\$70,032	55,031	36,508					
Airport	81,362	116,260	113,600	145,780	166,609	189,488	171,886	227,608
Water	1,442,121	2,207,464	2,200,070	2,180,730	2,145,401	2,396,179	2,126,843	1,997,499
Geothermal	190,297	207,914	104,637	46,800	63,868	55,889	52,561	67,755
Natural Gas	2,814,468	3,858,071	4,855,872	4,783,357	4,941,853	4,924,613	4,557,201	4,341,673
Swimming Pool (closed in 2004-05)	193,679	148,842						
Day Care (closed in 2010-11)	130,794	140,657	140,796	133,493	118,160	144,912	120,890	93,502
Golf Course	1,036	7,701	6,400	37,749	99,865	112,179	136,267	311,089
Total business-type activities expenses	4,923,789	6,741,940	7,457,883	7,327,909	7,535,756	7,823,260	7,165,648	7,039,126
Total primary government expenses	\$12,460,825	\$14,097,885	\$14,843,982	\$14,650,644	\$14,704,571	\$14,592,288	\$13,532,932	\$13,658,787
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
General government	\$362,530	\$854,062	\$1,020,336	\$743,153	\$27,937	\$132,822	\$155,256	\$303,864
Public safety	273,909	448,104	179,907	308,352	121,247	137,948	172,430	201,942
Streets	97,142	277,403		265,907		36,417	49,047	61,704
Protective Inspections	195,483	219,654	232,684	167,645		31,433	9,491	8,749
Community services	24,349	31,918	4,784	5,932	8,931	18,526	22,472	20,461
Community development	44,159	48,584	45,392	48,620	176,485	100,443	94,344	86,654
Operating grants and contributions	2,834,407	675,192	890,930	690,816	1,178,902	1,183,468	748,635	741,230
Capital grants and contributions		53,172	337,178	494,448	1,098,653	98,210	162,515	600,507
Total governmental activities program revenues	3,831,979	2,608,089	2,711,211	2,724,873	2,612,155	1,739,267	1,414,190	2,025,111
Business-type activities:								
Charges for services:								
Rodeo	61,297	50,700	29,654					
Airport	32,867	36,553	41,302	50,190	52,477	58,097	58,284	70,632
Water	1,796,393	2,118,368	2,046,516	2,064,187	2,049,605	2,424,802	2,315,996	2,271,480
Geothermal	250,742	223,565	71,124	73,653	69,389	69,391	69,783	100,728
Natural Gas	1,749,040	2,724,148	4,264,151	4,325,805	4,650,665	4,271,575	4,723,849	4,667,746
Swimming Pool	93,474	43,391						
Day Care	98,485	134,231	121,386	117,446	107,890	76,875	60,676	39,895
Golf Course								182,573
Operating grants and contributions	25,666	174,347	202,667	283,641	439,104	10,000		
Capital grants and contributions				438,934	1,672,609	1,490,068	29,175	24,176
Total business-type activities program revenues	4,107,964	5,505,303	6,776,800	7,353,856	9,041,739	8,400,808	7,257,763	7,357,230
Total primary government program revenues	\$7,939,943	\$8,113,392	\$9,488,011	\$10,078,729	\$11,653,894	\$10,140,075	\$8,671,953	\$9,382,341

(continued)

Net (Expense)/Revenue								
Governmental activities	(\$3,705,057)	(\$4,747,856)	(\$4,674,888)	(\$4,597,862)	(\$4,556,660)	(\$5,029,761)	(\$4,953,094)	(\$4,594,550)
Business-type activities	(815,825)	(1,236,637)	(681,083)	25,947	1,505,983	577,548	92,115	318,104
Total primary government net expense	(\$4,520,882)	(\$5,984,493)	(\$5,355,971)	(\$4,571,915)	(\$3,050,677)	(\$4,452,213)	(\$4,860,979)	(\$4,276,446)

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

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

Source: City of Susanville's audited financial statements

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

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund								
Reserved	\$ 83,392	\$ 102,413	\$ 305,858	\$ 370,296	\$ 418,932	\$ 434,141	\$ 441,654	\$ -
Unreserved	711,771	844,902	971,144	1,281,067	1,608,564	1,838,236	2,010,551	
Nonspendable								550,746
Restricted								3,854,516
Assigned								13,776
Unassigned								923,415
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>	<u>\$ 2,452,205</u>	<u>\$ 5,342,453</u>
All Other Governmental Funds								
Reserved	\$ 574,208	\$ 420,365	\$ 688,726	\$ 399,192	\$ 382,257	\$ 508,891	\$ 511,888	\$ -
Unreserved, reported in:								
Special revenue funds	753,032	589,990	501,016	566,069	1,108,885	811,082	870,418	
Capital projects funds	503,734	281,564	13,370	275,168	289,433	309,930	148,527	
Debt Service Funds	(178,461)	1,657,994	1,620,694	1,712,950	1,840,120	1,604,737	1,622,026	
Nonspendable								
Restricted								3,836,585
Committed								
Assigned								
Unassigned								(736,872)
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>	<u>\$ 3,152,859</u>	<u>\$ 3,099,713</u>

Source: City of Susanville's audited financial statements

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>								
Taxes and assessments	\$ 3,191,838	\$ 4,019,990	\$ 4,518,116	\$ 5,113,507	\$ 4,749,716	\$ 4,591,529	\$ 4,345,556	\$ 4,537,578
Licenses and permits	195,483	324,535	258,277	189,740	151,143	103,413	100,231	92,956
Fines and forfeitures	28,343	41,118	54,872	67,621	74,585	47,614	34,400	26,667
Use of money and property	45,068	680,604	232,778	141,181	145,591	(45,822)	26,242	17,202
Intergovernmental revenues	2,567,689	1,001,651	1,228,108	1,185,264	2,277,555	1,157,971	812,150	1,299,139
Program income		138,092	590,316	1,103,399	222,302	53,969	67,644	60,693
Charges for services	132,043	1,322,127	1,115,460	792,797	318,628	308,690	331,481	98,356
Other revenues	810,967	763,810	608,611	333,591	276,331	356,862	719,459	602,319
<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>6,437,163</b>	<b>6,734,910</b>
<b>Expenditures</b>								
General government	1,553,060	1,806,528	1,591,271	1,399,497	722,770	996,337	969,963	944,718
Public safety	3,347,798	3,211,146	3,453,212	3,486,523	3,601,675	3,379,768	3,417,876	3,359,711
Streets	506,158	712,216	670,762	848,692	1,397,936	912,577	948,044	1,224,596
Protective Inspections	212,278	188,475	203,470	212,454	244,966	234,303	209,633	238,709
Community services	443,568	324,616	273,198	441,325	265,023	219,456	193,714	193,759
Community development	255,211	414,785	863,933	1,500,658	634,274	475,789	265,687	247,892
Capital Outlay	1,085,611	593,457	717,791	119,358	104,490	184,642	25,910	106,003
Debt service:								
Principal	245,192	213,106	400,559	152,884	144,355	135,000	140,000	145,000
Interest	191,951	375,182	290,388	217,507	191,019	182,529	173,289	162,064
<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>	<b>6,344,115</b>	<b>6,622,452</b>
Excess of revenues over (under) expenditures	(869,396)	452,416	141,954	548,202	909,343	(146,174)	93,047	112,458
<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	492,437	358,322
Transfers out	(696,723)	(1,073,316)	(731,834)	(421,843)	(550,154)	(878,648)	(487,437)	(733,391)
<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>5,000</b>	<b>(375,069)</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>	<b>\$ 98,047</b>	<b>\$ (262,611)</b>
Debt service as a percentage of non-capital expenditures	6.5%	8.1%	8.9%	4.5%	4.7%	4.9%	5.0%	4.7%

Source: City of Susanville's audited financial statements

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

<u>Fiscal Year</u>	<u>Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Less: Tax Exemptions</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2004	\$375,828,965	\$207,787	\$25,279,665	\$12,003,306	\$389,313,111	1.0000
2005	\$399,569,372	\$206,940	\$25,966,041	\$12,284,799	\$413,457,554	1.0000
2006	\$435,313,349	\$206,482	\$26,084,788	\$12,428,869	\$449,175,750	1.0000
2007	\$484,139,014	\$13,587	\$26,234,905	\$12,657,141	\$497,730,365	1.0000
2008	\$532,562,134	\$12,621	\$24,895,905	\$12,659,754	\$544,810,906	1.0000
2009	\$568,493,249	\$12,420	\$26,872,204	\$12,432,005	\$582,945,868	1.0000
2010	\$578,912,881	\$12,420	\$30,360,571	\$12,561,467	\$596,724,405	1.0000
2011	\$557,198,947	\$12,420	\$27,185,570	\$12,331,805	\$572,065,132	1.0000

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 Twelve Fiscal Years  
 Rate per \$1,000 of assessed value

Fiscal Year	<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
2010	1.0000		1.0000
2011	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

<u><b>Taxpayer</b></u>	<u><b>2011</b></u>		<u><b>2002(b)</b></u>
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value (a)
Wal-Mart	\$ 11,216,467	1	1.88%
Rassier-Mariani	\$ 10,003,949	2	1.68%
Triple E Investment Co. Inc.	\$ 7,688,955	3	1.29%
Susanville Limited Partnership	\$ 6,730,599	4	1.13%
Foxdale Associates LTD (Walgreens)	\$ 6,157,618	5	1.03%
Lassen Station LP	\$ 4,274,739	6	0.72%
Susanville Citrus Manor	\$ 4,271,048	7	0.72%
Trav-Cor & Investment Inc	\$ 4,086,371	8	0.68%
Nolen Properties	\$ 4,056,499	9	0.68%
Standiford, Larry & Reta	\$ 3,350,740	10	0.56%
Total	<u><u>\$ 61,836,985</u></u>		<u><u>10.36%</u></u>

Source:  
 Lassen County Assessors Office

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

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

Fiscal Year Ended June 30	County Taxes Levied	AB8 City Allocation Factor	Percent Growth	AB8 Allocations Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 13,940,708	0.04209031	1.01843656	\$586,769	\$560,471	95.52%	\$ 29,938	\$ 590,409	100.62%
2004	\$ 14,508,790	0.04118791	1.03366934	\$617,707	\$583,624	94.48%	\$ 32,765	\$ 616,389	99.79%
2005	\$ 15,302,568	0.04136327	1.08078017	\$684,095	\$613,665	89.70%	\$ 48,911	\$ 662,576	96.85%
2006	\$ 16,409,859	0.04168806	1.09983310	\$752,391	\$661,347	87.90%	\$ 43,224	\$ 704,571	93.64%
2007	\$ 18,125,879	0.04150919	1.08755598	\$818,267	\$707,387	86.45%	\$ 67,882	\$ 775,269	94.75%
2008	\$ 19,437,444	0.04209745	1.06588089	\$872,175	\$773,822	88.72%	\$ 67,890	\$ 841,712	96.51%
2009	\$ 20,699,884	0.04252227	1.02306917	\$900,512	\$773,350	85.88%	\$ 49,919	\$ 823,269	91.42%
2010	\$ 21,394,891	0.04143931	0.95963029	\$850,798	\$774,719	91.06%	\$ 11,422	\$ 786,141	92.40%
2011	\$ 20,658,382	0.04143931	0.95963029	\$856,069	\$820,883	95.89%	\$ -	\$ 820,883	95.89%

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 Eight Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities							
	General Obligation Bonds	Capital Leases	Special Assessment Bonds (3)	Total Governmental Activities	Revenue Bonds (6)	Term Loan (4)	Certificate of Participation (6)	Capital Leases (5)	Total Business-type Activities	Total Primary Government	Percentage of Property Values (1)	Per Capita (2)
2004	\$ 2,215,000	\$ 185,904	\$ 1,200,000	\$ 3,600,904	\$ 6,405,000	\$ 973,390	\$ 24,240,000	\$ 5,572	\$ 31,623,962	\$ 35,224,866	9.05%	\$ 3,871
2005	\$ 2,155,000	\$ 87,798	\$ 1,145,000	\$ 3,387,798	\$ 9,610,000	\$ 963,000	\$ 24,240,000	\$ 4,669	\$ 34,817,669	\$ 38,205,467	9.24%	\$ 4,098
2006	\$ 2,095,000	\$ 52,238	\$ 1,140,000	\$ 3,287,238	\$ 9,480,000	\$ 953,000	\$ 24,240,000	\$ 4,669	\$ 34,677,669	\$ 37,964,907	8.45%	\$ 4,097
2007	\$ 2,035,000	\$ 19,549	\$ 1,080,000	\$ 3,134,549	\$ 9,345,000	\$ 943,000	\$ 24,240,000	\$ -	\$ 34,528,000	\$ 37,662,549	7.57%	\$ 4,116
2008	\$ 1,975,000	\$ -	\$ 1,015,000	\$ 2,990,000	\$ 9,200,000	\$ 1,285,222	\$ 24,240,000	\$ -	\$ 34,725,222	\$ 37,715,222	6.92%	\$ 4,149
2009	\$ 1,910,000	\$ -	\$ 945,000	\$ 2,855,000	\$ 9,050,000	\$ 1,306,123	\$ 24,240,000	\$ -	\$ 34,596,123	\$ 37,451,123	6.42%	\$ 4,114
2010	\$ 1,845,000	\$ -	\$ 870,000	\$ 2,715,000	\$ 9,050,000	\$ 1,336,194	\$ 24,240,000	\$ 60,185	\$ 34,686,379	\$ 37,401,379	6.27%	\$ 4,159
2011	\$ 1,780,000	\$ -	\$ 790,000	\$ 2,570,000	\$ 34,505,000	\$ 897,000	\$ -	\$ 58,607	\$ 35,460,607	\$ 38,030,607	6.65%	\$ 3,965

Notes:

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

- (1) Personal Income for the City is unavailable. Substituted property values in this calculation. See Schedule 5 for values.
- (2) Population data can be found in schedule 13.
- (3) Payment for this bond is responsibility of property owners within the assessment district.
- (4) In 2008 the Golf Course Loan was established
- (5) In 2010 the Golf Course entered into a Capital Lease to acquire new equipment.
- (6) In August of 2010, The Susanville Public Financing Authority issued new Revenue Refinancing Bonds and paid off the 2000 & 2004 Water Revenue Bonds and the Series 2003, A, B, & C Certificate of Participation Natural Gas Bonds

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

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

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 Eight Fiscal Years

Fiscal Year	<u>General Bonded Debt Outstanding</u>		Percentage of Actual Taxable Value of Property	Per Capita (a)
	General Obligation Bonds	Total		
2004	\$ 2,215,000	\$ 2,215,000	0.57%	243
2005	\$ 2,155,000	\$ 2,155,000	0.52%	231
2006	\$ 2,095,000	\$ 2,095,000	0.47%	226
2007	\$ 2,035,000	\$ 2,035,000	0.41%	222
2008	\$ 1,975,000	\$ 1,975,000	0.36%	217
2009	\$ 1,910,000	\$ 1,910,000	0.33%	210
2010	\$ 1,845,000	\$ 1,845,000	0.31%	205
2011	\$ 1,780,000	\$ 1,780,000	0.31%	186

*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 Eight Fiscal Years

Water Revenue Bonds						
Fiscal Year	Gross Income and Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2004	\$ 1,804,093	\$ 1,088,017	\$ 716,076	\$ 115,000	\$ 373,114	1.47
2005	\$ 2,327,816	\$ 1,338,483	\$ 989,333	\$ 134,440	\$ 503,440	1.55
2006	\$ 2,188,482	\$ 1,313,937	\$ 874,545	\$ 140,000	\$ 553,358	1.26
2007	\$ 2,255,916	\$ 1,333,562	\$ 922,354	\$ 145,000	\$ 547,213	1.33
2008	\$ 2,225,392	\$ 1,280,646	\$ 944,746	\$ 156,000	\$ 540,691	1.36
2009	\$ 2,514,097	\$ 1,531,625	\$ 982,472	\$ 161,000	\$ 532,967	1.42
2010	\$ 2,370,463	\$ 1,269,644	\$ 1,100,819	\$ 172,000	\$ 526,020	1.58
2011	\$ 2,305,085	\$ 1,047,695	\$ 1,257,390	\$ 355,000	\$ 282,626	1.97

Natural Gas Revenue Bonds						
Fiscal Year	Gross Income and Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2004	\$ 1,749,040	\$ 1,656,334	\$ 92,706	\$ -	\$ 1,414,075	0.07
2005	\$ 2,724,148	\$ 1,908,214	\$ 815,934	\$ -	\$ 1,414,075	0.58
2006	\$ 4,264,151	\$ 2,920,251	\$ 1,343,900	\$ -	\$ 1,414,075	0.95
2007	\$ 4,327,730	\$ 2,941,944	\$ 1,385,786	\$ -	\$ 1,414,075	0.98
2008	\$ 4,650,665	\$ 3,010,223	\$ 1,640,442	\$ -	\$ 1,414,075	1.16
2009	\$ 4,426,856	\$ 2,999,389	\$ 1,427,467	\$ -	\$ 1,414,075	1.01
2010	\$ 4,728,040	\$ 2,622,739	\$ 2,105,301	\$ -	\$ 1,414,075	1.49
2011	\$ 4,680,593	\$ 3,276,549	\$ 1,404,044	\$ -	\$ 1,035,641	1.36

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
\$	236,383	\$	75,000	\$	70,331	1.63
\$	146,991	\$	80,000	\$	64,325	1.02

City Hall Improvement Bond

City Hall Improvement Bond								
Vehicle License Fees	Property Tax In Lieu of VLF	Debt Service						
		Principal	Interest	Coverage				
\$	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
\$	54,597	\$	1,523,051	\$	65,000	\$	96,573	9.76
\$	85,151	\$	1,461,838	\$	65,000	\$	94,005	9.73

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

Fiscal Year	City Population	Prison Population	Total City & Prison Population	Total County Population	County Personal Income	County Per Capita Personal Income	City Unemployment Rate
2000	8,620	8,469	17,089	33,960	\$589,375,000	\$17,355	6.90%
2001	8,733	8,676	17,409	33,883	\$605,104,000	\$17,859	7.10%
2002	8,936	8,456	17,392	34,183	\$628,276,000	\$18,380	7.50%
2003	9,216	8,670	17,886	34,955	\$666,873,000	\$19,078	7.50%
2004	9,099	9,000	18,099	34,846	\$708,056,000	\$20,320	7.40%
2005	9,323	9,001	18,324	35,455	\$736,266,000	\$20,766	7.70%
2006	9,267	9,070	18,337	35,452	\$783,732,000	\$22,107	7.60%
2007	9,151	8,987	18,138	36,375	\$824,244,000	\$23,563	7.80%
2008	9,091	8,479	17,570	35,757	\$888,241,000	\$25,375	9.10%
2009	9,104	8,298	17,402	35,550	\$923,137,000	\$26,721	12.70%
2010	8,992	8,439	17,431	35,889	n/a	n/a	14.00%
2011	9,591	7,963	17,554	34,757	n/a	n/a	11.60%

Sources:

Personal income and unemployment data - Labor Market Info - Employment Development Department  
 City and County population - State of California Department of Finance Demographic  
 Total County population includes the correctional facilities

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

Employer (c)	2011			2002(b)			
	Employees	Rank	Percentage of Total City Employment (a)	Employer	Employees	Rank	Percentage of Total City Employment (a)
High Desert State Prison	1488	1	28.78%				
California Correctional Center	1213	2	23.46%				
Lassen County	444	3	8.59%				
Wal-Mart	210	4	4.06%				
Banner Lassen Medical Center	192	5	3.71%				
Diamond Mountain Casino	156	6	3.02%				
Lassen Community College	142	7	2.75%				
Susanville Indian Rancheria	135	8	2.61%				
Susanville School District	128	9	2.48%				
Lassen Union High School	115	10	2.22%				
Northeastern Rural Health	101	11	1.95%				
Safeway	98	13	1.90%				
Countryvilla Riverview Rehab	91	12	1.76%				
City of Susanville	57	14	1.10%				
Susanville Supermarket	50	15	0.97%				
	<u>4620</u>		<u>89.36%</u>				

**Information Unavailable**

Source:  
 Employment Development Department, Lassen County Chamber of Commerce

Notes:  
 (a) Total Labor Force for the City is 5170.  
 (b) Information unavailable for past nine years, but will be accumulated over time as it becomes available.  
 (c) Employers listed are within the city limits or have been annexed.

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

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

Source:  
 City Finance Department

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

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

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

Sources:  
Various City Departments

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

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

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

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 Eight Fiscal Years  
 (In Millions of Gallons)

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Residential	569.45	548.37	567.09	558.70	549.86	541.70	514.31	478.38
Commercial	245.55	216.15	209.09	214.91	205.60	206.75	190.50	190.24
Total	815.00	764.52	776.18	773.61	755.46	748.45	704.81	668.62
Water Sales	\$ 1,796,393	\$ 2,118,368	\$ 2,046,516	\$ 2,064,187	\$ 2,049,605	\$ 2,424,802	\$ 2,315,996	\$ 2,271,480
City Direct Rate Per Gallon	0.0022	0.0028	0.0026	0.0027	0.0027	0.0032	0.0033	0.0034

Source:  
 City of Susanville Finance Department

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

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

Fiscal Year Ended June 30	Monthly Base Rates		Average Rate per 1,000 Gallons
2004	\$12.85		\$1.23
2005	\$16.50		\$1.41
2006	\$18.20		\$1.41
2007	\$18.20		\$1.41
2008	\$18.20		\$1.41
2009	\$23.65	**	\$1.16
2010	\$23.65	**	\$1.16
2011	\$23.65	**	\$1.16

Source:

City of Susanville Finance Department

Notes:

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

Commercial accounts are charged differently based on their 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	2011		2002 (b)	
	Water Charges (a)	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
Lassen County	\$ 74,421.32	3.28%	Information Unavailable	
Lassen High School	\$ 41,459.97	1.83%		
City of Susanville	\$ 41,374.14	1.82%		
Hidden Acres	\$ 16,716.29	0.74%		
Diamond View School	\$ 10,975.98	0.48%		
Millview Apartments	\$ 10,495.65	0.46%		
Citrus Manor Apartments	\$ 10,196.26	0.45%		
Mtn View Mobile Home Park	\$ 9,345.78	0.41%		
Wal-Mart Stores	\$ 8,574.29	0.38%		
Diamond Mountain Casino	\$ 8,106.39	0.36%		
	\$ 231,666.07	10.21%		

Source:  
City of Susanville Finance Department

Notes:  
(a) Total Water Revenue equals charges for services as found in schedule 2.  
(b) Ten years of information unavailable but will be accumulated as available.

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

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

Source:  
City of Susanville Finance Department - Utility Billing

Notes:  
Total Gas Revenue equals charges for services as found in schedule 2.  
100 cubic feet=100,000 BTUs=1 Therm  
BTU is British Thermal Unit  
Ten years of information unavailable but will be accumulated as available.

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

<u>Fiscal Year Ended June 30</u>	<u>Monthly Base Rates</u>	<u>Rate per Therm</u>	
2004	\$6.00	\$1.42	
2005	\$7.00	\$1.65	
2006	\$7.00	\$2.44	
2007	\$7.00	\$2.21	(A)(B)
2008	\$7.00	\$2.21	(A)(B)(C)
2009	\$7.00	\$2.30	(A)(B)(C)
2010	\$7.00	\$2.20	(A)(B)(C)
2011	\$7.00	\$2.20	(A)(B)(C)

Source:  
 City of Susanville Finance Department

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

	<u>Rates</u>
0-450 Therms	\$2.20
450 + Therms	\$2.12

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

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

1 Therm=100,000 BTUs

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

Gas Customer	2011		2002 (b)	
	Gas Charges (a)	Percent of Total Gas Revenues	Gas Charges	Percent of Total Gas Revenues
Banner Lassen Hospital	\$ 340,772	7.30%	Information Unavailable	
Lassen Community College	\$ 277,471	5.94%		
Lassen County	\$ 209,437	4.49%		
Susanville Indian Rancheria	\$ 106,394	2.28%		
Northeastern Rural Health Clinic	\$ 90,846	1.95%		
Safeway	\$ 66,338	1.42%		
Lassen High School/Credence	\$ 58,885	1.26%		
McKinley School	\$ 48,664	1.04%		
Susanville Garden Apartments	\$ 42,246	0.91%		
Emerald Cascade Restaurant Sys	\$ 41,417	0.89%		
	\$ 1,282,470	27.48%		

Source:  
 City of Susanville Finance Department

Notes:  
 (a) Total Gas Revenue equals charges for services as found in schedule 2.  
 (b) Ten years of information unavailable but will be accumulated as available.