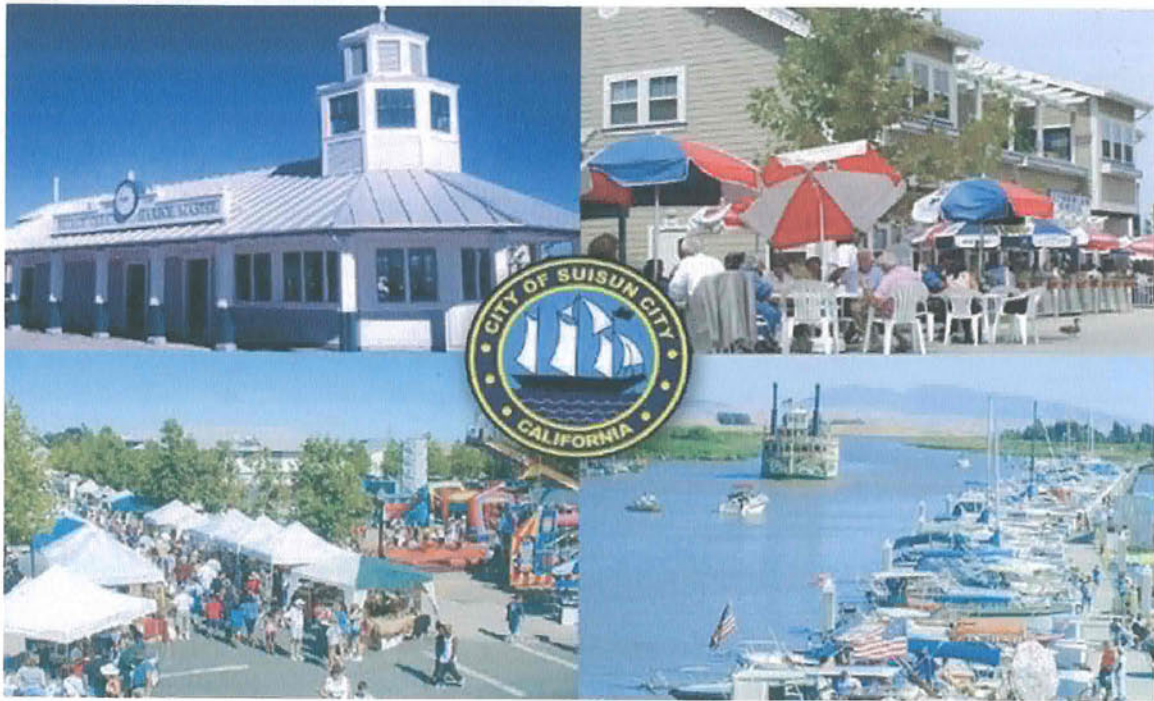


City of Suisun City California



Comprehensive Annual Financial Report

For The Fiscal Year Ended
June 30, 2004

PREPARED BY THE DEPARTMENT OF FINANCE



C i t y o f S u i s u n C i t y C a l i f o r n i a

Introductory Section

The Introductory Section contains the:

1. Table of Contents
2. Letter of Transmittal
3. List of Principal City Officials
4. City Organization Chart



CITY OF SUISUN CITY, CALIFORNIA

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2004

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James P. Spering, Mayor
Pedro "Pete" M. Sanchez, Mayor Pro-Tem
Jane Day
Sam Derting
Michael A. Segala

First and Third Tuesday
Every Month



CITY OF SUISUN CITY

701 Civic Center Blvd.
Suisun City, California 94585

Incorporated October 9, 1868

December 31, 2004

To the Honorable Mayor, Members of the Governing Council, and Citizens of the City of Suisun City:

The annual financial report of the City of Suisun City for the fiscal year ended June 30, 2004 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and accounts groups of the city. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes the transmittal letter, the City's organization chart and a list of principal officials. The financial section includes the Independent Auditor's Report, the Management's Discussion and Analysis, the basic financial statements and the combining, individual fund group financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes all funds of the City. The City of Suisun City provides a full range of services including police protection, fire protection, planning, building inspections, parks and recreation facilities and services, construction and maintenance of streets, public buildings, and other infrastructure. The City Council serves as the governing board of the Redevelopment Agency of the City of Suisun City, the Housing Authority of the City of Suisun City, and various special assessment districts, and this activity is included in the City's financial statements as part of the reporting entity.

ECONOMIC CONDITION AND OUTLOOK

A small community of approximately 28,000 residents, Suisun City is situated midway between San Francisco and Sacramento in Central Solano County. The Old Town section of the City is located on the Suisun Channel, which empties into Suisun and Grizzly Bays, the connecting point for the Sacramento River and the San Francisco Bay.

The City was established in the 1850's during the California Gold Rush as a trading route between the foothills of the Sierra Nevada and the San Francisco Bay Area. The town prospered and remained the bustling hub of agricultural Solano County until Interstate 80

opened in the 1960's, effectively switching commercial traffic away from the railroad and the waterfront area, and into nearby Fairfield.

Since 1989, the City has implemented an aggressive redevelopment program centered on the Old Town Waterfront and Historic Main Street Shopping District. After decades of isolation, the waterfront is once again accessible to the general public via a new Public Marina, Public Promenade and Harbor Plaza. The channel has been deepened to allow boating excursions from the San Francisco Bay and the Sacramento Delta.

Buildings along Main Street have been remodeled and new shops and restaurants have sprung up along the waterfront. Other major improvements have included the opening of the Harbor Theater, the transformation of the old train station into a multi-modal transportation facility, and the construction of Victorian Harbor, a pedestrian friendly community of single-family homes along the waterfront.

The expansion of Suisun City is slowing as the City approaches build-out of its residential land. Suisun City is bordered by Travis Air Force Base, the City of Fairfield, Fairfield's sphere of influence and the Suisun Marsh. The City has smaller infill sites for residential development as well as commercial land available for development.

FINANCIAL INFORMATION

General Controls

Management of the City of Suisun City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls

The City of Suisun City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, special revenue funds, debt service funds, and internal service funds are included in the annual appropriated budget. The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level for any one fund.

Only the City Council has the authority to increase total appropriations of any fund subject to only the appropriations limits established by State law. The City Council did approve supplemental appropriation increases during the year.

Encumbrance accounting, a system where unperformed contracts and commitments to purchase are recorded against appropriations, is not used by the City. As demonstrated by

the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Cash Management

Cash temporarily idle during the year was invested in the State of California Local Agency Investment Fund and U.S. Government backed securities and investment agreements. The City's investment policy is to minimize credit and market risk while maintaining competitive yields on its investments. Governmental fund investment earnings and earnings from the use of property were \$610,872 for the year, an increase of \$26,197 compared to 2003. The increase is attributable to overall higher fund balances and is mainly due the Redevelopment Agency 2003 Series-A remaining bond proceeds of about \$5.5 million, and is reserved for redevelopment projects .

Retirement System

The City of Suisun City participates in the State of California Public Employees Retirement System (PERS) for retirement coverage of City employees. The City funds both the employer and employee's share of contributions for its miscellaneous and fire safety personnel and all but 4% of its police safety employees.

Risk Management

The City is self-insured for the first \$250,000 of each workers compensation claim, first \$25,000 of each general liability claim, and first \$5,000 of each property claim. Claim expenses are accounted for in the City's self-insurance fund. Purchased commercial excess coverage is maintained for workers compensation claims. The City is a member of the ABAG PLAN Corporation, and obtains, through the Corporation, \$5 million excess general liability coverage and \$100 thousand excess property coverage. The self-insurance fund ended the fiscal year with retained earnings of about \$311,035.

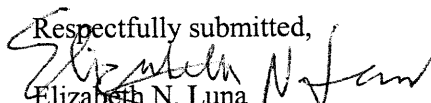
OTHER INFORMATION


Independent Audit

The City Council requires an annual audit of the financial records and transactions of the City be made by an independent certified public accounting firm selected by the City Council. This requirement has been complied with and the independent auditor's report of Odenberg, Ullakko, Muranishi & Co. LLP, Certified Public Accountants & Consultants is included in the financial section of this report.

Acknowledgements

The preparation of this Comprehensive Annual Financial Report was made possible by the dedicated efforts of The City Finance staff. Each individual has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,

Elizabeth N. Luna
Senior Accountant


Diane Briltz
Finance Officer

CITY OF SUISUN CITY
List of Principal Officials
June 30, 2004

CITY COUNCIL

Mayor
Mayor Pro Tem
Councilmember
Councilmember
Councilmember

James P. Spering
Pedro "Pete" Sanchez
Jane Day
Michael A. Segala
Sharon Ventura

ELECTED AND APPOINTED OFFICIALS

City Manager/Finance Director
City Clerk
City Treasurer

Steven W. Baker
Linda Hobson
Jeannie McMurry

ADMINISTRATIVE TEAM

Building Official
Economic Development Director
Fire Chief
Police Chief
Public Works Director
Recreation and Community Services Director
Community Development Director

Dan Kasperson
Randy Starbuck
Michael O'Brien
Ronald D. Forsythe
Gerald B. Cullen
John "Mick" Jessop
Gerry Raycraft

CITY OF SUISUN CITY ORGANIZATION CHART

