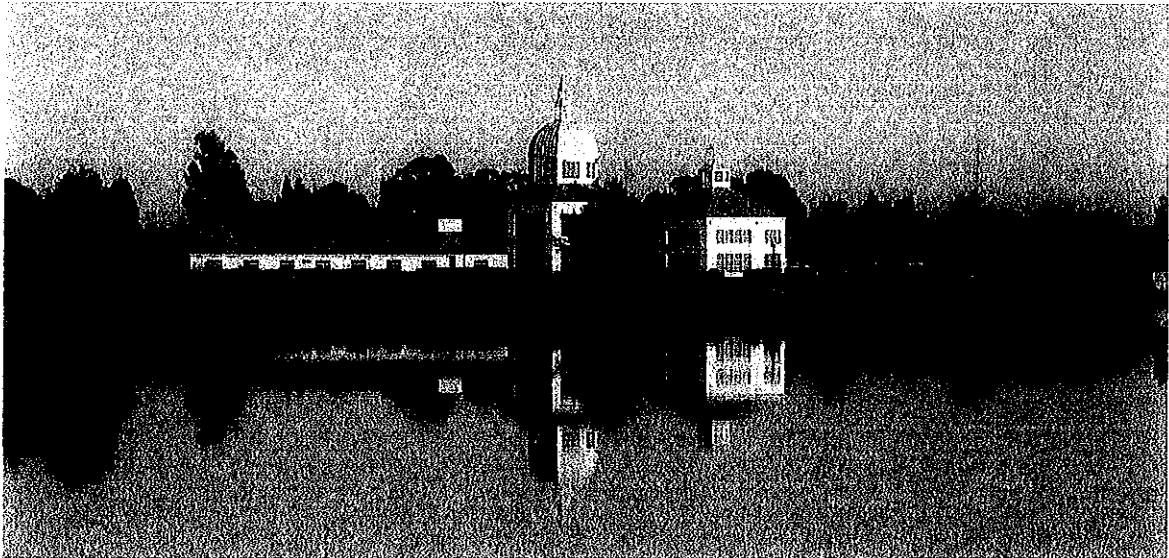


City of Suisun City California



Comprehensive Annual Financial Report

**For The Fiscal Year Ended
June 30, 2005**



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
 5. Certificate of Achievement for Excellence in Financial Reporting
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CITY OF SUISUN CITY, CALIFORNIA
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James P. Spring, 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, 2005

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, 2005 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 of the city. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Please read this in conjunction with the Management's Discussion and Analysis of the City of Suisun City's financial activities and performance for the fiscal year ended June 30, 2005, which can be found immediately following the report of the independent auditors.

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 1868 and grew 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. Suisun Harbor Lighthouse will begin construction in the spring of 2006. The Redevelopment Agency continues to develop Downtown Suisun, and is a source of great pride to the City.

The Redevelopment Agency owns several properties throughout the City and is planning to enter a Disposition and Development Agreement with the Main Street West Partners to create a development of a variety of retail and live/work housing properties. Development will be phased and is expected to begin early in fiscal year 2006-07.

A developer has proposed a multi-family housing project called Breezewood for development, and is expected to add about 90 affordable housing units as well as a manager's unit.

Development within the City is expected to slow as the City approaches build-out of its available land. The City is bordered to the north by the City of Fairfield, to the west by Solano County, to the east by the flight pattern of Travis Air Force Base, and to the south by the Suisun Marsh.

During fiscal year 2006-07, however, the City is expected to expand its boundaries to the west of the City, annexing 157.5 acres of property owned by Gentry Companies. The land is south of Highway 12 and west of Pennsylvania Avenue. Planned development for that property includes a major retail center as well as housing. Once developed, the property will contribute to the property tax receipts of the City, and the retail center has the potential to vastly increase the City's sales tax base. Both of these taxes will have a very positive impact on the City's general fund.

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 \$784,362 for the year, an increase of \$173,490 compared to 2004. 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 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 fund balance of about \$175,000.

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.

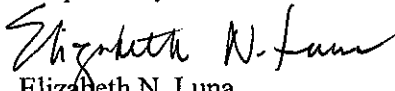
Awards and Acknowledgements


The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Suisun City for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2004. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this Comprehensive Annual Financial Report was made possible by the dedicated efforts of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Suisun City's finances.

Respectfully submitted,


Elizabeth N. Luna
Senior Accountant


Diane Britz
Interim Finance Officer

CITY OF SUISUN CITY
List of Principal Officials
June 30, 2005

CITY COUNCIL

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

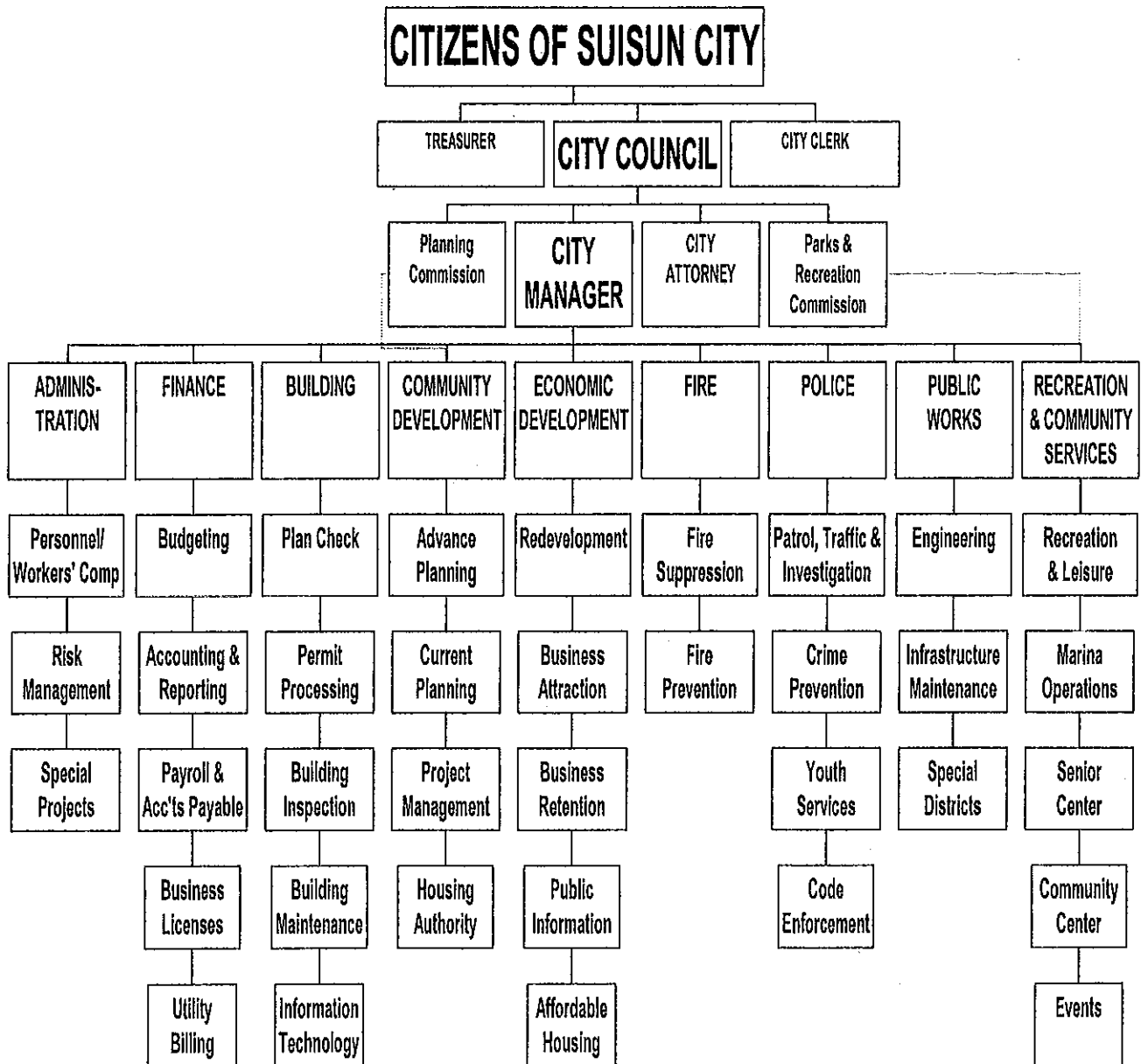
ELECTED AND APPOINTED OFFICIALS

City Manager	Suzanne Bragdon
City Clerk	Linda Hobson
City Treasurer	Jeannie McMurry

ADMINISTRATIVE TEAM

Assistant City Manager	Ron Anderson
Chief Building Official	Dan Kasperson
Interim Economic Development Director	Al Da Silva
Fire Chief	Michael O'Brien
Police Chief	Ronald D. Forsythe
Public Works Director	Gerald B. Cullen
Recreation and Community Services Director	John "Mick" Jessop
Community Development Director	Jake Raper
Interim Finance Officer	Diane Britz

CITY OF SUISUN CITY ORGANIZATION CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Suisun City,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zielke

President

Jeffrey R. Emmer

Executive Director

