



Comprehensive Annual Financial Report

FISCAL YEAR ENDED JUNE 30, 2008



City of
SUISUN CITY
CALIFORNIA

Comprehensive Annual Financial Report

FISCAL YEAR ENDED JUNE 30, 2008

**Prepared by the
Department of Administrative Services**



**City of
SUISUN CITY
CALIFORNIA**

CITY OF SUISUN CITY, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2008

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CITY COUNCIL

Pedro "Pete" M. Sanchez, Mayor
Jane Day, Mayor Pro-Tem
Sam Derting
Michael J. Hudson
Michael A. Segala

CITY COUNCIL MEETING

First and Third Tuesday
Every Month

CITY OF SUISUN CITY

701 Civic Center Blvd.
Suisun City, California 94585

Incorporated October 9, 1868

December 31, 2008

To the Honorable Mayor, Members of the City 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, 2008, 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, 2008, which can be found immediately following the report of the independent auditors.

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 these activities are 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 Slough, which empties into the 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 relocating commercial traffic away from the railroad and the waterfront area, and into nearby Fairfield.

Since 1989, the City has implemented an aggressive redevelopment program throughout the community. Since the worst blighted areas were concentrated in the Old Town Waterfront and Historic Main Street Shopping District, initial efforts were targeted in this area. After

DEPARTMENTS: AREA CODE (707)

ADMINISTRATION 421-7300 ■ PLANNING 421-7335 ■ BUILDING 421-7310 ■ FINANCE 421-7320
FIRE 425-9133 ■ RECREATION & COMMUNITY SERVICES 421-7200 ■ POLICE 421-7373 ■ PUBLIC WORKS 421-7340
REDEVELOPMENT AGENCY 421-7309 FAX 421-7366

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.

Suisun City, as well as Solano County and the nation, experienced another year of slow economic growth in 2008. Given the current economic conditions facing both the private and public sectors, it is a continuing challenge to generate ongoing revenue to pay for core services to a community that has increasing demands and expectations.

The City anticipates the continuous slowdown of construction activity and sales of new and existing homes in the coming months. The State of California Department of Finance projects that this housing slump will continue to weigh on the state and national economies for the rest of 2009 and to a lesser extent in 2010. The economy is unlikely to experience a recovery until 2010 at the earliest, and even then the rebound will most likely be somewhat slow.

The decline in the housing market, the financial-institution meltdown, and deficit-driven budget cuts from the State have collectively sliced an estimated of \$1.2 million from Redevelopment Agency's revenue and about \$700,000 from General Fund revenue. However, over the last decade, as tax revenues rose significantly year after year during the housing boom, the City Council set aside reserves that will help the City balance its budget in the next few years.

Again the City faces the need to identify ongoing source of General Fund revenues to pay for core services that include police, fire, streets, facility maintenance, graffiti removal, youth services, senior services, and recreation and community services.

In spite of the current economic crisis, the City and its Redevelopment Agency have managed some major projects.

Major Initiatives

With Economic Development as one of the top priorities of the City Council, the City completed or initiated a number of significant projects, among which are the following:

- **Harbor Square** - This will ultimately involve 37,000 square feet of restaurant/retail/office uses at Main & Solano (occupancy summer 2009).
- **Hampton Inn & Suites** – This waterfront hotel is under construction and scheduled for a spring 2009 opening. The hotel is projected to generate \$300,000 per year in hotel tax revenue, all of which will go to General Fund.
- **Wal-Mart Supercenter** – A major commercial project has been approved for Walters Road and State Route 12, with an expected opening in the winter of 2010. Annual sales tax revenues from the Wal-Mart component of the site alone are estimated to be \$500,000 per year. It is anticipated that the project will generate at least 375 jobs.

City's Economic Factors and Next Year's Budget information can be found under Management's Discussion and Analysis section of this report.

FINANCIAL INFORMATION

General Controls

Management employees of the City of Suisun City are 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, as well as 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 Budget adopted by the City Council. Activities of the General Fund, special revenue funds, debt service funds and internal service funds are included in the Annual Budget. The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is to departments within funds.

Only the City Council has the authority to increase total appropriations to departments within funds subject to only the appropriation 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, was not in effective during this reporting period, but was re-established on July 1, 2007. 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. The City hired PFM Asset Management, LLC in August 2005, to assist the City in managing its current cash. Governmental fund investment earnings were \$1,797,494 for the year, a decrease of \$148,252 compared to 2007. The decrease is attributable to the continuous decline in interest rates.

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's share and the employee's share of contributions for its miscellaneous and fire safety personnel, and all but 4.0 percent 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 \$100,000 excess property coverage. The self-insurance fund ended the fiscal year with fund balance of about \$58,688.

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 Maze & Associates, Certified Public Accountants is included in the financial section of this report.

Awards

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 June 30, 2007. This is the fourth straight year the City has received the award. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

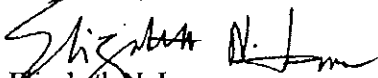
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

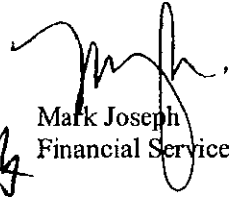
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this Comprehensive Annual Financial Report was made possible by the dedicated efforts of the entire staff of the Administrative Services 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 Councilmembers 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


Mark Joseph
Financial Services Manager



Ronald C. Anderson, Jr.
Assistant City Manager/Administrative Services Director

PRINCIPAL OFFICIALS

CITY OF SUISUN CITY

JUNE 30, 2008

CITY COUNCIL

Mayor	Pedro "Pete" Sanchez
Vice-Mayor	Jane Day
Councilmember	Michael A. Segala
Councilmember	Sam Derting
Councilmember	Mike Hudson

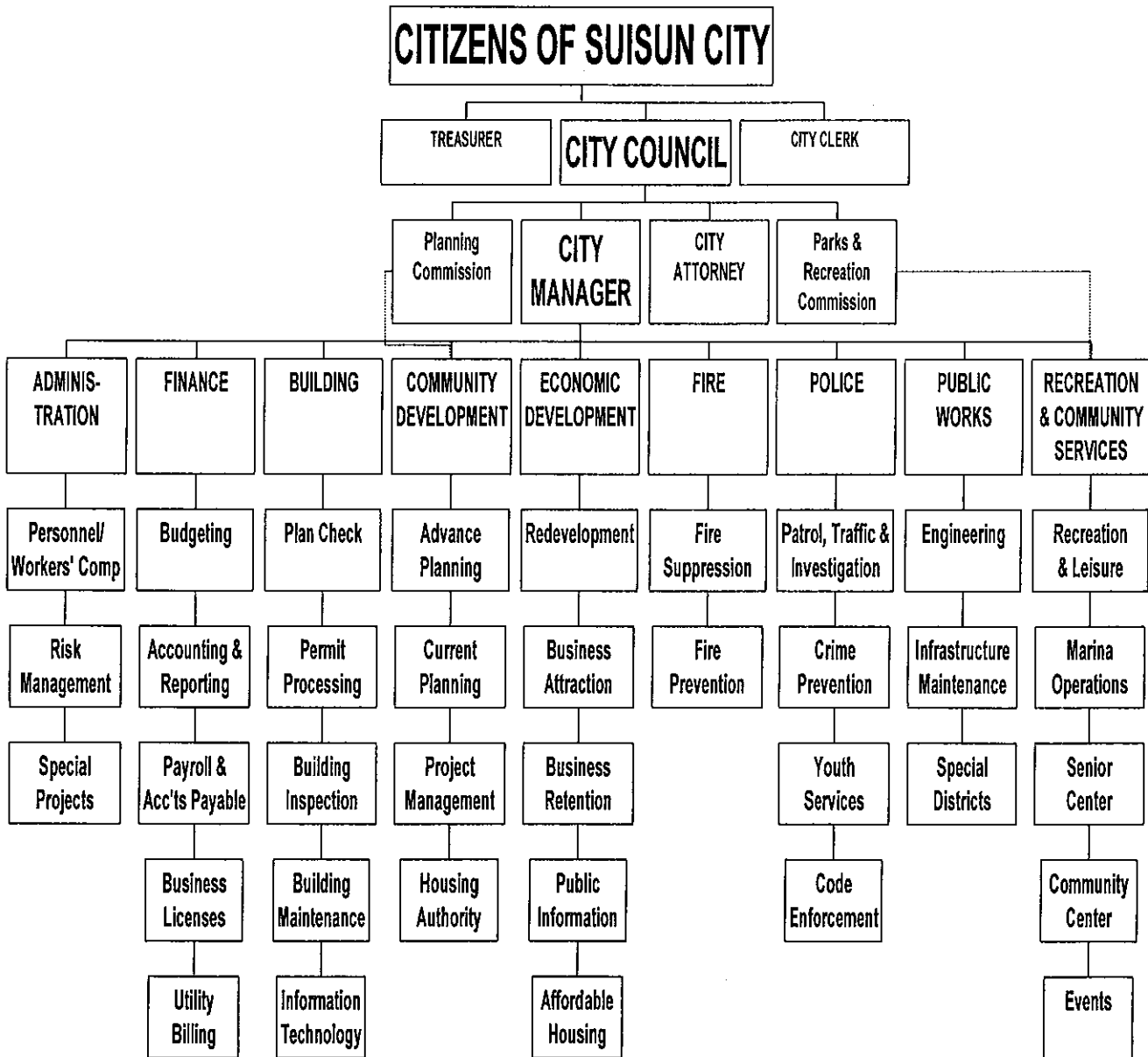
ELECTED AND APPOINTED OFFICIALS

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

ADMINISTRATIVE TEAM

Assistant City Manager	Ronald C. Anderson Jr.
Chief Building Official	Dan Kasperson
Economic Development Director	Jason Garben
Fire Chief	Michael O'Brien
Police Chief	Ed Dadisho
Public Work Director	Vacant
Recreation and Community Services Director	John "Mick" Jessop
Community Development Director	Heather McCollister
Financial Services Manager	Mark Joseph

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, 2007

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.



A handwritten signature in black ink, appearing to read "M. L. R. H.", written in a cursive style.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", written in a cursive style.

Executive Director

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