

CITY OF YREKA, CALIFORNIA

FINANCIAL STATEMENTS

Fiscal Year Ended

June 30, 1999

With Accountants' Report



CITY OF YREKA, CALIFORNIA

Year ended June 30, 1999

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CITY OF YREKA

Directory of City Officials
June 30, 1999

CITY COUNCIL

Grace Bennett	Mayor
Dusty Veale	Mayor Pro-Tem
Ed Harris	Council Member
Dale Roberts	Council Member
James N. Griffin	Council Member

ADMINISTRATIVE OFFICERS

Dale Shaddox	City Manager
Michelle Dressler	Finance Director
Michael S. Pavlik	City Treasurer
Don Callahan	Chief of Police
Joe Suter	Volunteer Fire Chief
Bob Bly	City Engineer
Larry Bacon	City Attorney

43 582. +
5 062. -
38 520. T

Allen & Chitwood, L.L.P. -

Certified Public Accountants. +
1019 South Main St. +
Yreka, CA 96097. +
530-842-1226. +
Fax 842-7344. +
E-mail gpacpa@lnreach.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Members of City Council
City of Yreka, California

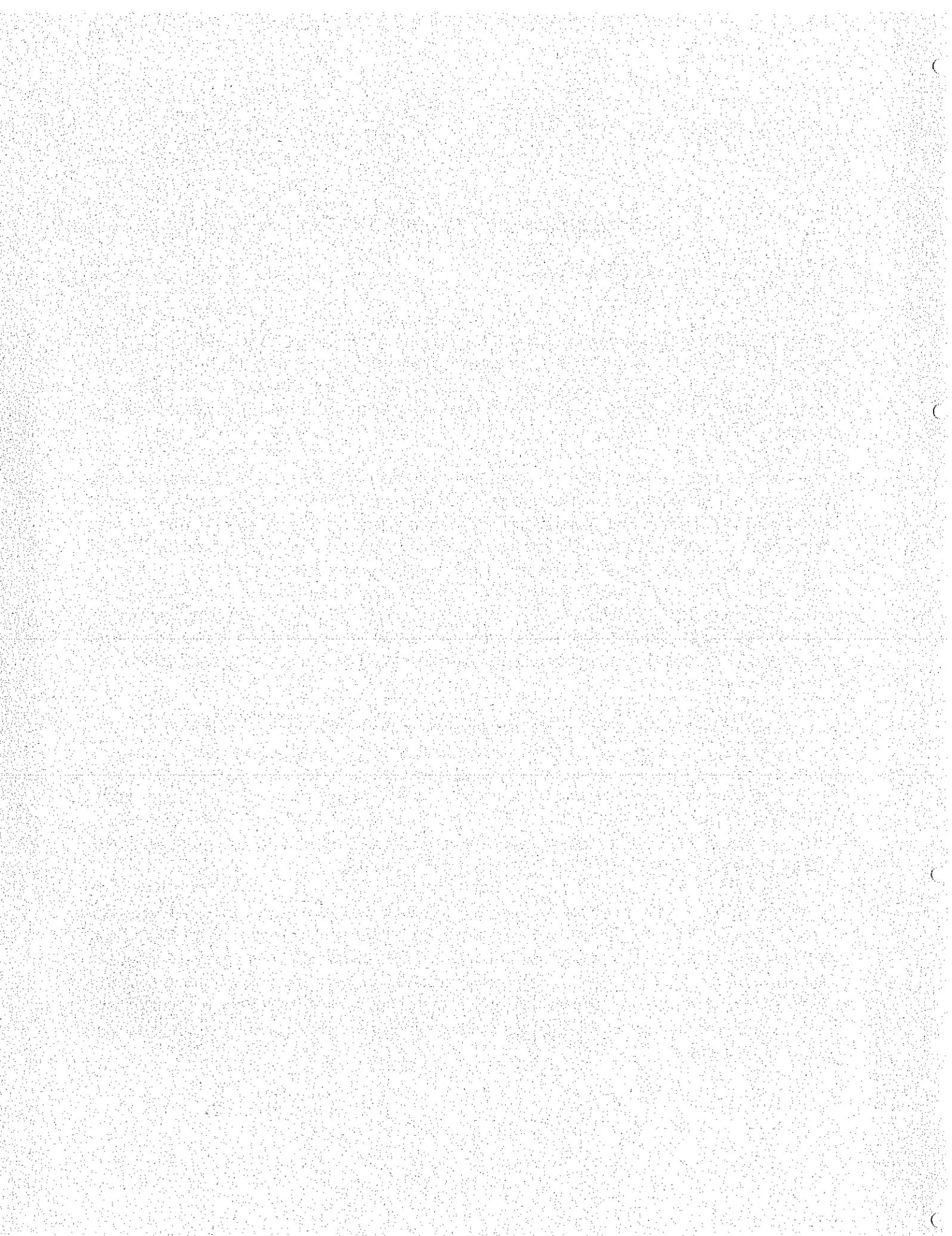
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We have audited the general purpose financial statements of the City of Yreka, California, as of and for the year ended June 30, 1999, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the City of Yreka, California, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted the audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that the audit provides a reasonable basis for our opinion.

As discussed in Note 4, the City has not maintained adequate records relating to the fixed assets of the proprietary fund types and the general fixed asset group of accounts. Accordingly, we were unable to satisfy ourselves as to the fixed assets balances amounting to \$5,341,624 and \$34,906,328 for the proprietary fund types and account group, respectively. Additionally, depreciation of fixed assets has not been recorded as an expense for all assets of the proprietary fund types as required by generally accepted accounting principles. The effect of not recording depreciation in those proprietary funds has not been determined.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to audit adequate fixed asset records, and for the effect of not recording depreciation on all fixed assets in the proprietary funds, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Yreka, California, as of June 30, 1999, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.



The Honorable Members of City Council
City of Yreka, California
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In accordance with Governmental Auditing Standards, we have also issued a report dated September 30, 1999 on our consideration of City of Yreka's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, except for the items discussed in the third paragraph, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

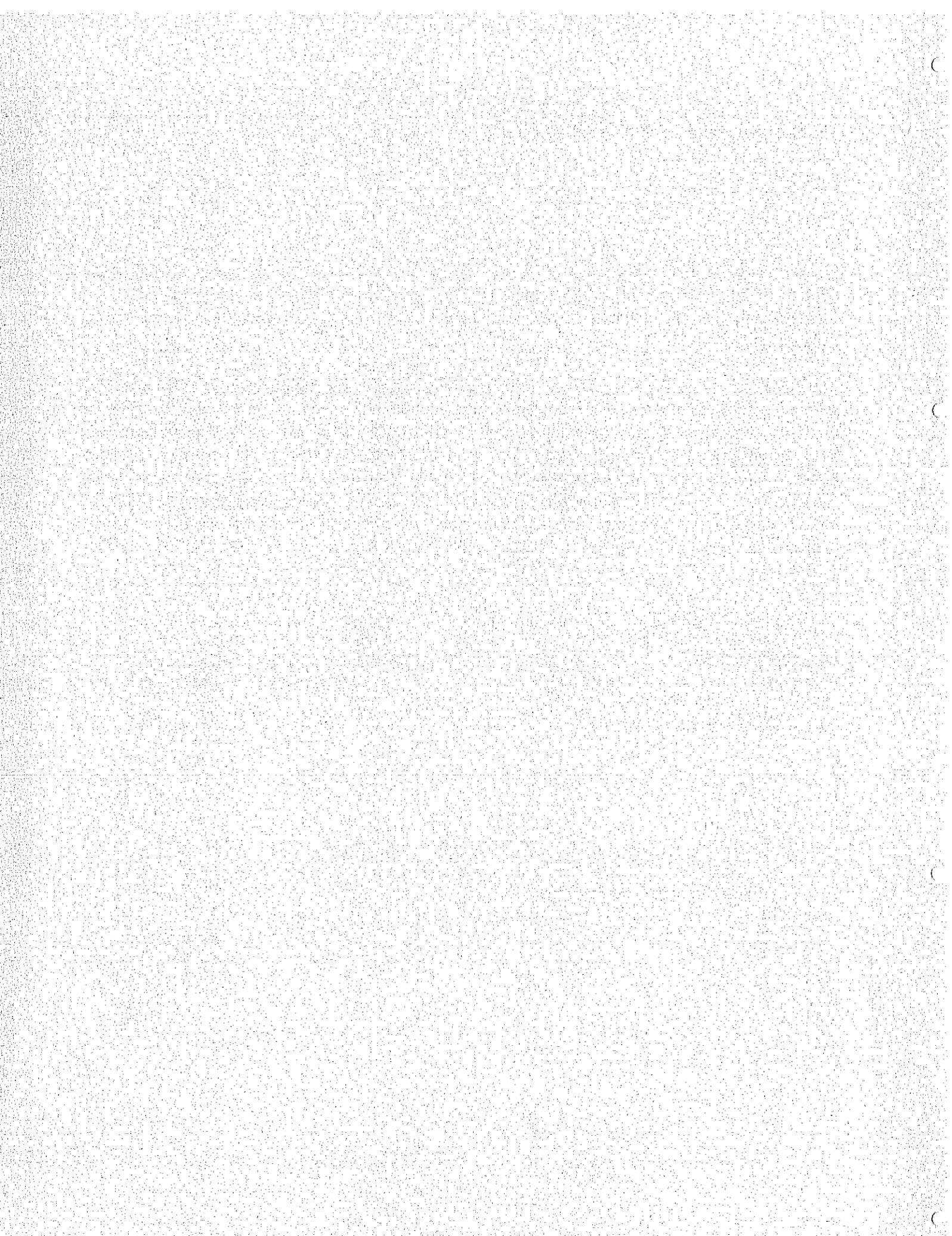


GARY P. ALLEN
CERTIFIED PUBLIC ACCOUNTANT



JEFFREY CHITWOOD
CERTIFIED PUBLIC ACCOUNTANT

September 30, 1999



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CITY OF YREKA, CALIFORNIA

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 1999

	<u>Governmental Fund Types</u>		
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>
ASSETS			
Cash and investments (Note 2)	\$1,426,732	\$709,645	\$128,124
Receivables:			
Accounts receivable		3,564	
Taxes	157,330		
Note receivable - YMCA	12,464		
Accrued interest	34,946		
Fixed assets, net of accumulated depreciation in Proprietary fund (Note 4)			
Amount to be provided for long-term debt			
Total assets	<u><u>\$1,631,472</u></u>	<u><u>\$713,209</u></u>	<u><u>\$128,124</u></u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$94,990	\$11,734	
Payroll payable	68,916	11,151	
Deferred payroll	112,702	24,182	
Accrued interest payable			
Deposits	600		
Current portion of long-term debt (Note 5)			
Long-term debt (Note 5)			
General long term debt			
Held for trust purposes			
Held for assessment district			
Total liabilities	<u><u>277,208</u></u>	<u><u>47,067</u></u>	<u><u>-</u></u>

See accompanying notes to combined financial statements.

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Total Memorandum only
Enterprise Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Debt	
\$2,442,298	\$425,746			\$5,132,545
164,810				168,374
				157,330
				12,464
				34,946
2,255,293		\$34,906,328		37,161,621
			\$202,829	202,829
<u>\$4,862,401</u>	<u>\$425,746</u>	<u>\$34,906,328</u>	<u>\$202,829</u>	<u>\$42,870,109</u>
\$12,708				\$119,432
25,793				105,860
13,051				149,935
20,436				20,436
				600
164,708				164,708
1,845,899				1,845,899
			\$202,829	202,829
	\$72,173			72,173
	89,134			89,134
<u>2,082,595</u>	<u>161,307</u>	<u>-</u>	<u>202,829</u>	<u>2,771,006</u>

CITY OF YREKA, CALIFORNIA

Combined Balance Sheet - All Fund Types and Account Groups, Continued

June 30, 1999

	<u>Governmental Fund Types</u>		
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>
Fund equity:			
Investment in general fixed assets			
Retained earnings			
Fund balances:			
Reserved for:			
Trust corpus			
Road related projects	\$30,570		
Capital projects			\$128,124
Unreserved			
Designated for:			
Retirement program	94,116		
Self insurance	216,230		
Employee health plan	14,365		
Specific projects:			
Grant participation	81,199		
Equipment purchases	83,152		
Building improvement	92,433		
Contingencies	158,703		
Undesignated	<u>583,496</u>	<u>\$666,142</u>	
Total fund equity	<u>1,354,264</u>	<u>666,142</u>	<u>128,124</u>
Total liabilities and fund equity	<u><u>\$1,631,472</u></u>	<u><u>\$713,209</u></u>	<u><u>\$128,124</u></u>

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Total (Memorandum) Only)
Enterprise Funds	Trust and Agency Funds	General Fixed Assets	General Long-term Debt	
\$2,779,806		\$34,906,328		\$34,906,328 2,779,806
	\$250,000			250,000 30,570 128,124
	14,439			94,116 216,230 14,365 14,439 81,199 83,152 92,433 158,703 1,249,638
<u>2,779,806</u>	<u>264,439</u>	<u>34,906,328</u>	<u>-</u>	<u>40,099,103</u>
<u>\$4,862,401</u>	<u>\$425,746</u>	<u>\$34,906,328</u>	<u>\$202,829</u>	<u>\$42,870,109</u>

CITY OF YREKA, CALIFORNIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types

Year ended June 30, 1999

	Governmental Fund Types			Total (Memorandum Only)
	General Fund	Special Revenue Funds	Capital Projects Funds	
REVENUES:				
Property and other taxes	\$2,552,872			\$2,552,872
License and permits	74,525			74,525
Intergovernmental revenue	346,743	\$431,276		778,019
Charges for services	443,218			443,218
Fines and forfeitures	12,064			12,064
Use of money and property In Kind	158,798	30,126		188,924
Other revenue	264,189	50,848		315,037
		45,383		309,572
Total revenues	<u>3,852,409</u>	<u>557,633</u>	<u>-</u>	<u>4,410,042</u>
EXPENDITURES:				
City council	25,056			25,056
City administrator	151,475			151,475
Public safety	1,110,960	87,073		1,198,033
Animal regulation	36,219			36,219
Planning	97,747			97,747
Public works	880,002	206,942		1,086,944
Parks and recreation	198,416			198,416
General government	1,443,428			1,443,428
Community promotion	315,615			315,615
Senior nutrition		207,729		207,729
Drug awareness education		11,160		11,160
Total expenditures	<u>4,258,918</u>	<u>512,904</u>	<u>-</u>	<u>4,771,822</u>
Excess (deficiency) of revenue over(under) expenditures	(406,509)	44,729	-	(361,780)
Other financing sources(uses):				
Operating transfers in	6,000	41,703	\$6,700	54,403
Operating transfers (out)	(41,703)			(41,703)
Total other financing sources (uses)	<u>(35,703)</u>	<u>41,703</u>	<u>6,700</u>	<u>12,700</u>
Excess of revenues and other sources over expenditures and other uses	<u>(442,212)</u>	<u>86,432</u>	<u>6,700</u>	<u>(349,080)</u>
Fund balances, June 30, 1998	<u>1,796,476</u>	<u>579,710</u>	<u>121,424</u>	<u>2,497,610</u>
Fund balances, June 30, 1999	<u>\$1,354,264</u>	<u>\$666,142</u>	<u>\$128,124</u>	<u>\$2,148,530</u>

See accompanying notes to combined financial statements.

CITY OF YREKA, CALIFORNIA

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual -
General and Special Revenue Fund Types - Budget Basis
Year ended June 30, 1999

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Property and other taxes	\$2,630,000	\$2,552,872	(\$77,128)			
License and permits	89,000	74,525	(14,475)			
Intergovernmental revenue	268,117	346,743	78,626	\$421,156	\$431,276	\$10,120
Charges for services	494,460	443,218	(51,242)			
Fines and forfeitures	18,000	12,064	(5,936)			
Use of money and property In Kind	205,812	158,798	(47,014)	20,000	30,126	10,126
Other revenue	343,000	264,189	(78,811)	50,848	50,848	
				50,400	45,383	(5,017)
Total revenues	4,048,389	3,852,409	(195,980)	542,404	557,633	15,229
EXPENDITURES:						
City council	24,000	25,056	(1,056)			
City administrator	166,251	151,475	14,776			
Public safety	1,078,652	1,110,960	(32,308)	65,485	87,073	(21,588)
Animal regulation	32,137	36,219	(4,082)			
Planning	55,834	97,747	(41,913)			
Public works	896,462	880,002	16,460	200,750	206,942	(6,192)
Parks and recreation	216,991	198,416	18,575			
General government	1,419,774	1,443,428	(23,654)			
Community promotion	328,700	315,615	13,085			
Senior nutrition				216,934	207,729	9,205
Capital projects						
Drug awareness education				10,000	11,160	(1,160)
Total expenditures	4,218,801	4,258,918	(40,117)	493,169	512,904	(19,735)
Excess (deficiency) of revenues over (under) expenditures	(170,412)	(406,509)	(155,863)	49,235	44,729	(4,506)
Other financial sources (uses):						
Operating transfers in	6,000	6,000		38,938	41,703	2,765
Operating transfers (out)	(41,703)	(41,703)				
Total other financing sources (uses)	(35,703)	(35,703)	-	38,938	41,703	2,765
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(\$206,115)	(442,212)	(\$155,863)	\$88,173	86,432	(\$1,741)
Fund balances, June 30, 1998		1,796,476			579,710	
Fund balances, June 30, 1999		\$1,354,264			\$666,142	

See accompanying notes to combined financial statements.

CITY OF YREKA, CALIFORNIA

Combined Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Types & Similar Trust Funds Year ended June 30, 1999

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	
	Enterprise Funds	YMCA Building Fund	<u>Memorandum Only TOTAL</u>
Operating revenues:			
User fees and charges	\$1,221,582		\$1,221,582
Investment income		\$16,468	16,468
Total operating revenues	<u>1,221,582</u>	<u>16,468</u>	<u>1,238,050</u>
Operating expenses:			
Cost of power and water	227,270		227,270
Maintenance, operations and administration	756,617	23,000	779,617
Depreciation	170,167		170,167
Total operating expenses	<u>1,154,054</u>	<u>23,000</u>	<u>1,177,054</u>
Operating income (loss)	<u>67,528</u>	<u>(6,532)</u>	<u>60,996</u>
Other revenues (expenses)/Gains (losses):			
Interest income	194,250		194,250
Interest expense	(42,371)		(42,371)
Total other revenues	<u>151,879</u>	<u>-</u>	<u>151,879</u>
Income (loss) before operating transfers	219,407	(6,532)	212,875
Other financing sources (uses):			
Operating transfers out	(6,000)		(6,000)
Net income (loss)	213,407	(6,532)	206,875
Retained earnings, June 30, 1998	<u>2,566,399</u>	<u>270,971</u>	<u>2,837,370</u>
Retained earnings, June 30, 1999	<u>\$2,779,806</u>	<u>\$264,439</u>	<u>\$3,044,245</u>

The accompanying notes are an integral part of these financial statements.



CITY OF YREKA, CALIFORNIA

Combined Statement of Cash Flows

All Proprietary Fund Types

Year ended June 30, 1999

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	
	<u>Enterprise Funds</u>	<u>YMCA Building Fund</u>	<u>Memorandum Only TOTAL</u>
CASH FLOW FROM OPERATING ACTIVITIES:			
Net income (loss)	\$213,407	(\$6,532)	\$206,875
Adjustments to reconcile net income to net cash used by operating activities:			
Depreciation	170,167		170,167
(Increase) in accounts receivable	(102,564)		(102,564)
(Decrease) in accounts payable	4,478		4,478
Increase (Decrease) in deferred payroll	870		870
Increase (Decrease) in payroll payable	16,725		16,725
Increase (Decrease) in accrued interest payable	(1,538)		(1,538)
NET CASH (USED)PROVIDED BY OPERATING ACTIVITIES	<u>301,545</u>	<u>(6,532)</u>	<u>295,013</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(237,287)	-	(237,287)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Debt reduction	(156,724)	-	(156,724)
NET INCREASE (DECREASE) IN CASH	<u>(92,466)</u>	<u>(6,532)</u>	<u>(98,998)</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 1998	<u>2,534,764</u>	<u>270,971</u>	<u>2,805,735</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 1999	<u><u>\$2,442,298</u></u>	<u><u>\$264,439</u></u>	<u><u>\$2,706,737</u></u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Interest earned	\$194,250	\$16,468	\$210,718
Interest paid - current	\$46,867	\$1,803	48,670
Interest paid - deferred	\$33,849		33,849

Disclosure of accounting policy:

For purposes of the statement of cash flow the city includes US Treasury Bills (at cost) \$1,585,250; this amount is consistent from year to year.

CITY OF YREKA, CALIFORNIA
Notes to Financial Statements
June 30, 1999

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the significant accounting policies of the City of Yreka, California, all of which conform to generally accepted accounting principles as applicable to governmental units:

A. Principles of Combination

The financial statements of the City of Yreka include the financial activities of the City. Various governmental agencies provide services within the City of Yreka, however, they do not meet any of the selection criterion for inclusion in the City's reporting entity. Consequently, financial information for these agencies is not included in the accompanying financial statements.

B. Basis of Presentation

The accounts of the City are organized on the basis of funds or account groups, each of which is 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, liabilities, reserves, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements of this report into three generic fund types and one account group as follows:

CITY OF YREKA, CALIFORNIA
Notes to Financial Statements (Continued)

Governmental Funds

General Fund

The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary fund types).

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

CITY OF YREKA, CALIFORNIA
Notes to Financial Statements (Continued)

Account Groups

General Fixed Asset Account Group

This group of accounts is established to maintain control and cost information for all fixed assets of the City which are not accounted for in the proprietary funds.

General Long-term Debt Account Group

This group of accounts is established to account for all long-term debt of the City, except those accounted for in the proprietary and special assessment fund types.

C. Basis of Accounting

The modified accrual basis of accounting is followed in the governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues considered susceptible to accrual includes: property taxes, certain Federal and State grants, investment earnings, utility and waste collection. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

All proprietary funds and nonexpendable trust funds are accounted for using the accrual basis of accounting and the flow of all economic resources (measurement focus). This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises whereby revenues are recognized when they are earned and expenses are recognized when they are incurred. Under this basis of accounting and measurement focus, the city applies all GASB pronouncements and FASB statement and Interpretations, APB Opinions, and Accounts Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

CITY OF YREKA, CALIFORNIA
Notes to Financial Statements (Continued)

D. Taxes Receivable

The County of Siskiyou assesses, bills and collects property taxes for the City. The County property tax is levied each November 1 on the assessed valuation of property located in the County as of the preceding lien date. Taxes are receivable in two equal installments which become delinquent the first working day after December 10 and April 10. City property tax revenues are recognized when levied to the extent that they result in current receivables.

E. Budgetary Data

The budget of the City is a detailed operating plan which identifies estimated costs and results in relation to estimated revenues. The budget represents a process through which policy decisions are made, implemented and controlled.

The budget is adopted by the City Council each year. The City Manager is authorized to make transfers of excess appropriations within a department; however, any revisions that alter the total expenditures of any fund require City Council action. Expenditures may not legally exceed appropriations at the department level. Expending funds for which there is no legal appropriation is prohibited.

Budgetary data, as revised, are presented in the financial statements for the general fund and special revenue funds.

F. Cash and Investments

The City follows the practice of pooling cash resources, consisting of cash and investments, from all funds for the purpose of increasing income through investment activities. Interest earned on pooled cash resources is allocated among funds based on the individual funds computed average interest rate of all investments.

CITY OF YREKA, CALIFORNIA
Notes to Financial Statements (Continued)

G. Fixed Assets

Fixed assets purchased by governmental and proprietary fund type operations are recorded at cost or estimated cost when the original cost is not available. Donated fixed assets are recorded at estimated fair market value at the time of receipt.

Governmental fund type fixed assets are recorded as expenditures when purchased and are capitalized in the General Fixed Assets Account Group when applicable. Contributed fixed assets are recorded at fair market value at the time received. No depreciation is provided on general fixed assets (see also Note 4).

Infrastructure fixed assets, consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and street lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City. The purpose of stewardship for capital expenditures is satisfied without recording these assets. No depreciation is provided on general fixed assets (see also Note 4).

Proprietary fund type fixed assets are capitalized and otherwise accounted for within the fund itself. When assets are retired or sold, the costs of the assets and the related accumulated depreciation are eliminated from the accounts and any resultant gain or loss is credited to income or charged to expense, respectively. Depreciation is being provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Utility Plants	35 years
Buildings	35 years
Improvements Other than Buildings	10 - 20 years
Equipment, Furnishings and Vehicles	5 - 10 years

CITY OF YREKA, CALIFORNIA
Notes to Financial Statements (Continued)

H. Accrued Vacation and Sick Pay

Vacation pay is vested to the employees as it accrues and is payable upon retirement or termination. Sick leave, however, does not vest to the employees and is payable only when sick leave is taken.

Vacation pay and other earned but unpaid wages have been accrued in the accompanying financial statements.

I. Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles nor are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregate of these data.

J. Statement of Cash Flows

Cash and cash equivalents include cash on hand, checking and savings accounts, certificates of deposit and US Treasury Bills.

K. Fund Equity

Reservations of fund balances indicate those portions of fund equity which are not available for appropriation or expenditure which have been restricted to a specific use. Unreserved - designated fund balances indicate that portion of fund equity for which the City Council has tentative plans for financial resource utilization in a future period.



CITY OF YREKA, CALIFORNIA
Notes to Financial Statements (Continued)

(2) **CASH AND INVESTMENTS**

The City maintains a cash and investment pool for all City funds. Investments are stated at cost which approximates market value. Interest earned and received is allocated to funds based on their average cash balances.

	<u>Cash and investments (carrying value)</u>	<u>Market Value of Investments</u>
Petty cash	\$435	
Cash in bank - checking	307,793	
Cash in bank - savings	902	
Cash in bank - Certificate of Deposit	263,537	
Cash in State Treasurer's Local Agency Investment Fund	<u>2,672,819</u>	
 Total Cash	 <u>3,245,486</u>	
 U.S. Treasury Bonds (at cost)	 <u>1,887,059</u>	 <u>\$2,512,844</u>
 Total Investments	 <u>1,887,059</u>	 <u>\$2,512,844</u>
 Total cash and investments per financial statement	 <u>\$5,132,545</u>	

All bank balances of deposits as of the balance sheet date are entirely insured or collateralized with securities held by the City or by its agent in the City's name.



CITY OF YREKA, CALIFORNIA
Notes to Financial Statements (Continued)

(2) **CASH AND INVESTMENTS (continued)**

Investments:

Investments made by the city are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk within the following three categories:

- Category 1 Insured or registered, or securities held by the city or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty, or its trust department or agent but not in the City's name.

	Category			Carrying Value	Fair Value
	1	2	3		
U.S. Government Securities	\$1,887,059	-0-	-0-	\$1,887,059	\$2,512,844
	<u>\$1,887,059</u>	<u>-0-</u>	<u>-0-</u>	<u>1,887,059</u>	<u>2,512,844</u>
Total Investments				<u>\$1,887,059</u>	<u>\$2,512,844</u>

(3) **INTERFUND ASSETS AND LIABILITIES**

There were no interfund assets or liabilities at June 30, 1999.



CITY OF YREKA, CALIFORNIA
Notes to Financial Statements (Continued)

(4) **FIXED ASSETS**

A summary of changes in general fixed assets is as follows:

	<u>Balance 06/30/98</u>	<u>Additions</u>	<u>Balance 06/30/99</u>
Fixed asset balance, June 30, 1983	\$31,447,142		\$31,447,142
Building/Improvements	809,704		809,704
Land	64,347		64,347
Improvements other than buildings	103,737		103,737
Equipment	2,433,157	\$44,390	2,477,547
Equipment - Senior Nutrition	3,851		3,851
	<u>\$34,861,938</u>	<u>\$44,390</u>	<u>\$34,906,328</u>

A summary of proprietary fund type fixed assets at June 30, 1999 is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Combined</u>
Balance at June 30, 1998	\$4,109,171	\$995,164	\$5,104,335
Plant improvements	12,149	203,559	215,708
New services	4,482		4,482
System improvements & Equipment	5,080	12,019	17,099
	<u>4,130,882</u>	<u>1,210,742</u>	<u>5,341,624</u>
Less accumulated depreciation	<u>(2,502,430)</u>	<u>(583,901)</u>	<u>(3,086,331)</u>
Fixed assets, net at June 30, 1999	<u>\$1,628,452</u>	<u>\$626,841</u>	<u>\$2,255,293</u>

CITY OF YREKA, CALIFORNIA
Notes to Financial Statements (Continued)

The City did not maintain a comprehensive historical cost record relative to the general fixed asset group of accounts or the fixed assets of the proprietary fund types prior to 1983. The City is in the process of obtaining and recording estimated historical values for its fixed assets and applicable depreciation. This information is to be recorded and maintained on a computerized fixed asset management system.

(5) **LONG-TERM DEBT**

The following is a summary of changes in general long-term obligations for the year ended June 30, 1999:

	<u>Balance</u> <u>July 1, 1998</u>	<u>New Issues</u>	<u>Principal</u> <u>Repayments</u>	<u>Balance</u> <u>June 30, 1999</u>
Dresser Dozer	\$42,685		\$42,685	-
Komatsu Scraper	19,332		19,332	-
John Deere	13,322		8,722	\$4,600
Ford Pick Up	19,894		9,785	10,109
Ford Pick Ups	25,888		10,382	15,506
LaFrance Fire Truck	189,490		16,876	172,614
	<u>\$310,611</u>	<u>-</u>	<u>\$107,782</u>	<u>\$202,829</u>

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CITY OF YREKA, CALIFORNIA
Notes to Financial Statements (Continued)

Long-term debt at June 30, 1999 consists of the following:

	Enterprise Fund	General Long-term Debt Account Group
Note payable to California Dept. of Water Resources, unsecured, bearing interest at 2.5%. Principal payment due in annual installments ranging from 2.1% and accelerating to 4.95% in the 30th year (2010)	\$1,634,900	
Deferred interest payable to California Dept. of Water Resources, per applicable provisions of the above note, accumulated for initial 10 years of note, with no interest, payments due in annual installments of \$33,849.	372,337	
Note payable to John Deer Credit, secured with Hessel Tractor, which bears interest at 7.25%, interest and principal payments due semi-annually thru 1999.		\$4,600
Note payable to Timberline Bank, secured with Ford Pickups, which bears interest at 5.5%, interest and principal payments due semi-annually thru 2000.	3,370	10,109
Note payable to Timberline Bank, secured with Ford Pickups, which bears interest at 5.5%, interest and principal payments due semi-annually thru 2000.		15,506
Note payable to Tri Counties Bank, secured with LaFrance Fire Truck, which bears interest at 5.79%. Principal and interest is due on June 30, 2000.		172,614
	2,010,607	202,829
Less: portion classified as current	(164,708)	-
Total long-term obligations	\$1,845,899	\$202,829



CITY OF YREKA, CALIFORNIA
Notes to Financial Statements (Continued)

The aggregate maturities on long-term debt over the succeeding years are summarized as follows:

Year Ended June 30	Enterprise Fund	General Long-term Debt Account Group
2000	\$164,708	\$197,122
2001	165,139	5,707
2002	168,939	
2003	173,085	
2004	177,231	
2005	181,377	
2006	185,868	
2007	190,360	
2008	195,197	
2009	200,034	
2010	208,669	
Totals	<u>\$2,010,607</u>	<u>\$202,829</u>

(6) NOTE RECEIVABLE

The city has a note receivable with the Yreka Family YMCA. The original amount of the loan is \$60,000. The loan is to be paid back with the YMCA endowment fund's investment revenue. Annual payments of \$10,000 including interest and principal will be made until the note is paid in full. Interest is to be based on the City of Yreka's monthly yield from the LAIF investment account which was 5.08% at June 30, 1999.



CITY OF YREKA, CALIFORNIA
Notes to Financial Statements (Continued)

(7) **PENSION PLAN**

(A) Plan Description: The City of Yreka contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office - 400 P Street - Sacramento, CA 95814.

Funding Policy: Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate. The Contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost: For fiscal year 1995/96, the City of Yreka's annual pension cost was \$65,037 and the City of Yreka actually contributed \$65, 037. The required contribution for fiscal year 1997/98 was determined as part of the June 30, 1996 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percentage of pay. The actuarial assumptions included (a) 8.5% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 4.5% to 14.95% for miscellaneous members (from 5.02% to 12.34% for safety members), and (c) 4.5% cost-of-living adjustment. Both (a) and (b) include an inflation component of 4.5%.

The actuarial value of City of Yreka's plan assets was determined using a technique that smooths the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. City of Yreka's unfunded actuarial accrued excess assets is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 1996 was 4 years.

Required Supplementary Information:

Three Year Trend Information for Miscellaneous Plan of the City of Yreka:

Funded Status of Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As a % of Payroll
6/30/94	\$ 3,640,629	\$ 3,845,746	\$ (205,117)	105.6%	\$ 1,177,640	(17.418%)
6/30/95	3,774,477	4,138,523	(364,046)	109.6%	1,286,741	(28.292%)
6/30/96	4,370,558	4,759,886	(389,328)	108.9%	1,272,293	(30.600%)



CITY OF YREKA, CALIFORNIA
Notes to Financial Statements (Continued)

(8) SPECIAL ASSESSMENT DEBT WITH GOVERNMENT COMMITMENT

The following is a summary of the Campbell Tract Improvement District Bonds which are paid from proceeds collected by the County Tax Collector. Each parcel in the improvement district has a pro-rata share of the liability recorded as a lien on the parcel. The City has no liability, contingent or otherwise, for these bonds and they are shown in the financial statement notes for informational purposes only.

	<u>1982 Campbell Tract Improvement Dist-Bonds</u>
Original issue	\$ 343,300
Rate of interest	5.00%
Balance July 1, 1998	127,000
Payments during year	<u>23,000</u>
 Balance June 30, 1999	 104,000

Future debt service requirements are
as follows:

Year ended	
2000	\$ 24,000
2001	25,000
2002	27,000
2003	28,000
Thereafter	<u>-0-</u>
	\$ 104,000

(9) DEFICIT FUND BALANCES

The following is a summary of funds that had deficit fund balances at June 30, 1999.

	<u>Amount</u>
Special Revenue Funds:	
Traffic Safety	<u>(\$7,167)</u>
 Total	 <u><u>(\$7,167)</u></u>

City management plans to eliminate the deficit fund balance with an interfund transfer.

CITY OF YREKA, CALIFORNIA
Notes to Financial Statements (Continued)

(10) **EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS**

The following is a summary of the excess (deficit) of expenditures over appropriations in individual funds for the year ended June 30, 1999.

Fund			
General Fund			(\$40,117)
Special Revenue Funds:			
D.A.R.E.	(\$1,160)		
Gas Tax Funds	(32,255)		
Improvement	-		
Local Transportation	1,118		
Special Grants	(5,142)		
Police Asset Forfeiture	-		
Senior Fund	9,205		
Traffic Safety	8,499		
Total Special Revenue Funds			(19,735)
Capital Projects Funds:			
Fire Dept. Historical Bldg.	-		
Closure Post/Closure Landfill	-		
Yreka Creek Greenway	-		
Total Capital Projects Funds			-
Enterprise Funds:			
Water	\$157,194		
Sewer	488,222		
Total Enterprise Funds			\$645,416
Fiduciary Funds:			
Non-Expendable Trust Fund:			
YMCA Building Funds	-		
Total Fiduciary Funds			-
TOTAL			\$585,564



CITY OF YREKA, CALIFORNIA
Notes to Financial Statements (Continued)

(11) YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The City of Yreka has Completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting City operations. The City has identified the following systems requiring year 2000 remediation:

Financial reporting, water and sewer billing/collection, payroll and employee benefit systems. The City has completed all testing and validation its financial reporting, water and sewer billing/collection, payroll and employee benefit systems.

911 Police and fire emergency reporting system. The City has completed all testing and validation on its portion of the 911 police and fire reporting system. The 911 police and fire reporting system has data interchanges with several other non-city systems, some of which have not been fully tested and validated.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the City is or will be Year 2000 ready, that the city remediation efforts will be successful in whole or in part, or that parties with whom the City does business will be year 2000 ready.

(12) COMMITMENTS, CONTINGENT LIABILITIES AND LITIGATION

A. The City participates in a number of Federal and State assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Audits of certain grant programs, including those for the year ended June 30, 1999, have yet to be conducted.

Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. Management believes that such disallowances, if any, would not have a material effect on the financial statements.

CITY OF YREKA, CALIFORNIA
Notes to Financial Statements (Continued)

(12) **COMMITMENTS, CONTINGENT LIABILITIES AND LITIGATION(continued)**

- B. Certain general obligation bonds which are issued exclusively as general obligations debt for the benefit of a governmental enterprise, but which, as a matter of discretionary financial policy, are actually serviced by earnings of an enterprise, are presented as an obligation of this enterprise rather than in general long-term debt. The City would be responsible for the debt only in the event that funds were not available in the enterprise. If this occurred, an interfund receivable would be created and remain until the enterprise fund was able to repay the City.

- C. There are minor lawsuits pending against the City, the outcome of which, in the opinion of staff, would not have a material effect on the financial statements of the City taken as a whole. In the opinion of management and the City Attorney, the City has adequate legal defenses relating to these suits.

CITY OF YREKA, CALIFORNIA

GENERAL FUND

The General Fund is used for all of the general revenues of the City not specifically levied or collected for in other City funds and the related expenditures. The General Fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.



CITY OF YREKA, CALIFORNIA

Balance Sheet - General Fund

June 30, 1999

ASSETS

Cash and Investments (Note 2)	\$1,426,732
Receivables:	
Accounts Receivable	
Taxes	157,330
Note Receivable - YMCA	12,464
Accrued interest	34,946
	<hr/>
Total assets	\$1,631,472
	<hr/> <hr/>

LIABILITIES AND FUND EQUITY

Liabilities:

Accounts payable	\$94,990
Payroll Payable	68,916
Deferred payroll	112,702
Deposits	600
	<hr/>
Total liabilities	277,208
	<hr/> <hr/>

Fund Equity:

Fund Balances (Deficits):	
Reserved for:	
Road related projects	30,570
Unreserved	
Designated for:	
Retirement program	94,116
Self insurance	216,230
Employee health plan	14,365
Grant participation	81,199
Equipment purchases	83,152
Building improvement	92,433
Contingencies	158,703
Undesignated	583,496
	<hr/>
Total fund equity	1,354,264
	<hr/> <hr/>
Total liabilities and fund equity	\$1,631,472
	<hr/> <hr/>

See accompanying notes to combined financial statements.

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CITY OF YREKA, CALIFORNIA
 Statements of Revenues, Expenditures and
 Changes in Fund Balance - General Fund
 Year Ended June 30, 1999

REVENUES:

Property taxes and other taxes	\$2,552,872
License and permits	74,525
Intergovernmental revenue	346,743
Charges for services	443,218
Fines and forfeitures	12,064
Use of money and property	158,798
Other revenues	<u>264,189</u>
 Total revenue	 <u>3,852,409</u>

EXPENDITURES:

Current

City council	25,056
City administrator	151,475
Public Safety	1,110,960
Animal regulations	36,219
Planning	97,747
Public works	880,002
Parks and recreation	198,416
General government	1,443,428
Community promotion	<u>315,615</u>
Total expenditures	<u>4,258,918</u>

Excess (deficiency) of revenue over (under)
 expenditures (406,509)

Other financing sources (uses):

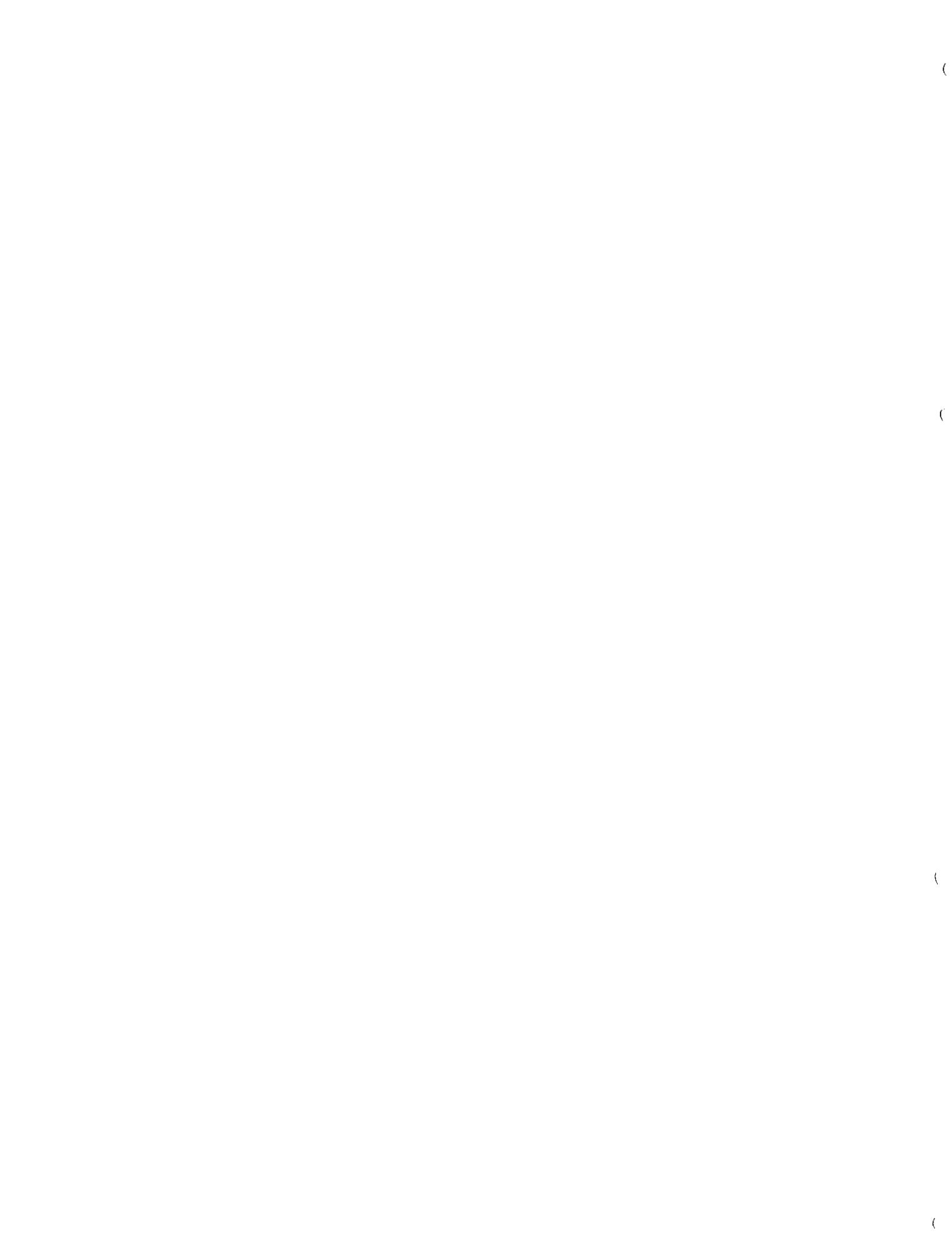
Operating transfers in	6,000
Operating transfers (out)	<u>(41,703)</u>
Total other financing sources (uses)	<u>(35,703)</u>

Excess of revenues and other sources
 over expenditures and other uses (442,212)

Fund balances, beginning of year 1,796,476

Fund balances, end of year \$1,354,264

See accompanying notes to combined financial statements.



CITY OF YREKA, CALIFORNIA
SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for proceeds derived from specific revenue sources that are legally restricted to expenditures for specified purposes.

D.A.R.E.

Established to account for receipt and disbursement of Drug Awareness Education funds. Financing is provided by the state and private donations. These funds are restricted to the D.A.R.E. program.

Gas Tax Fund

Established to account for the construction and maintenance of the street system of the City. Financing is provided by the State and is restricted to street expenditures.

Improvement Funds

Established to account for receipt and disbursement of funds used for street lighting and sidewalks.

Local Transportation Fund

Established to account for the construction and maintenance of the street system of the City. Financing is provided by the State and is restricted to street expenditures.

Special Grants

Established to account for receipt and disbursement of grant funds. Financing is provided by the federal and state government.

Police Asset Forfeiture

Established to account for receipt and disbursement of funds obtained through police department and seizure.

Senior Program

Established to account for receipt and disbursement of funds for the City of Yreka Senior Nutrition Program. Financing is provided by the federal government. These funds are restricted to the Senior Program.

Traffic Safety

Established to account for receipt and disbursement of traffic fines. Financing is provided through the court system and is restricted as to expenditure.

CITY OF YREKA, CALIFORNIA

Combining Balance Sheet - All Special Revenue Funds

June 30, 1999

	<u>DARE</u>	<u>GAS TAX FUNDS</u>	<u>IMPROVEMENT FUNDS</u>	<u>LOCAL TRANSPORTATION</u>
ASSETS:				
Cash and Investments (Note 2)		\$399,200	\$46,401	\$235,260
Receivables:				
Accounts Receivable				
Total assets	-	\$399,200	\$46,401	\$235,260
LIABILITIES AND FUND EQUITY				
LIABILITIES:				
Accounts payable				
Payroll payable		\$4,617		
Deferred payroll		19,162		
Total liabilities	-	23,779	-	-
FUND EQUITY:				
Undesignated	-	375,421	\$46,401	\$235,260
Total fund equity	-	375,421	46,401	235,260
Total liabilities and fund equity	-	\$399,200	\$46,401	\$235,260

See accompanying notes to combined financial statements.

<u>SPECIAL GRANTS</u>	<u>POLICE ASSET FORFEITURE</u>	<u>SENIOR PROGRAM</u>	<u>TRAFFIC SAFETY</u>	<u>TOTAL</u>
\$20,983	\$3,753	\$4,048		\$709,645
		\$3,564		3,564
<u>\$20,983</u>	<u>\$3,753</u>	<u>\$7,612</u>	<u>-</u>	<u>\$713,209</u>
\$8,509		\$3,225		\$11,734
		4,387	\$2,147	11,151
			5,020	24,182
<u>8,509</u>	<u>-</u>	<u>7,612</u>	<u>7,167</u>	<u>47,067</u>
12,474	\$3,753	-	(7,167)	666,142
<u>12,474</u>	<u>3,753</u>	<u>-</u>	<u>(7,167)</u>	<u>666,142</u>
<u>\$20,983</u>	<u>\$3,753</u>	<u>\$7,612</u>	<u>-</u>	<u>\$713,209</u>

CITY OF YREKA, CALIFORNIA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - All Special Revenues Funds
Year ended June 30, 1999

	<u>DARE</u>	<u>GAS TAX FUNDS</u>	<u>IMPROVEMENT FUNDS</u>	<u>LOCAL TRANSPORTATION</u>
REVENUES:				
Intergovernmental revenue		\$150,314		\$118,054
Use of money and property In Kind		20,606		9,520
Other revenue	\$8,450		\$960	
Total revenues	<u>8,450</u>	<u>170,920</u>	<u>960</u>	<u>127,574</u>
EXPENDITURES:				
Drug awareness education	11,160			
Public safety				
Public works		156,255		31,882
Senior nutrition				
Total expenditures	<u>11,160</u>	<u>156,255</u>	<u>-</u>	<u>31,882</u>
Excess (deficiency) of revenues Over (under) expenditures	(2,710)	14,665	960	95,692
Other financing sources (uses):				
Operating transfers in	728			
Operating transfers (out)				
Total other financing sources (uses)	<u>728</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	<u>(1,982)</u>	<u>14,665</u>	<u>960</u>	<u>95,692</u>
Fund balances, June 30, 1998	<u>1,982</u>	<u>360,756</u>	<u>45,441</u>	<u>139,568</u>
Fund balances, June 30, 1999	<u>-</u>	<u>\$375,421</u>	<u>\$46,401</u>	<u>\$235,260</u>

See accompanying notes to combined financial statements.

<u>SPECIAL GRANTS</u>	<u>POLICE ASSET FORFEITURE</u>	<u>SENIOR PROGRAM</u>	<u>TRAFFIC SAFETY</u>	<u>TOTAL</u>
\$30,698		\$106,596	\$25,614	\$431,276
				30,126
		50,848		50,848
	\$919	35,054		45,383
<u>30,698</u>	<u>919</u>	<u>192,498</u>	<u>25,614</u>	<u>557,633</u>
				11,160
36,587			50,486	87,073
18,805				206,942
		207,729		207,729
<u>55,392</u>	<u>-</u>	<u>207,729</u>	<u>50,486</u>	<u>512,904</u>
(24,694)	919	(15,231)	(24,872)	44,729
		15,231	25,744	41,703
<u>-</u>	<u>-</u>	<u>15,231</u>	<u>25,744</u>	<u>41,703</u>
(24,694)	919	-	872	86,432
37,168	\$2,834	-	(8,039)	579,710
<u>\$12,474</u>	<u>\$3,753</u>	<u>-</u>	<u>(\$7,167)</u>	<u>\$666,142</u>

CITY OF YREKA, CALIFORNIA

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual -
 Special Revenue Fund Types - Budget Basis - Continued
 Year Ended June 30, 1999

	D.A.R.E.		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES:			
Intergovernmental revenue			
Use of money and property In Kind			
Other revenue	\$5,000	\$8,450	\$3,450
Total revenues	<u>5,000</u>	<u>8,450</u>	<u>3,450</u>
EXPENDITURES:			
Current:			
Drug awareness education	10,000	11,160	(1,160)
Public safety			
Public works			
Senior nutrition			
Total expenditures	<u>10,000</u>	<u>11,160</u>	<u>(1,160)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,000)</u>	<u>(2,710)</u>	<u>2,290</u>
Other financing sources(uses):			
Operating transfers in		728	728
Operating transfers (out)			
Total other financing sources(uses)	<u>-</u>	<u>728</u>	<u>728</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(\$5,000)</u>	<u>(1,982)</u>	<u>\$3,018</u>
Fund balances, June 30, 1998		<u>1,982</u>	
Fund balances, June 30, 1999		<u>-</u>	

See accompanying notes to combined financial statements.

GAS TAX FUNDS			IMPROVEMENT FUNDS		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$152,790	\$150,314	(\$2,476)			
14,000	20,606	6,606			
			\$3,400	\$960	(\$2,440)
166,790	170,920	4,130	3,400	960	(2,440)
124,000	156,255	(32,255)			
124,000	156,255	(32,255)	-	-	-
42,790	14,665	(28,125)	3,400	960	(2,440)
-	-	-	-	-	-
<u>\$42,790</u>	14,665	<u>(\$28,125)</u>	<u>\$3,400</u>	960	<u>(\$2,440)</u>
	<u>360,756</u>			<u>45,441</u>	
	<u>\$375,421</u>			<u>\$46,401</u>	

CITY OF YREKA, CALIFORNIA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual -
Special Revenue Fund Types - Budget Basis
Year Ended June 30, 1999

	LOCAL TRANSPORTATION		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental revenue	\$127,494	\$118,054	(\$9,440)
Use of money and property	6,000	9,520	3,520
Other revenue			
Total revenues	<u>133,494</u>	<u>127,574</u>	<u>(5,920)</u>
EXPENDITURES:			
Current:			
Drug awareness education			
Public safety			
Public works	33,000	31,882	1,118
Senior nutrition			
Total expenditures	<u>33,000</u>	<u>31,882</u>	<u>1,118</u>
Excess (deficiency) of revenue over (under) expenditures	<u>100,494</u>	<u>95,692</u>	<u>(4,802)</u>
Other financing sources(uses):			
Operating transfers in			
Operating transfers (out)			
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>\$100,494</u>	<u>95,692</u>	<u>(\$4,802)</u>
Fund balances, June 30, 1998		<u>139,568</u>	
Fund balances, June 30, 1999		<u>\$235,260</u>	

See accompanying notes to combined financial statements.

SPECIAL GRANTS			POLICE ASSET FORFEITURE		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$13,000	\$30,698	\$17,698		\$919	\$919
13,000	30,698	17,698	-	919	919
6,500	36,587	(30,087)			
43,750	18,805	24,945			
50,250	55,392	(5,142)	-	-	-
(37,250)	(24,694)	12,556	-	919	919
-	-	-	-	-	-
<u>(\$37,250)</u>	<u>(24,694)</u>	<u>\$12,556</u>	<u>-</u>	<u>919</u>	<u>\$919</u>
	<u>37,168</u>			<u>\$2,834</u>	
	<u>\$12,474</u>			<u>\$3,753</u>	

CITY OF YREKA, CALIFORNIA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual -
Special Revenue Fund Types - Budget Basis - Continued
Year Ended June 30, 1999

	<u>SENIOR PROGRAM</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental revenue	\$114,872	\$106,596	(\$8,276)
Use of money and property In Kind	50,848	50,848	
Other revenue	42,000	35,054	(6,946)
Total revenues	<u>207,720</u>	<u>192,498</u>	<u>(15,222)</u>
EXPENDITURES:			
Current:			
Drug awareness education			
Public safety			
Public works			
Senior nutrition	216,934	207,729	9,205
Total expenditures	<u>216,934</u>	<u>207,729</u>	<u>9,205</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,214)</u>	<u>(15,231)</u>	<u>(6,017)</u>
Other financing sources(uses):			
Operating transfers in	7,193	15,231	
Operating transfers (out)			
Total other financing sources(uses)	<u>7,193</u>	<u>15,231</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(\$2,021)</u>	-	<u>(\$6,017)</u>
Fund balances, June 30, 1998		-	
Fund balances, June 30, 1999		<u>-</u>	

See accompanying notes to combined financial statements.

TRAFFIC SAFETY			TOTAL 1999		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$13,000	\$25,614	\$12,614	\$421,156	\$431,276	\$10,120
			20,000	30,126	10,126
			50,848	50,848	
			50,400	45,383	(5,017)
<u>13,000</u>	<u>25,614</u>	<u>12,614</u>	<u>542,404</u>	<u>557,633</u>	<u>15,229</u>
			10,000	11,160	(1,160)
58,985	50,486	8,499	65,485	87,073	(21,588)
			200,750	206,942	(6,192)
			216,934	207,729	9,205
<u>58,985</u>	<u>50,486</u>	<u>8,499</u>	<u>493,169</u>	<u>512,904</u>	<u>(19,735)</u>
<u>(45,985)</u>	<u>(24,872)</u>	<u>21,113</u>	<u>49,235</u>	<u>44,729</u>	<u>(4,506)</u>
31,745	25,744	(6,001)	38,938	41,703	2,765
<u>31,745</u>	<u>25,744</u>	<u>(6,001)</u>	<u>38,938</u>	<u>41,703</u>	<u>2,765</u>
<u>(\$14,240)</u>	872	<u>\$15,112</u>	<u>\$88,173</u>	86,432	<u>(\$1,741)</u>
	<u>(8,039)</u>			<u>579,710</u>	
	<u>(\$7,167)</u>			<u>\$666,142</u>	

CITY OF YREKA, CALIFORNIA

CAPITAL PROJECTS FUND

Capital Projects Fund are used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by Proprietary Funds.

Fire Department Historical Buildings - Accounts for the planned construction of a historical building to house and display antique fire equipment.

Closure/Post-Closure Landfill - Accounts for the planning and eventual closure costs of the city dumps.

Yreka Creek Greenway - Accounts for the improvements and greenways on Yreka Creek.

CITY OF YREKA

Combining Balance Sheet - All Capital Project Funds

June 30, 1999

	Fire Dept. Historical Buildings	Closure Post/Closure Landfill	Yreka Creek Greenway	TOTAL
ASSETS				
Cash and investments	\$61,931	\$61,950	\$4,243	\$128,124
Total assets	<u>\$61,931</u>	<u>\$61,950</u>	<u>\$4,243</u>	<u>\$128,124</u>
LIABILITIES AND FUND EQUITY				
Liabilities	-	-	-	-
Fund equity:				
Reserved	\$61,931	\$61,950	\$4,243	\$128,124
Unreserved				
Total liabilities and fund equity	<u>\$61,931</u>	<u>\$61,950</u>	<u>\$4,243</u>	<u>\$128,124</u>

See accompanying notes to combined financial statements.

CITY OF YREKA

Combining Statement of Revenues, Expenses and Changes in Fund Balance - All Capital Project Funds Year Ended June 30, 1999

	Fire Dept. Historical Buildings	Closure Post/Closure Landfill	Yreka Creek Greenway	TOTAL
REVENUES:				
State grants				
Total revenues	-	-	-	-
EXPENDITURES:				
Capital projects				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues Over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Operating transfers in		\$6,700		\$6,700
Total other financing sources(uses)	-	6,700	-	6,700
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	6,700	-	6,700
Fund Balance, June 30, 1998	61,931	55,250	\$4,243	121,424
Fund Balance, June 30, 1999	<u>\$61,931</u>	<u>\$61,950</u>	<u>\$4,243</u>	<u>\$128,124</u>

See accompanying notes to combined financial statements.

CITY OF YREKA

Capital Project Funds

Combining Statement of Revenues, Expenses and Changes in Fund Balance - All Capital Project Funds

Budget and Actual

Year Ended June 30, 1999

	<u>Fire Department Historical Buildings</u>			<u>Closure Post/Closure Landfill</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES						
State grants						
Total revenues	-	-	-	-	-	-
EXPENDITURES						
Capital projects	-	-	-			
Total expenditures	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-
Other financing sources (uses):						
Operating transfers in	5,000		(5,000)	6,700	6,700	-
Total other financing sources (uses)	5,000	-	(5,000)	6,700	6,700	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>\$5,000</u>	-	<u>(\$5,000)</u>	<u>\$6,700</u>	6,700	<u>-</u>
Fund Balance, June 30, 1998		61,931			55,250	
Fund Balance, June 30, 1999		<u>\$61,931</u>			<u>\$61,950</u>	

See accompanying notes to combined financial statements.

Yreka Creek Greenway			TOTALS		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	11,700	\$6,700	(5,000)
-	-	-	11,700	6,700	(5,000)
-	-	-	<u>\$11,700</u>	6,700	<u>(\$5,000)</u>
	\$4,243			121,424	
	<u>\$4,243</u>			<u>\$128,124</u>	



CITY OF YREKA, CALIFORNIA

ENTERPRISE FUNDS

Enterprise Funds account for operations: a) Financed and operated in a manner similar to a private business enterprise. The intent of the governing body is that the cost of providing goods or services be financed primarily through user charges; and b) where the governing body has decided that periodic determination of revenues earned and expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Water Utility Fund

Accounts for the operation of the water utility, a self-supporting activity which renders a service on a user charge basis to residents and businesses.

Sewer Utility Fund

Accounts for the operation of the sewer utility, a self-supporting activity which renders service on a user charge basis to residents and businesses.



CITY OF YREKA, CALIFORNIA

Combining Balance Sheet - All Enterprise Funds

June 30, 1999

	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
ASSETS			
Cash and investments (Note 2)	\$2,251,607	\$190,691	\$2,442,298
Accounts receivable	102,859	61,951	164,810
Fixed assets (Note 4)	4,130,882	1,210,742	5,341,624
Less: accumulated depreciation	(2,502,430)	(583,901)	(3,086,331)
Fixed assets, net	<u>1,628,452</u>	<u>626,841</u>	<u>2,255,293</u>
Total assets	<u><u>\$3,982,918</u></u>	<u><u>\$879,483</u></u>	<u><u>\$4,862,401</u></u>
LIABILITIES AND FUND EQUITY			
Current liabilities:			
Accounts payable	\$5,817	\$6,891	\$12,708
Payroll payable	20,989	4,804	25,793
Deferred payroll	11,184	1,867	13,051
Accrued Interest Payable	20,436		20,436
Current portion of long-term debt (Note 5)	<u>164,708</u>		<u>164,708</u>
Total current liabilities	<u>223,134</u>	<u>13,562</u>	<u>236,696</u>
Long term liabilities:			
Long-term debt, net of current portion (Note 5)	<u>1,845,899</u>	<u>-</u>	<u>1,845,899</u>
Total liabilities	<u>2,069,033</u>	<u>13,562</u>	<u>2,082,595</u>
Fund equity:			
Retained earnings	<u>1,913,885</u>	<u>865,921</u>	<u>2,779,806</u>
Total fund equity	<u>1,913,885</u>	<u>865,921</u>	<u>2,779,806</u>
Total liabilities and fund equity	<u><u>\$3,982,918</u></u>	<u><u>\$879,483</u></u>	<u><u>\$4,862,401</u></u>

See accompanying notes to combined financial statements.

CITY OF YREKA, CALIFORNIA

Combining Statement of Revenues, Expenses and Changes in Retained Earnings - All Enterprise Funds Year Ended June 30, 1999

	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u> <u>June 30, 1999</u>
Operating revenues:			
User fees and charges	<u>\$761,208</u>	<u>\$460,374</u>	<u>\$1,221,582</u>
Total operating revenues	<u>761,208</u>	<u>460,374</u>	<u>1,221,582</u>
Operating expenses:			
Cost of power and water	179,776	47,494	227,270
Maintenance, operations and administration	431,903	324,714	756,617
Depreciation	<u>128,445</u>	<u>41,722</u>	<u>170,167</u>
Total operating expenses	<u>740,124</u>	<u>413,930</u>	<u>1,154,054</u>
Operating income (loss)	<u>21,084</u>	<u>46,444</u>	<u>67,528</u>
Other revenues (expenses):			
Interest income	194,250		194,250
Interest expense	<u>(42,371)</u>		<u>(42,371)</u>
Total other revenues (expenses)	<u>151,879</u>	<u>-</u>	<u>151,879</u>
Income (loss) before operating transfers	172,963	46,444	219,407
Operating financing uses:			
Operating transfers in (out)	<u>(3,000)</u>	<u>(3,000)</u>	<u>(6,000)</u>
Net income (loss)	169,963	43,444	213,407
Retained earnings, June 30, 1998	1,743,922	822,477	2,566,399
Retained earnings, June 30, 1999	<u><u>\$1,913,885</u></u>	<u><u>\$865,921</u></u>	<u><u>\$2,779,806</u></u>

See accompanying notes to combined financial statements.

CITY OF YREKA, CALIFORNIA

Combining Statement of Cash Flows

All Enterprise Funds

Year Ended June 30, 1999

	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u> <u>June 30, 1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operations:			
Net income (loss)	\$169,963	\$43,444	\$213,407
Adjustments to reconcile net income to net cash used by operating activities			
Depreciation	128,445	41,722	170,167
(Increase) decrease in accounts receivable	(63,128)	(39,436)	(102,564)
Increase (decrease) in accounts payable	(348)	4,826	4,478
Increase (decrease) in deferred payroll	1,256	(386)	870
Increase (decrease) in payroll payable	14,703	2,022	16,725
Increase (decrease) in accrued interest payable	(1,538)		(1,538)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	249,353	52,192	301,545
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(21,711)	(215,576)	(237,287)
CASH FLOWS FROM FINANCING ACTIVITIES			
Debt reduction	(156,724)	-	(156,724)
NET INCREASE (DECREASE) IN CASH	70,918	(163,384)	(92,466)
CASH AND CASH EQUIVALENTS, JUNE 30, 1998	<u>2,180,689</u>	<u>354,075</u>	<u>2,534,764</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 1999	<u><u>\$2,251,607</u></u>	<u><u>\$190,691</u></u>	<u><u>\$2,442,298</u></u>

Supplemental disclosures of cash flow information

Interest earned	\$194,250	-	\$194,250
Interest paid	42,371	-	42,371

Disclosure of accounting policy:

For purposes of the statement of cash flow the city includes US Treasury Bills (at cost) \$1,385,250; this amount is consistent from year to year.

See accompanying notes to combined financial statements.

CITY OF YREKA, CALIFORNIA

FIDUCIARY FUNDS

Fiduciary Funds account for assets held by the City as a trustee, custodian, or agent for individuals, governmental entities and non-public organizations.

Nonexpendable Trust Fund

Established to account for monies set aside for the YMCA.

Agency Fund

Agency Funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity since any assets are due to individuals or other entities at some future time.

Funds Under \$12,000

Established to account for various funds held by the City for others. Individual accounts are maintained.

Campbell Tract Redemption Fund

Established to account for collection and disbursement of assessment monies.

Shasta Belle Redemption Fund

Established to account for collection and disbursement of assessment monies.

Gifts & Donations

Established to account for collection and disbursement of donated monies.

Endowments

Established to account for collection and disbursement of endowment monies.

CITY OF YREKA, CALIFORNIA
FIDUCIARY FUND TYPES
 Combining Balance Sheet - All Agency Funds
 June 30, 1999

	NON- EXPENDABLE TRUST FUND	AGENCY FUNDS		
	YMCA BUILDING FUND	FUNDS UNDER \$12,000	CAMPBELL TRACT REDEMPTION FUND	SHASTA BELLE REDEMPTION FUND
ASSETS				
Cash and investments	\$264,439	\$58,174	\$87,052	\$2,082
Total assets	<u>\$264,439</u>	<u>\$58,174</u>	<u>\$87,052</u>	<u>\$2,082</u>
LIABILITIES				
Held for trust purposes		\$58,174		
Held for assessment district			\$87,052	\$2,082
Total liabilities	<u>-</u>	<u>58,174</u>	<u>87,052</u>	<u>2,082</u>
FUND BALANCE				
Reserved for trust corpus	\$250,000			
Unreserved-Designated for specific projects	14,439			
Total fund balance	<u>264,439</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$264,439</u>	<u>\$58,174</u>	<u>\$87,052</u>	<u>\$2,082</u>

See accompanying notes to combined financial statements.

AGENCY FUNDS

<u>GIFT DONATIONS</u>	<u>ENDOWMENTS</u>	<u>TOTAL</u>
<u>\$9,038</u>	<u>\$4,961</u>	<u>\$425,746</u>
<u>\$9,038</u>	<u>\$4,961</u>	<u>\$425,746</u>
<u>\$9,038</u>	<u>\$4,961</u>	<u>\$72,173</u>
		<u>89,134</u>
<u>9,038</u>	<u>4,961</u>	<u>161,307</u>
		<u>250,000</u>
		<u>14,439</u>
<u>-</u>	<u>-</u>	<u>264,439</u>
<u>\$9,038</u>	<u>\$4,961</u>	<u>\$425,746</u>

CITY OF YREKA, CALIFORNIA

Combining Statement of Changes in Assets and Liabilities - Agency Funds June 30, 1999

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1999</u>
ASSETS				
Cash	<u>\$140,401</u>	<u>\$66,057</u>	<u>\$45,151</u>	<u>\$161,307</u>
Total assets	<u><u>\$140,401</u></u>	<u><u>\$66,057</u></u>	<u><u>\$45,151</u></u>	<u><u>\$161,307</u></u>
LIABILITIES				
Due to General Fund				
Held for trust purposes	\$63,249	\$19,131	\$10,207	\$72,173
Held for assessment district	<u>77,152</u>	<u>46,926</u>	<u>34,944</u>	<u>89,134</u>
Total liabilities	<u><u>\$140,401</u></u>	<u><u>\$66,057</u></u>	<u><u>\$45,151</u></u>	<u><u>\$161,307</u></u>

The accompanying notes are an integral part of these financial statements.



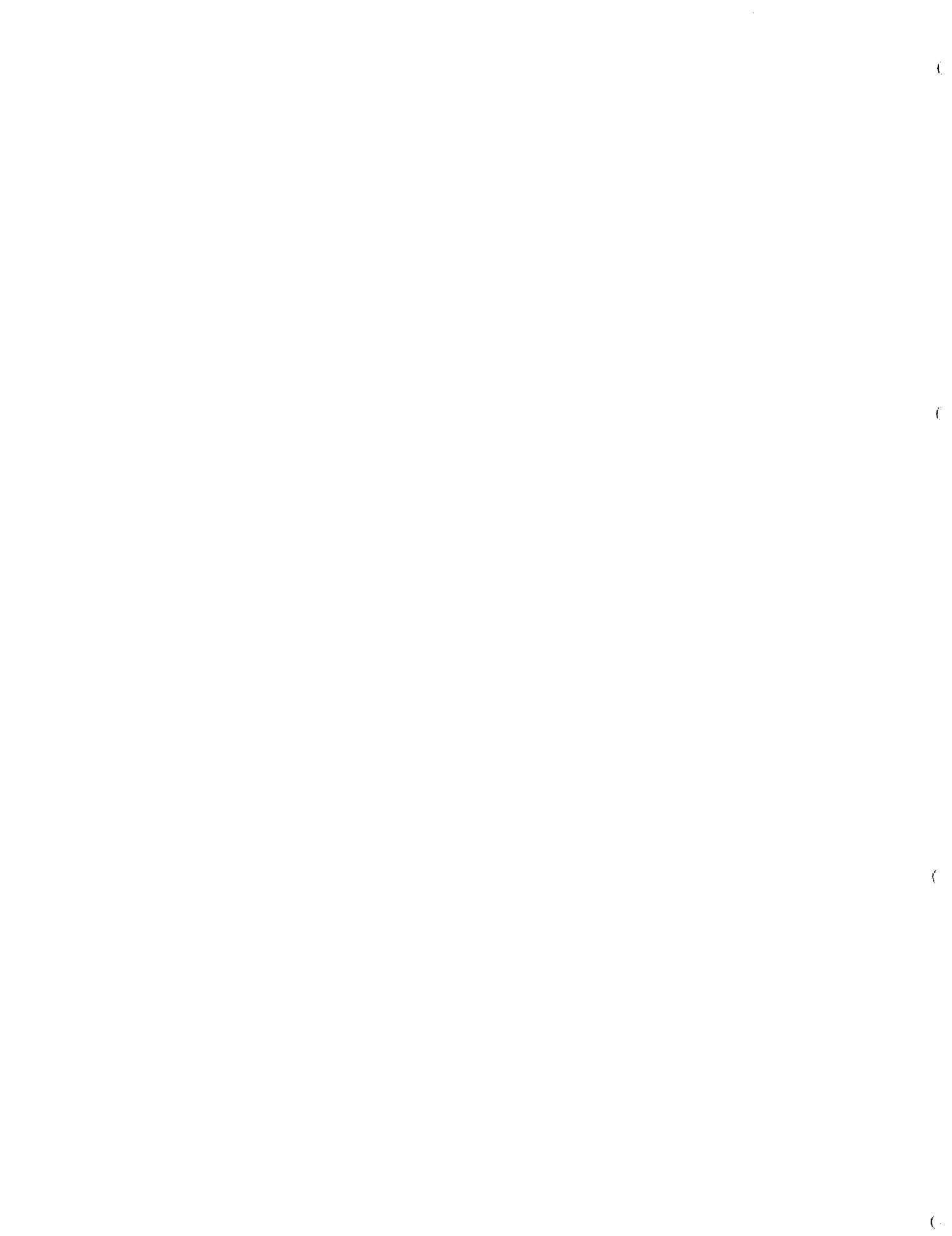
CITY OF YREKA, CALIFORNIA

Statement of Changes in Assets and Liabilities - Agency Funds

June 30, 1999

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
FUNDS UNDER \$12,000				
Assets				
Cash	\$49,955	\$17,131	\$8,912	\$58,174
Total	<u>\$49,955</u>	<u>\$17,131</u>	<u>\$8,912</u>	<u>\$58,174</u>
Liabilities				
Due to General Fund Held for trust purposes	\$49,955	\$17,131	\$8,912	\$58,174
Total	<u>\$49,955</u>	<u>\$17,131</u>	<u>\$8,912</u>	<u>\$58,174</u>
CAMPBELL TRACT REDEMPTION FUND				
Assets				
Cash	\$77,152	\$39,595	\$29,695	\$87,052
Total	<u>\$77,152</u>	<u>\$39,595</u>	<u>\$29,695</u>	<u>\$87,052</u>
Liabilities				
Held for assessment district	\$77,152	\$39,595	\$29,695	\$87,052
Total	<u>\$77,152</u>	<u>\$39,595</u>	<u>\$29,695</u>	<u>\$87,052</u>
SHASTA BELLE REDEMPTION FUND				
Assets				
Cash	-	\$7,331	\$5,249	\$2,082
Total	<u>-</u>	<u>\$7,331</u>	<u>\$5,249</u>	<u>\$2,082</u>
Liabilities				
Due to General Fund Held for assessment district	-	\$7,331	5,249	\$2,082
Total	<u>-</u>	<u>\$7,331</u>	<u>\$5,249</u>	<u>\$2,082</u>

The accompanying notes are an integral part of these financial statements.



CITY OF YREKA, CALIFORNIA

Statement of Changes in Assets and Liabilities - Agency Fund

(Continued)

June 30, 1999

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
GIFT DONATIONS				
Assets				
Cash	\$8,333	\$2,000	\$1,295	\$9,038
Total	<u>\$8,333</u>	<u>\$2,000</u>	<u>\$1,295</u>	<u>\$9,038</u>
Liabilities				
Held for trust purposes	\$8,333	\$2,000	\$1,295	\$9,038
Total	<u>\$8,333</u>	<u>\$2,000</u>	<u>\$1,295</u>	<u>\$9,038</u>
ENDOWMENTS				
Assets				
Cash	\$4,961			\$4,961
Total	<u>\$4,961</u>	<u>-</u>	<u>-</u>	<u>\$4,961</u>
Liabilities				
Held for trust purposes	\$4,961			\$4,961
Total	<u>\$4,961</u>	<u>-</u>	<u>-</u>	<u>\$4,961</u>

The accompanying notes are an integral part of these financial statements.

CITY OF YREKA, CALIFORNIA

Non-Expendable Trust Fund

Statement of Revenues, Expenses and Changes in Fund Balance

June 30, 1999

	<u>YMCA</u> <u>Building Fund</u>
Operating revenues:	
Investment income	<u>\$16,468</u>
Total operating revenues	16,468
Operating expenses:	
Repayment Paid to City	<u>23,000</u>
Total operating expenses	23,000
Net income (loss)	<u>(6,532)</u>
Fund balance June 30, 1998	270,971
Fund balance June 30, 1999	<u><u>\$264,439</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF YREKA, CALIFORNIA

Non-Expendable Trust Fund

Statement of Cash Flows

Year ended June 30, 1999

	YMCA <u>Building Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income (loss)	(\$6,532)
Adjustments to reconcile net income to net cash used by operating activities	<u>-</u>
 NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	 <u>(6,532)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	 -
 CASH FLOWS FROM FINANCING ACTIVITIES	 <u>-</u>
 NET INCREASE (DECREASE) IN CASH	 <u>(6,532)</u>
 CASH AND CASH EQUIVALENTS, JUNE 30, 1998	 <u>270,971</u>
 CASH AND CASH EQUIVALENTS, JUNE 30, 1999	 <u><u>\$264,439</u></u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Interest paid	\$1,803
Interest earned	\$16,468

The accompanying notes are an integral part of these financial statements.

CITY OF YREKA, CALIFORNIA

ACCOUNT GROUPS

General Fixed Assets

The General Fixed Assets accounts are used to record and account for property and equipment not recorded in Enterprise Funds.

General Long-Term Debt

The General Long Term Debt accounts are used to record and account for all unmatured long-term debt of the City except that accounted for in the proprietary and special assessment funds.



CITY OF YREKA
ACCOUNT GROUPS
Statement of General Fixed Assets
For the year ended June 30, 1999

	<u>Balance</u> <u>July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1999</u>
Fixed assets capitalized on June 30, 1983 net of retirements	\$31,447,142			\$31,447,142
Building/Improvements	809,704			809,704
Land	64,347			64,347
Improvements other than Buildings	103,737			103,737
Equipment	2,433,157	\$44,390		2,477,547
Equipment - Senior Nutrition	3,851			3,851
TOTAL	<u>\$34,861,938</u>	<u>\$44,390</u>	<u>-</u>	<u>\$34,906,328</u>

See accompanying notes to combined financial statements.



CITY OF YREKA

ACCOUNT GROUP

Statement of changes in General Long-Term Debt

For the year ended June 30, 1999

	<u>Balance</u> <u>July 1, 1998</u>	<u>New Issues</u>	<u>Principal</u> <u>Repayments</u>	<u>Balance</u> <u>June 30, 1999</u>
Notes Payable:				
Dresser Dozer	\$42,685		\$42,685	-
Komatsu Scraper	19,332		19,332	-
John Deere	13,322		8,722	\$4,600
Ford Pick Up	19,894		9,785	10,109
Ford Pick Ups	25,888		10,382	15,506
LaFrance Fire Engine	189,490		16,876	172,614
Total	<u>\$310,611</u>	<u>-</u>	<u>\$107,782</u>	<u>\$202,829</u>

See accompanying notes to combined financial statements.

SUPPLEMENTAL INFORMATION

CITY OF YREKA, CALIFORNIA
Schedule of Expenditures of Federal Rewards
For the Year Ended June 30, 1999

FEDERAL AGENCY	Federal CFDA Number	Program Amount	Cash/Accrued or (Deferred) Revenue at July 1, 1998	Receipts or Revenue Recognized	Disbursements Expenditures	Cash/Accrued or (Deferred) Revenue at June 30, 1999
United States Dept. of Agriculture						
Pass Through Agency PSA II Local Area Agency on Aging	10570	\$71,616	-	\$71,616	\$41,575	-
Nutrition Program for the Elderly						
Title III Older Americans Act of 1965	93635	34,980	-	34,980	16,504	-
Total Federal Assistance			-	\$106,596	\$58,079	-

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**Independent Auditor's Report on the Schedule
of Expenditures of Federal Awards**

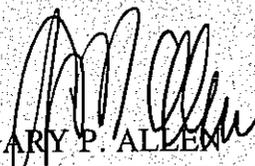
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To the Honorable Members of City Council
City of Yreka, California

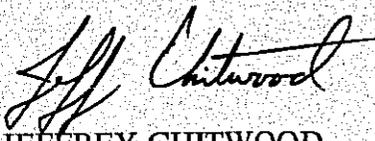
We have audited the general purpose financial statements of the City of Yreka, California, as of and for the year ended June 30, 1999, and have issued our report thereon dated September 30, 1999. These general purpose financial statements are the responsibility of the City of Yreka, California, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted the audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that the audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the City of Yreka, California, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, Local Governments, and Non-Profit Organizations, and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

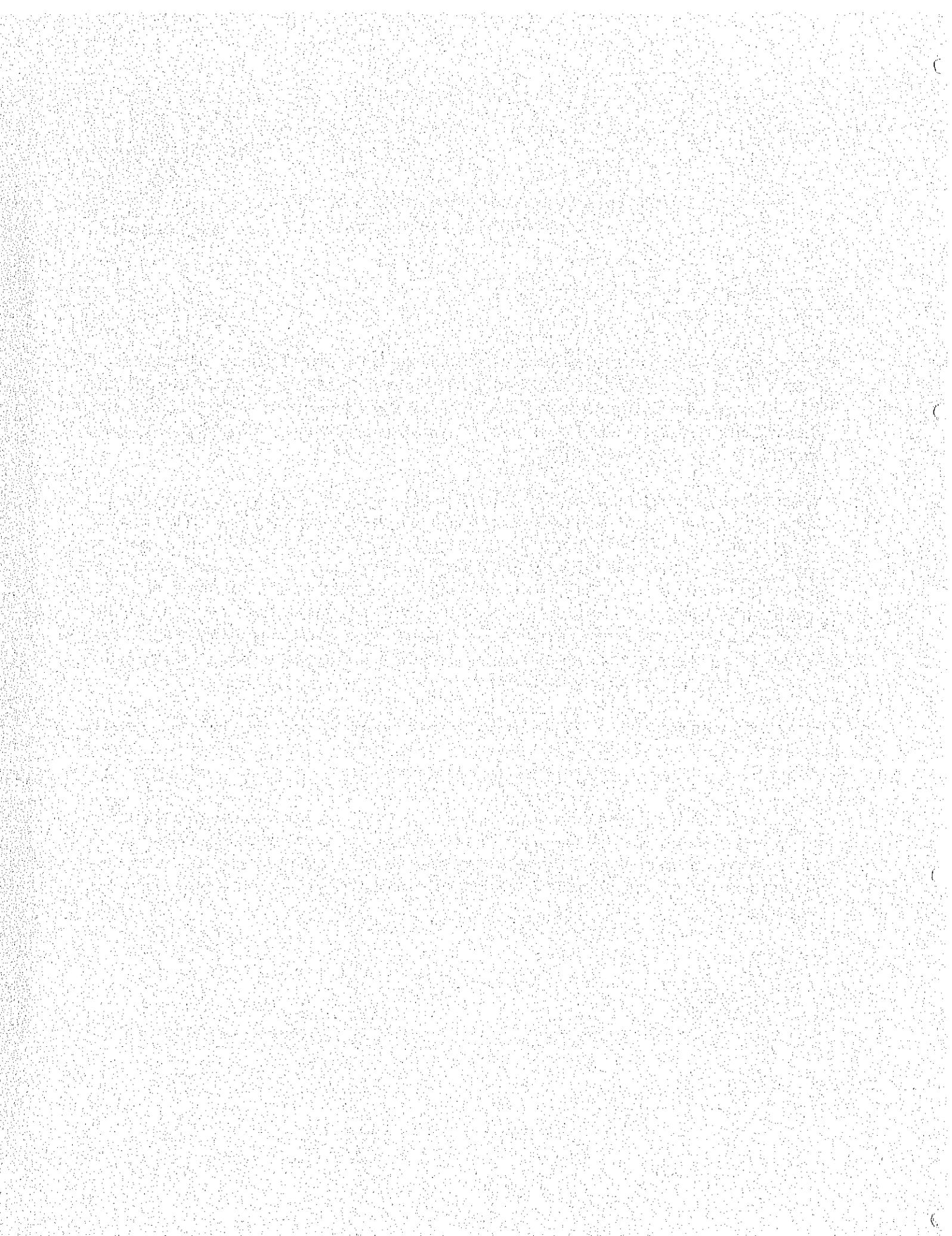


GARY P. ALLEN
CERTIFIED PUBLIC ACCOUNTANT



JEFFREY CHITWOOD
CERTIFIED PUBLIC ACCOUNTANT

September 30, 1999



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**Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards**

To the Honorable Members of City Council
City of Yreka, California

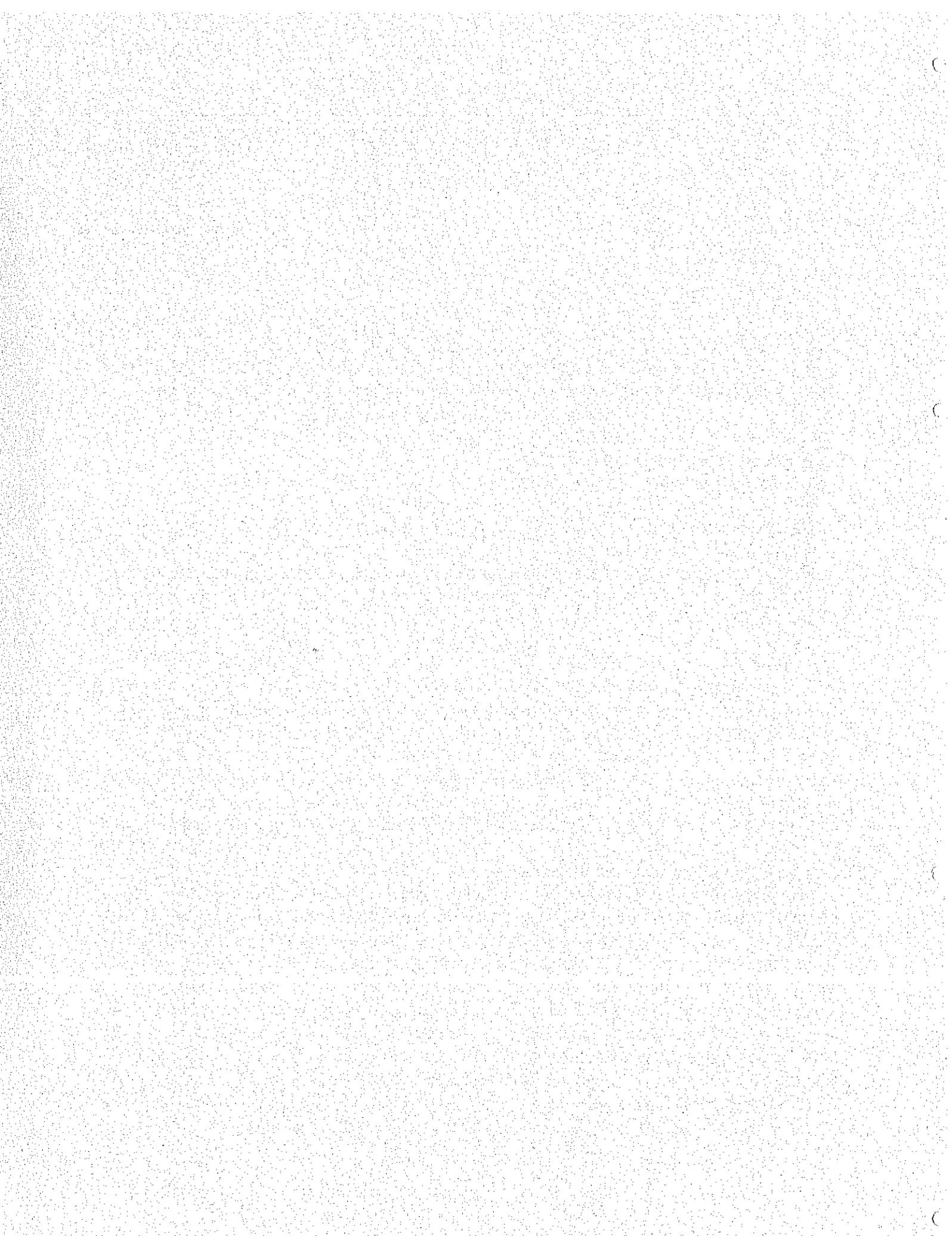
We have audited the financial statements of city of Yreka as of and for the year ended June 30, 1999, and have issued our report thereon dated September 30, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

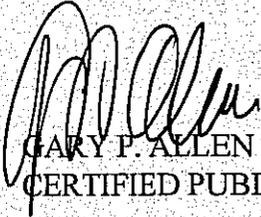
As part of obtaining reasonable assurance about whether City of Yreka's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Yreka's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

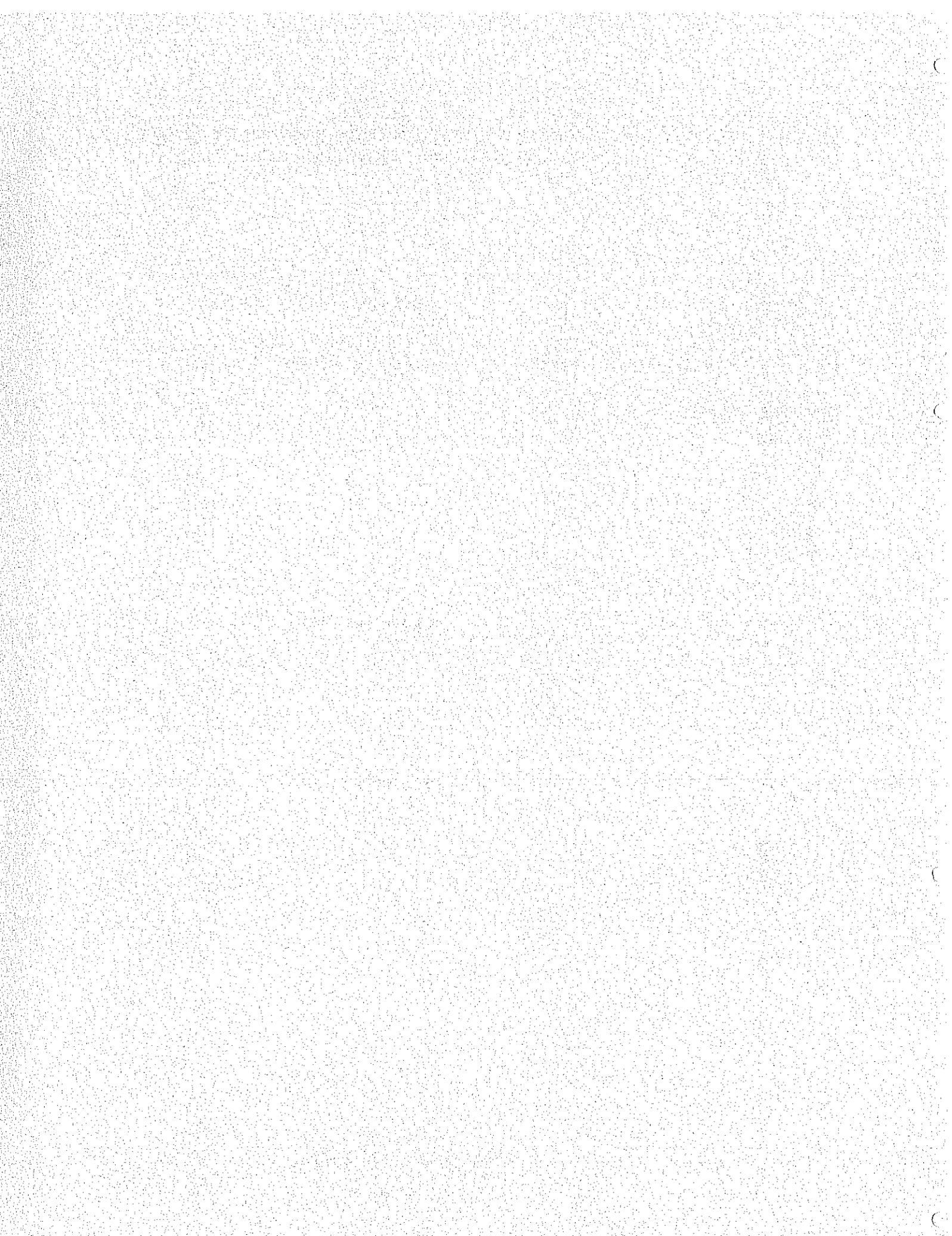


GARY P. ALLEN
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JEFFREY CHITWOOD
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September 30, 1999



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City Council
City of Yreka
Yreka, CA 96097

Honorable Members of the City Council:

As a result of our examination of the financial statements of the City of Yreka as of June 30, 1999 and the year then ended, we have prepared a series of recommendations and comments regarding the accounting policies and procedures of the City. Since our examination was not designed to include a detailed review of all systems and procedures, these comments should not be considered as being all inclusive of the areas where improvements might be achieved or in which problems exist.

1.ACCOUNTING RECORDS

A. FINDING- The City does not maintain a schedule of fixed assets for the general fixed assets account group or property, plant & equipment for the enterprise fund.

RECOMMENDATION- That the City established a system of accounting for general fixed assets and property, plant and equipment in its accounting records.

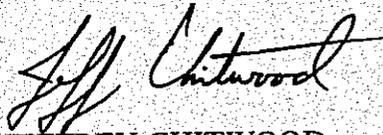
CITY RESPONSE- The City plans to purchase a fixed asset computer program to improve accounting for fixed assets.

B. FINDING- The City is operating the solid waste facility with the intention that the facility cover its own cost of operation. We therefore believe that the solid waste facility should be accounted for as an enterprise fund. The revenues and expenditures for the solid waste facility are being recorded in the general fund.

RECOMMENDATION- That the City establish a fund within its accounting records to account for solid waste financial transactions separately.

CITY RESPONSE - The City will establish a separate enterprise fund after the new accounting and computer system is placed into operation.


GARY P. ALLEN
CERTIFIED PUBLIC ACCOUNTANT


JEFFREY CHITWOOD
CERTIFIED PUBLIC ACCOUNTANT

