CITY OF YREKA, CALIFORNIA

FINANCIAL STATEMENTS
Fiscal Year Ended
June 30, 2000
With Accountants' Report

CITY OF YREKA, CALIFORNIA

Year ended June 30, 2000

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CITY OF YREKA

Directory of City Officials
June 30, 2000

CITY COUNCIL

James Griffin	Mayor
Dusty Veale	Mayor Pro-Tem
Grace Bennett	Council Member
Eric Harms	Council Member
Rory McNeil	Council Member

ADMINISTRATIVE OFFICERS

Stan Eisner	City Manager
Michelle Dressler	Finance Director
Michael S. Pavlik	City Treasurer
Don Callahan	Chief of Police
Joe Suter	Volunteer Fire Chief
Steven Neill	Director of Public Works
Larry Bacon	City Attorney
Elizabeth Casson	City Clerk
Pam Hayden	Planning Director
Brian Meek	Building Official

INDEPENDENT AUDITOR'S REPORT

The Honorable Members of City Council
City of Yreka, California

I have audited the general purpose financial statements of the City of Yreka, California, as of and for the year ended June 30, 2000, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the City of Yreka, California, management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

Except as discussed in the following paragraph, I 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 I 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. I believe that the audit provides a reasonable basis for my 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, I was unable to satisfy myself as to all the fixed assets balances. 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 my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I 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, 2000, 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

In accordance with Governmental Auditing Standards, we have also issued a report dated October 27, 2000 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 my 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

October 27, 2000

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CITY OF YREKA, CALIFORNIA

Combined Balance Sheet - All Fund Types and Account Groups
June 30, 2000

	Governmental Fund Types		
	General Fund	Special Revenue Funds	Capital Projects Funds
ASSETS			
Cash and investments (Note 2)	$3,132,694	$784,736	$134,849
Receivables:			
Accounts receivable		7,873	
Taxes	142,643		
Accrued interest	73,210		
Fixed assets, net of accumulated depreciation in Proprietary fund (Note 4)			
Amount to be provided for long-term debt			
Total assets	$3,348,547	$792,609	$134,849
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	$239,451	$15,088	
Payroll payable	41,457	5,480	
Compensated Absences	107,520	23,571	
Accrued interest payable			
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	388,428	44,139	-

See accompanying notes to combined financial statements.

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		
Enterprise Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Debt	Total Memorandum only
$2,991,245	$446,044			$7,489,568
178,011				185,884
				142,643
				73,210
2,581,179		$35,047,748		37,628,927
			$301,146	301,146
$5,750,435	$446,044	$35,047,748	$301,146	$45,821,378

$20,931				$275,470
5,299				52,236
16,140				147,231
18,795				18,795
168,059				168,059
1,674,040				1,674,040
			$301,146	301,146
	$78,532			78,532
	86,758			86,758
1,903,264	165,290	-	301,146	2,802,267

CITY OF YREKA, CALIFORNIA

Combined Balance Sheet - All Fund Types and Account Groups, Continued
June 30, 2000

	Governmental Fund Types		
	General Fund	Special Revenue Funds	Capital Projects Funds
Fund equity:			
Investment in general fixed assets			
Retained earnings			
Fund balances:			
Reserved for:			
Trust corpus			
Road related projects	$30,570		
Capital projects			$134,849
Unreserved			
Designated for:			
Retirement program	94,116		
Self insurance	216,230		
Employee health plan	14,365		
Specific projects:			
Grant participation	81,199		
Building improvement	47,228		
Contingencies	158,703		
Undesignated	2,317,708	$748,470	
Total fund equity	2,960,119	748,470	134,849
Total liabilities and fund equity	$3,348,547	$792,609	$134,849

See accompanying notes to combined financial statements.

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		
Enterprise Funds	Trust and Agency Funds	General Fixed Assets	General Long-term Debt	Total (Memorandum) Only)
		$35,047,748		$35,047,748
$3,847,171				3,847,171
	$250,000			250,000
				30,570
				134,849
				94,116
				216,230
				14,365
	30,754			30,754
				81,199
				47,228
				158,703
				3,066,178
3,847,171	280,754	35,047,748	-	43,019,111
$5,750,435	$446,044	$35,047,748	$301,146	$45,821,378

CITY OF YREKA, CALIFORNIA
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - All Governmental Fund Types
Year ended June 30, 2000

	Governmental Fund Types			
	General Fund	Special Revenue Funds	Capital Projects Funds	Total (Memorandum Only)
REVENUES:				
Property and other taxes	$2,756,391			$2,756,391
License and permits	50,771			50,771
Intergovernmental revenue	389,989	$689,914		1,079,903
Charges for services	491,687			491,687
Fines and forfeitures	70,521			70,521
Use of money and property	277,061	32,257		309,318
In Kind		56,231		56,231
Other revenue	2,317,980	40,882	$6,725	2,365,587
Total revenues	6,354,400	819,284	6,725	7,180,409
EXPENDITURES:				
City council	16,921			16,921
City administrator	208,698			208,698
Public safety	1,229,394	110,527		1,339,921
Animal regulation	39,203			39,203
Planning	54,419			54,419
Public works	1,060,761	435,316		1,496,077
Parks and recreation	214,185			214,185
General government	1,571,808			1,571,808
Community promotion	301,925			301,925
Senior nutrition		219,218		219,218
Drug awareness education		7,027		7,027
Total expenditures	4,697,314	772,088	-	5,469,402
Excess (deficiency) of revenue over(under) expenditures	1,657,086	47,196	6,725	1,711,007
Other financing sources(uses):				
Operating transfers in		35,132		35,132
Operating transfers (out)	(42,858)			(42,858)
Total other financing sources (uses)	(42,858)	35,132	-	(7,726)
Excess of revenues and other sources over expenditures and other uses	1,614,228	82,328	6,725	1,703,281
Fund balances, June 30, 1999	1,354,264	666,142	128,124	2,148,530
Prior Period Adjustment	(8,373)			(8,373)
Fund balances, June 30, 2000	$2,960,119	$748,470	$134,849	$3,843,438

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, 2000

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable
REVENUES:						
Property and other taxes	$2,488,000	$2,756,391	$268,391			
License and permits	68,870	50,771	(18,099)			
Intergovernmental revenue	413,478	389,989	(23,489)	$776,973	$689,914	($87,059)
Charges for services	418,810	491,687	72,877			
Fines and forfeitures	12,000	70,521	58,521			
Use of money and property	211,812	277,061	65,249	207,530	32,257	(175,273)
In Kind				56,231	56,231	
Other revenue	378,900	2,317,980	1,939,080		40,882	40,882
Total revenues	3,991,870	6,354,400	2,362,530	1,040,734	819,284	(221,450)
EXPENDITURES:						
City council	26,200	16,921	9,279			
City administrator	171,176	208,698	(37,522)			
Public safety	1,088,968	1,229,394	(140,426)	71,172	110,527	(39,355)
Animal regulation	38,045	39,203	(1,158)			
Planning	54,138	54,419	(281)			
Public works	648,919	1,060,761	(411,842)	878,949	435,316	443,633
Parks and recreation	202,475	214,185	(11,710)			
General government	1,134,826	1,571,808	(436,982)			
Community promotion	256,896	301,925	(45,029)			
Senior nutrition				189,845	219,218	(29,373)
Capital projects						
Drug awareness education				12,000	7,027	4,973
Total expenditures	3,621,643	4,697,314	(1,075,671)	1,151,966	772,088	379,878
Excess (deficiency) of revenues over(under) expenditures	370,227	1,657,086	1,286,859	(111,232)	47,196	158,428
Other financial sources(uses):						
Operating transfers in					35,132	35,132
Operating transfers (out)		(42,858)	(42,858)			
Total other financing sources (uses)	-	(42,858)	(42,858)		35,132	35,132
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	370,227	1,614,228	1,244,001	(111,232)	82,328	193,560
Fund balances, June 30, 1999		1,354,264			666,142	
Prior Period Adjustment		(8,373)				
Fund balances, June 30, 2000		$2,960,119			$748,470	

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, 2000

	Proprietary Fund Types	Fiduciary Fund Types	
	Enterprise Funds	YMCA Building Fund	Memorandum Only TOTAL
Operating revenues:			
User fees and charges	$1,745,304		$1,745,304
Investment income		$16,315	16,315
Total operating revenues	1,745,304	16,315	1,761,619
Operating expenses:			
Cost of power and water	198,035		198,035
Maintenance, operations and administration	448,330		448,330
Depreciation	186,593		186,593
Total operating expenses	832,958	-	832,958
Operating income (loss)	912,346	16,315	928,661
Other revenues (expenses)/Gains (losses):			
Interest income	194,250		194,250
Interest expense	(39,231)		-39,231
Total other revenues	155,019	-	155,019
Income (loss) before operating transfers	1,067,365	16,315	1,083,680
Other financing sources (uses):			
Operating transfers out			
Net income (loss)	1,067,365	16,315	1,083,680
Retained earnings, June 30, 1999	2,779,806	264,439	3,044,245
Retained earnings, June 30, 2000	$3,847,171	$280,754	$4,127,925

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, 2000

	Proprietary Fund Types	Fiduciary Fund Types	
	Enterprise Funds	YMCA Building Fund	Memorandum Only Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operations:			
Net income (loss)	$1,067,365	$16,315	$1,083,680
Adjustments to reconcile net income to net cash used by operating activities			
Depreciation	186,593		186,593
(Increase) decrease in accounts receivable	(13,201)		(13,201)
Increase (decrease) in accounts payable	8,223		8,223
Increase (decrease) in compensated absences	3,089		3,089
Increase (decrease) in payroll payable	(20,494)		(20,494)
Increase (decrease) in accrued interest payable	(1,641)		(1,641)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	1,229,934	16,315	1,246,249
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(512,479)		(512,479)
CASH FLOWS FROM FINANCING ACTIVITIES			
Debt reduction	(168,508)	-	(168,508)
NET INCREASE (DECREASE) IN CASH	548,947	16,315	565,262
CASH AND CASH EQUIVALENTS, JUNE 30, 1999	2,442,298	264,439	2,706,737
CASH AND CASH EQUIVALENTS, JUNE 30, 2000	2,991,245	280,754	3,271,999
Supplemental disclosures of cash flow information			
Interest earned	194,250	16,315	210,565
Interest paid	39,231	-	39,231

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.

(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:

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.

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.

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.

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

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.

(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.

	Cash and investments (carrying value)	Market Value of Investments
Petty cash	$435	
Cash in bank - checking	14,582	
Cash in bank - savings	17,217	
Cash in bank - Certificates of Deposit	463,537	
Cash in State Treasurer's Local Agency Investment Fund	4,731,752	
Total Cash	5,227,523	
US Government and Federal Agency bonds	876,795	$873,896
U.S. Treasury Bonds (at cost)	1,385,250	1,901,375
Total Investments	2,262,045	$2,775,271
Total cash and investments per financial statement	$7,489,568	

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.

(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	Fair
	1	2	3	Value	Value
U.S. Government Securities	$1,385,250	-0-	-0-	$1,385,250	$1,901,375
U.S. Government and Federal Agency bonds	876,795	-0-	-0-	876,795	873,896
	$2,262,045	-0-	-0-	2,262,045	2,775,271
Total Investments				$2,262,045	$2,775,271

(3) INTERFUND ASSETS AND LIABILITIES

There were no interfund assets or liabilities at June 30, 2000.

(4) FIXED ASSETS

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

	Balance 06/30/99	Additions	Balance 06/30/00
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	$3,849	107,586
Equipment	2,477,547	137,571	2,615,118
Equipment - Senior Nutrition	3,851		3,851
	$34,906,328	$141,420	$35,047,748

A summary of proprietary fund type fixed assets at June 30, 2000 is as follows:

	Water	Sewer	Combined
Balance at June 30, 1999	$4,130,882	$1,210,742	$5,341,624
Plant improvements	18,874	360,562	379,436
New services		46,249	46,249
System improvements & Equipment	73,867	12,927	86,794
	4,223,623	1,630,480	5,854,103
Less accumulated depreciation	(2,631,798)	(641,126)	(3,272,924)
Fixed assets, net at June 30, 2000	$1,591,825	$989,354	$2,581,179

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, 2000:

	Balance July 1, 1999	New Issues	Principal Repayments	Balance June 30, 2000
John Deere	$4,600		$4,600	-
Ford Pick Up	10,109		10,109	-
Ford Pick Ups	15,506		9,809	$5,697
LaFrance Fire Truck	172,614		17,863	154,751
Ford Pick Up	-	$20,935		20,935
Sweeper	-	119,763		119,763
	$202,829	$140,698	$42,381	$301,146

Long-term debt at June 30, 2000 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)	$1,503,611	
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.	338,488	
Note payable to Timberline Bank, secured with Ford Pickups, which bears interest at 5.5%, interest and principal payments due semi-annually thru 2000.		$5,697
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.		154,751
Note payable to Scott Valley Bank, secured with Ford Pickup, which bears interest at 5.9%, interest and principal payment due annually thru 2004.		20,935
Note payable to Scott Valley Bank, secured with Crosswind J Sweeper, which bears interest at 6.16%, interest and principal payment due annually thru 2005.		119,763
	1,842,099	301,146
Less: portion classified as current	(168,059)	-
Total long-term obligations	$1,674,040	$301,146

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
2001	168,059	189,985
2002	171,415	26,494
2003	174,854	28,118
2004	178,379	29,842
2005	181,992	26,707
2006	185,696	
2007	189,492	
2008	193,383	
2009	197,371	
2010	201,458	
Totals	$1,842,099	$301,146

(6) 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 1998/1999, the City of Yreka's annual pension cost was $69,197 and the City of Yreka actually contributed $69,197. The required contribution for fiscal year 1998/1999 was determined as part of the June 30, 1998 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percentage of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.75% to 14.20% for miscellaneous members (from 4.272% to 11.587% for safety members), and (c) 2.0% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.5%.

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.

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
6/30/97	$ 4,617,298	$ 6,057,100	$ (1,439,802)	131.2%	$ 1,165,258	(123.561%)
6/30/98	5,118,632	7,122,522	(2,003,890)	139.1%	1,334,535	(150.156%)
6/30/99	5,886,337	8,002,387	(2,116,050)	135.9%	1,451,113	(145.823%)

(7) 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.

	1982 Campbell Tract Improvement Dist-Bonds
Original issue	$ 343,300
Rate of interest	5.00%
Balance July 1, 1999	104,000
Payments during year	23,000
Balance June 30, 2000	80,000

Future debt service requirements are as follows:

Year ended	
2001	25,000
2002	27,000
2003	28,000
Thereafter	-0-
	$ 80,000

(8) DEFICIT FUND BALANCES

The following is a summary of funds that had deficit fund balances at June 30, 2000.

	Amount
Special Revenue Funds:	
Special Grants	($3,603)
Traffic Safety	(6,937)
Total	($10,540)

(9) 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, 2000.

Fund		
General Fund		($1,075,671)
Special Revenue Funds:		
D.A.R.E.	4,973	
Gas Tax Funds	55,116	
Improvement	-	
Local Transportation	159,117	
Special Grants	192,240	
Police Asset Forfeiture	-	
Senior Fund	(29,373)	
Traffic Safety	(2,195)	
Total Special Revenue Funds		379,878
Capital Projects Funds:		
Fire Dept. Historical Bldg.	-	
Closure Post/Closure Landfill	-	
Yreka Creek Greenway	-	
Total Capital Projects Funds		-
Enterprise Funds:		
Water	(8,542)	
Sewer	82,062	
Total Enterprise Funds		73,520
Fiduciary Funds:		
Non-Expendable Trust Fund:		
YMCA Building Funds	-	
Total Fiduciary Funds		-
TOTAL		($622,273)

(10) 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 an compliance audits by the grantors or their representatives. Audits of certain grant programs, including those for the year ended June 30, 2000, 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 statement.

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 enterprises, 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.

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, 2000

ASSETS	
Cash and Investments (Note 2)	$3,132,697
Receivables:	
Accounts Receivable	
Taxes	142,643
Accrued interest	73,210
Total assets	$3,348,550
LIABILITIES AND FUND EQUITY	
Liabilities:	
Accounts payable	$239,454
Payroll Payable	41,457
Compensated Absences	107,520
Total liabilities	388,431
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
Building improvement	47,228
Contingencies	158,703
Undesignated	2,317,708
Total fund equity	2,960,119
Total liabilities and fund equity	$3,348,550

See accompanying notes to combined financial statements.

CITY OF YREKA, CALIFORNIA

Statements of Revenues, Expenditures and
Changes in Fund Balance - General Fund
Year Ended June 30, 2000

REVENUES:	
Property taxes and other taxes	$2,756,391
License and permits	50,771
Intergovernmental revenue	389,989
Charges for services	491,687
Fines and forfeitures	70,521
Use of money and property	277,061
Other revenues	2,317,980
Total revenue	6,354,400
EXPENDITURES:	
Current	
City council	16,921
City administrator	208,698
Public Safety	1,229,394
Animal regulations	39,203
Planning	54,419
Public works	1,060,761
Parks and recreation	214,185
General government	1,571,808
Community promotion	301,925
Total expenditures	4,697,314
Excess (deficiency) of revenue over (under) expenditures	1,657,086
Other financing sources (uses):	
Operating transfers in	
Operating transfers (out)	(42,858)
Total other financing sources (uses)	(42,858)
Excess of revenues and other sources over expenditures and other uses	1,614,228
Fund balances, June 30,1999	1,354,264
Prior Perior Adjustment	(8,373)
Fund balances, June 30, 2000	$2,960,119

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.

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CITY OF YREKA, CALIFORNIA

Combining Balance Sheet - All Special Revenue Funds

June 30, 2000

	DARE	GAS TAX FUNDS	IMPROVEMENT FUNDS	LOCAL TRANSPORTATION
ASSETS:				
Cash and Investments (Note 2)		$443,440	$47,321	$285,357
Receivables:				
Accounts Receivable				
Total assets	-	$443,440	$47,321	$285,357
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable				
Payroll payable		$3,327		
Compensated Absences		17,706		
Total liabilities	-	21,033	-	-
Fund equity:				
Undesignated	-	422,407	$47,321	$285,357
Total fund equity	-	422,407	47,321	285,357
Total liabilities and fund equity	-	$443,440	$47,321	$285,357

See accompanying notes to combined financial statements.

SPECIAL GRANTS	POLICE ASSET FORFEITURE	SENIOR PROGRAM	TRAFFIC SAFETY	TOTAL
$4,693	$3,925			$784,736
		$7,873		7,873
$4,693	$3,925	$7,873	-	$792,609
$8,296		$3,465		$11,761
		4,408	$1,072	8,807
			5,865	23,571
8,296	-	7,873	6,937	44,139
(3,603)	$3,925	-	(6,937)	748,470
(3,603)	3,925	-	(6,937)	748,470
$4,693	$3,925	$7,873	-	$792,609

CITY OF YREKA, CALIFORNIA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - All Special Revenues Funds
Year ended June 30, 2000

	DARE	GAS TAX FUNDS	IMPROVEMENT FUNDS	LOCAL TRANSPORTATION
REVENUES:				
Intergovernmental revenue		$147,705		$64,887
Use of money and property		20,981		11,276
In Kind				
Other revenue	$5,165		$920	
Total revenues	5,165	168,686	920	76,163
EXPENDITURES:				
Drug awareness education	7,027			
Public safety				
Public works		121,700		26,066
Senior nutrition				
Total expenditures	7,027	121,700	-	26,066
Excess (deficiency) of revenues Over (under) expenditures	(1,862)	46,986	920	50,097
Other financing sources (uses):				
Operating transfers in	1,862			
Operating transfers (out)				
Total other financing sources (uses)	1,862	-	-	-
Excess of revenues and other sources over expenditures and other uses	-	46,986	920	50,097
Fund balances, June 30, 1999	-	375,421	46,401	235,260
Fund balances, June 30, 2000	-	$422,407	$47,321	$285,357

See accompanying notes to combined financial statements.

SPECIAL GRANTS	POLICE ASSET FORFEITURE	SENIOR PROGRAM	TRAFFIC SAFETY	TOTAL
$323,633		$112,624	$41,065	$689,914
				32,257
		56,231		56,231
	$172	34,625		40,882
323,633	172	203,480	41,065	819,284
				7,027
52,160			58,367	110,527
287,550				435,316
		219,218		219,218
339,710	-	219,218	58,367	772,088
(16,077)	172	(15,738)	(17,302)	47,196
		15,738	17,532	35,132
-	-	15,738	17,532	35,132
(16,077)	172	-	230	82,328
12,474	3,753	-	(7,167)	666,142
($3,603)	$3,925	-	($6,937)	$748,470

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, 2000

	D.A.R.E.		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental revenue			
Use of money and property			
In Kind			
Other revenue	-	$5,165	$5,165
Total revenues	-	5,165	5,165
EXPENDITURES:			
Current:			
Drug awareness education	$12,000	7,027	4,973
Public safety			
Public works			
Senior nutrition			
Total expenditures	12,000	7,027	4,973
Excess (deficiency) of revenues over (under) expenditures	(12,000)	(1,862)	10,138
Other financing sources(uses):			
Operating transfers in		1,862	1,862
Operating transfers (out)			
Total other financing sources(uses)	-	1,862	1,862
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	($12,000)	-	$12,000
Fund balances, June 30, 1999		-	
Fund balances, June 30, 2000		-	

See accompanying notes to combined financial statements.

GAS TAX FUNDS			IMPROVEMENT FUNDS		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$86,701	$147,705	$61,004			
83,315	20,981	(62,334)			
			-	$920	$920
170,016	168,686	(1,330)	-	920	920
176,816	121,700	55,116			
176,816	121,700	55,116	-	-	-
(6,800)	46,986	53,786	-	920	920
-	-	-	-	-	-
($6,800)	46,986	$53,786	-	920	$920
	375,421			46,401	
	$422,407			$47,321	

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, 2000

	LOCAL TRANSPORTATION		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental revenue		$64,887	$64,887
Use of money and property	$124,215	11,276	(112,939)
In Kind			
Other revenue			
Total revenues	124,215	76,163	(48,052)
EXPENDITURES:			
Current:			
Drug awareness education			
Public safety			
Public works	185,183	26,066	159,117
Senior nutrition			
Total expenditures	185,183	26,066	159,117
Excess (deficiency) of revenues over (under) expenditures	(60,968)	50,097	111,065
Other financing sources(uses):			
Operating transfers in			
Operating transfers (out)			
Total other financing sources(uses)	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	($60,968)	50,097	$111,065
Fund balances, June 30, 1999		235,260	
Fund balances, June 30, 2000		$285,357	

See accompanying notes to combined financial statements.

SPECIAL GRANTS			POLICE ASSET FORFEITURE		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$568,200	$323,633	($244,567)			
			-	$172	$172
568,200	323,633	(244,567)	-	172	172
15,000	52,160	(37,160)			
516,950	287,550	229,400			
531,950	339,710	192,240	-	-	-
36,250	(16,077)	(52,327)	-	172	172
-	-	-	-	-	-
$36,250	(16,077)	($52,327)	-	172	$172
	12,474			3,753	
	($3,603)			$3,925	

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, 2000

	SENIOR PROGRAM		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental revenue	$107,072	$112,624	$5,552
Use of money and property			
In Kind	56,231	56,231	
Other revenue		34,625	34,625
Total revenues	163,303	203,480	40,177
EXPENDITURES:			
Current:			
Drug awareness education			
Public safety			
Public works			
Senior nutrition	189,845	219,218	(29,373)
Total expenditures	189,845	219,218	(29,373)
Excess (deficiency) of revenues over (under) expenditures	(26,542)	(15,738)	10,804
Other financing sources(uses):			
Operating transfers in		15,738	15,738
Operating transfers (out)			
Total other financing sources(uses)	-	15,738	15,738
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	($26,542)	-	$26,542
Fund balances, June 30, 1999		-	
Fund balances, June 30, 2000		-	

See accompanying notes to combined financial statements.

TRAFFIC SAFETY			TOTAL 2000		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$15,000	$41,065	$26,065	$776,973	$689,914	($87,059)
			207,530	32,257	(175,273)
			56,231	56,231	
				40,882	40,882
15,000	41,065	26,065	1,040,734	819,284	(221,450)
			12,000	7,027	4,973
56,172	58,367	(2,195)	71,172	110,527	(39,355)
			878,949	435,316	443,633
			189,845	219,218	(29,373)
56,172	58,367	(2,195)	1,151,966	772,088	379,878
(41,172)	(17,302)	23,870	(111,232)	47,196	158,428
	17,532	17,532		35,132	35,132
-	17,532	17,532	-	35,132	35,132
($41,172)	230	$41,402	($111,232)	82,328	$193,560
	(7,167)			666,142	
	($6,937)			$748,470	

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, 2000

	Fire Dept. Historical Buildings	Closure Post/Closure Landfill	Yreka Creek Greenway	TOTAL
ASSETS				
Cash and investments	$61,956	$68,650	$4,243	$134,849
Total assets	$61,956	$68,650	$4,243	$134,849
LIABILITIES AND FUND EQUITY				
Liabilities	-	-	-	-
Fund equity:				
Reserved	$61,956	$68,650	$4,243	$134,849
Unreserved				
Total liabilities and fund equity	$61,956	$55,250	$4,243	$134,849

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, 2000

	Fire Dept. Historical Buildings	Closure Post/Closure Landfill	Yreka Creek Greenway	TOTAL
REVENUES:				
State grants				
Other revenue	$25	$6,700		$6,725
Total revenues	25	6700	-	6,725
EXPENDITURES:				
Capital projects				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues Over (under) expenditures	25	6,700	-	6,725
Other financing sources (uses)				
Operating transfers in				
Total other financing sources(uses)	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	25	6,700	-	6,725
Fund Balance, June 30, 1999	61,931	61,950	$4,243	128,124
Fund Balance, June 30, 2000	$61,956	$68,650	$4,243	$134,849

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, 2000

	Fire Department Historical Buildings			Closure Post/Closure Landfill		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State grants						
Other revenue		25	25	$6,700	$6,700	-
Total revenues	-	25	25	6,700	6,700	-
EXPENDITURES						
Capital projects	-	-	-			
Total expenditures	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	25	25	6,700	6,700	-
Other financing sources (uses):						
Operating transfers in						-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	25	$25	$6,700	6,700	-
Fund Balance, June 30, 1999		61,931			61,950	
Fund Balance, June 30, 2000		$61,956			$68,650	

See accompanying notes to combined financial statements.

Yreka Creek Greenway			TOTALS		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable
			6,700	6,725	25
-	-	-	6,700	6,725	25
-	-	-	-	-	-
-	-	-	6,700	6,725	25
			-	-	-
-	-	-	-	-	-
-	-	-	$6,700	6,725	$25
	$4,243			128,124	
	$4,243			$134,849	

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, 2000

	WATER	SEWER	TOTAL
ASSETS			
Cash and investments (Note 2)	$2,686,441	$304,804	$2,991,245
Accounts receivable	114,303	63,708	178,011
Fixed assets (Note 4)	4,223,623	1,630,480	5,854,103
Less: accumulated depreciation	(2,631,798)	(641,126)	(3,272,924)
Fixed assets, net	1,591,825	989,354	2,581,179
Total assets	4,392,569	1,357,866	5,750,435
LIABILITIES AND FUND EQUITY			
Current liabilities:			
Accounts payable	17,303	3,628	20,931
Payroll payable	3,956	1,343	5,299
Deferred payroll	14,861	1,279	16,140
Accrued Interest Payable	18,795		18,795
Current portion of long-term debt (Note 5)	168,059		168,059
Total current liabilities	222,974	6,250	229,224
Long term liabilities:			
Long-term debt, net of current portion (Note 5)	1,674,040	-	1,674,040
Total liabilities	1,897,014	6,250	1,903,264
Fund equity:			
Retained earnings	2,495,555	1,351,616	3,847,171
Total fund equity	2,495,555	1,351,616	3,847,171
Total liabilities and fund equity	$4,392,569	$1,357,866	$5,750,435

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, 2000

	WATER	SEWER	TOTAL June 30, 2000
Operating revenues:			
User fees and charges	$1,029,767	$715,537	$1,745,304
Total operating revenues	1,029,767	715,537	1,745,304
Operating expenses:			
Cost of power and water	159,316	38,719	198,035
Maintenance, operations and administration	314,432	133,898	448,330
Depreciation	129,368	57,225	186,593
Total operating expenses	603,116	229,842	832,958
Operating income (loss)	426,651	485,695	912,346
Other revenues (expenses):			
Interest income	194,250		194,250
Interest expense	(39,231)		(39,231)
Total other revenues (expenses)	155,019	-	155,019
Income (loss) before operating transfers	581,670	485,695	1,067,365
Operating financing uses:			
Operating transfers in (out)			
Net income (loss)	581,670	485,695	1,067,365
Retained earnings, June 30, 1999	1,913,885	865,921	2,779,806
Retained earnings, June 30, 2000	$2,495,555	$1,351,616	$3,847,171

See accompanying notes to combined financial statements.

CITY OF YREKA, CALIFORNIA

Combining Statement of Cash Flows
All Enterprise Funds
Year Ended June 30, 2000

	WATER	SEWER	TOTAL June 30, 2000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operations:			
Net income (loss)	$581,670	$485,695	$1,067,365
Adjustments to reconcile net income to net cash used by operating activities			
Depreciation	129,368	57,225	186,593
(Increase) decrease in accounts receivable	(11,444)	(1,757)	(13,201)
Increase (decrease) in accounts payable	11,486	(3,263)	8,223
Increase (decrease) in compensated absences	3,677	(588)	3,089
Increase (decrease) in payroll payable	(17,033)	(3,461)	(20,494)
Increase (decrease) in accrued interest payable	(1,641)		(1,641)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	696,083	533,851	1,229,934
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(92,741)	(419,738)	(512,479)
CASH FLOWS FROM FINANCING ACTIVITIES			
Debt reduction	(168,508)	-	(168,508)
NET INCREASE (DECREASE) IN CASH	434,834	114,113	548,947
CASH AND CASH EQUIVALENTS, JUNE 30, 1999	2,251,607	190,691	2,442,298
CASH AND CASH EQUIVALENTS, JUNE 30, 2000	2,686,441	304,804	2,991,245
Supplemental disclosures of cash flow information			
Interest earned	194,250	-	194,250
Interest paid	39,231	-	39,231

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, 2000

	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	$280,754	$17,412	$84,150	$2,608
Total assets	$280,754	$17,412	$84,150	$2,608
LIABILITIES				
Held for trust purposes		$17,412		
Held for assessment district			$84,150	$2,608
Total liabilities	-	17,412	84,150	2,608
FUND BALANCE				
Reserved for trust corpus	$250,000			
Unreserved-Designated for specific projects	30,754			
Total fund balance	280,754	-	-	-
Total liabilities and fund balance	$280,754	$17,412	$84,150	$2,608

See accompanying notes to combined financial statements.

AGENCY FUNDS

SENIOR	GIFT DONATIONS	ENDOWMENTS	TOTAL
$47,135	$9,024	$4,961	$446,044
$47,135	$9,024	$4,961	$446,044
47,135	$9,024	$4,961	$78,532
			86,758
47,135	9,024	4,961	165,290
			250,000
			30,754
-	-	-	280,754
$47,135	$9,024	$4,961	$446,044

ITY OF YREKA, CALIFORNIA

ombining Statement of Changes in
ssets and Liabilities - Agency Funds
ne 30, 2000

	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
SSETS				
Cash	$161,307	$59,353	$55,370	$165,290
Total assets	$161,307	$59,353	$55,370	$165,290
IABILITIES				
Due to General Fund	$72,173	$27,880	$21,521	$78,532
Held for trust purposes	89,134	31,473	33,849	86,758
Held for assessment district				
Total liabilities	$161,307	$59,353	$55,370	$165,290

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

ITY OF YREKA, CALIFORNIA

atement of Changes in Assets and Liabilities - Agency Funds

ne 30, 2000

	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
JNDS UNDER $12,000				
Assets				
Cash	$18,735	$14,458	$15,781	$17,412
Total	$18,735	$14,458	$15,781	$17,412
Liabilities				
Due to General Fund				
Held for trust purposes	$18,735	$14,458	$15,781	$17,412
Total	$18,735	$14,458	$15,781	$17,412
AMPBELL TRACT REDEMPTION FUND				
Assets				
Cash	$87,052	$25,698	$28,600	$84,150
Total	$87,052	$25,698	$28,600	$84,150
Liabilities				
Held for assessment district	$87,052	$25,698	$28,600	$84,150
Total	$87,052	$25,698	$28,600	$84,150
HASTA BELLE REDEMPTION FUND				
Assets				
Cash	$2,082	$5,775	$5,249	$2,608
Total	$2,082	$5,775	$5,249	$2,608
Liabilities				
Held for assessment district	$2,082	$5,775	5,249	$2,608
Total	$2,082	$5,775	$5,249	$2,608

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

ITY OF YREKA, CALIFORNIA

tatement of Changes in Assets and Liabilities - Agency Fund
Continued)
ne 30, 2000

	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
ENIOR FUND				
Assets				
Cash	$39,439	$13,318	$5,622	$47,135
Total	$39,439	$13,318	$5,622	$47,135
Liabilities				
Held for trust purposes	$39,439	$13,318	$5,622	$47,135
Total	$39,439	$13,318	$5,622	$47,135
IFT DONATIONS				
Assets				
Cash	$9,038	$104	$118	$9,024
Total	$9,038	$104	$118	$9,024
Liabilities				
Held for trust purposes	$9,038	$104	$118	$9,024
Total	$9,038	$104	$118	$9,024
NDOWMENTS				
Assets				
Cash	$4,961			$4,961
Total	$4,961	-	-	$4,961
Liabilities				
Held for trust purposes	$4,961			$4,961
Total	$4,961	-	-	$4,961

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

ITY OF YREKA, CALIFORNIA

on-Expendable Trust Fund

atement of Revenues, Expenses and Changes in Fund Balance

ne 30, 2000

	YMCA Building Fund
perating revenues:	
nvestment income	$16,315
Total operating revenues	16,315
perating expenses:	
Repayment Paid to City	
Total operating expenses	-
Net income (loss)	16,315
und balance June 30, 1999	264,439
und balance June 30, 2000	$280,754

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, 2000

	YMCA Building Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income (loss)	$16,315
Adjustments to reconcile net income to net cash used by operating activities	-
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	16,315
CASH FLOWS FROM INVESTING ACTIVITIES	-
CASH FLOWS FROM FINANCING ACTIVITIES	-
NET INCREASE (DECREASE) IN CASH	16,315
CASH AND CASH EQUIVALENTS, JUNE 30, 1999	264,439
CASH AND CASH EQUIVALENTS, JUNE 30, 2000	$280,754

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	
Interest paid	-
Interest earned	$16,315

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, 2000

	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
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	$3,849		107,586
Equipment	2,477,547	137,571		2,615,118
Equipment - Senior Nutrition	3,851			3,851
TOTAL	$34,906,328	$141,420	-	$35,047,748

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, 2000

	Balance July 1, 1999	New Issues	Principal Repayments	Balance June 30, 2000
Notes Payable:				
John Deere	$4,600		$4,600	-
Ford Pick Up	10,109		10,109	-
Ford Pick Ups	15,506		9,809	$5,697
LaFrance Fire Engine	172,614		17,863	154,751
Ford PickUp	-	$20,935	-	20,935
Sweeper	-	119,763	-	119,763
Total	$202,829	$140,698	$42,381	$301,146

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, 2000

FEDERAL AGENCY	Federal CFDA Number	Program Amount	Cash/Accrued or (Deferred) Revenue at July 1, 1999	Receipts or Revenue Recognized	Disbursements Expenditures	Cash/Accrued or (Deferred) Revenue at June 30, 2000
United States Dept. of Agriculture						
Pass Through Agency PSA II Local Area Agency on Aging						
Nutrition Program for the Elderly	10570	$77,776	-	$77,776	$77,776	-
Title III Older Americans Act of 1965	93635	34,848	-	34,848	34,848	-
Total Federal Assistance			-	$112,624	$112,624	-

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

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

I have audited the general purpose financial statements of the City of Yreka, California, as of and for the year ended June 30, 2000, an have issued my report thereon dated October 27, 2000. These general purpose financial statements are the responsibility of the City of Yreka, California, management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I 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 I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. 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. I believe that the audit provides a reasonable basis for my opinion.

My 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, 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 m in my opinion, ifs fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

GARY P. ALLEN
CERTIFIED PUBLIC ACCOUNTANT

October 27, 2000

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

I have audited the financial statements of city of Yreka as of and for the year ended June 30, 2000, and have issued our report thereon dated October 27, 2000. I 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, I 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, I 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. My 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. I noted no matters involving the internal control over financial reporting and its operation that I 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
CERTIFIED PUBLIC ACCOUNTANT

October 27, 2000