CITY OF YREKA, CALIFORNIA

Financial Statements
Fiscal Year Ended
June 30, 2001
With Accountants' Report

CITY OF YREKA, CALIFORNIA

June 30, 2001

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Directory of City Officials
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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 Conner	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

JEFFREY CHITWOOD
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INDEPENDENT AUDITORS' REPORT

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

I have audited the accompanying general purpose financial statements of the City of Yreka, California, as of and for the year ended June 30, 2001, as listed in the 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 generally accepted in the United States of America 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 a 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 my audit provides a reasonable basis for my opinion.

As explained in Note 4 to the financial statements, the historical records relating to property, plant, and equipment were not sufficient to verify the historical cost of individual assets in the proprietary fund types and general fixed asset account group. Accordingly, I was unable to satisfy myself as to the fixed asset balance of $ 3,099,061 and $36,011,405 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 the 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 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, 2001 and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Governmental Auditing Standards, I have also issued a report dated October 30, 2001 on my consideration of City of Yreka's internal control structure over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

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 the combining and individual fund financial statements and schedules as listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Yreka, California. 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 item noted in the third paragraph, is fairly presented in all material respect in relation to the general purpose financial statements taken as a whole.

Jeff Chitwood

Jeffrey Chitwood
Certified Public Accountant
October 30, 2001

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CITY OF YREKA, CALIFORNIA
Combined Balance Sheet - All Fund Types and Account Groups
June 30, 2001

	Governmental Fund Types		
	General Fund	Special Revenue Funds	Capital Projects Funds
ASSETS			
Cash and investments (note 2)	$3,209,235	$1,010,019	$134,748
Receivables:			
Accounts receivable	8,072		
Intergovernmental		125,293	
Taxes	180,787		
Accrued interest	75,222		
Due from other funds(note 3)	343,884		
Notes receivable		259,520	
Fixed assets, net of accumulated depreciation in Proprietary Fund(note 4)			
Amount to be provided for long-term debt			
Total Assets	$3,817,200	$1,394,832	$134,748
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	$78,583	$25,676	
Payroll payable	46,544	5,186	
Compensated absences	120,411	28,309	
Due to general fund (note 3)		81,840	
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	245,538	141,011	-

See accompanying notes to the 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)
$3,607,336	$449,141			$8,410,479
208,860				216,932
				125,293
				180,787
				75,222
				343,884
				259,520
3,099,061		$36,011,405		39,110,466
			$1,015,064	1,015,064
$6,915,257	$449,141	$36,011,405	$1,015,064	$49,737,647
$22,393				$126,652
6,159				57,889
22,859				171,579
262,044				343,884
22,107				22,107
206,736				206,736
1,686,747			$1,015,064	2,701,811
	$81,745			81,745
	87,295			87,295
2,229,045	169,040	-	1,015,064	3,799,698

CITY OF YREKA, CALIFORNIA

Combined Balance Sheet - All Fund Types and Account Groups, Continued
June 30, 2001

	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			$134,748
Landfill reserve	79,853		
Unreserved Designated For:			
Retirement program	94,116		
Self insurance	216,230		
Employee health plan	14,365		
Specific projects:			
Grant participation	81,199		
Building improvement	66,133		
Contingencies	158,703		
Undesignated	2,830,493	$1,253,821	
Total Fund Equity	3,571,662	1,253,821	134,748
Total Liabilities and Fund Equity	$3,817,200	$1,394,832	$134,748

See accompanying notes to 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)
		$36,011,405		$36,011,405
$4,686,212				4,686,212
	$250,000			250,000
				30,570
				134,748
				79,853
				94,116
				216,230
				14,365
				81,199
	30,101			96,234
				158,703
				4,084,314
4,686,212	280,101	36,011,405	-	45,937,949
$6,915,257	$449,141	$36,011,405	$1,032,229	$49,737,647

CITY OF YREKA, CALIFORNIA

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - All Governmental Fund Types
Year ended June 30, 2001

	Governmental Fund Types			
	General Fund	Special Revenue Funds	Capital Projects Funds	TOTAL (Memorandum Only)
REVENUES				
Property and other taxes	$3,183,769			$3,183,769
License and permits	68,620			68,620
Intergovernmental revenue	437,940	$902,000		1,339,940
Charges for services	567,185			567,185
Fines and forfeitures	69,974			69,974
Use of money and property	217,590	46,499		264,089
In kind		59,835		59,835
Other revenue	442,334	43,886	$6,700	492,920
Total Revenues	4,987,412	1,052,220	6,700	6,046,332
EXPENDITURES				
City council	19,475			19,475
City administrator	195,898			195,898
Public safety	1,357,223	132,750		1,489,973
Animal regulation	45,165			45,165
Planning	151,979			151,979
Public works	792,579	230,588		1,023,167
Parks and recreation	291,305			291,305
General government	1,272,517		6,801	1,279,318
Community promotion	315,395			315,395
Community development		20,505		20,505
Senior nutrition		232,435		232,435
Drug awareness education		11,670		11,670
Total Expenditures	4,441,536	627,948	6,801	5,076,285
Excess (Deficiency) of Revenue Over (Under) Expenditures Before Other Financing Sources and (Uses)	545,876	424,272	(101)	970,047
Other Financing Sources (Uses):				
Operating transfers in		65,892		65,892
Operating transfers (out)	(84,333)			(84,333)
Total Other Financing Sources (Uses)	(84,333)	65,892	-	(18,441)
Excess (Deficiency) of Revenue Over (Under) Expenditures After Other Financing Sources and (Uses)	461,543	490,164	(101)	951,606
Fund Balances, June 30, 2000	2,960,119	748,470	134,849	3,843,438
Prior Period Adjustments (note 12)	150,000	15,187	-	165,187
Fund Balances, June 30, 2001	$3,571,662	$1,253,821	$134,748	$4,960,231

See accompanying notes to the 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, 2001

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property and other taxes	$2,734,946	$3,183,769	$448,823			
License and permits	69,126	68,620	(506)			
Intergovernmental revenue	724,996	437,940	(287,056)	$1,044,773	$902,000	($142,773)
Charges for services	446,030	567,185	121,155			
Fines and forfeitures	13,600	69,974	56,374			
Use of money and property	164,000	217,590	53,590	32,300	46,499	14,199
In kind				59,835	59,835	
Other revenue	592,000	442,334	(149,666)	37,224	43,886	6,662
Total Revenues	4,744,698	4,987,412	242,714	1,174,132	1,052,220	(121,912)
EXPENDITURES						
City Council	29,500	19,475	10,025			
City administrator	159,650	195,898	(36,248)			
Public safety	1,179,220	1,357,223	(178,003)	78,350	132,750	(54,400)
Animal regulation	38,650	45,165	(6,515)			
Planning	308,013	151,979	156,034			
Public works	980,975	792,579	188,396	540,035	230,588	309,447
Parks and recreation	357,765	291,305	66,460			
General government	1,411,041	1,272,517	138,524			
Community promotion	394,126	315,395	78,731			
Community development					20,505	(20,505)
Senior nutrition				238,417	232,435	5,982
Capital projects						
Drug awareness education				12,000	11,670	330
Total Expenditures	4,858,940	4,441,536	417,404	868,802	627,948	240,854
Excess (deficiency) of revenues over(under) expenditures	(114,242)	545,876	431,634	305,330	424,272	118,942
Other financial sources(uses):						
Operating transfers in				65,892	65,892	
Operating transfers (out)	(84,333)	(84,333)				
Total Other Financial Sources(Uses)	(84,333)	(84,333)	-	65,892	65,892	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	($198,575)	461,543	$660,118	$371,222	490,164	$118,942
Fund Balances, June 30, 2000		2,960,119			748,470	
Prior Period Adjustments (note 12)		150,000			15,187	
Fund Balances, June 30, 2001		$3,571,662			$1,253,821	

See accompanying notes to the financial statements.

CITY OF YREKA, CALIFORNIA
Combined Statement of Revenues, Expenses and
Changes in Retained Earnings - Proprietary Fund Types and
Similar Trust Funds
Year ended June 30, 2001

	Proprietary Fund Types	Fiduciary Fund Types	
	Enterprise Funds	YMCA Building Fund	TOTAL (memorandum Only)
Operating Revenues			
User fees and charges	$1,844,396		$1,844,396
Total Operating Revenues	1,844,396	-	1,844,396
Operating Expenses			
Cost of power and water	202,894		202,894
Maintenance, operations and administration	912,812		912,812
Depreciation	215,783		215,783
Total Operating Expenses	1,331,489	-	1,331,489
Operating Income (Loss)	512,907	-	512,907
Other Revenues (Expense)/Gains (Losses)			
Grant revenue	176,871		176,871
Interest income	194,250	$16,347	210,597
Interest expense	(42,195)	(3,832)	(46,027)
Total Other Revenues	328,926	12,515	164,570
Net Income (Loss)	841,833	12,515	677,477
Retained Earnings, June 30, 2000	3,844,379	280,754	4,125,133
Prior Period Adjustment (note 12)	-	(13,168)	(13,168)
Retained Earnings, June 30, 2001	$4,686,212	$280,101	$4,789,442

See accompanying notes to the financial statements.

CITY OF YREKA, CALIFORNIA
Combined Statement of Cash Flows
Proprietary Fund Types and Similar Trust Funds
Year Ended June 30, 2001

	Proprietary Fund Types Enterprise Funds	Fiduciary Fund Types YMCA Building Fund	TOTAL (memorandum only)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Flows From Operations:			
Net income (loss)	$841,833	$12,515	$854,348
Adjustments To Reconcile Net Income To Net Cash Used By Operating Activities			
Depreciation	215,783		215,783
(Increase) decrease in accounts receivable	(30,849)		(30,849)
Increase (decrease) in accounts payable	1,462		1,462
Increase (decrease) in compensated absences	6,719		6,719
Increase (decrease) in payroll payable	860		860
Increase (decrease) in accrued interest payable	3,312		3,312
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,039,120	12,515	1,051,635
CASH FLOWS FROM INVESTING ACTIVITIES			
Equipment purchases	(202,080)		(202,080)
Plant and System Improvements	(513,442)		(513,442)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(715,522)	-	(715,522)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in due to general fund	262,044		262,044
Proceeds from new loans	199,358		199,358
Principal payments on debt	(168,909)	(13,168)	(182,077)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	292,493	(13,168)	279,325
NET INCREASE (DECREASE) IN CASH	616,091	(653)	615,438
CASH and CASH EQUIVALENTS, JUNE 30, 2000	2,991,245	280,754	3,271,999
CASH and CASH EQUIVALENTS, JUNE 30, 2001	$3,607,336	$280,101	$3,887,437
Supplemental Disclosures of Cash Flow Information			
Interest Income Received	$194,250	$16,347	$210,597
Interest Expense Paid	$38,883	$3,832	$42,715

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

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Yreka, California is legally incorporated under California municipal law, and is governed by a five member City Council. The City provides public safety (police and fire), streets and roads, water and sewer services, economic development, community development and general administrative services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principals applicable to state and local governments. The Government Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principals. The more significant of the City's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units in the reporting entity by applying the criteria set forth in generally accepted accounting principals. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency, Other manifestations of the ability to exercise oversight governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, the City does not have any component units.

B. Basis of Presentation: Fund Accounting

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 sent and the means by which spending activities are controlled. The following funds and account groups are used by the City:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

GOVERNMENTAL FUND TYPES

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 FUND TYPES

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the city council 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 where the city council 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.

FIDUCIARY FUND TYPES

Trust Funds - Trust Funds are used to account for assets held by the city as trustee that are set aside for specific purposes. Nonexpendable trust funds account for financial activity in essentially the same manner as enterprise funds.

Agency Funds - Agency funds are used to account for assets held by the City as a custodian, or agent for individuals, governmental entities and non-public organizations. Agency funds are custodial in nature and do not involve measurement of results of operations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

ACCOUNT GROUPS

General Fixed Assets - The General Fixed assets Account Group is used to account for fixed assets used in governmental fund type operations and for control purposes. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. No depreciation is recorded on general fixed assets.

General Long-Term Debt - The General Long-Term Debt account group is used 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/Measurement Focus

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

G. Fixed Assets

Fixed assets purchased by governmental and proprietary fund type operations are recorded at cost of 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 recorded. 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

G. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

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

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

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.

L. Use of Estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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	54,590	
Cash in bank - savings	21,540	
Cash in bank - certificates of deposit	263,537	
Cash in Smith Barney - certificates of deposit	100,000	
Cash in State Treasurer's Local Agency Investment Fund	5,609,066	
Total Cash	6,049,168	
U.S. Government and Federal Bonds	976,061	$999,268
U.S. Treasury Bonds (at cost)	1,385,250	1,924,125
Total Investments	2,361,311	$2,923,393
Total Cash and Investments Per Financial Statement	$8,410,479	

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			$1,385,250	$1,924,125
U.S. Government and Federal Agency Bonds	976,061			976,061	999,268
Total Investments	$2,361,311	-	-	$2,361,311	$2,923,393

3. INTERFUND ASSETS AND LIABILITIES

The following is a summary of interfund assets and liabilities as of June 30, 2001.

	Due From Asset	Due To Liability
Fund:		
General Fund	$343,884	
Special Revenue Funds:		
Special Grants		$81,840
Enterprise Funds:		
Sewer Fund		262,044
Totals	$343,884	$343,884

The interfund assets and liabilities will be closed out in the next fiscal year with interfund transfers.

4. CHANGES IN FIXED ASSETS

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

	Balance June 30, 2000	Prior Period Adjustments (note 12)	Additions	Deletions	Balance June 30, 2001
Fixed asset balance, June 30, 1983	$31,447,142				$31,447,142
Building/Improvements	809,704		$8,092		817,796
Land	64,347				64,347
Improvements other than buildings	107,586		2,562		110,148
Equipment	2,615,118	$119,763	973,968	($140,728)	3,568,121
Equipment - Senior Nutrition	3,851				3,851
	$35,047,748	$119,763	$984,622	($140,728)	$36,011,405

A summary of changes in proprietary fund type fixed assets at June 30, 2001 is as follows:

	Water	Sewer	Combined Total
Balance at June 30, 2000	$4,223,623	$1,630,480	$5,854,103
Prior Period Adjustments (note 12)	20,935		20,935
Equipment Purchases		202,080	202,080
Plant and System Improvements	68,114	445,328	513,442
	4,312,672	2,277,888	6,590,560
Less accumulated depreciation	(2,773,491)	(718,008)	(3,491,499)
Fixed assets, net at June 30, 2001	$1,539,181	$1,559,880	$3,099,061

4. CHANGES IN FIXED ASSETS (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.

5. LONG-TERM DEBT

The following is a summary of changes in General Long-Term Debt obligations for the year ended June 30, 2001:

	Balance June 30, 2000	Prior Period Adjustments (note 12)	New Issues	Principal Payments	Balance June 30, 2001
Ford Pickups	$5,697			$5,697	-
LaFrance Fire Truck	154,751			18,963	$135,788
Ford Pickup	20,935	($20,935)			-
Street Sweeper	119,763			21,906	97,857
Ford Pickup F150			$17,677		17,677
FL70 Patch Truck			106,188		106,188
627G Scraper			549,972		549,972
FL70 Water Truck			74,665		74,665
Ford Pickup			32,917		32,917
	$301,146	($20,935)	$781,419	$46,566	$1,015,064

The following is a summary of changes in Enterprise Fund long-term obligations for the year ended June 30, 2001:

	Balance June 30, 2000	Prior Period Adjustments (note 12)	New Issues	Principal Payments	Balance June 30, 2001
WATER FUND					
Water System	$1,503,611			$131,290	$1,372,321
Deferred Interest	338,488			33,849	304,639
Ford Pickup		$20,935		3,770	17,165
SEWER FUND					
Brown Bear Tractor			$199,358		199,358
Totals	$1,842,099	$20,935	$199,358	$168,909	$1,893,483

5. LONG-TERM DEBT (continued)

Long-term debt at June 30, 2001 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).	$1,372,321	
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.	304,639	
Note payable to Scott Valley bank, secured with Brown Bear tractor, which bears interest at 6.89%. Interest and principal is due annually thru 2007.	199,358	
Note payable to Scott Valley Bank, secured with Ford Pickup, which bears interest at 5.9%, Interest and principal payments due annually thru 2004.	17,165	
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.		$135,788
Note payable to Scott Valley Bank, secured with Crosswind J Sweeper, which bears interest at 6.16%. Interest and principal due annually thru 2005.		97,857
Note payable to Scott Valley Bank, secured with Ford Pickup, which bears interest at 6.89%, Interest and principal payments due annually thru 2005.		17,677
Note payable to Scott Valley Bank, secured with Freightliner Truck, which bears interest at 6.89%, Interest and principal payments due annually thru 2007.		106,188

5. LONG-TERM DEBT (continued)

Note payable to Scott Valley Bank, secured with Caterpillar Scraper, which bears interest at 6.16%, Interest and principal payments due annually thru 2007.		549,972
Note payable to Scott Valley Bank, secured with Freightliner Truck, which bears interest at 6.16%, Interest and principal payments due annually thru 2005.		74,665
Note payable to Scott Valley Bank, secured with Ford Pickup, which bears interest at 6.89%, Interest and principal payments due annually thru 2005.		32,917
	1,893,483	1,015,064
Less: portion classified as current	(206,736)	-
Total long-term obligations	$1,686,747	$1,015,064

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
2002	$206,736	$285,240
2003	203,952	125,665
2004	206,654	133,492
2005	214,194	141,699
2006	215,137	122,185
2007	220,961	101,229
2008	227,020	105,554
2009	197,371	
2010	201,458	
Totals	$1,893,483	$1,015,064

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 1999/2000, the City of Yreka's annual pension cost was $59,652 and the City of Yreka actually contributed $59,652. The required contribution for fiscal year 1999/2000 was determined as part of the June 30, 1999 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 14.2% 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
06-30-1998	5,118,632	7,122,522	(2,003,890)	139.1%	1,334,535	-150.156%
06-30-1999	5,886,337	8,002,387	(2,116,050)	135.9%	1,451,113	-145.823%
06-30-2000	6,485,797	8,709,520	(2,223,723)	134.3%	1,615,067	-137.686%

6. PENSION PLAN (continued)

Required Supplementary Information(continued)

Three Year Trend Information for Safety 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
06-30-1998	3,085,087	3,513,362	(428,275)	113.90%	449,798	-85.690%
06-30-1999	3,301,788	4,182,583	(880,795)	126.70%	556,941	-158.149%
06-30-2000	3,796,645	4,838,674	(1,042,029)	127.40%	583,434	-178.603%

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 District Bonds
Original issue	$343,300
Rate of interest	5.00%
Balance Jule 1, 2000	$80,000
Payments during year	25,000
Balance June 30, 2001	$55,000

Future debt service requirements are as follows:

Year Ended June 30	
2002	$27,000
2003	28,000
Thereafter	-
Total	$55,000

8. DEFICIT FUND BALANCES

There were no deficit fund balances at June 30, 2001.

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, 2001.

Fund		
General Fund		$567,404
Special Revenue Funds:		
D.A.R.E.	$330	
Gas Tax Funds	51,787	
Improvement	-	
Local Transportation	91,014	
Special Grants	93,254	
Police Asset Forfeiture	-	
Senior Fund	5,982	
Traffic Safety	(1,513)	
Total Special Revenue		240,854
Capital Projects Funds:		
Fire Dept. Historical Bldg.	(1,901)	
Closure Post/Closure Landfill	-	
Yreka Creek Greenway	-	
Total Capital Projects		(1,901)
Enterprise Funds:		
Water	399,274	
Sewer	164,896	
Total Enterprise		564,170
Fiduciary Funds		
YMCA Building Funds	-	
Total Fiduciary Funds		-
TOTAL		$1,370,527

10. INSURANCE

A. General Liability & Worker's Comp. - The city is insured for general liability and worker's comp. through membership in the Small Cities Organized Risk Effort (S.C.O.R.E) and the California Joint Powers Risk Management Authority. Both of these organizations are insurance pools. The city is responsible to pay annual insurance premiums and to serve as a member of the board for S.C.O.R.E. The city council has appointed the city manager to serve on this board.

B. Self Insured Dental Plan - The city provides dental insurance coverage for city employees through a self insurance plan. The plan is managed by a contract administrator. The cost of the plan for the year ended June 30, 2001 was $30,661.

11. SOLID WASTE LANDFILL CLOSURE/POST CLOSURE CARE COSTS

The City has established a restricted trust account to cover the costs associated with the eventual closure of the solid waste landfill operated by the City. This restricted trust account was established per the requirements of the California Integrated Waste Management Board. The trust fund balance is increased each year based on the estimated liability incurred to date and the landfill capacity used to date.

Landfill/Post closure care costs include the costs to construct a final cover and to monitor the landfill site after closure.

Information relating to the closure post closure care costs:

Liability for closure/post closure care as of June 30, 2001	$68,650
Trust account balance as of June 30, 2001	$68,650
Estimated total current cost remaining to be recognized	$364,847
Percentage of landfill capacity used to date	16%
Estimated remaining landfill life	62 years
Increase in trust account balance and expenditure for the year ended June 30, 2001	$6,700

There is the potential that these estimates will change due to changes in inflation/deflation, technology, or applicable laws and regulations.

12. PRIOR PERIOD ADJUSTMENTS

Prior period adjustments have been made to prior year fund balances to correct the following.

A. General Fund: A $150,000 prior period adjustment was made to correct the over accrual of expenditures for liability insurance in the prior year.

B. Special Revenue Funds, Gas Tax Funds: A $15,187 prior period adjustment was made to correct the prior year's accounts receivable and revenue from gas taxes.

C. Fiduciary Fund Types, Non-Expendable Trust Fund: A $13,168 prior period adjustment was made to correct the prior year's balance payable to the general fund.

D. General Fixed Assets: A $119,763 prior period adjustment was made to correct and record the prior year purchase of a street sweeper.

E. General Long-Term Debt and Water Fund: Prior period adjustments were made to the general long-term debt account group and the water enterprise fund to correct the prior year classification of a note payable. The note payable was used for the prior year purchase of a Ford pickup.

13. 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, 2001 have not yet been 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 enterprise fund, are presented as an obligation of the enterprise fund 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 fund. If this occurred, an interfund receivable would be created and remain until the enterprise fund was able to repay the City.

14. COMMITMENTS, CONTINGENT LIABILITIES AND LITIGATION (continued)

C. There are minor lawsuits pending against the City, the outcome of which, in the opinion of management and the City Attorney, 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.

15. SUBSEQUENT EVENTS

Subsequent to the financial statement date of June 30, 2001, the following events occurred that may have a material effect on the financial statements.

A. Refinance of LaFrance Fire Truck - On July 1, 2001 the city's indebtedness to Scott Valley bank for the LaFrance Fire Truck was changed from a one year notes payable to a five year notes payable. The original balance of new loan is $154,751.

B. As of the financial statement date the city was in negotiations to secure a federal grant and a loan to fund a sewer plant expansion project. The grant is expected to be in the amount of $1,800,000. The project loan is expected to be in the amount of $1,165,000.

CITY OF YREKA, CALIFORNIA

SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for 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 of California and private donations.

Gas Tax Fund
Established to account for the receipt and disbursement of state gas tax funds. These funds are used for construction and maintenance of City of Yreka's street system. Financing is provided by the State of California and is restricted to street expenditures.

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

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

Police Asset Forfeiture
Established to account for receipt and disbursement of funds obtained through police department 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.

Traffic Safety
Established to account for receipt and disbursement of traffic fines. Financing is provided through the court system.

CITY OF YREKA, CALIFORNIA
Combining Balance Sheet - Special Revenue Funds
June 30, 2001

	DARE	GAS TAX FUNDS	IMPROVEMENT FUNDS	LOCAL TRANSPORTATION
ASSETS				
Cash and investments		$477,880	$47,821	$355,610
Accounts Receivable:				
Intergovernmental		15,073		
Notes receivable				
Total Assets	-	$492,953	$47,821	$355,610
LIABILITIES and FUND EQUITY				
Liabilities:				
Accounts payable		$3,211		
Payroll payable		1,409		
Compensated absences		21,733		
Due to general fund				
Total Liabilities	-	26,353	-	-
Fund Equity:				
Undesignated		466,600	$47,821	$355,610
Total Fund Equity	-	466,600	47,821	355,610
Total Liabilities and Fund Equity	-	$492,953	$47,821	$355,610

See accompanying notes to the financial statements.

SPECIAL GRANTS	POLICE ASSET FORFEITURE	SENIOR PROGRAM	TRAFFIC SAFETY & CONGESTION	TOTAL
$75,580	$3,932		$49,196	$1,010,019
101,640		$8,580		125,293
259,520				259,520
$436,740	$3,932	$8,580	$49,196	$1,394,832
$16,114		$6,022	$329	$25,676
62		2,558	1,157	5,186
			6,576	28,309
81,840				81,840
98,016	-	8,580	8,062	141,011
338,724	$3,932		41,134	1,253,821
338,724	3,932	-	41,134	1,253,821
$436,740	$3,932	$8,580	$49,196	$1,394,832

CITY OF YREKA, CALIFORNIA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - All Special Revenue Funds
Year Ended June 30, 2001

	DARE	GAS TAX FUNDS	IMPROVEMENT FUNDS	LOCAL TRANSPORTATION
REVENUES				
Intergovernmental revenue		$149,923		$75,132
Use of money and property		27,931		17,107
In kind				
Other revenue	$450		$500	
Total Revenues	450	177,854	500	92,239
EXPENDITURES				
Community development				
Drug awareness education	11,670			
Public safety				
Public works		148,848		21,986
Senior nutrition				
Total Expenditures	11,670	148,848	-	21,986
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,220)	29,006	500	70,253
Other Financing Sources (Uses):				
Operating transfers in	11,220			
Operating transfers (out)				
Total Other Financing Sources (Uses)	11,220	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	-	29,006	500	70,253
Fund Balances - June 30, 2000	-	422,407	47,321	285,357
Prior Period Adjustments (note 12)	-	15,187	-	-
Fund Balances - June 30, 2001	-	$466,600	$47,821	$355,610

See accompanying notes to the financial statements.

SPECIAL GRANTS	POLICE ASSET FORFEITURE	SENIOR PROGRAM	TRAFFIC SAFETY & CONGESTION	TOTAL
$279,755		$106,836	$91,097	$702,743
200,718				245,756
		59,835		59,835
10,000	$7	32,929		43,886
490,473	7	199,600	91,097	1,052,220
20,505				20,505
				11,670
67,887			64,863	132,750
59,754				230,588
		232,435		232,435
148,146	-	232,435	64,863	627,948
342,327	7	(32,835)	26,234	424,272
		32,835	21,837	65,892
-	-	32,835	21,837	65,892
342,327	7	-	48,071	490,164
(3,603)	3,925	-	(6,937)	748,470
-	-	-	-	15,187
$338,724	$3,932	-	$41,134	$1,253,821

CITY OF YREKA, CALIFORNIA
Combining Statement of Revenues, Expenditures &
Changes in Fund Balance - Budget and Actual -
All Special Revenue Funds
Year Ended June 30, 2001

	D.A.R.E.		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental revenue			
Use of money and property			
In kind			
Other revenue	$8,000	$450	($7,550)
Total Revenues	8,000	450	(7,550)
EXPENDITURES			
Community development			
Drug awareness education	12,000	11,670	330
Public safety			
Public works			
Senior nutrition			
Total Expenditures	12,000	11,670	330
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,000)	(11,220)	(7,220)
Other Financing Sources (Uses):			
Operating transfers in	11,220	11,220	-
Total Other Financing Sources (Uses)	11,220	11,220	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	$7,220	-	($7,220)
Fund Balances - June 30, 2000		-	
Prior Period Adjustments (note 12)		-	
Fund Balances - June 30, 2001		-	

See accompanying notes to the financial statements.

GAS TAX FUNDS			IMPROVEMENT FUNDS		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$149,993	$149,923	($70)			
21,200	27,931	6,731			
			$1,000	$500	($500)
171,193	177,854	6,661	1,000	500	(500)
200,635	148,848	51,787			
200,635	148,848	51,787	-	-	-
(29,442)	29,006	58,448	1,000	500	(500)
-	-	-	-	-	-
($29,442)	29,006	$58,448	$1,000	500	($500)
	422,407			47,321	
	15,187			-	
	$466,600			$47,821	

CITY OF YREKA, CALIFORNIA
Combining Statement of Revenues, Expenditures &
Changes in Fund Balance - Budget and Actual -
All Special Revenue Funds - Continued
Year Ended June 30, 2001

	LOCAL TRANSPORTATION		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental revenue	$75,132	$75,132	-
Use of money and property	11,100	17,107	$6,007
In kind			
Other revenue			
Total Revenues	86,232	92,239	6,007
EXPENDITURES			
Community development			
Drug awareness education			
Public safety			
Public works	113,000	21,986	91,014
Senior nutrition			
Total Expenditures	113,000	21,986	91,014
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,768)	70,253	97,021
Other Financing Sources (Uses):			
Operating transfers in			
Total Other Financing Sources (Uses)	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	($26,768)	70,253	$97,021
Fund Balances - June 30, 2000		285,357	
Prior Period Adjustments (note 12)		-	
Fund Balances - June 30, 2001		$355,610	

See accompanying notes to the financial statements

SPECIAL GRANTS			POLICE ASSET FORFEITURE		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$689,000	$279,755	($409,245)			
	200,718	200,718			
	10,000	10,000	$1,000	$7	($993)
689,000	490,473	(198,527)	1,000	7	(993)
	20,505	(20,505)			
15,000	67,887	(52,887)			
226,400	59,754	166,646			
241,400	148,146	93,254	-	-	-
447,600	342,327	(105,273)	1,000	7	(993)
-	-	-	-	-	-
$447,600	342,327	($105,273)	$1,000	7	($993)
	(3,603)			3,925	
	-			-	
	$338,724			$3,932	

CITY OF YREKA, CALIFORNIA
Combining Statement of Revenues, Expenditures &
Changes in Fund Balance - Budget and Actual -
All Special Revenue Funds - Continued
Year Ended June 30, 2001

	SENIOR PROGRAM		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental revenue	$96,448	$106,836	$10,388
Use of money and property			
In kind	59,835	59,835	
Other revenue	27,224	32,929	5,705
Total Revenues	183,507	199,600	16,093
EXPENDITURES			
Community development			
Drug awareness education			
Public safety			
Public works			
Senior nutrition	238,417	232,435	5,982
Total Expenditures	238,417	232,435	5,982
Excess (Deficiency) of Revenues Over (Under) Expenditures	(54,910)	(32,835)	22,075
Other Financing Sources (Uses):			
Operating transfers in	32,835	32,835	
Total Other Financing Sources (Uses)	32,835	32,835	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	($22,075)	-	$22,075
Fund Balances - June 30, 2000		-	
Prior Period Adjustments (note 12)		-	
Fund Balances - June 30, 2001		-	

See accompanying notes to the financial statements

TRAFFIC SAFETY & CONGESTION			TOTAL 2000		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$34,200	$91,097	$56,897	$1,044,773	$702,743	($342,030)
			32,300	245,756	213,456
			59,835	59,835	
			37,224	43,886	6,662
34,200	91,097	56,897	1,174,132	1,052,220	(121,912)
				20,505	(20,505)
			12,000	11,670	330
63,350	64,863	(1,513)	78,350	132,750	(54,400)
			540,035	230,588	309,447
			238,417	232,435	5,982
63,350	64,863	(1,513)	868,802	627,948	240,854
(29,150)	26,234	55,384	305,330	424,272	118,942
21,837	21,837	-	65,892	65,892	-
21,837	21,837	-	65,892	65,892	-
($7,313)	48,071	$55,384	$371,222	490,164	$118,942
	(6,937)			748,470	
	-			15,187	
	$41,134			$1,253,821	

CAPITAL PROJECTS FUND

Capital Projects Funds 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 Landfill.

Yreka Creek Greenway
Accounts for the improvements to and construction of greenways on Yreka Creek.

CITY OF YREKA, CALIFORNIA
Combining Balance Sheet - All Capital Project Funds
June 30, 2001

	Fire Dept. Historical Buildings	Closure Post/Closure Landfill	Yreka Creek Greenway	TOTAL
ASSETS				
Cash and investments	$55,155	$75,350	$4,243	$134,748
Total Assets	$55,155	$75,350	$4,243	$134,748
LIABILITIES and FUND EQUITY				
Liabilities	-	-	-	-
Fund equity:				
Reserved	$55,155	$75,350	$4,243	$134,748
Unreserved				
Total Liabilities, Fund Equity and, Other Credits	$55,155	$75,350	$4,243	$134,748

See accompanying notes the the financial statements.

CITY OF YREKA, CALIFORNIA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - All Capital Project Funds
Year Ended June 30, 2001

	Fire Dept. Historical Buildings	Closure Post/Closure Landfill	Yreka Creek Greenway	TOTAL
REVENUES				
Miscellaneous Revenues		$6,700		$6,700
Total Revenues	-	6,700	-	6,700
EXPENDITURES				
Capital projects	$6,801			6,801
Total Expenditures	6,801	-	-	6,801
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,801)	6,700	-	(101)
Fund Balance, June 30, 2000	61,956	68,650	$4,243	134,849
Fund Balance, June 30, 2001	$55,155	$75,350	$4,243	$134,748

See accompanying notes to the financial statements.

CITY OF YREKA, CALIFORNIA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - All Capital Project Funds
Year Ended June 30, 2001

	Fire Department Historical Buildings			Closure Post/Closure Landfill		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Miscellaneous Revenues				$6,700	$6,700	-
Total Revenues	-	-	-	6,700	6,700	-
EXPENDITURES						
Capital projects	$4,900	$6,801	($1,901)			
Total Expenditures	4,900	6,801	(1,901)	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	($4,900)	(6,801)	($1,901)	$6,700	6,700	-
Fund Balance, June 30, 2000		61,956			68,650	
Fund Balance, June 30, 2001		$55,155			$75,350	

See accompanying notes to the financial statements.

Yreka Creek Greenway			TOTALS		
Budget	Yreka Creek Greenway	Variance Favorable (Unfavorable)	Budget	TOTAL	Variance Favorable (Unfavorable)
			$6,700	$6,700	-
-	-	-	6,700	6,700	-
			4,900	6,801	($1,901)
-	-	-	4,900	6,801	(1,901)
-	-	-	1,800	(101)	($1,901)
	$4,243			134,849	
	$4,243			$134,748	

See accompanying notes to the financial statements.

ENTERPRISE FUNDS

Enterprise funds account for operations that are: 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, 2001

	WATER	SEWER	TOTAL
ASSETS			
Cash and investments	$2,948,507	$658,829	$3,607,336
Accounts receivable	133,116	75,744	208,860
Property, Plant and, Equipment	4,312,672	2,277,888	6,590,560
Less: Accumulated depreciation	(2,773,491)	(718,008)	(3,491,499)
Net Property, Plant and, Equipment	1,539,181	1,559,880	3,099,061
Total Assets	$4,620,804	$2,294,453	$6,915,257
LIABILITIES and RETAINED EARNINGS			
Current Liabilities:			
Accounts payable	$7,698	$14,695	$22,393
Payroll payable	4,549	1,610	6,159
Compensated absences	17,978	4,881	22,859
Accrued interest payable	17,857	4,250	22,107
Due to general fund		262,044	262,044
Current portion of long-term debt	175,348	31,388	206,736
Total Current Liabilities	223,430	318,868	542,298
Long-Term Liabilities:			
Long-term debt, net of current	1,518,777	167,970	1,686,747
Total Liabilities	1,742,207	486,838	2,229,045
Retained Earnings	2,878,597	1,807,615	4,686,212
Total Liabilities and Retained Earnings	$4,620,804	$2,294,453	$6,915,257

See accompanying notes to the financial statements.

CITY OF YREKA, CALIFORNIA
Combining Statement of Revenues, Expenses and
Changes in Retained Earnings
For the year ended June 30, 2001

	WATER	SEWER	TOTAL
Operating revenues:			
User fees and charges	$1,124,449	$719,947	$1,844,396
Operating expenses:			
Cost of power and water	163,428	39,466	202,894
Maintenance, operations and, administration	592,591	320,221	912,812
Depreciation	138,901	76,882	215,783
Total operating expenses	894,920	436,569	1,331,489
Operating income (loss)	229,529	283,378	512,907
Other revenues (expenses):			
Grant revenue		176,871	176,871
Interest income	194,250		194,250
Interest expense	(37,945)	(4,250)	(42,195)
Total other revenues (expenses)	156,305	172,621	328,926
Net income (loss)	385,834	455,999	841,833
Retained earnings, June 30, 2000	2,492,763	1,351,616	3,844,379
Retained earnings, June 30, 2001	$2,878,597	$1,807,615	$4,686,212

See accompanying notes to the financial statements.

CITY OF YREKA, CALIFORNIA
Combining Statement of Revenues, Expenses and
Changes in Retained Earnings
For the year ended June 30, 2001

	WATER	SEWER	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from Operations:			
Net income (loss)	$385,834	$455,999	$841,833
Adjustments to reconcile net income to net cash used by operating activities			
Depreciation	138,901	76,882	215,783
(Increase) decrease in accounts receivable	(18,813)	(12,036)	(30,849)
Increase (decrease) in accounts payable	(9,605)	11,067	1,462
Increase (decrease) compensated absences	3,117	3,602	6,719
Increase (decrease) in payroll payable	593	267	860
Increase (decrease) in accrued interest payable	(938)	4,250	3,312
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	499,089	540,031	1,039,120
CASH FLOWS FROM INVESTING ACTIVITIES			
Equipment purchases		(202,080)	(202,080)
Plant and system improvements	(68,114)	(445,328)	(513,442)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(68,114)	(647,408)	(715,522)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in due to general fund		262,044	262,044
Proceeds from new loans		199,358	199,358
Principal payments on debt	(168,909)		(168,909)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(168,909)	461,402	292,493
NET INCREASE (DECREASE) IN CASH	262,066	354,025	616,091
CASH AND CASH EQUIVALENTS - JUNE 30, 2000	2,686,441	304,804	2,991,245
CASH AND CASH EQUIVALENTS - JUNE 30, 2001	$2,948,507	$658,829	$3,607,336

Supplemental disclosure of cash flow information:

Interest revenue received	$194,250	-	$194,250
Interest expense paid	$38,883	-	$38,883

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 note the the 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:

YMCA Building Fund

Established to account for monies set aside for the YMCA building fund.

AGENCY FUNDS:

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 and Donations

Established to account for collection and disbursement of donated monies.

Endowments.

Established to account for the collection and disbursement of endowment monies.

CITY OF YREKA
FIDUCIARY FUND TYPES
Combining Balance Sheet - All Agency Funds
June 30, 2001

	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	$280,101	$18,396	$84,270	$3,025
Total assets	$280,101	$18,396	$84,270	$3,025
LIABILITIES, FUND EQUITY and, OTHER CREDITS				
Liabilities:				
Held for trust purposes		$18,396		
Held for assessment district			$84,270	$3,025
Total liabilities	-	18,396	84,270	3,025
Equity and other credits:				
Fund balance reserved for trust corpus	$250,000			
Fund balance-unreserved -designated for specific projects	30,101			
Total Equity and Other Credits	280,101	-	-	-
Total Liabilities, Equity and, Other Credits	$280,101	$18,396	$84,270	$3,025

See accompanying notes to the financial statements.

AGENCY FUNDS			
SENIOR	GIFT DONATIONS	ENDOWMENTS	TOTALS
$49,799	$8,589	$4,961	$449,141
$49,799	$8,589	$4,961	$449,141
$49,799	$8,589	$4,961	$81,745
			87,295
49,799	8,589	4,961	169,040
			250,000
			30,101
-	-	-	280,101
$49,799	$8,589	$4,961	$449,141

CITY OF YREKA, CALIFORNIA
Combining Statement of Changes in
Assets and Liabilities - Agency Funds
For the year ended June 30, 2001

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
ASSETS				
Cash	$165,290	$66,644	$62,894	$169,040
Total Assets	$165,290	$66,644	$62,894	$169,040
LIABILITIES				
Held for trust purposes	$78,532	$32,483	$29,270	$81,745
Held for assessment district	86,758	34,161	33,624	87,295
Total Liabilities	$165,290	$66,644	$62,894	$169,040

See accompanying notes to the financial statements.

CITY OF YREKA, CALIFORNIA
Statement of Changes in Assets and Liabilities - Agency Funds
For the year ended June 30, 2001

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
FUNDS UNDER $12,000				
Assets:				
Cash	$17,412	$27,616	$26,632	$18,396
Totals	$17,412	$27,616	$26,632	$18,396
Liabilities:				
Held for trust purposes	$17,412	$27,616	$26,632	$18,396
Totals	$17,412	$27,616	$26,632	$18,396
CAMPBELL TRACT REDEMPTION FUND				
Assets:				
Cash	$84,150	$28,496	$28,376	$84,270
Totals	$84,150	$28,496	$28,376	$84,270
Liabilities:				
Held for assessment district	$84,150	$28,496	$28,376	$84,270
Totals	$84,150	$28,496	$28,376	$84,270
SHASTA BELLE REDEMPTION FUND				
Assets:				
Cash	$2,608	$5,665	$5,248	$3,025
Totals	$2,608	$5,665	$5,248	$3,025
Liabilities:				
Held for assessment district	$2,608	$5,665	$5,248	$3,025
Totals	$2,608	$5,665	$5,248	$3,025

See accompanying notes to the financial statements.

CITY OF YREKA, CALIFORNIA
Statement of Changes in Assets and Liabilities - Agency Funds
For the year ended June 30, 2001

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
SENIOR FUND				
Assets:				
Cash	$47,135	$4,867	$2,203	$49,799
Totals	$47,135	$4,867	$2,203	$49,799
Liabilities:				
Held for trust purposes	$47,135	$4,867	$2,203	$49,799
Totals	$47,135	$4,867	$2,203	$49,799
GIFT DONATIONS				
Assets:				
Cash	$9,024	-	$435	$8,589
Totals	$9,024	-	$435	$8,589
Liabilities:				
Held for trust purposes	$9,024	-	$435	$8,589
Totals	$9,024	-	$435	$8,589
ENDOWMENTS				
Assets:				
Cash	$4,961	-	-	$4,961
Totals	$4,961	-	-	$4,961
Liabilities:				
Held for trust purposes	$4,961	-	-	$4,961
Totals	$4,961	-	-	$4,961

See accompanying notes to the financial statements.

CITY OF YREKA, CALIFORNIA
Non-Expendable Trust Fund
Statement of Revenues, Expenses and Changes in Fund Balance
For the year ended June 30, 2001

	YMCA Building Fund
Operating revenues	-
Operating expenses	-
Operating Income	-
Other revenues (expenses):	
Investment income	$16,347
Interest payment to City	(3,832)
Total Other Revenues (Expenses)	12,515
Net Income (loss)	12,515
Fund Balance June 30, 2000	280,754
Prior Period Adjustment (note 12)	(13,168)
Fund Balance June 30, 2001	$280,101

See accompanying notes to the financial statements.

CITY OF YREKA, CALIFORNIA
Non-Expendable Trust Fund
Statement of Cash Flows
For the year ended June 30, 2001

	YMCA Building Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income (loss)	$12,515
Adjustments to reconcile net income to net cash used by operating activities	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	12,515
CASH FLOWS FROM INVESTING ACTIVITIES	-
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payment to City	(13,168)
NET INCREASE (DECREASE) IN CASH	(653)
CASH and CASH EQUIVALENTS, JUNE 30, 2000	280,754
CASH and CASH EQUIVALENTS, JUNE 30, 2001	$280,101

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	
Interest paid	$3,832
Interest earned	$16,347

See accompanying notes to the financial statements.

SUPPLEMENTAL INFORMATION

CITY OF YREKA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2001

Federal Grantor/Pass-through Grantor	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Pass Through Program from PSAII Local Area Agency on Aging		unavailable	
Nutrition Program for the Elderly	10570		$73,127
Title III Older Americans Act of 1965	93635		33,709
U.S. Department of Housing and Urban Development:			
Community Development Block Grant	675		280,025
Pass Through Program From State Water Resources Control Board:		2240	
Economic Development Block Grant	1454		176,871
Total Expenditures of Federal Awards			$563,732

See accompanying notes to the financial statements.

CITY OF YREKA, CALIFORNIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2001

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Yreka and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

JEFFREY CHITWOOD
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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

I have audited the financial statements of City of Yreka, California as of and for the year ended June 30, 2001, and have issued my report thereon dated October 30, 2001. Except as reported in note 4, I conducted my audit in accordance with generally accepted auditing standards generally accepted in the United States of America 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my audit, I considered City of Yreka's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my 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 general purpose 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 solely for the information of the audit committee, management, City Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jeff Chitwood

Jeffrey Chitwood
Certified Public Accountant
October 30, 2001

JEFFREY CHITWOOD
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

I have audited the compliance of City of Yreka, California, with the types of compliance requirements described in the U.S. Office of Management and Budget OMB Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2001. City of Yreka, California's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Yreka, California's management. My responsibility is to express an opinion on City of Yreka, California's compliance based on my audit.

I conducted my audit in accordance with generally accepted auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Yreka, California's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on City of Yreka, California's compliance with those requirements.

In my opinion, City of Yreka, California, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of City of Yreka, California, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered City of Yreka, California's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, and federal awarding agencies and pass-through entities and is not to be and should not be used by anyone other than these specified parties.

Jeff Chitwood

Jeffrey Chitwood
Certified Public Accountant

October 30, 2001

CITY OF YREKA, CALIFORNIA
Schedule of Findings and Questioned Costs
for the Year Ended June 30, 2001

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses a qualified opinion on the general purpose financial statements of the City of Yreka, California.
2. There were no reportable conditions disclosed during the audit of the general purpose financial statements
3. No instances of noncompliance material to the general purpose financial statements of the City of Yreka, California were disclosed during the audit.
4. The auditor's report on compliance for the major federal award programs for City of Yreka expresses an unqualified opinion on all major federal programs.
5. The programs tested as major programs are Community Development Block Grant and, Economic Development Block Grant.
6. The Community Development Block Grant and Economic Development Block Grant programs were considered Type A programs.
7. The Nutrition Program for the Elderly and Title III Older American Act of 1965 were Type B programs.
8. City of Yreka, California was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

I noted no findings during the financial statement audit.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

COMMUNITY DEVELOPMENT BLOCK GRANT
ECONOMIC DEVELOPMENT BLOCK GRANT

I noted no findings during the audit of the Major Federal Award Programs.

QUESTIONED COSTS

None.