

**CITY OF YREKA, CALIFORNIA**

**Financial Statements  
Fiscal Year Ended  
June 30, 2003  
With Accountant's Report**



CITY OF YREKA, CALIFORNIA

June 30, 2003

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# CITY OF YREKA, CALIFORNIA

June 30, 2003

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## **CITY OF YREKA, CALIFORNIA**

Directory of City Officials  
June 30, 2003

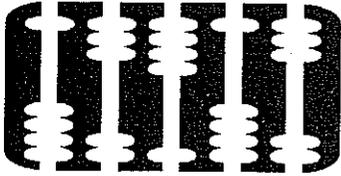
### **CITY COUNCIL**

Eric Harms	Mayor
Rory McNeil	Mayor Pro-Tem
Tom Amaral	Council Member
James Griffin	Council Member
Karl Greiner	Council Member

### **ADMINISTRATIVE OFFICERS**

Brian Meek	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
Mary Frances McHugh	City Attorney
Elizabeth Casson	City Clerk
Pam Hayden	Planning Director
Mark Schmitt	Building Official





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## INDEPENDENT AUDITOR'S 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, 2003, 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 \$ 12,854,264 and \$35,843,350 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, 2003 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.



City of Yreka  
Independent Auditor's Report (continued)

In accordance with Governmental Auditing Standards, I have also issued a report dated January 30, 2004 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.



Jeffrey Chitwood  
Certified Public Accountant  
January 30, 2004

# CITY OF YREKA, CALIFORNIA

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 2003

	Governmental Fund Types		
	General Fund	Special Revenue Funds	Capital Projects Funds
<b>ASSETS</b>			
Cash and investments (note 2)	\$3,202,651	\$1,019,968	\$4,952
Post Closure Reserve			
Receivables:			
Accounts receivable	1,638		
Intergovernmental	1,782	64,903	
Taxes	267,757		
Accrued interest	22,322	6,625	
Due from other funds(note 3)	26,521	329,659	
Notes receivable		250,005	
Fixed assets, net of accumulated depreciation in Proprietary Fund(note 4)			
Amount to be provided for long-term debt			
<b>Total Assets</b>	<b>\$3,522,671</b>	<b>\$1,671,160</b>	<b>\$4,952</b>

## LIABILITIES AND FUND EQUITY

<b>Liabilities:</b>			
Accounts payable	\$54,115	\$135,968	
Payroll payable	41,490	3,360	
Compensated absences	141,720	32,131	
Due to other funds (note 3)		26,521	
Accrued interest payable			
Current portion of long-term debt (note 5)			
Long-term debt (note 5)			
General long-term debt (note 5)			
Reserved for closure/post closure			
Held for trust purposes			
Held for assessment district			
<b>Total Liabilities</b>	<b>237,325</b>	<b>197,980</b>	<b>-</b>

See accompanying notes to the financial statements.

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		TOTAL (Memorandum only)
Enterprise Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Debt	
\$5,358,349	\$133,141			\$9,719,061
351,865				351,865
228,433				230,071
				66,685
				267,757
				28,947
				356,180
				250,005
8,388,073		\$35,843,350		44,231,423
			\$319,363	319,363
<u>\$14,326,720</u>	<u>\$133,141</u>	<u>\$35,843,350</u>	<u>\$319,363</u>	<u>\$55,821,357</u>
\$155,146				\$345,229
12,172				57,022
30,355				204,206
329,659				356,180
42,857				42,857
372,551				372,551
3,620,797				3,620,797
351,865			\$319,363	319,363
	\$76,326			351,865
	56,815			76,326
				56,815
<u>4,915,402</u>	<u>133,141</u>	<u>-</u>	<u>319,363</u>	<u>5,803,211</u>

# CITY OF YREKA, CALIFORNIA

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

June 30, 2003

	<u>Governmental Fund Types</u>		
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>
Fund Equity:			
Investment in general fixed assets			
Retained earnings			
Fund Balances:			
Reserved for:			
Capital projects			\$4,952
Unreserved Designated For:			
Self insurance	\$216,230		
Specific projects:			
Grant participation	81,199		
Building improvement	100,622		
Equipment	34,944		
Undesignated	<u>2,852,351</u>	<u>\$1,473,180</u>	<u>                    </u>
Total Fund Equity	<u>3,285,346</u>	<u>1,473,180</u>	<u>4,952</u>
Total Liabilities and Fund Equity	<u><u>\$3,522,671</u></u>	<u><u>\$1,671,160</u></u>	<u><u>\$4,952</u></u>

See accompanying notes to financial statements.

<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		
<u>Enterprise Funds</u>	<u>Trust and Agency Funds</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>TOTAL (Memorandum Only)</u>
\$9,411,318		\$35,843,350		\$35,843,350 9,411,318
				4,952
				216,230
				81,199
				100,622
				34,944
				4,325,531
<u>9,411,318</u>	<u>-</u>	<u>35,843,350</u>	<u>-</u>	<u>50,018,146</u>
<u>\$14,326,720</u>	<u>\$133,141</u>	<u>\$35,843,350</u>	<u>\$319,363</u>	<u>\$55,821,357</u>



# CITY OF YREKA, CALIFORNIA

Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - All Governmental Fund Types  
Year ended June 30, 2003

	Governmental Fund Types			TOTAL (Memorandum Only)
	General Fund	Special Revenue Funds	Capital Projects Funds	
<b>REVENUES</b>				
Property and other taxes	\$3,246,466			\$3,246,466
License and permits	66,785			66,785
Intergovernmental revenue	519,373	\$2,275,753		2,795,126
Charges for services	71,281			71,281
Fines and forfeitures	74,656			74,656
Use of money and property In kind	172,710	34,572		207,282
Other revenue	204,197	81,625		285,822
Total Revenues	<u>4,355,468</u>	<u>2,443,351</u>	<u>-</u>	<u>6,798,819</u>
<b>EXPENDITURES</b>				
City council	18,926			18,926
City administrator	195,694			195,694
Public safety	1,634,809	84,812		1,719,621
Animal regulation	50,172			50,172
Planning	112,010			112,010
Public works	752,121	2,015,338		2,767,459
Parks and recreation	514,512			514,512
General government	982,422		\$169,189	1,151,611
Community promotion	195,980			195,980
Community development		49,311		49,311
Senior nutrition		260,857		260,857
Drug awareness education		8,756		8,756
Total Expenditures	<u>4,456,646</u>	<u>2,419,074</u>	<u>169,189</u>	<u>7,044,909</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures Before Other Financing Sources and (Uses)	<u>(101,178)</u>	<u>24,277</u>	<u>(169,189)</u>	<u>(246,090)</u>
Other Financing Sources (Uses):				
Unrealized gains/losses on investments(note 2)	(12,061)			(12,061)
Operating transfers in		11,903		11,903
Operating transfers (out) - (note 12)	<u>(109,792)</u>	<u></u>	<u>(82,050)</u>	<u>(191,842)</u>
Total Other Financing Sources (Uses)	<u>(121,853)</u>	<u>11,903</u>	<u>(82,050)</u>	<u>(192,000)</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures After Other Financing Sources and (Uses)	<u>(223,031)</u>	<u>36,180</u>	<u>(251,239)</u>	<u>(438,090)</u>
Fund Balances, June 30, 2002	<u>3,508,377</u>	<u>1,437,000</u>	<u>256,191</u>	<u>5,201,568</u>
Fund Balances, June 30, 2003	<u>\$3,285,346</u>	<u>\$1,473,180</u>	<u>\$4,952</u>	<u>\$4,763,478</u>

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, 2003

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Property and other taxes	\$3,114,000	\$3,246,466	\$132,466			
License and permits	71,500	66,785	(4,715)			
Intergovernmental revenue	487,152	519,373	32,221	\$2,739,867	\$2,275,753	(\$464,114)
Charges for services	85,088	71,281	(13,807)			
Fines and forfeitures	75,000	74,656	(344)			
Use of money and property In kind	278,000	172,710	(105,290)	54,300	34,572	(19,728)
Other revenue	251,922	204,197	(47,725)	58,211	81,625	23,414
<b>Total Revenues</b>	<u>4,362,662</u>	<u>4,355,468</u>	<u>(7,194)</u>	<u>2,903,779</u>	<u>2,443,351</u>	<u>(460,428)</u>
<b>EXPENDITURES</b>						
City Council	24,800	18,926	5,874			
City administrator	195,200	195,694	(494)			
Public safety	1,760,853	1,634,809	126,044	93,200	84,812	8,388
Animal regulation	51,735	50,172	1,563			
Planning	120,734	112,010	8,724			
Public works	917,724	752,121	165,603	2,647,668	2,015,338	632,330
Parks and recreation	534,963	514,512	20,451			
General government	1,012,021	982,422	29,599			
Community promotion	224,525	195,980	28,545			
Community development				137,241	49,311	87,930
Senior nutrition				268,423	260,857	7,566
Drug awareness education				12,000	8,756	3,244
<b>Total Expenditures</b>	<u>4,842,555</u>	<u>4,456,646</u>	<u>385,909</u>	<u>3,158,532</u>	<u>2,419,074</u>	<u>739,458</u>
Excess (deficiency) of revenues over (under) expenditures	(479,893)	(101,178)	378,715	(254,753)	24,277	279,030
Other financial sources (uses):						
Unrealized gains/losses on investments		(12,061)	(12,061)			
Operating transfers in				11,903	11,903	-
Operating transfers (out)	(109,792)	(109,792)				
<b>Total Other Financial Sources (Uses)</b>	<u>(109,792)</u>	<u>(121,853)</u>	<u>(12,061)</u>	<u>11,903</u>	<u>11,903</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(\$589,685)</u>	<u>(223,031)</u>	<u>\$366,654</u>	<u>(\$242,850)</u>	<u>36,180</u>	<u>\$279,030</u>
Fund Balances, June 30, 2002		<u>3,508,377</u>			<u>1,437,000</u>	
Fund Balances, June 30, 2003		<u>\$3,285,346</u>			<u>\$1,473,180</u>	

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, 2003

	Proprietary Fund Types	Fiduciary Fund Types	TOTAL
	Enterprise Funds	YMCA Building Fund	(memorandum only)
Operating Revenues			
User fees and charges	\$2,951,473		\$2,951,473
Total Operating Revenues	2,951,473	-	2,951,473
Operating Expenses			
Cost of power and water	233,022		233,022
Maintenance, operations and administration	1,584,530		1,584,530
Closure/Post closure costs	269,815		269,815
Depreciation	438,050		438,050
Total Operating Expenses	2,525,417	-	2,525,417
Operating Income (Loss)	426,056	-	426,056
Other Revenues (Expense)/Gains (Losses)			
Interest income	194,250	\$16,290	210,540
Unrealized gains/losses on investments	(26,469)		(26,469)
Interest expense	(155,265)		(155,265)
Transfer to trustee		(303,913)	(303,913)
Total Other Revenues	12,516	(287,623)	(275,107)
Net income(loss) before operating transfers in(out) and Capital Grants	438,572	(287,623)	150,949
Operating Transfers in (out)	257,406		257,406
Capital grants	406,000		406,000
Total operating transfers and capital grants	663,406	-	663,406
Net Income (Loss)	1,101,978	(287,623)	814,355
Retained Earnings, June 30, 2002	8,309,340	287,623	8,596,963
Retained Earnings, June 30, 2003	\$9,411,318	-	\$9,411,318

See accompanying notes to the financial statements.







**CITY OF YREKA, CALIFORNIA**  
Notes to the Financial Statements  
June 30, 2003

**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:



**CITY OF YREKA, CALIFORNIA**  
Notes to the Financial Statements  
June 30, 2003

**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.



**CITY OF YREKA, CALIFORNIA**  
Notes to the Financial Statements  
June 30, 2003

**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.



**CITY OF YREKA, CALIFORNIA**  
Notes to the Financial Statements  
June 30, 2003

**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.

During fiscal year 2001-2002, the City adopted GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and For Investment Pools." Under GASB 31 investments are generally stated at fair value, rather than amortized cost, and the increase or decrease in fair value of investments is included as a component of income.



**CITY OF YREKA, CALIFORNIA**  
Notes to the Financial Statements  
June 30, 2003

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

**G. Fixed Assets**

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

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

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

Proprietary fund type fixed assets are capitalized and otherwise accounted for within the fund itself. When assets are retired or sold, the costs of the assets and the related accumulated depreciation are eliminated from the accounts and any resultant gain or loss is 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

**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.



**CITY OF YREKA, CALIFORNIA**

Notes to the Financial Statements

June 30, 2003

**1. 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 U.S. Treasury Bonds and 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.



**CITY OF YREKA, CALIFORNIA**

Notes to the Financial Statements

June 30, 2003

**2. CASH AND INVESTMENTS**

The City maintains a cash and investment pool for all City funds. Investments are stated at fair value in accordance with GASB 31. Interest earned and received is allocated to funds based on their average cash balances.

	Cash and Investments (carrying value)	Fair Value of Investments
Petty cash	650	
Cash in bank - checking	327,209	
Cash in State Treasurer's Local Agency Investment Fund	6,783,001	
<b>Total Cash</b>	<b>7,110,860</b>	
U.S. Government and Federal Bonds in Smith Barney account	1,084,066	\$1,084,066
U.S. Treasury Bonds	1,876,000	1,876,000
<b>Total Investments</b>	<b>2,960,066</b>	<b>\$2,960,066</b>
<b>Total Cash and Investments Per Financial Statement</b>	<b>\$10,070,926</b>	

Financial statement cash is comprised of the following:

Cash and investments	\$9,719,061
Landfill postclosure reserve	351,865
<b>Total</b>	<b>\$10,070,926</b>

At year end, the carrying amount of the City's bank deposits was \$327,209 and the bank balance was \$450,091. All bank balances of deposits as of the balance sheet date are entirely insured or collateralized with securities held by the City or by its agent in the City's name.



**CITY OF YREKA, CALIFORNIA**

Notes to the Financial Statements

June 30, 2003

**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 counter party trust department or agent in the City's name.
- Category 3                    Uninsured and unregistered, with securities held by the counter party, or its trust department or agent but not in the City's name.

	Category			Carrying Value	Fair Value
	1	2	3		
U.S. Government Securities	\$1,876,000			\$1,876,000	\$1,876,000
U.S. Government and Federal Agency Bonds (in Smith Barney account)	1,084,066			1,084,066	1,084,066
<b>Total Investments</b>	<b>\$2,960,066</b>	<b>-</b>	<b>-</b>	<b>\$2,960,066</b>	<b>\$2,960,066</b>

**3. INTERFUND ASSETS AND LIABILITIES**

The following is a summary of interfund assets and liabilities as of June 30, 2003

Fund:	Due From Asset	Due To Liability
General Fund:	\$26,521	
Special Revenue Funds:		
Special Grants	329,659	
Senior Nutrition		\$26,521
Enterprise Funds:		
Sewer Fund		329,659
<b>Totals</b>	<b>\$356,180</b>	<b>\$356,180</b>

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



**CITY OF YREKA, CALIFORNIA**

Notes to the Financial Statements

June 30, 2003

**4. CHANGES IN FIXED ASSETS**

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

	Balance June 30, 2002	Additions	Transfer To Enterprise Fund	Balance June 30, 2003
Fixed asset balance, June 30, 1983	\$31,447,142			\$31,447,142
Building/Improvements	824,655	\$434,234		1,258,889
Land	64,347			64,347
Improvements other than buildings	110,148	2,274		112,422
Equipment	3,882,476	84,835	(\$1,010,612)	2,956,699
Equipment - Senior Nutrition	3,851			3,851
	<u>\$36,332,619</u>	<u>\$521,343</u>	<u>(\$1,010,612)</u>	<u>\$35,843,350</u>

A summary of changes in proprietary fund type fixed assets at June 30, 2003 is as follows:

	Water	Sewer	Sanitary Landfill	Combined Total
Balance at June 30, 2002	\$4,415,390	\$5,611,841	-	\$10,027,231
Equipment Purchases	45,228	31,537		76,765
Plant and System Improvements		1,739,656		1,739,656
Transfer from General Fixed Assets			\$1,010,612	1,010,612
	<u>4,460,618</u>	<u>7,383,034</u>	<u>1,010,612</u>	<u>12,854,264</u>
Less accumulated depreciation	<u>(3,049,965)</u>	<u>(1,020,548)</u>	<u>(395,678)</u>	<u>(4,466,191)</u>
Fixed assets, net at June 30, 2003	<u>\$1,410,653</u>	<u>\$6,362,486</u>	<u>\$614,934</u>	<u>\$8,388,073</u>

Construction loan interest capitalized - \$40,342 of the \$1,739,656 increase in sewer fund plant and system improvements represents construction loan interest that has been capitalized.



**CITY OF YREKA, CALIFORNIA**

Notes to the Financial Statements

June 30, 2003

**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 obligations for the year ended June 30, 2003:

	<u>Balance</u> <u>June 30, 2002</u>	<u>New</u> <u>Issues</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2003</u>
LaFrance Fire Truck	\$115,750	\$9,010 (a)		\$124,760
Street Sweeper	75,951	309 (a)	\$22,302	53,958
Ford Pickup F150	14,237	1,103 (a)	3,440	11,900
FL70 Freightliner	90,555	6,841 (a)	12,699	84,697
Ford Pickup	25,834	2,925 (a)	5,942	22,817
Fire Dept. Rescue Truck	26,381		5,150	21,231
<b>Totals</b>	<u>\$348,708</u>	<u>\$20,188</u>	<u>\$49,533</u>	<u>\$319,363</u>

The following is a summary of changes in Enterprise Fund long-term obligations for the year ended June 30, 2003:

	<u>Balance</u> <u>June 30, 2002</u>	<u>New</u> <u>Issues</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>June 30, 2003</u>
<b>WATER FUND</b>				
Water System	\$1,234,509		\$141,257	\$1,093,252
Deferred Interest	270,790		33,849	236,941
Ford Pickup	13,230	\$491 (a)	4,162	9,559
<b>SEWER FUND</b>				
Brown Bear Tractor	171,904	13,329 (a)	24,454	160,779
Plant Upgrade	932,000	163,614		1,095,614
Eastside Sewer Extension	-	918,350		918,350
Eastside Construction Loan	1,078,961	5,140	1,084,101	-
<b>SANITARY LANDFILL</b>				
627G Caterpillar Scraper	464,687	32,042 (a)	66,652	430,077
FL Freightliner Water Truck	58,942	3,295 (a)	13,461	48,776
<b>Totals</b>	<u>\$4,225,023</u>	<u>\$1,136,261</u>	<u>\$1,367,936</u>	<u>\$3,993,348</u>

(a) New issues of debt for existing equipment represent accrued interest rolled over into new loan when refinanced.



**CITY OF YREKA, CALIFORNIA**  
**Notes to the Financial Statements**  
**June 30, 2003**

**5. LONG-TERM DEBT (continued)**

Long-term debt at June 30, 2003 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).	\$1,093,252	
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.	236,941	
Note payable to Sun Trust Leasing Corp., secured with equipment, which bears interest at 3.35%. Interest and principal is due annually thru 2007.	590,856	\$209,457
Note payable to Sun Trust Leasing Corp., secured with equipment, which bears interest at 3.35%, Interest and principal payments due annually thru 2005.	58,335	109,906
Note payable to California State Water Resources Control Board, bearing interest at 2.6%. Principal and interest payment due annually thru 2022.	1,095,614	
Certificates of participation., unsecured. Issued August 7, 2002, bearing interest at 4.5%, Interest and principal payments due September 1 annually thru 2022.	918,350	
	3,993,348	319,363
Less: portion classified as current	(372,551)	-
<b>Total long-term obligations</b>	<b>\$3,620,797</b>	<b>\$319,363</b>



**CITY OF YREKA, CALIFORNIA**  
Notes to the Financial Statements  
June 30, 2003

**5. LONG-TERM DEBT (continued)**

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

Year Ended June 30	Enterprise Fund	General Long-term Debt Account Group
2004	\$372,551	\$80,689
2005	362,600	73,490
2006	371,817	77,364
2007	361,808	41,062
2008	374,463	46,758
2009	265,521	
2010	265,410	
2011	62,817	
2012	65,139	
2013	66,494	
2014	68,885	
2015	71,312	
2016	72,776	
2017	75,278	
2018	77,820	
2019	80,401	
2020	82,023	
2021	84,688	
2022	87,396	
2023	90,149	
2024	22,000	
2025	23,000	
2026	24,000	
2027	25,000	
2028	26,000	
2029	27,000	
2030	28,000	
2031	30,000	
2032	31,000	
2033	33,000	
2034	34,000	
2035	35,000	
2036	37,000	
2037	39,000	
2038	40,000	
2039	42,000	
2040	44,000	
2041	46,000	
2042	48,000	
Totals	\$3,993,348	\$319,363



**CITY OF YREKA, CALIFORNIA**

Notes to the Financial Statements

June 30, 2003

**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.

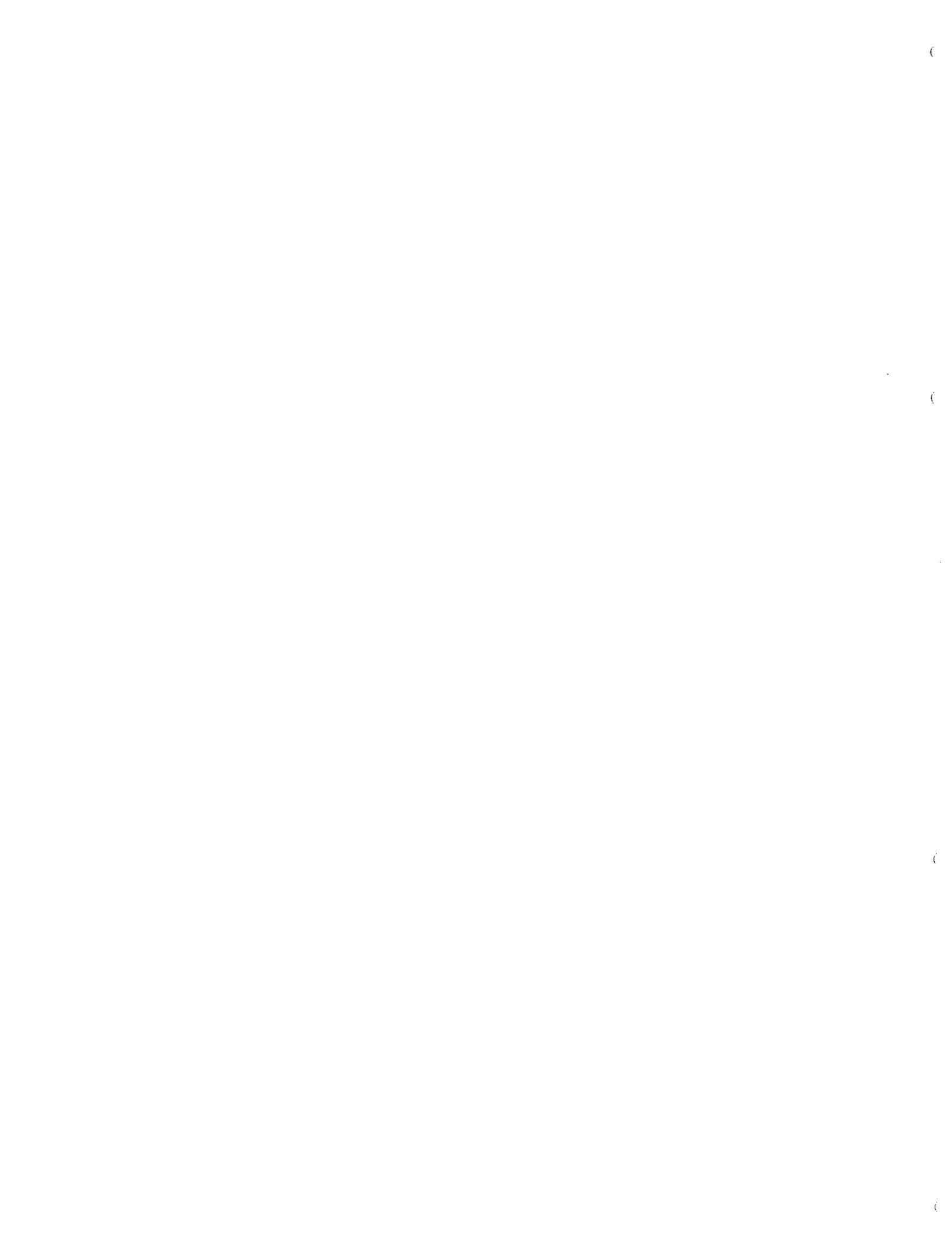
Annual Pension Cost: For fiscal year 2001/2002, the City of Yreka's annual pension cost was \$129,960 and the City of Yreka actually contributed \$129,960. The required contribution for fiscal year 2001/2002 was determined as part of the June 30, 2002 actuarial valuation using the entry age normal actuarial 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) 3.75% payroll growth. 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
06-30-2000	6,485,797	8,709,520	(2,223,723)	134.3%	1,615,067	-137.7%
06-30-2001	7,426,131	8,895,029	(1,468,898)	119.8%	1,747,318	-84.1%
06-30-2002	8,141,280	8,416,396	(275,116)	103.4%	1,781,482	-15.4%



**CITY OF YREKA, CALIFORNIA**  
Notes to the Financial Statements  
June 30, 2003

**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
06-30-2000	3,796,645	4,838,674	(1,042,029)	127.40%	583,434	-178.603%
06-30-2001	4,183,089	5,020,065	(836,976)	120.00%	712,199	-117.520%
06-30-2002	4,407,352	4,799,793	(392,441)	108.90%	741,086	-53.000%

**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.

	<u>1982 Campbell Tract Improvement District Bonds</u>
Original issue	\$343,300
Rate of interest	5.00%
Balance July 1, 2002	\$28,000
Payments during year	<u>28,000</u>
Balance June 30, 2003	<u><u>-</u></u>

Future debt service requirements are \$ 0.



**CITY OF YREKA, CALIFORNIA**

Notes to the Financial Statements

June 30, 2003

**8. DEFICIT FUND BALANCES**

The Traffic Safety & Congestion Special Revenue Fund had a deficit fund balance of (\$16,279) at June 30, 2003. City management plans to eliminate the deficit fund balance with a fund transfer from the General Fund.

**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, 2003.

<u>Fund</u>		
General Fund		\$385,909
Special Revenue Funds:		
D.A.R.E.	\$3,244	
Gas Tax Funds	314,821	
Improvement	-	
Local Transportation	25,373	
Special Grants	411,939	
Police Asset Forfeiture	-	
Senior Fund	7,566	
Traffic Safety	<u>(23,485)</u>	
Total Special Revenue		739,458
Capital Projects Funds:		
Fire Dept. Historical Bldg.	(6,494)	
Closure Post/Closure Landfill	-	
Yreka Creek Greenway	<u>-</u>	
Total Capital Projects		(6,494)
Enterprise Funds:		
Water	232,902	
Sewer	422,632	
Landfill	<u>20,330</u>	
Total Enterprise		675,864
Fiduciary Funds		
YMCA Building Funds	<u>-</u>	
Total Fiduciary Funds		<u>-</u>
 TOTAL		 <u><u>\$1,794,737</u></u>



CITY OF YREKA, CALIFORNIA

Notes to the Financial Statements

June 30, 2003

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, 2003 was \$44,549.

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, 2003	\$351,865
Trust account balance as of June 30, 2003	\$351,865
Estimated total current cost remaining to be recognized	\$4,595,290
Percentage of landfill capacity used to date	23%
Estimated remaining landfill life	65 years
Increase in trust account balance and expenditure for the year ended June 30, 2003	\$338,465

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



**CITY OF YREKA, CALIFORNIA**

Notes to the Financial Statements

June 30, 2003

**12. CREATION OF NEW ENTERPRISE FUND - SANITARY LANDFILL**

At the beginning of fiscal year June 30, 2003 the City started to account for the the sanitary landfill as an enterprise fund. As a result of this reclassification, the known assets and liabilities of the sanitary landfill were transferred out of the general fund and capital projects funds and then transferred into the sanitary landfill enterprise fund. The transfers/reclassification has had a material effect on the comparability of this and future financial statements with prior year financial statements.

**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, 2003 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.
- C. The City is subject to various disputes, legal proceedings and labor relation claims which arise in the normal course of its operations. The City management is of the opinion that the ultimate disposition of the various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

**14. SUBSEQUENT EVENTS**

Subsequent to the financial statement date of June 30, 2003, the following event occurred that may have a material effect on the financial statements.

- A. Adoption of new financial reporting model - Subsequent to the financial statement date of June 30, 2003 the City adopted a new financial reporting model in accordance with GASB 34. GASB 34 will change the methods used to value City financial transactions and the format in which they are disclosed. The financial result of switching to GASB 34 is not known.



## COMBINING FINANCIAL STATEMENTS



## 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 & Congestion

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

**CITY OF YREKA, CALIFORNIA**

## Combining Balance Sheet - Special Revenue Funds

June 30, 2003

	<u>DARE</u>	<u>GAS TAX FUNDS</u>	<u>IMPROVEMENT FUNDS</u>	<u>LOCAL TRANSPORTATION</u>
<b>ASSETS</b>				
Cash and investments		\$470,275	\$24,028	\$487,072
Accounts Receivable:				
Intergovernmental				
Accrued interest receivable		2,090		2,060
Notes receivable				
Due from enterprise fund				
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>          -          </u>	<u>          \$472,365          </u>	<u>          \$24,028          </u>	<u>          \$489,132          </u>
 <b>LIABILITIES and FUND EQUITY</b>				
Liabilities:				
Accounts payable		\$6,278		\$2,563
Payroll payable		1,327		
Compensated absences		26,833		
Due to General Fund				
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>          -          </u>	<u>          34,438          </u>	<u>          -          </u>	<u>          2,563          </u>
Fund Equity:				
Undesignated		437,927	\$24,028	\$486,569
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Equity	<u>          -          </u>	<u>          437,927          </u>	<u>          24,028          </u>	<u>          486,569          </u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Equity	<u>          -          </u>	<u>          \$472,365          </u>	<u>          \$24,028          </u>	<u>          \$489,132          </u>

See accompanying notes to the financial statements.

<u>SPECIAL GRANTS</u>	<u>POLICE ASSET FORFEITURE</u>	<u>SENIOR PROGRAM</u>	<u>TRAFFIC SAFETY &amp; CONGESTION</u>	<u>TOTAL</u>
\$12,119	\$4,521		\$21,953	\$1,019,968
19,119		\$35,997	9,787	64,903
2,475				6,625
250,005				250,005
329,659				329,659
<u>\$613,377</u>	<u>\$4,521</u>	<u>\$35,997</u>	<u>\$31,740</u>	<u>\$1,671,160</u>
\$76,963		\$8,701	\$41,463	\$135,968
		775	1,258	3,360
			5,298	32,131
		26,521		26,521
<u>76,963</u>	<u>-</u>	<u>35,997</u>	<u>48,019</u>	<u>197,980</u>
<u>536,414</u>	<u>\$4,521</u>		<u>(16,279)</u>	<u>1,473,180</u>
<u>536,414</u>	<u>4,521</u>	<u>-</u>	<u>(16,279)</u>	<u>1,473,180</u>
<u>\$613,377</u>	<u>\$4,521</u>	<u>\$35,997</u>	<u>\$31,740</u>	<u>\$1,671,160</u>

**CITY OF YREKA, CALIFORNIA**

Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance - All Special Revenue Funds  
 Year Ended June 30, 2003

	<u>DARE</u>	<u>GAS TAX FUNDS</u>	<u>IMPROVEMENT FUNDS</u>	<u>LOCAL TRANSPORTATION</u>
<b>REVENUES</b>				
Intergovernmental revenue		\$149,118		\$68,132
Use of money and property In kind		9,872		9,386
Other revenue	\$846		\$1,470	
<b>Total Revenues</b>	<u>846</u>	<u>158,990</u>	<u>1,470</u>	<u>77,518</u>
<b>EXPENDITURES</b>				
Community development				
Drug awareness education	8,756			
Public safety				
Public works		141,579		15,627
Senior nutrition				
<b>Total Expenditures</b>	<u>8,756</u>	<u>141,579</u>	<u>-</u>	<u>15,627</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,910)	17,411	1,470	61,891
Other Financing Sources (Uses):				
Operating transfers in	8,009			
Operating transfers (out)				
<b>Total Other Financing Sources (Uses)</b>	<u>8,009</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	99	17,411	1,470	61,891
Fund Balances - June 30, 2002	(99)	420,516	22,558	424,678
Fund Balances - June 30, 2003	<u>-</u>	<u>\$437,927</u>	<u>\$24,028</u>	<u>\$486,569</u>

See accompanying notes to the financial statements.

<u>SPECIAL GRANTS</u>	<u>POLICE ASSET FORFEITURE</u>	<u>SENIOR PROGRAM</u>	<u>TRAFFIC SAFETY &amp; CONGESTION</u>	<u>TOTAL</u>
\$1,849,291		\$130,268	\$78,944	\$2,275,753
15,314				34,572
4,000	\$15	51,401		51,401
		75,294		81,625
<u>1,868,605</u>	<u>15</u>	<u>256,963</u>	<u>78,944</u>	<u>2,443,351</u>
49,311				49,311
24,173				8,756
1,805,086			60,639	84,812
			53,046	2,015,338
		260,857		260,857
<u>1,878,570</u>	<u>-</u>	<u>260,857</u>	<u>113,685</u>	<u>2,419,074</u>
(9,965)	15	(3,894)	(34,741)	24,277
		3,894		11,903
<u>-</u>	<u>-</u>	<u>3,894</u>	<u>-</u>	<u>11,903</u>
(9,965)	15	-	(34,741)	36,180
546,379	4,506	-	18,462	1,437,000
<u>\$536,414</u>	<u>\$4,521</u>	<u>-</u>	<u>(\$16,279)</u>	<u>\$1,473,180</u>

**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, 2003

	<u>D.A.R.E.</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Intergovernmental revenue			
Use of money and property			
In kind			
Other revenue	<u>\$2,500</u>	<u>\$846</u>	<u>(\$1,654)</u>
 Total Revenues	 <u>2,500</u>	 <u>846</u>	 <u>(1,654)</u>
 <b>EXPENDITURES</b>			
Community development			
Drug awareness education	12,000	8,756	3,244
Public safety			
Public works			
Senior nutrition			
 Total Expenditures	 <u>12,000</u>	 <u>8,756</u>	 <u>3,244</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(9,500)</u>	 <u>(7,910)</u>	 <u>1,590</u>
 Other Financing Sources (Uses):			
Operating transfers in	<u>8,009</u>	<u>8,009</u>	<u>-</u>
 Total Other Financing Sources (Uses)	 <u>8,009</u>	 <u>8,009</u>	 <u>-</u>
 Excess of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	 <u>(\$1,491)</u>	 99	 <u>\$1,590</u>
 Fund Balances - June 30, 2002		<u>(99)</u>	
 Fund Balances - June 30, 2003		<u>-</u>	

See accompanying notes to the financial statements.

GAS TAX FUNDS			IMPROVEMENT FUNDS		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$145,111	\$149,118	\$4,007			
21,300	9,872	(11,428)			
			\$1,000	\$1,470	\$470
<u>166,411</u>	<u>158,990</u>	<u>(7,421)</u>	<u>1,000</u>	<u>1,470</u>	<u>470</u>
456,400	141,579	314,821			
456,400	141,579	314,821	-	-	-
<u>(289,989)</u>	<u>17,411</u>	<u>307,400</u>	<u>1,000</u>	<u>1,470</u>	<u>470</u>
					-
					-
<u>(\$289,989)</u>	17,411	<u>\$307,400</u>	<u>\$1,000</u>	1,470	<u>\$470</u>
	<u>420,516</u>			<u>22,558</u>	
	<u>\$437,927</u>			<u>\$24,028</u>	

**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, 2003

	<u>LOCAL TRANSPORTATION</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Intergovernmental revenue	\$68,132	\$68,132	-
Use of money and property In kind	16,000	9,386	(\$6,614)
Other revenue			
<b>Total Revenues</b>	<u>84,132</u>	<u>77,518</u>	<u>(6,614)</u>
<b>EXPENDITURES</b>			
Community development			
Drug awareness education			
Public safety			
Public works	41,000	15,627	25,373
Senior nutrition			
<b>Total Expenditures</b>	<u>41,000</u>	<u>15,627</u>	<u>25,373</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>43,132</u>	<u>61,891</u>	<u>18,759</u>
Other Financing Sources (Uses):			
Operating transfers in			-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	<u>\$43,132</u>	61,891	<u>\$18,759</u>
Fund Balances - June 30, 2002		<u>424,678</u>	
Fund Balances - June 30, 2003		<u>\$486,569</u>	

See accompanying notes to the financial statements.

<u>SPECIAL GRANTS</u>			<u>POLICE ASSET FORFEITURE</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$2,345,970	\$1,849,291	(\$496,679)			
17,000	15,314	(1,686)			
4,000	4,000	-	\$500	\$15	(\$485)
<u>2,366,970</u>	<u>1,868,605</u>	<u>(498,365)</u>	<u>500</u>	<u>15</u>	<u>(485)</u>
137,241	49,311	87,930			
23,000	24,173	(1,173)			
2,130,268	1,805,086	325,182			
<u>2,290,509</u>	<u>1,878,570</u>	<u>411,939</u>	<u>-</u>	<u>-</u>	<u>-</u>
76,461	(9,965)	(86,426)	500	15	(485)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$76,461</u>	<u>(9,965)</u>	<u>(\$86,426)</u>	<u>\$500</u>	<u>15</u>	<u>(\$485)</u>
	<u>546,379</u>			<u>4,506</u>	
	<u>\$536,414</u>			<u>\$4,521</u>	

**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, 2003**

	<u>SENIOR PROGRAM</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Intergovernmental revenue	\$122,654	\$130,268	\$7,614
Use of money and property In kind	51,401	51,401	-
Other revenue	50,211	75,294	25,083
<b>Total Revenues</b>	<u>224,266</u>	<u>256,963</u>	<u>32,697</u>
<b>EXPENDITURES</b>			
Community development Drug awareness education Public safety Public works Senior nutrition	268,423	260,857	7,566
<b>Total Expenditures</b>	268,423	260,857	7,566
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(44,157)</u>	<u>(3,894)</u>	<u>40,263</u>
Other Financing Sources (Uses): Operating transfers in	3,894	3,894	-
<b>Total Other Financing Sources (Uses)</b>	<u>3,894</u>	<u>3,894</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	<u>(\$40,263)</u>	-	<u>\$40,263</u>
Fund Balances - June 30, 2002		<u>-</u>	
Fund Balances - June 30, 2003		<u>-</u>	

See accompanying notes to the financial statements.

TRAFFIC SAFETY & CONGESTION			TOTAL 2003		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$58,000	\$78,944	\$20,944	\$2,739,867	\$2,275,753	(\$464,114)
			54,300	34,572	(19,728)
			51,401	51,401	-
			58,211	81,625	23,414
<u>58,000</u>	<u>78,944</u>	<u>20,944</u>	<u>2,903,779</u>	<u>2,443,351</u>	<u>(460,428)</u>
			137,241	49,311	87,930
			12,000	8,756	3,244
70,200	60,639	9,561	93,200	84,812	8,388
20,000	53,046	(33,046)	2,647,668	2,015,338	632,330
			268,423	260,857	7,566
<u>90,200</u>	<u>113,685</u>	<u>(23,485)</u>	<u>3,158,532</u>	<u>2,419,074</u>	<u>739,458</u>
<u>(32,200)</u>	<u>(34,741)</u>	<u>(2,541)</u>	<u>(254,753)</u>	<u>24,277</u>	<u>279,030</u>
		-	11,903	11,903	-
	-	-	11,903	11,903	-
<u>(\$32,200)</u>	<u>(34,741)</u>	<u>(\$2,541)</u>	<u>(\$242,850)</u>	<u>36,180</u>	<u>\$279,030</u>
	<u>18,462</u>			<u>1,437,000</u>	
	<u>(\$16,279)</u>			<u>\$1,473,180</u>	



## CITY OF YREKA, CALIFORNIA

### 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.

This fund was reclassified to the Sanitary Landfill Enterprise fund during the year ending June 30 2003.



**CITY OF YREKA, CALIFORNIA**  
 Combining Balance Sheet - All Capital Project Funds  
 June 30, 2003

	Fire Dept. Historical Buildings	Closure Post/Closure Landfill	TOTAL
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and investments	<u>\$4,952</u>	<u>-</u>	<u>\$4,952</u>
Total Assets	<u><u>\$4,952</u></u>	<u><u>-</u></u>	<u><u>\$4,952</u></u>
<b>LIABILITIES and FUND EQUITY</b>			
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity:			
Reserved	<u>\$4,952</u>	<u>-</u>	<u>\$4,952</u>
Total Liabilities, Fund Equity and, Other Credits	<u><u>\$4,952</u></u>	<u><u>-</u></u>	<u><u>\$4,952</u></u>

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, 2003

	<u>Fire Dept. Historical Buildings</u>	<u>Closure Post/Closure Landfill</u>	<u>TOTAL</u>
<b>REVENUES</b>			
Miscellaneous Revenues	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Revenues	<u>          -</u>	<u>          -</u>	<u>          -</u>
<b>EXPENDITURES</b>			
Capital projects	<u>\$169,189</u>	<u>                    </u>	<u>\$169,189</u>
Total Expenditures	<u>169,189</u>	<u>          -</u>	<u>169,189</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Operating Transfers	<u>(169,189)</u>	<u>          -</u>	<u>(169,189)</u>
Transfer to Sanitary Landfill Reserve	<u>          -</u>	<u>(\$82,050)</u>	<u>(82,050)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures After Operating Transfers	<u>(169,189)</u>	<u>(82,050)</u>	<u>(251,239)</u>
Fund Balance, June 30, 2002	<u>174,141</u>	<u>82,050</u>	<u>256,191</u>
Fund Balance, June 30, 2003	<u>\$4,952</u>	<u>          -</u>	<u>\$4,952</u>

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, 2003

	Fire Department Historical Buildings			Closure Post/Closure Landfill		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Miscellaneous Revenues	\$19,000		(\$19,000)			-
Total Revenues	19,000	-	(19,000)	-	-	-
<b>EXPENDITURES</b>						
Capital projects	162,695	\$169,189	(6,494)			
Total Expenditures	162,695	169,189	(6,494)	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Operating Transfers	(143,695)	(169,189)	(25,494)	-	-	-
Transfer to Sanitary Landfill Reserve	-	-	-	(\$82,050)	(\$82,050)	-
Excess (Deficiency) of Revenues Over (Under) Expenditures After Operating Transfers	<u>(\$143,695)</u>	<u>(169,189)</u>	<u>(\$25,494)</u>	<u>(\$82,050)</u>	<u>(82,050)</u>	<u>-</u>
Fund Balance, June 30, 2002		174,141			82,050	
Fund Balance, June 30, 2003		<u>\$4,952</u>			<u>-</u>	

See accompanying notes to the financial statements.

TOTALS		
Budget	TOTAL	Variance Favorable (Unfavorable)
<u>\$19,000</u>	<u>          </u>	<u>(\$19,000)</u>
<u>19,000</u>	<u>-</u>	<u>(19,000)</u>
<u>162,695</u>	<u>\$169,189</u>	<u>(6,494)</u>
<u>162,695</u>	<u>169,189</u>	<u>(6,494)</u>
<u>(143,695)</u>	<u>(169,189)</u>	<u>(25,494)</u>
<u>(82,050)</u>	<u>(82,050)</u>	<u>-</u>
<u><u>(\$225,745)</u></u>	<u><u>(251,239)</u></u>	<u><u>(\$25,494)</u></u>
	<u>256,191</u>	
	<u><u>\$4,952</u></u>	



CITY OF YREKA, CALIFORNIA

**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.

Sanitary Landfill Fund

Accounts for the operation of the landfill, a self-supporting activity which renders service on a user charge basis.



**CITY OF YREKA, CALIFORNIA**  
Combining Balance Sheet, All Enterprise Funds  
June 30, 2003

	<u>WATER</u>	<u>SEWER</u>	<u>SANITARY LANDFILL</u>	<u>TOTAL</u>
<b>ASSETS</b>				
Cash and investments	\$4,080,598	\$1,088,511	\$189,240	\$5,358,349
Post Closure Reserve			351,865	351,865
Accounts receivable	141,286	78,614	8,533	228,433
Property, Plant and, Equipment	4,460,618	7,383,034	1,010,612	12,854,264
Less: Accumulated depreciation	(3,049,965)	(1,020,548)	(395,678)	(4,466,191)
Net Property, Plant and, Equipment	<u>1,410,653</u>	<u>6,362,486</u>	<u>614,934</u>	<u>8,388,073</u>
Total Assets	<u>\$5,632,537</u>	<u>\$7,529,611</u>	<u>\$1,164,572</u>	<u>\$14,326,720</u>
<b>LIABILITIES and RETAINED EARNINGS</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$32,515	\$75,377	\$47,254	\$155,146
Payroll payable	6,093	3,081	2,998	12,172
Compensated absences	19,475	5,946	4,934	30,355
Accrued interest payable	11,845	31,012		42,857
Due to special grants fund		329,659		329,659
Current portion of long-term debt	<u>181,616</u>	<u>85,172</u>	<u>105,763</u>	<u>372,551</u>
Total Current Liabilities	<u>251,544</u>	<u>530,247</u>	<u>160,949</u>	<u>942,740</u>
<b>Long-Term Liabilities:</b>				
Long-term debt, net of current	1,158,136	2,089,571	373,090	3,620,797
Reserved for closure/post closure			<u>351,865</u>	<u>351,865</u>
Total Long-Term Liabilities	<u>1,158,136</u>	<u>2,089,571</u>	<u>724,955</u>	<u>3,972,662</u>
Total Liabilities	1,409,680	2,619,818	885,904	4,915,402
Retained Earnings	<u>4,222,857</u>	<u>4,909,793</u>	<u>278,668</u>	<u>9,411,318</u>
Total Liabilities and Retained Earnings	<u>\$5,632,537</u>	<u>\$7,529,611</u>	<u>\$1,164,572</u>	<u>\$14,326,720</u>

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, 2003

	<u>WATER</u>	<u>SEWER</u>	<u>SANITARY LANDFILL</u>	<u>TOTAL</u>
Operating revenues:				
User fees and charges	\$1,240,744	\$811,065	\$899,664	\$2,951,473
Operating expenses:				
Cost of power and water	162,029	70,993		233,022
Maintenance, operations and, administration	673,746	449,687	461,097	1,584,530
Closure/Post closure costs			269,815	269,815
Depreciation	141,294	205,498	91,258	438,050
Total operating expenses	<u>977,069</u>	<u>726,178</u>	<u>822,170</u>	<u>2,525,417</u>
Operating income (loss)	<u>263,675</u>	<u>84,887</u>	<u>77,494</u>	<u>426,056</u>
Other revenues (expenses):				
Interest income	194,250			194,250
Unrealized gains/losses on investments	(26,469)			(26,469)
Interest expense	<u>(28,198)</u>	<u>(70,835)</u>	<u>(56,232)</u>	<u>(155,265)</u>
Total other revenues (expenses)	<u>139,583</u>	<u>(70,835)</u>	<u>(56,232)</u>	<u>12,516</u>
Net income (loss) before operating transfers in (out) and Capital Grants	<u>403,258</u>	<u>14,052</u>	<u>21,262</u>	<u>438,572</u>
Operating transfers in (out)			257,406	257,406
Capital Grants		<u>406,000</u>		<u>406,000</u>
Total operating transfers and Capital Grants	<u>-</u>	<u>406,000</u>	<u>257,406</u>	<u>663,406</u>
Net Income (Loss)	<u>403,258</u>	<u>420,052</u>	<u>278,668</u>	<u>1,101,978</u>
Retained earnings, June 30, 2002	<u>3,819,599</u>	<u>4,489,741</u>	<u>-</u>	<u>8,309,340</u>
Retained earnings, June 30, 2003	<u><u>\$4,222,857</u></u>	<u><u>\$4,909,793</u></u>	<u><u>\$278,668</u></u>	<u><u>\$9,411,318</u></u>

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, 2003

	<u>WATER</u>	<u>SEWER</u>	<u>SANITARY LANDFILL</u>	<u>TOTAL</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash flows from Operations:				
Net income (loss)	\$403,258	\$420,052	\$278,668	\$1,101,978
Adjustments to reconcile net income to net cash used by operating activities				
Depreciation	141,294	205,498	91,258	438,050
(Increase) decrease in accounts receivable	(11,272)	(949)	(63)	(12,284)
Increase (decrease) in accounts payable	16,075	35,091	18,826	69,992
Increase (decrease) compensated absences	1,505	1,924	(1,030)	2,399
Increase (decrease) in payroll payable	574	1,401	292	2,267
Increase (decrease) in accrued interest payable	(3,954)	17,433	(11,491)	1,988
	<u>547,480</u>	<u>680,450</u>	<u>376,460</u>	<u>1,604,390</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Equipment purchases	(45,228)	(31,537)		(76,765)
Plant and system improvements		(1,739,656)		(1,739,656)
	<u>(45,228)</u>	<u>(1,771,193)</u>	<u>-</u>	<u>(1,816,421)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Decrease in due to general fund			(142,444)	(142,444)
Increase in due to special grants		267,043		267,043
Proceeds from new loans		2,179,394	35,337	2,214,731
Principal payments on debt	(178,777)	(1,108,555)	(80,113)	(1,367,445)
	<u>(178,777)</u>	<u>1,337,882</u>	<u>(187,220)</u>	<u>971,885</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>323,475</b>	<b>247,139</b>	<b>189,240</b>	<b>759,854</b>
<b>CASH AND CASH EQUIVALENTS - JUNE 30, 2002</b>	<b>3,757,123</b>	<b>841,372</b>	<b>-</b>	<b>4,598,495</b>
<b>CASH AND CASH EQUIVALENTS - JUNE 30, 2003</b>	<b><u>\$4,080,598</u></b>	<b><u>\$1,088,511</u></b>	<b><u>\$189,240</u></b>	<b><u>\$5,358,349</u></b>
<b>Supplemental disclosure of cash flow information:</b>				
Interest revenue received	\$194,250	-	-	\$194,250
Interest expense paid	\$32,152	\$53,402	\$44,741	\$130,295

**Disclosure of accounting policy:**

For purposes of the statement of cash flow the city includes US Treasury Bills  
(at fair market value) \$1,876,000.

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.

##### Senior Activity

Established to account for collection and disbursement of donated 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, 2003

	NON- EXPENDABLE TRUST FUND	AGENCY FUNDS		
	YMCA BUILDING FUND	FUNDS UNDER \$12,000	CAMPBELL TRACT REDEMPTION FUND	SHASTA BELLE REDEMPTION FUND
<b>ASSETS</b>				
Cash and investments		\$20,757	\$52,513	\$4,302
Total assets	-	\$20,757	\$52,513	\$4,302
<b>LIABILITIES, FUND EQUITY and, OTHER CREDITS</b>				
<b>Liabilities:</b>				
Held for trust purposes		\$20,757		
Held for assessment district			\$52,513	\$4,302
Total liabilities	-	20,757	52,513	4,302
<b>Equity and other credits</b>				
Total Equity and Other Credits	-	-	-	-
Total Liabilities, Equity and, Other Credit	-	\$20,757	\$52,513	\$4,302

See accompanying notes to the financial statements.

AGENCY FUNDS

<u>SENIOR</u>	<u>GIFT DONATIONS</u>	<u>TOTALS</u>
<u>\$42,020</u>	<u>\$13,549</u>	<u>\$133,141</u>
<u>\$42,020</u>	<u>\$13,549</u>	<u>\$133,141</u>
<u>\$42,020</u>	<u>\$13,549</u>	<u>\$76,326</u> <u>56,815</u>
<u>42,020</u>	<u>13,549</u>	<u>133,141</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$42,020</u>	<u>\$13,549</u>	<u>\$133,141</u>



**CITY OF YREKA, CALIFORNIA**  
 Combining Statement of Changes in  
 Assets and Liabilities - Agency Funds  
 For the year ended June 30, 2003

	<u>Balance</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2003</u>
<b>ASSETS</b>				
Cash	<u>\$170,952</u>	<u>\$44,436</u>	<u>\$82,247</u>	<u>\$133,141</u>
Total Assets	<u><u>\$170,952</u></u>	<u><u>\$44,436</u></u>	<u><u>\$82,247</u></u>	<u><u>\$133,141</u></u>
<b>LIABILITIES</b>				
Held for trust purposes	\$86,554	\$38,061	\$48,289	\$76,326
Held for assessment district	<u>84,398</u>	<u>6,375</u>	<u>33,958</u>	<u>56,815</u>
Total Liabilities	<u><u>\$170,952</u></u>	<u><u>\$44,436</u></u>	<u><u>\$82,247</u></u>	<u><u>\$133,141</u></u>

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, 2003

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2003</u>
<b>FUNDS UNDER \$12,000</b>				
<b>Assets:</b>				
Cash	<u>\$20,026</u>	<u>\$38,061</u>	<u>\$37,330</u>	<u>\$20,757</u>
Totals	<u><u>\$20,026</u></u>	<u><u>\$38,061</u></u>	<u><u>\$37,330</u></u>	<u><u>\$20,757</u></u>
<b>Liabilities:</b>				
Held for trust purposes	<u>\$20,026</u>	<u>\$38,061</u>	<u>\$37,330</u>	<u>\$20,757</u>
Totals	<u><u>\$20,026</u></u>	<u><u>\$38,061</u></u>	<u><u>\$37,330</u></u>	<u><u>\$20,757</u></u>
<b>CAMPBELL TRACT REDEMPTION FUND</b>				
<b>Assets:</b>				
Cash	<u>\$80,846</u>	<u>\$377</u>	<u>\$28,710</u>	<u>\$52,513</u>
Totals	<u><u>\$80,846</u></u>	<u><u>\$377</u></u>	<u><u>\$28,710</u></u>	<u><u>\$52,513</u></u>
<b>Liabilities:</b>				
Held for assessment district	<u>\$80,846</u>	<u>\$377</u>	<u>\$28,710</u>	<u>\$52,513</u>
Totals	<u><u>\$80,846</u></u>	<u><u>\$377</u></u>	<u><u>\$28,710</u></u>	<u><u>\$52,513</u></u>
<b>SHASTA BELLE REDEMPTION FUND</b>				
<b>Assets:</b>				
Cash	<u>\$3,552</u>	<u>\$5,998</u>	<u>\$5,248</u>	<u>\$4,302</u>
Totals	<u><u>\$3,552</u></u>	<u><u>\$5,998</u></u>	<u><u>\$5,248</u></u>	<u><u>\$4,302</u></u>
<b>Liabilities:</b>				
Held for assessment district	<u>\$3,552</u>	<u>\$5,998</u>	<u>\$5,248</u>	<u>\$4,302</u>
Totals	<u><u>\$3,552</u></u>	<u><u>\$5,998</u></u>	<u><u>\$5,248</u></u>	<u><u>\$4,302</u></u>

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, 2003

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2003</u>
<b>SENIOR FUND</b>				
Assets:				
Cash	<u>\$52,979</u>	<u>-</u>	<u>\$10,959</u>	<u>\$42,020</u>
Totals	<u>\$52,979</u>	<u>-</u>	<u>\$10,959</u>	<u>\$42,020</u>
Liabilities:				
Held for trust purposes	<u>\$52,979</u>	<u>-</u>	<u>\$10,959</u>	<u>\$42,020</u>
Totals	<u>\$52,979</u>	<u>-</u>	<u>\$10,959</u>	<u>\$42,020</u>
 <b>GIFT DONATIONS</b>				
Assets:				
Cash	<u>\$13,549</u>	<u>-</u>	<u>-</u>	<u>\$13,549</u>
Totals	<u>\$13,549</u>	<u>-</u>	<u>-</u>	<u>\$13,549</u>
Liabilities:				
Held for trust purposes	<u>\$13,549</u>	<u>-</u>	<u>-</u>	<u>\$13,549</u>
Totals	<u>\$13,549</u>	<u>-</u>	<u>-</u>	<u>\$13,549</u>

See accompanying notes to the financial statements.



**CITY OF YREKA, CALIFORNIA**

Non-Expendable Trust Fund

Statement of Revenues, Expenses and Changes in Fund Balan

For the year ended June 30, 2003

	<u>YMCA</u> <u>Building Fund</u>
Operating revenues	<u>-</u>
Operating expenses	<u>-</u>
Operating Income	<u>-</u>
Other revenues (expenses):	
Investment income	\$16,290
Transfer to trustee	<u>(303,913)</u>
Total Other Revenues (Expenses)	<u>(287,623)</u>
Net Income (loss)	(287,623)
Fund Balance June 30, 2002	<u>287,623</u>
Fund Balance June 30, 2003	<u><u>-</u></u>

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, 2003

	<u>YMCA Building Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income (loss)	(\$287,623)
Adjustments to reconcile net income to net cash used by operating activities	<u>-</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(287,623)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>
NET INCREASE (DECREASE) IN CASH	<u>(287,623)</u>
CASH and CASH EQUIVALENTS, JUNE 30, 2002	287,623
CASH and CASH EQUIVALENTS, JUNE 30, 2003	<u><u>-</u></u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Interest paid	-
Interest earned	\$16,290

See accompanying notes to the financial statements.



**SUPPLEMENTAL INFORMATION**



**CITY OF YREKA**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2003

<u>Federal Grantor/Pass-through Grantor</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services. Passed Through California Dept. of Aging			
Pass Through Program from PSAII Local Area Agency on Aging FF - 0102-02		4001	
Title III Congregate Meals (C1)	93.045		\$21,248
Title III Home Delivered Meals (C2)	93.045		26,638
Title III Supportive Services (III-B)	93.044		19,101
U.S. Department of Housing and Urban Development:			
Community Development Block Grant	14.228		18,270
Pass Through Program From California Dept. Housing & Community Dev.			
Community Development Block Grant	14.228		375,000
U.S. Forest Service:			
Blue Goose Community Support	10.670		601
Total Expenditures of Federal Awards			<u><u>\$460,858</u></u>

See accompanying notes to the financial statements.

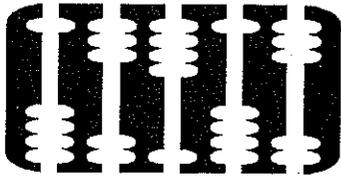


**CITY OF YREKA, CALIFORNIA**  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2003

**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**  
Certified Public Accountant

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e-mail: jccpa@snowcrest.net

**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, 2003, and have issued my report thereon dated January 30, 2004. Except as reported in note 4, I conducted my audit in accordance with generally accepted auditing standards generally accepted in the United State 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.

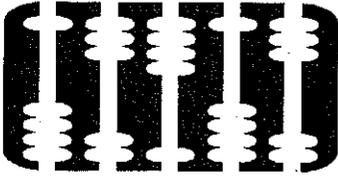
Internal Control Over Financial Reporting

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.

Jeffrey Chitwood  
Certified Public Accountant  
January 30, 2004





**JEFFREY CHITWOOD**  
Certified Public Accountant

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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, 2003. 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, 2003.

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.

A handwritten signature in black ink, appearing to read "Jeff Chitwood". The signature is written in a cursive, flowing style.

Jeffrey Chitwood  
Certified Public Accountant

January 30, 2004



**CITY OF YREKA, CALIFORNIA**  
Schedule of Findings and Questioned Costs  
for the Year Ended June 30, 2003

**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 program for City of Yreka expresses an unqualified opinion.
5. The program tested as a major program was the Community Development Block Grant.
6. The Community Development Block Grant was considered to be a Type A program. The dollar threshold for distinguishing between Type A and B programs was \$300,000.
7. Title III Congregate Meals (C1), Title III Home Delivered Meals (C2), and Title III Supportive Services (III-B) were considered to be 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

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

**QUESTIONED COSTS**

None.



**CITY OF YREKA, CALIFORNIA**  
Schedule of Prior Year Findings and Questioned Costs  
For the year ended June 30, 2003

**FINDINGS**

None

**QUESTIONED COSTS**

None

