

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Eureka
Eureka, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Eureka (City), as of and for the fiscal year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in note 1 of the notes to basic financial statements effective July 1, 2010, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, and GASB Statement No. 59 – *Financial Instruments Omnibus*.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Eureka, California, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated March 26, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund, Low and Moderate Income Housing Special Revenue Fund, and the Schedule of Funding Progress – Local Employees' Retirement System on pages 67 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with accounting principles generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Eureka's basic financial statements as a whole. The Introductory Section, Schedule of Revenue, Expenditures, and Changes in Funds Balance – Budget and Actual – Redevelopment Agency Debt Service Fund, Combining and Individual Fund Financial Statements for the Nonmajor Governmental Funds, Internal Service Funds, and Agency Funds, and Nonmajor Fund Budgetary Comparison Schedules listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. The Schedule of Revenue, Expenditures, and Changes in Funds Balance – Budget and Actual – Redevelopment Agency Debt Service Fund, Combining Financial Statements for the Nonmajor Governmental Funds, Internal Service Funds, and Agency Funds, and Nonmajor Fund Budgetary Comparison Schedules, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Moss, Levy & Hartzheim

Moss, Levy and Hartzheim, LLP
Culver City, California
March 26, 2012

CITY OF EUREKA
STATEMENT OF NET ASSETS
June 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 9,281,799	\$ 6,345,010	\$ 15,626,809
Cash and investments with fiscal agents	2,694,683	16,829,679	19,524,362
Accounts receivable	4,765,973	2,542,405	7,308,378
Interest receivable	1,307,063	17,764	1,324,827
Prepaid items	25,879	22,654	48,533
Inventory		185	185
Notes and loans receivable	11,046,372		11,046,372
Internal balances	(5,618,629)	5,618,629	
Land held for resale	5,013,046		5,013,046
Deferred charges, net of accumulated amortization	413,089	507,366	920,455
Net pension asset	589,002		589,002
Capital assets, not being depreciated	36,483,906	19,889,227	56,373,133
Capital assets, net of accumulated depreciation	42,033,170	54,851,759	96,884,929
	<u>108,035,353</u>	<u>106,624,678</u>	<u>214,660,031</u>
Total Assets			
LIABILITIES			
Accounts payable	1,835,844	1,533,116	3,368,960
Payroll and related liabilities	379,659	105,954	485,613
Deposits payable	77,259	150,978	228,237
Accrued interest payable	257,284	361,395	618,679
Claims and judgments payable	207,724		207,724
Deferred revenue	507,763	23,070	530,833
Noncurrent liabilities:			
Due within one year	1,087,014	1,266,172	2,353,186
Due in more than one year	27,194,683	33,700,085	60,894,768
	<u>31,547,230</u>	<u>37,140,770</u>	<u>68,688,000</u>
Total Liabilities			
NET ASSETS			
Invested in capital assets, net of related debt	51,594,125	40,495,614	92,089,739
Restricted for:			
Public safety	601,565		601,565
Streets and roads	1,639,450		1,639,450
Projects		6,118,838	6,118,838
Public health	12,267		12,267
Housing	15,884,648		15,884,648
Community development	6,669,420		6,669,420
Airport	225,190		225,190
Unrestricted	(138,542)	22,869,456	22,730,914
	<u>\$ 76,488,123</u>	<u>\$ 69,483,908</u>	<u>\$ 145,972,031</u>
Total Net Assets			

The notes to the basic financial statements are an integral part of this statement

**CITY OF EUREKA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 4,353,283	\$ 2,703,298	\$ 13,320	\$ -
Community development	4,733,321	204,143	2,817,293	
Public safety	16,181,737	956,618	581,392	
Public works	6,186,286	951,437	749,539	1,317,677
Parks and recreation	2,288,725	711,415		
Interest on long-term debt	1,613,024			
Total Governmental Activities	<u>35,356,376</u>	<u>5,526,911</u>	<u>4,161,544</u>	<u>1,317,677</u>
Business-type activities:				
Water	5,488,885	5,564,933		
Wastewater	6,217,621	5,465,754	241,400	
Harbor	1,051,246	624,569		
Building	569,063	496,274		
Transit	1,850,309	2,058,568		
Golf	17,953	23,187		
Total Business-type Activities	<u>15,195,077</u>	<u>14,233,285</u>	<u>241,400</u>	
Total Primary Government	<u>\$ 50,551,453</u>	<u>\$ 19,760,196</u>	<u>\$ 4,402,944</u>	<u>\$ 1,317,677</u>

General Revenues:
 Property taxes
 Sales taxes
 Franchise fees
 Motor vehicle in-lieu, unrestricted
 Transient occupancy taxes
 Business license tax
 Gain on sale of capital assets
 Investment earnings
 Miscellaneous
 Transfers
 Total General Revenues and Transfers
 Change in Net Assets
 Net assets - beginning of fiscal year
 Prior period adjustments
 Net Assets - beginning of fiscal year, restated
 Net Assets - end of fiscal year

The notes to the basic financial statements are an integral part of this statement

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,636,665)	\$ -	\$ (1,636,665)
(1,711,885)		(1,711,885)
(14,643,727)		(14,643,727)
(3,167,633)		(3,167,633)
(1,577,310)		(1,577,310)
(1,613,024)		(1,613,024)
<u>(24,350,244)</u>		<u>(24,350,244)</u>
	76,048	76,048
	(510,467)	(510,467)
	(426,677)	(426,677)
	(72,789)	(72,789)
	208,259	208,259
	5,234	5,234
	<u>(720,392)</u>	<u>(720,392)</u>
<u>(24,350,244)</u>	<u>(720,392)</u>	<u>(25,070,636)</u>
8,572,335		8,572,335
12,001,182		12,001,182
851,300		851,300
124,558		124,558
1,877,436		1,877,436
239,577		239,577
113,636		113,636
427,100	225,015	652,115
401,704		401,704
(470,067)	470,067	
<u>24,138,761</u>	<u>695,082</u>	<u>24,833,843</u>
<u>(211,483)</u>	<u>(25,310)</u>	<u>(236,793)</u>
76,886,469	69,838,234	146,724,703
(186,863)	(329,016)	(515,879)
<u>76,699,606</u>	<u>69,509,218</u>	<u>146,208,824</u>
<u>\$ 76,488,123</u>	<u>\$ 69,483,908</u>	<u>\$ 145,972,031</u>

**CITY OF EUREKA
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2011**

	General	Low and Moderate Income Housing	Redevelopment Agency Debt Service
ASSETS			
Cash and investments	\$ -	\$ 523,638	\$ 2,267,790
Cash and investments with fiscal agents			773,673
Accounts receivable	3,444,846	2,878	
Interest receivable	1,203	3,714	3,367
Prepaid items	5,879		
Notes and loans receivable		8,814,342	
Due from other funds	1,400,457		
Advances to other funds		792,202	
Land held for resale		462,801	
Total Assets	<u>\$ 4,852,385</u>	<u>\$ 10,599,575</u>	<u>\$ 3,044,830</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 675,631	\$ 13,117	\$ 943
Due to other funds	855,153		
Deposits payable	77,009		
Payroll and related liabilities	330,204	6,543	
Deferred revenue	802,417	8,814,342	
Advances from other funds	49,753		6,437,162
Total Liabilities	<u>2,790,167</u>	<u>8,834,002</u>	<u>6,438,105</u>
Fund Balances:			
Nonspendable:			
Prepaid expenditures	5,879		
Restricted		1,765,573	
Unassigned	2,056,339		(3,393,275)
Total Fund Balances (Deficits)	<u>2,062,218</u>	<u>1,765,573</u>	<u>(3,393,275)</u>
Total Liabilities and Fund Balances	<u>\$ 4,852,385</u>	<u>\$ 10,599,575</u>	<u>\$ 3,044,830</u>

The notes to the basic financial statements are an integral part of this statement

Other Governmental Funds	Total Governmental Funds
\$ 4,675,003	\$ 7,466,431
1,921,010	2,694,683
1,312,358	4,760,082
32,533	40,817
	5,879
2,232,030	11,046,372
49,753	1,400,457
4,550,245	841,955
<u>4,550,245</u>	<u>5,013,046</u>
<u>\$ 14,772,932</u>	<u>\$ 33,269,722</u>

\$ 829,023	\$ 1,518,714
300,115	1,155,268
250	77,259
19,805	356,552
3,050,412	12,667,171
13,000	6,499,915
<u>4,212,605</u>	<u>22,274,879</u>

	5,879
11,064,064	12,829,637
(503,737)	(1,840,673)
<u>10,560,327</u>	<u>10,994,843</u>
<u>\$ 14,772,932</u>	<u>\$ 33,269,722</u>

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CITY OF EUREKA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENTS OF NET ASSETS
June 30, 2011

Fund balances of governmental funds \$ 10,994,843

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds because of the following:

Capital assets used in Governmental Activities are not current resources and, therefore, are not reported in the Governmental Funds Balance Sheet.

Capital assets	\$ 153,595,205	
Less: accumulated depreciation	<u>(75,078,129)</u>	78,517,076

Deferred charges represent costs associated with the issuance of long-term debt which are deferred and amortized over the period during which the debt is outstanding. The costs are reported as expenditures of current financial resources in the governmental funds. 413,089

Interest payable on long-term debt does not require current financial resources, therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet. (257,284)

The liabilities below are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet. (Does not include Internal Service Funds)

Compensated absences	(1,508,080)	
Bonds payable	(24,445,000)	
Discounts	119,077	
Deferred loss on refunding	324,269	
Note payable	(1,796,136)	
Capital lease payable	<u>(975,827)</u>	(28,281,697)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and vehicle maintenance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. (net capital assets and compensated absences payable, reported above in the amount of \$1,931,348 and (\$101,595) respectively.). 1,092,204

In governmental funds, other long-term assets include accounts receivable and interest receivable on taxes and accounts receivable are not available to pay for current-period expenditures, and therefore, are offset by deferred revenue. 12,159,408

Net pension asset was not current financial resources. Therefore, it was not reported in the Governmental Funds Balance Sheet. This amount is to be amortized in accordance with GASB No.27 and 45. 589,002

In governmental funds, other long-term assets are not available to pay for current-period expenditures:

Interest receivable on loans receivable		<u>1,261,482</u>
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Net assets of governmental activities		<u><u>\$ 76,488,123</u></u>
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The notes to the basic financial statements are an integral part of this statement

**CITY OF EUREKA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2011**

	General	Low and Moderate Income Housing	Redevelopment Agency Debt Service
REVENUES			
Taxes	\$ 15,816,576	\$ -	\$ 4,866,612
Licenses, permits, and fees	931,761		
Fines and penalties	162,000		
Investment income	1,379	9,611	3,749
Intergovernmental	2,487,606		14,910
Charges for services	4,654,281	30,355	
Other revenues	308,073	344,262	
Total Revenues	<u>24,361,676</u>	<u>384,228</u>	<u>4,885,271</u>
EXPENDITURES			
Current:			
General government	3,765,820		
Public safety	15,328,222		
Public works	1,805,584		
Community development	679,764	625,609	797,724
Culture and recreation	2,258,357		
Capital outlay	174,357		
Debt service:			
Principal payments	190,956		103,405
Interest and fiscal charges	65,064		178,796
Total Expenditures	<u>24,268,124</u>	<u>625,609</u>	<u>1,079,925</u>
Excess of Revenues Over (Under) Expenditures	<u>93,552</u>	<u>(241,381)</u>	<u>3,805,346</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		1,275,052	132,969
Transfers out	(142,689)	(111,567)	(3,064,002)
Sale of capital assets	2,747		
Proceeds from issuance of debt			
Total Other Financing Sources (Uses)	<u>(139,942)</u>	<u>1,163,485</u>	<u>(2,931,033)</u>
Net Change in Fund Balances	<u>(46,390)</u>	<u>922,104</u>	<u>874,313</u>
Fund Balances (Deficits), beginning of fiscal year	2,295,471	843,469	(5,041,261)
Prior Period Adjustments	(186,863)		773,673
Fund Balances (Deficits), beginning of fiscal year, restated	<u>2,108,608</u>	<u>843,469</u>	<u>(4,267,588)</u>
Fund Balances (Deficits), end of fiscal year	<u>\$ 2,062,218</u>	<u>\$ 1,765,573</u>	<u>\$ (3,393,275)</u>

The notes to the basic financial statements are an integral part of this statement

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 20,683,188
66,395	998,156
245,856	407,856
117,233	131,972
4,792,360	7,294,876
131,606	4,816,242
678,336	1,330,671
<u>6,031,786</u>	<u>35,662,961</u>
70,387	3,836,207
411,977	15,740,199
765,332	2,570,916
1,380,729	3,483,826
5,436,106	2,258,357
20,318	5,610,463
1,292,274	314,679
<u>9,377,123</u>	<u>1,536,134</u>
<u>(3,345,337)</u>	<u>35,350,781</u>
6,095,578	312,180
(5,355,408)	7,503,599
114,152	(8,673,666)
574,641	116,899
<u>1,428,963</u>	<u>574,641</u>
<u>(1,916,374)</u>	<u>(478,527)</u>
13,250,374	<u>(166,347)</u>
(773,673)	11,348,053
<u>12,476,701</u>	<u>(186,863)</u>
\$ 10,560,327	11,161,190
<u>\$ 10,560,327</u>	<u>\$ 10,994,843</u>

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**CITY OF EUREKA
RECONCILIATION OF THE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGES IN FUND BALANCES \$ (166,347)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated lives and reported as depreciation expense.

Capital outlay expenditures are therefore added back to fund balances	\$ 4,072,796	
Depreciation expense not reported in governmental funds	(2,897,125)	
Book value of capital assets sold	<u>(3,263)</u>	1,172,408

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but in the Statement of Net Assets, the costs are deferred and amortized throughout the period during which the related debt is outstanding. Repayment of debt principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Repayment of debt principal	314,679	
Amortization of deferred charges	(24,266)	
Amortization of deferred loss on refunding	(60,800)	
Amortization of bond premium	(4,144)	
Proceeds from loans and advances	<u>(574,641)</u>	(349,172)

Notes receivable issued are expenditures, and principal payments on notes receivable are a revenue in the governmental funds; however, in the government-wide statements, these transactions increase or decrease the notes receivable and accrue interest on notes receivable.

Interest receivable	255,658	
Notes receivable	<u>(49,008)</u>	206,650

The amounts below included in the Statement of Activities do not provide (require) the use of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds (net change):

Interest payable	12,320	
Compensated absences	<u>(114,348)</u>	(102,028)

Revenues that were not collected within 60 days of the fiscal year end and did not meet the revenue recognition criteria in the Fund Financial Statements are recognized as revenue in the Government-Wide Financial Statements		(695,305)
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Changes in net pension asset did not require the use of current financial resources or meet revenue recognition criteria in the Fund Financial Statements and therefore are not reported in governmental funds		167,946
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and vehicle maintenance, to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental activities. (net capital assets and compensated absences reported above in the amount of \$186,443 and \$47,801 respectively)		<u>(445,635)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ (211,483)</u>
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The notes to the basic financial statements are an integral part of this statement

**CITY OF EUREKA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 June 30, 2011**

ASSETS	Enterprise Funds		
	Water	Wastewater	Harbor
Current Assets:			
Cash and investments	\$ 5,095,639	\$ 774,646	\$ -
Cash and investments with fiscal agents	462,778	16,366,901	
Accounts receivable - net	702,298	1,118,638	26,745
Interest receivable	16,918	4,035	(3,529)
Prepaid items		1,148	
Inventory			
Due from other funds	855,153		
Total current assets	7,132,786	18,265,368	23,216
Noncurrent Assets:			
Deferred charges, net of amortization	300,215	207,151	
Advances to other funds	489,806	5,180,902	
Total noncurrent assets	790,021	5,388,053	
Capital Assets:			
Nondepreciable			
Land	1,052,115	5,073,142	5,155,468
Construction in progress	2,257,781	5,784,006	30,347
Total nondepreciable capital assets	3,309,896	10,857,148	5,185,815
Depreciable			
Infrastructure	9,906,433	4,655,482	
Buildings	377,026	5,768,175	4,646,614
Improvements	5,004,225	19,962,360	10,577,025
Equipment	16,069,515	32,217,213	1,116,705
Total depreciable capital assets	31,357,199	62,603,230	16,340,344
Less accumulated depreciation	(11,192,136)	(39,158,637)	(7,055,057)
Net depreciable capital assets	20,165,063	23,444,593	9,285,287
Total capital assets, net	23,474,959	34,301,741	14,471,102
Total capital and noncurrent assets	24,264,980	39,689,794	14,471,102
Total Assets	\$ 31,397,766	\$ 57,955,162	\$ 14,494,318

Enterprise Funds				Governmental Activities - Internal Service Funds
Building	Transit	Golf	Totals	
\$ -	\$ 287,456	\$ 187,269	\$ 6,345,010	\$ 1,815,368
			16,829,679	
277,331	417,393		2,542,405	5,891
(945)	747	538	17,764	4,764
	21,506		22,654	20,000
	185		185	
			855,153	
276,386	727,287	187,807	26,612,850	1,846,023
			507,366	
13,000			5,683,708	
13,000			6,191,074	
		418,075	11,698,800	
		118,293	8,190,427	
		536,368	19,889,227	
			14,561,915	
		50,244	10,842,059	429,246
		243,087	35,786,697	42,399
63,450	3,214,765		52,681,648	8,803,836
63,450	3,214,765	293,331	113,872,319	9,275,481
(43,816)	(1,337,899)	(233,015)	(59,020,560)	(7,344,133)
19,634	1,876,866	60,316	54,851,759	1,931,348
19,634	1,876,866	596,684	74,740,986	1,931,348
32,634	1,876,866	596,684	80,932,060	1,931,348
\$ 309,020	\$ 2,604,153	\$ 784,491	\$ 107,544,910	\$ 3,777,371

(Continued)

CITY OF EUREKA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 June 30, 2011
 (Continued)

LIABILITIES	Enterprise Funds		
	Water	Wastewater	Harbor
Current Liabilities:			
Accounts payable	\$ 241,010	\$ 1,048,963	\$ 66,919
Payroll and related liabilities	37,879	49,698	5,827
Deposits payable	136,690		14,288
Due to other funds			588,072
Deferred revenue	190		
Accrued interest payable	166,481	94,332	100,582
Claims and judgments payable			
Loan payable, current portion			78,915
Bonds payable, current portion	495,000	125,000	90,000
Capital lease payable, current portion	277,665		
Compensated absences, current portion	89,549	92,275	11,707
Unamortized premium	11,125	9,657	
Deferred loss on refunding	(34,709)		
Total current liabilities	1,420,880	1,419,925	956,310
Noncurrent Liabilities:			
Capital lease payable	1,571,966		
Loan payable			2,040,356
Advances from other funds			25,748
Bonds payable	10,575,000	19,315,000	300,000
Unamortized premium	150,325	207,336	
Deferred loss on refunding	(459,898)		
Total noncurrent liabilities	11,837,393	19,522,336	2,366,104
Total Liabilities	13,258,273	20,942,261	3,322,414
NET ASSETS			
Investment in capital assets, net of related debt	11,188,700	14,851,899	11,961,831
Restricted for projects	465,638	4,895,203	686,093
Unrestricted	6,485,155	17,265,799	(1,476,020)
Total Net Assets (Deficit)	\$ 18,139,493	\$ 37,012,901	\$ 11,171,904

The notes to the basic financial statements are an integral part of this statement

Enterprise Funds				Governmental Activities - Internal Service Funds
Building	Transit	Golf	Totals	
\$ 20,996	\$ 155,090	\$ 138	\$ 1,533,116	\$ 317,130
12,458		92	105,954	23,107
306,412			150,978	205,858
	22,880		894,484	
			23,070	
			361,395	207,724
			78,915	
			710,000	
			277,665	
19,688		300	213,519	101,595
			20,782	
			(34,709)	
<u>359,554</u>	<u>177,970</u>	<u>530</u>	<u>4,335,169</u>	<u>855,414</u>
			1,571,966	
			2,040,356	
			25,748	
			30,190,000	
			357,661	
			(459,898)	
			<u>33,725,833</u>	
<u>359,554</u>	<u>177,970</u>	<u>530</u>	<u>38,061,002</u>	<u>855,414</u>
19,634	1,876,866	596,684	40,495,614	1,931,348
45,627	26,277		6,118,838	
(115,795)	523,040	187,277	22,869,456	990,609
<u>\$ (50,534)</u>	<u>\$ 2,426,183</u>	<u>\$ 783,961</u>	<u>\$ 69,483,908</u>	<u>\$ 2,921,957</u>

**CITY OF EUREKA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 For the Fiscal Year Ended June 30, 2011**

	Enterprise Funds		
	Water	Wastewater	Harbor
Operating Revenues:			
Charges for services	\$ 5,553,646	\$ 4,718,171	\$ 624,569
Other operating revenues	11,287	747,583	
Intergovernmental			
Total Operating Revenues	5,564,933	5,465,754	624,569
Operating Expenses:			
Purchase of water	1,733,921		
Maintenance and operation	2,152,332	4,352,057	490,841
Administration	190,874	248,802	33,531
Insurance costs and claims	53,401	91,286	42,159
Depreciation	727,692	1,213,717	361,131
Total Operating Expenses	4,858,220	5,905,862	927,662
Operating Income (Loss)	706,713	(440,108)	(303,093)
Non-Operating Revenues (Expenses):			
Investment income	73,275	142,280	(9,270)
Interest expense	(630,665)	(311,759)	(123,584)
Intergovernmental		241,400	
Total Non-Operating Revenue (Expense)	(557,390)	71,921	(132,854)
Income (Loss) Before Contributions and Transfers	149,323	(368,187)	(435,947)
Transfers in			410,607
Change in Net Assets	149,323	(368,187)	(25,340)
Net Assets, beginning of fiscal year	17,990,170	37,421,437	11,197,244
Prior Period Adjustments		(40,349)	
Net Assets (Deficit), beginning of fiscal year, restate	17,990,170	37,381,088	11,197,244
Net Assets (Deficit), end of fiscal year	\$ 18,139,493	\$ 37,012,901	\$ 11,171,904

The notes to the basic financial statements are an integral part of this statement

Enterprise Funds				Governmental Activities- Internal Service Funds
Building	Transit	Golf	Totals	
\$ 476,687	\$ 321,705	\$ 106	\$ 11,694,884	\$ 3,293,637
19,587	5,328	23,081	806,866	302,072
	1,731,535		1,731,535	
496,274	2,058,568	23,187	14,233,285	3,595,709
			1,733,921	
525,485	1,526,965	9,101	9,056,781	3,024,656
27,931	9,493	3,573	514,204	140,183
8,985	23,958	920	220,709	1,429,104
6,662	289,893	4,359	2,603,454	511,957
569,063	1,850,309	17,953	14,129,069	5,105,900
(72,789)	208,259	5,234	104,216	(1,510,191)
12,889	3,446	2,395	225,015	9,904
			(1,066,008)	
			241,400	
12,889	3,446	2,395	(599,593)	9,904
(59,900)	211,705	7,629	(495,377)	(1,500,287)
59,460			470,067	700,000
(440)	211,705	7,629	(25,310)	(800,287)
238,573	2,214,478	776,332	69,838,234	3,722,244
(288,667)			(329,016)	
(50,094)	2,214,478	776,332	69,509,218	3,722,244
\$ (50,534)	\$ 2,426,183	\$ 783,961	\$ 69,483,908	\$ 2,921,957

**CITY OF EUREKA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 For the Fiscal Year Ended June 30, 2011**

	Enterprise Funds		
	Water	Wastewater	Harbor
Cash Flows from Operating Activities:			
Receipts from customers/interfund charges	\$ 5,537,974	\$ 4,978,611	\$ 606,402
Payments to suppliers and users	(2,728,663)	(2,898,349)	(316,843)
Payments to employees	(1,324,797)	(1,882,390)	(260,481)
Net Cash Provided (Used) by Operating Activities	<u>1,484,514</u>	<u>197,872</u>	<u>29,078</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers in (out)			410,607
Due to/from other funds	1,157,352		(1,253,982)
Advances to/from other funds	(9,917)	26,907	
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>1,147,435</u>	<u>26,907</u>	<u>(843,375)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisitions of capital assets	(52,582)	(1,177,133)	
Proceeds from sale of city property			2,489
Capital grants received		241,400	
Interest paid	(598,679)	(135,144)	(129,568)
Principal payments - long-term debt	(751,549)	(120,000)	(160,516)
Proceeds from issuance of long-term debt		16,280,000	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,402,810)</u>	<u>15,089,123</u>	<u>(287,595)</u>
Cash Flows from Investing Activities:			
Interest received	56,357	147,330	(3,802)
Net Cash Provided (Used) by Investing Activities	<u>56,357</u>	<u>147,330</u>	<u>(3,802)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,285,496	15,461,232	(1,105,694)
Cash and Cash Equivalents, July 1, 2010	<u>4,272,921</u>	<u>1,680,315</u>	<u>1,105,694</u>
Cash and Cash Equivalents, June 30, 2011	<u>\$ 5,558,417</u>	<u>\$ 17,141,547</u>	<u>\$ -</u>
Reconciliation of Cash and Cash Equivalents To Statement of Net Assets			
Cash and investments	\$ 5,095,639	\$ 774,646	\$ -
Cash and investments with fiscal agents	<u>462,778</u>	<u>16,366,901</u>	<u>-</u>
Total Cash and Cash Equivalents	<u>\$ 5,558,417</u>	<u>\$ 17,141,547</u>	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this statement

Enterprise Funds				Governmental Activities - Internal Service Funds
Building	Transit	Golf	Totals	
\$ 333,734	\$ 1,747,783	\$ 25,727	\$ 13,230,231	\$ 3,611,039
(131,853)	(1,429,611)	(8,882)	(7,514,201)	(3,478,357)
(424,538)	(25,908)	(4,642)	(3,922,756)	(1,110,448)
(222,657)	292,264	12,203	1,793,274	(977,766)
59,460			470,067	700,000
149,363	(7,780)		44,953	205,858
			16,990	
208,823	(7,780)		532,010	905,858
			(1,229,715)	(186,443)
			2,489	
			241,400	
			(863,391)	
			(1,032,065)	
			16,280,000	
			13,398,718	(186,443)
13,834	2,699	1,857	218,275	5,140
13,834	2,699	1,857	218,275	5,140
	287,183	14,060	15,942,277	(253,211)
	273	173,209	7,232,412	2,068,579
\$ -	\$ 287,456	\$ 187,269	\$ 23,174,689	\$ 1,815,368
\$ -	\$ 287,456	\$ 187,269	\$ 6,345,010	1,815,368
			16,829,679	
\$ -	\$ 287,456	\$ 187,269	\$ 23,174,689	\$ 1,815,368

(Continued)

**CITY OF EUREKA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 For the Fiscal Year Ended June 30, 2011
 (Continued)**

	Enterprise Funds		
	Water	Wastewater	Harbor
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 706,713	\$ (440,108)	\$ (303,093)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	727,692	1,213,717	361,131
(Increase) Decrease in Operating Assets:			
Accounts receivable	(31,853)	(487,143)	(16,024)
Prepaid expenses		19,004	
Inventory			
Increase (Decrease) in Operating Liabilities:			
Accounts payable	31,794	(131,164)	(7,984)
Deposits payable	5,909		(2,143)
Deferred revenue	(1,015)		
Payroll and related liabilities	14,374	6,038	(922)
Claims and judgments payable			
Compensated absences	30,900	17,528	(1,887)
Net Cash Provided (Used) by Operating Activities	\$ 1,484,514	\$ 197,872	\$ 29,078

The notes to the basic financial statements are an integral part of this statement

Enterprise Funds				Governmental Activities - Internal Service Funds
Building	Transit	Golf	Totals	
\$ (72,789)	\$ 208,259	\$ 5,234	\$ 104,216	(1,510,191)
6,662	289,893	4,359	2,603,454	511,957
(162,540)	(320,025)	2,540	(1,015,045)	15,330
	66,502		85,506	
	7,157		7,157	
8,876	31,238	15	(67,225)	(18,071)
			3,766	
	9,240		8,225	
2,669		(10)	22,149	(539)
				(24,053)
(5,535)		65	41,071	47,801
<u>\$ (222,657)</u>	<u>\$ 292,264</u>	<u>\$ 12,203</u>	<u>\$ 1,793,274</u>	<u>\$ (977,766)</u>

**CITY OF EUREKA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2011**

	Agency Fund	Trust Funds	
		Pension Fire and Police Pension Benefits Plan	Private-Purpose Haz/Mat Response Authority
	Trust Holding		
ASSETS			
Cash and investments	\$ 162,309	\$ 15,017	\$ 99,007
Interest receivable		77	258
Total Assets	162,309	15,094	99,265
LIABILITIES			
Accounts payable	395	3,310	
Payroll payable		6	
Deposits payable	161,914		
Total Liabilities	162,309	3,316	
Net Assets			
Held in trust for pension benefits and other purposes		11,778	99,265
Total Net Assets	\$ -	\$ 11,778	\$ 99,265

The notes to the basic financial statements are an integral part of this statement

**CITY OF EUREKA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Fiscal Year Ended June 30, 2011**

	Trust Funds	
	Pension Fire and Police Pension Benefits Plan	Private-Purpose Haz/Mat Response Authority
ADDITIONS		
Contributions:		
Employer	\$ 200,696	\$ -
JPA members		60,624
Investment earnings:		
Investment income	(2,285)	
Total Additions	<u>198,411</u>	<u>60,624</u>
DEDUCTIONS		
Public safety		59,906
Benefits	<u>526,181</u>	
Total Deductions	<u>526,181</u>	<u>59,906</u>
Changes in net assets	<u>(327,770)</u>	<u>718</u>
Net assets - beginning of fiscal year	344,362	98,547
Prior Period Adjustments	<u>(4,814)</u>	
Net assets, beginning of fiscal year, restated	<u>339,548</u>	<u>98,547</u>
Net assets - end of fiscal year	<u>\$ 11,778</u>	<u>\$ 99,265</u>

The notes to the basic financial statements are an integral part of this statement

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