

**CITY OF YREKA
TRANSPORTATION DEVELOPMENT
ACT FUNDS
NON-TRANSIT PURPOSES
FINANCIAL STATEMENTS
JUNE 30, 2003**

**CITY OF YREKA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NON-TRANSIT PURPOSES**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Yreka
Yreka, California

We have audited the accompanying financial statements pertaining to the City of Yreka Transportation Development Act Funds Non-Transit Purposes (TDA Fund) as of and for the fiscal year ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the City of Yreka's management. Our responsibility is to express an opinion on these financial statements based on our audit. The total columns for 2002 present data extracted from the financial statements of the TDA Fund as of June 30, 2002. Those financial statements were audited by another auditor whose report, dated January 22, 2003, expressed an unqualified opinion on those statements.

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 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 opinion.

As described in Note 1, the financial statements present only the TDA Fund and are not intended to present the financial position and results of operations of the City of Yreka in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the TDA Fund, as of June 30, 2003, and the results of its operations 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 January 30, 2004, on our consideration of the City of Yreka's internal control over financial reporting and our 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 our audit.

MOSS, LEVY & HARTZHEIM, C.P.A.s

Moss, Levy & Hartzheim
January 30, 2004

**CITY OF YREKA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NON-TRANSIT PURPOSES**

**Balance Sheet
June 30, 2003
(With Comparative Totals for June 30, 2002)**

	2003	2002
<u>Assets</u>		
Cash	\$ 487,072	\$ 422,774
Interest receivable	2,811	2,811
Total Assets	\$ 489,883	\$ 425,585
 <u>Liabilities and Fund Equity</u>		
 <u>Liabilities</u>		
Accounts payable	\$ 2,563	\$ 907
 <u>Fund Equity</u>		
Fund balance	487,320	424,678
Total Liabilities and Fund Equity	\$ 489,883	\$ 425,585

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

**CITY OF YREKA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NON-TRANSIT PURPOSES**

**Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2003
(With Comparative Totals for the Fiscal Year Ended June 30, 2002)**

	<u>2003</u>	<u>2002</u>
Revenues		
Local transportation funds	\$ 168,520	\$ 142,704
Interest	10,137	17,731
	<u>178,657</u>	<u>160,435</u>
Expenditures		
Transportation	100,387	68,301
Streets and roads	15,628	23,271
	<u>116,015</u>	<u>91,572</u>
Excess of Revenues Over (Under) Expenditures	62,642	68,863
Fund Balance - July 1,	<u>424,678</u>	<u>355,815</u>
Fund Balance - June 30,	<u><u>\$ 487,320</u></u>	<u><u>\$ 424,678</u></u>

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

**CITY OF YREKA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NON-TRANSIT PURPOSES**

**Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2003**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Local transportation funds	\$ 68,132	\$ 168,520	\$ 100,388
Interest	16,000	10,137	(5,863)
Total Revenues	84,132	178,657	94,525
Expenditures			
Transportation		100,387	(100,387)
Streets and roads	41,000	15,628	25,372
Total Expenditures	41,000	116,015	(75,015)
Excess of Revenues Over (Under) Expenditures	\$ 43,132	62,642	\$ 19,510
Fund Balance - July 1, 2002		424,678	
Fund Balance - June 30, 2003		\$ 487,320	

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

CITY OF YREKA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NON-TRANSIT PURPOSES

Notes to Financial Statements
June 30, 2003

Note 1: Summary of Significant Accounting Policies

The financial statements of the City of Yreka Transportation Development Act Funds Non-Transit Purposes (TDA Fund) have been prepared in conformity with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the TDA Fund's accounting policies are described below.

A. The Reporting Entity

The financial statements are intended to present the financial position and results of operations of only that portion of the funds of the City of Yreka that is attributable to the transactions of the Transportation Development Act Funds Non-Transit Purposes.

B. Fund Accounting

The accounts of the TDA Fund are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The various funds are grouped into generic types of funds to record the TDA Fund's financial transactions. For financial reporting, they have been grouped and are presented in this report as follows:

Governmental Fund Type

Governmental funds are used to account for the TDA Fund's expendable financial resources and related liabilities (except those accounted for in proprietary and similar trust funds). The measurement focus is upon determination of changes in financial position. The following is the TDA Fund's governmental fund type:

Special Revenue Fund – This fund accounts for the financial activity of specific revenue sources that are legally restricted to expenditures for specific purposes.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The governmental funds are maintained on the modified accrual basis of accounting. Revenues are recognized in the period in which they become both measurable and available. "Measurable" means the amount of the transaction that can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

CITY OF YREKA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NON-TRANSIT PURPOSES

Notes to Financial Statements
June 30, 2003

Note 1: Summary of Significant Accounting Policies (Continued)

D. Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the AICPA. Annual appropriated budgets are adopted for the special revenue fund. All annual appropriations lapse at fiscal year end. The budgetary data presented in the accompanying financial statements includes all approved revisions.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the AICPA, 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 expenditures during that period. Actual results could differ from those estimates.

F. Comparative Data

Comparative data for the prior fiscal year has been presented in the accompanying financial statements in order to provide an understanding of changes in the TDA Fund's financial position and operations. Certain amounts presented in the prior fiscal year data have been reclassified in order to be consistent with the current fiscal year's presentation.

G. Cash and Investments

The TDA Fund holds its cash and investments in the City of Yreka Treasury. The City of Yreka maintains a cash and investment pool and allocates interest to the various funds based upon the average monthly cash balances. Information regarding categorization of investments can be found in the City of Yreka general-purpose financial statements.

Investments are accounted for in accordance with the provisions of GASB Statement No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The TDA Fund reports its investments at fair value based on quoted market information obtained from fiscal agents or other sources.

Note 2: Stewardship, Compliance, and Accountability

Excess of Expenditures over Appropriations

Excess of expenditures over appropriations in individual funds is as follows:

<u>Fund</u>	<u>Excess of Expenditures</u>
Special Revenue Fund	\$ 75,015

CITY OF YREKA
TRANSPORTATION DEVELOPMENT ACT FUNDS
NON-TRANSIT PURPOSES

Notes to Financial Statements
June 30, 2003

Note 3: Transportation Development Act

The State of California established the Transportation Development Act (TDA) to provide funds for public transportation. The funds are administered by the Metropolitan Transportation Commission, a statutorily created Regional Transportation Planning Agency. The TDA created a Local Transportation Fund (LTF) in each county for the transportation purposes specified in the TDA Statutes and Administrative Code. Revenues of the LTF are derived from $\frac{1}{4}$ cent of the 7.25 cent retail sales tax collected statewide. The $\frac{1}{4}$ cent is returned by the State Board of Equalization to each county according to the amount of tax collected in that county.

MOSS, LEVY & HARTZHEIM

Certified Public Accountants

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INDEPENDENT AUDITOR'S 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 City Council
City of Yreka
Yreka, California

We have audited the financial statements of the City of Yreka Transportation Development Act Funds Allocated for Non-Transit Purposes (TDA Fund), as of and for the fiscal year ended June 30, 2003, and have issued our report thereon dated January 30, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 the TDA Fund's financial statements are free of material misstatement, we performed tests of its compliance. Compliance with laws, regulations, contracts, and grants applicable to the City of Yreka (City) is the responsibility of the City's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City's compliance with Sections 6664 and 6666 of Article 5.5 of *Title 21 of the California Administrative Code* and certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

This report is intended solely for the information of the audit committee, management, County of Siskiyou, and the State Controller's Office of the State of California and is not intended and should not be used by anyone other than the above specified parties.

MOSS, LEVY & HARTZHEIM, C.P.A.s

Moss, Levy & Hartzheim

January 30, 2004



COUNTY OF SISKIYOU
Local Transportation Commission

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COMMISSIONERS 03/04

Carl Andreatta
LaVada Erickson
Bill Hoy (vice chair)
Tom McCulley (chair)
Chris Meyer (alternate)
Bill Overman (alternate)
Joan Smith
Dusty Veale

EXECUTIVE DIRECTOR

Brian McDermott

**TRANSPORTATION
SERVICES MANAGER**

Thomas L. Anderson

June 7, 2004

City of Yreka
Attn: Public Works Director
701 Fourth St
Yreka CA 96097

Re: Audit Report

Enclosed is the copy of the 2002/03 fiscal audit for the City of Yreka Transportation Development Act Fund completed by Moss, Levy & Hartzheim. If you have any questions, please call me at (530)842-8295.

Very truly yours,

Brian McDermott
Executive Director

Thomas L. Anderson
Thomas L. Anderson
Transportation Services Manager

TA:klm