

**City of Red Bluff**  
**Transportation Development Act Fund**  
Red Bluff, California

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORTS

**June 30, 2021 and 2020**



**City of Red Bluff**  
**Transportation Development Act Fund**

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June 30, 2021 and 2020

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## **INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor and City Council  
City of Red Bluff, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Transportation Development Act Fund (the TDA Fund) of the City of Red Bluff (the City), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## INDEPENDENT AUDITORS' REPORT

(Continued)

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the TDA Fund of the City, as of June 30, 2021 and 2020, and the changes in financial position and the budgetary comparison thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the TDA Fund and do not purport to, and do not, present fairly the financial position of the City of Red Bluff, as of June 30, 2021 and 2020, and the changes in its financial position and budgetary comparisons for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2021, on our consideration of the City's internal control over financial reporting as it relates to the TDA Fund 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance as it relates to the TDA Fund.

*AGT CPAs & Advisors*

AGT CPAs & Advisors  
Redding, California  
December 6, 2021

## **FINANCIAL SECTION**

**City of Red Bluff**  
**Transportation Development Act Fund**  
 COMPARATIVE BALANCE SHEETS

June 30	<b>2021</b>		<b>2020</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$	170,595	\$	176,831
Interest receivable		47		233
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>170,642</b>	<b>\$</b>	<b>177,064</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Accounts payable	\$	16,456	\$	37,880
Other payables		-		47
<b>Total Liabilities</b>		<b>16,456</b>		<b>37,927</b>
<b>Fund Balance</b>				
Restricted		154,186		134,324
Assigned		-		4,813
<b>Total Fund Balance</b>		<b>154,186</b>		<b>139,137</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$</b>	<b>170,642</b>	<b>\$</b>	<b>177,064</b>

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

## City of Red Bluff

### Transportation Development Act Fund

#### COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

Years Ended June 30	2021	2020
<b>Revenues</b>		
Transportation Development Act allocations	\$ 192,597	\$ 293,086
Use of money and property	851	816
<b>Total Revenues</b>	<b>193,448</b>	<b>293,902</b>
<b>Expenditures</b>		
Streets and roads	178,399	185,562
Capital outlay	0	24,013
TRAX/ParaTRAX/METS programs	-	1,281
<b>Total Expenditures</b>	<b>178,399</b>	<b>210,856</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>15,049</b>	<b>83,046</b>
<b>Other Financing Sources (Uses)</b>		
Operating transfers out	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>15,049</b>	<b>83,046</b>
<b>Fund Balance - Beginning of Year</b>	<b>139,137</b>	<b>56,091</b>
<b>Fund Balance - End of Year</b>	<b>\$ 154,186</b>	<b>\$ 139,137</b>

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

# City of Red Bluff

## Transportation Development Act Fund

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

Year Ended June 30, 2021	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Transportation Development Act allocations	\$ 215,000	\$ 215,000	\$ 192,597	\$ (22,403)
Use of money and property	200	200	851	651
<b>Total Revenues</b>	<b>215,200</b>	<b>215,200</b>	<b>193,448</b>	<b>(21,752)</b>
<b>Expenditures</b>				
Streets and roads	300,635	300,635	178,399	122,236
Capital outlay	-	-	-	-
TRAX/ParaTRAX/METS programs	-	-	-	-
Interest expense	-	-	-	-
<b>Total Expenditures</b>	<b>300,635</b>	<b>300,635</b>	<b>178,399</b>	<b>122,236</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(85,435)</b>	<b>(85,435)</b>	<b>15,049</b>	<b>100,484</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(85,435)</b>	<b>(85,435)</b>	<b>15,049</b>	<b>100,484</b>
<b>Fund Balance - Beginning of Year</b>	<b>139,137</b>	<b>139,137</b>	<b>139,137</b>	<b>-</b>
<b>Fund Balance - End of Year</b>	<b>\$ 53,702</b>	<b>\$ 53,702</b>	<b>\$ 154,186</b>	<b>\$ 100,484</b>

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



# City of Red Bluff

## Transportation Development Act Fund

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

Year Ended June 30, 2020	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Transportation Development Act allocations	\$ 215,000	\$ 215,000	\$ 293,086	\$ 78,086
Use of money and property	200	200	816	616
<b>Total Revenues</b>	<b>215,200</b>	<b>215,200</b>	<b>293,902</b>	<b>78,702</b>
<b>Expenditures</b>				
Streets and roads	\$ 293,791	\$ 293,791	\$ 185,562	\$ 108,229
Capital outlay	-	-	24,013	(24,013)
TRAX/ParaTRAX/METS programs	-	-	1,281	(1,281)
Interest expense	-	-	-	-
<b>Total Expenditures</b>	<b>293,791</b>	<b>293,791</b>	<b>210,856</b>	<b>82,935</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(78,591)</b>	<b>(78,591)</b>	<b>83,046</b>	<b>161,637</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(78,591)</b>	<b>(78,591)</b>	<b>83,046</b>	<b>161,637</b>
<b>Fund Balance - Beginning of Year</b>	<b>56,091</b>	<b>56,091</b>	<b>56,091</b>	<b>-</b>
<b>Fund Balance - End of Year</b>	<b>\$ (22,500)</b>	<b>\$ (22,500)</b>	<b>\$ 139,137</b>	<b>\$ 161,637</b>

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

**City of Red Bluff**  
**Transportation Development Act Fund**  
NOTES TO THE FINANCIAL STATEMENTS

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Transportation Development Act (the TDA) Fund have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies are described below.

**Reporting Entity** The annual financial statements are intended to reflect the financial position, results of operations, and compliance of the TDA Fund with the laws, rules, and regulations of the Transportation Development Act. They do not present the financial position of the City of Red Bluff, (the City), California, as of June 30, 2021 and 2020, and the changes in its financial position for the years then ended in conformity with U.S. GAAP.

**Basis of Presentation** The accounts of the TDA Fund are organized and operated on the fund accounting basis and are considered to be a separate accounting entity. The operations of the TDA Fund are accounted for with a separate set of self-balancing accounts that comprise the Fund's assets, liabilities, fund equity, revenues, and expenditures.

**Measurement Focus and Basis of Accounting** The TDA Fund's financial activity is accounted for in a governmental (special revenue) fund. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pensions, and claims and judgments, are recorded only when payment is due.

**Budgets** Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Revenues are estimated and annual appropriations are adopted for the TDA Fund. All annual appropriations lapse at fiscal year end.

During late February each year, the Finance Director reviews all estimated and actual revenues, and all estimated and actual expenditures/expenses. This analysis serves two purposes: first, it indicates if the projected revenues will be adequate to finance the projected expenditures/expenses during the current fiscal year, and second, it serves as a basis for the planning of the upcoming fiscal year's budget. In estimating the revenues for the upcoming fiscal year, the Finance Director adds the prior year's fund balances that are assigned as contingency reserves to the estimated revenues. This then results in the amount of monies that can be spent. The next step is to query all departments for their schedules of proposed expenditures/expenses for the upcoming fiscal year end.

# City of Red Bluff

## Transportation Development Act Fund

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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From the estimated revenues and proposed expenditures/expenses, a proposed budget is then formulated. The proposed budget is then subjected to a line-by-line analysis by the budget committee (comprised of two council members appointed by the City Council), the Finance Director, and the City Manager. After this analysis, a final proposed budget is prepared when the Finance Director and the City Manager are fairly certain that the expenditures/expenses are reasonable and can be financed from revenues. Within 60 days of year end, the preliminary budget is adopted by the City Council.

Budget administration policies give the City Manager authority to vary from the precise budgetary appropriations within the various departments, so long as the total appropriations within each fund do not exceed the total budgeted appropriations of the fund. Budgetary adjustments which would cause the total appropriations to be exceeded are accomplished by supplemental appropriations approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the fund level.

**Cash and Cash Equivalents** The TDA Fund follows the cash and investment policies of the City. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments that are both readily convertible to known amounts of cash and (if applicable), so near (three months) their original maturity, that there is insignificant risk of value changes because of interest rate changes.

The TDA Fund's cash and investments are pooled with other City cash and investments to maximize investment opportunities and yields. Interest income earned on pooled cash and investments is allocated monthly to the TDA Fund based on cash balances.

**Investments** Investments are reported at fair value based on quoted market prices with realized and unrealized gains or losses reported in the statements of revenues, expenditures, and changes in fund balances. The State Treasurer's Investment Pool Local Agency Investment Fund operates in accordance with appropriate state laws and regulations. The reported value of the pool is materially equivalent to the fair value of the pool shares. The City's investment in this pool is presented as a cash equivalent in the accompanying financial statements.

The *California Government Code* and the investment policy of the City authorize the City to invest in obligations, participations, or other instruments of the U.S. Government or its agencies, state and municipal bonds, commercial paper of "prime" quality of the highest ranking or of the highest letter, and numerical rating as provided by Standard & Poor's Corporation or Moody's Investor Service, Inc., bankers' acceptances, repurchase agreements, the State Treasurer's Investment Pool Local Agency Investment Fund, certificates of deposit or time deposits, and passbook savings account demand deposits. Reverse repurchase agreements may be made only when prior approval of the City Council has been given.

**Interfund Transactions and Balances** During the course of operations, numerous transactions that constitute reimbursements to a fund for expenditures/expenses initially made from one fund that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. In addition, the City incurs transactions that constitute quasi-external transactions between funds. These transactions are accounted for as revenues, expenditures, or expenses in the funds involved in these transactions.

**City of Red Bluff**  
**Transportation Development Act Fund**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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All other interfund transactions are reported as transfers.

Fund transfers are necessary to properly account for cash increases/decreases in the appropriate funds. Transfers include, but are not limited to, the following:

1. To allocate funds for operations;
2. To allocate funds for equipment replacement;
3. To allocate funds for capital projects.

**Fund Balance** Fund balance is reported in various categories based upon the nature of the spending constraints of the revenue sources of these funds. The following classifications describe the relative strength of the spending constraints:

*Nonspendable Fund Balance:* Amounts that are in nonspendable form (such as loans receivable) or are required to be maintained intact.

*Restricted Fund Balance:* Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Committed Fund Balance:* Amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., council resolution). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

*Assigned Fund Balance:* Amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by the Finance Director to whom the City Council has delegated the authority.

*Unassigned Fund Balance:* Amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

**Estimates** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**City of Red Bluff**  
**Transportation Development Act Fund**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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**2. CASH AND CASH EQUIVALENTS**

The TDA Fund is unable to determine the carrying amount, bank balances, and categories of its cash and cash equivalents. Accordingly, cash and cash equivalents for the City as a whole have been presented.

Cash and cash equivalents consisted of the following:

June 30	2021	2020
Cash in banks and on hand	\$ 5,618,459	\$ 3,302,808
Umpqua Public Funds Money Market Account	1,751,301	3,250,095
Certificates of deposit	8,173,000	7,917,000
State of California - Local Agency Investment Fund (LAIF)	10,002,416	9,918,395
<b>Total Cash and Cash Equivalents</b>	<b>\$ 25,545,176</b>	<b>\$ 24,388,298</b>

There is \$170,595 and \$176,831 of cash and cash equivalents as of June 30, 2021 and 2020, respectively, in the TDA Fund.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code has provisions for financial institutions that limit custodial credit risk for deposits. Financial institutions are required to secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City's financial institutions also have insurance through the Federal Depository Insurance Corporation (FDIC). The City's investment policy has no additional provisions for limiting custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments; however, it is the practice of the City Treasurer that all investments are insured, registered or held by the Treasurer's custodial agent in the City's name.

**City of Red Bluff**  
**Transportation Development Act Fund**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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**Interest Rate Risk**

While the City's investment policy does not address interest rate risk, the City manages its exposure to interest rate risks through reliance on the managers of the Local Agency Investment Fund (LAIF) for its investment in those funds and the Finance Director and City Treasurer for the City's investment in money market accounts and certificates of deposit.

**Equity in Pooled Cash and Investment**

The City invests funds in the State Treasurer's Pooled Money Investment Account (PMIA) through LAIF, a voluntary program created by statute in 1977. The PMIA has regulatory oversight from the Pooled Money Investment Board and an in-house Investment Committee. The Local Agency Investment Advisory Board has oversight of LAIF. The fair value of the City's position in the pool is materially equivalent to the value of pool shares. LAIF is an unrated external investment pool.

In accordance with authorized investment laws, the State Treasurer's Investment Pool (LAIF) invests in various structured notes and mortgage-backed securities, such as collateralized mortgage obligations. As of June 30, 2021, 2.31% of LAIF's investment portfolio was invested in structured notes and other asset-backed securities. In addition, PMIA's weighted average maturities were 0.95 years at June 30, 2021. (Copies of a report of LAIF's investments may be obtained from the State Treasurer's Office; Local Agency Investment Fund; P. O. Box 942809; Sacramento, CA 94209-0001.)

**3. SELF-INSURANCE**

The TDA Fund participates in the City's self-insurance programs. The following information describes self-insurance programs for the City.

In January 1979, the City became a member of the Northern California Cities Workers' Compensation Fund, a Joint Powers Authority (JPA), for the purpose of providing a banking plan for member cities to provide their own workers' compensation insurance.

In July 1981, the JPA instituted a program for the provision of liability insurance. In 1987, the JPA was rewritten and renamed the Northern California Cities Self-Insurance Fund to combine and update the coverages of the plans. There has been no significant reduction in any of the insurance coverages from the prior year. Settled claims resulting from these programs have not exceeded insurance coverage in each of the past three fiscal years. The current agreement is as follows:

The Workers' Compensation Program comprises a banking or deductible layer for claims up to \$100,000 and a shared risk pool for claims from \$100,000 to \$500,000. Excess coverage is provided for claims over the shared risk layer up to the statutory limit for workers' compensation and \$5,000,000 for employers' liability. The liability program comprises a banking or deductible layer for claims up to \$50,000 and a shared risk pool for claims from \$50,000 to \$500,000. Excess coverage is provided for liability claims over the shared risk layer up to \$40,000,000.

**City of Red Bluff**  
**Transportation Development Act Fund**

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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Each member city is assessed a contribution which is intended to cover its share of the Authority's claims, operating costs, and claim settlement expenses. Contributions are based on an actuarially determined rate for each coverage layer (pool), based on an estimate of the probable losses and expenses to be borne by that pool for the claim year. Additional cash contributions may be assessed on the basis of adverse loss experience. Refunds to members may be made if funds are determined to be surplus as a result of an actuarial study.

The banking or deductible layer is the member's deductible portion of each claim. As part of its services to members, a portion of the members' contributions is used to pay their deductibles. If a member's balance is insufficient, the Authority advances the necessary amounts and bills the member in the following year. Excess balances may likewise be used to offset subsequent year contributions.

The City uses the "general fund" method to account for the costs of self-insurance. While the ultimate amount of the costs of self-insurance through June 30, 2021, is dependent on future developments, City management believes that the aggregate premiums paid to the JPA are adequate to cover the City's losses through June 30, 2021, including incurred but not reported claims (IBNRs). Claims paid for the workers' compensation and general liability programs for the fiscal year ended June 30, 2021, were \$419,687 and \$104,158, respectively.

As of June 30, 2021, the JPA reported that the City had a deficit in the workers' compensation program in the amount of (\$7,949). This amount has not been included in the governmental activities section of the City's government-wide financial statements. In addition, the JPA reported that the City had a surplus in its general liability program in the amount of \$190,676. This amount has not been included in the City's financial statements.

**4. CONTINGENT LIABILITIES**

The TDA Fund receives substantially all of its revenues from the State of California (passed through the Tehama County Transportation Commission). Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the TDA Fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**5. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2021, expenditures did not exceed appropriations in the TDA Fund.

## **COMPLIANCE SECTION**





**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and City Council  
City of Red Bluff, California

We have audited, 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, the financial statements of the Transportation Development Act (the TDA) Fund of the City of Red Bluff (the City) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the TDA Fund's basic financial statements, and have issued our report thereon dated December 6, 2021. The financial statements present only the TDA Fund, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2021 and 2020, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as it relates to the TDA Fund to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control as it relates to the TDA Fund. Accordingly, we do not express an opinion on the effectiveness of the City's internal control as it relates to the TDA Fund.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the TDA Fund's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the TDA Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

In connection with our audit referred to above, we also performed an audit for compliance with the Transportation Development Act, the *California Code of Regulations*, and the rules and regulations and allocation instructions of the Tehama County Transportation Commission, for the year ended June 30, 2021. In connection with our audit, we performed to the extent applicable, the compliance audit tasks set forth in Section 6666 of the *California Code of Regulations*. The results of performing the tasks specified in Section 6666 disclosed no instances of noncompliance with the applicable statutes, rules, and regulations of the Act and the allocation instructions and resolutions of the Tehama County Transportation Commission. In our opinion, the funds allocated to and received by the TDA Fund of the City for the year ended June 30, 2021, pursuant to the Transportation Development Act, were accounted for and expended in conformance with the Transportation Development Act, the *California Code of Regulations*, and the rules and regulations and allocation instructions of the Tehama County Transportation Commission.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and to express an opinion on the compliance of the TDA Fund with the Transportation Development Act, the *California Code of Regulations*, and the rules and regulations and allocation instructions of the Tehama County Transportation Commission, and not to provide an opinion on the effectiveness of the TDA Fund's internal control or on other compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance as it relates to the TDA Fund. Accordingly, this communication is not suitable for any other purpose.

*AGT CPAs & Advisors*

AGT CPAs & Advisors  
Redding, California  
December 6, 2021

**City of Red Bluff**  
**Transportation Development Act Fund**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2021

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**CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

None

**PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

None