

**CITY OF RED BLUFF  
TRANSPORTATION DEVELOPMENT  
ACT FUND,  
CALIFORNIA**

**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2023**

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**CITY OF RED BLUFF TRANSPORTATION DEVELOPMENT ACT FUND**  
**Annual Financial Report**  
**For the Year Ended June 30, 2023**

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## **INTRODUCTORY SECTION**

- **List of Officials**

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**CITY OF RED BLUFF TRANSPORTATION DEVELOPMENT ACT FUND**

**List of Officials**

**For the Year Ended June 30, 2023**

**City Council**

Kris Deiters	Mayor
Clay Parker	Mayor Pro Term
J.R. Gonzales	Councilmember
Patrick Hurton	Councilmember
Cody Strock	Councilmember

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## **FINANCIAL SECTION**

- **Independent Auditor's Report**
- **Basic Financial Statements**
- **Required Supplementary Information**

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Audit of the Financial Statements****Opinions**

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of Red Bluff Transportation Development Act Fund, California (the TDA Fund), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the TDA Fund as of June 30, 2023, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the TDA Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Prior Period Financial Statements**

The financial statements of the TDA Fund as of June 30, 2022 were auditing by other auditors whose report dated March 11, 2023 expressed an unmodified opinion on those statements.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the TDA Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 TDA Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the TDA Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 auditing standards 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 obtain 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

#### *Report on Summarized Comparative Information*

The financial statements include summarized prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the TDA Fund's financial statements for the year ended June 30, 2022 from which such partial information was derived.

### **Other Information**

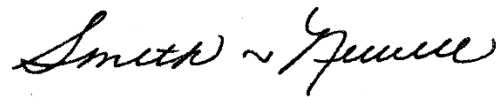
Management is responsible for the other information included in the annual report. The other information comprises the introductory section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 11, 2023, on our consideration of the TDA Fund'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 solely 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 effectiveness of the TDA Fund's 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 TDA Fund's internal control over financial reporting and compliance.



Smith & Newell CPAs  
Yuba City, California  
December 11, 2023

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## **Basic Financial Statements**

- **Government-Wide Financial Statements**

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**CITY OF RED BLUFF TRANSPORTATION DEVELOPMENT ACT FUND**

**Statement of Net Position**

**June 30, 2023**

(With Summarized Comparative Totals for June 30, 2022)

	<b>Totals</b>	
	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and investments	\$ 212,555	\$ 178,750
Receivables:		
Interest	694	111
<b>Total Assets</b>	<b>213,249</b>	<b>178,861</b>
<b>LIABILITIES</b>		
Accounts payable	6,936	7,387
<b>Total Liabilities</b>	<b>6,936</b>	<b>7,387</b>
<b>NET POSITION</b>		
Restricted for local transportation	206,313	171,474
<b>Total Net Position</b>	<b>\$ 206,313</b>	<b>\$ 171,474</b>

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

**CITY OF RED BLUFF TRANSPORTATION DEVELOPMENT ACT FUND**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

<u>Functions/Programs</u>	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:				
Transportation and streets	\$ 228,351	\$ -	260,308	\$ -
<b>Total Governmental Activities</b>	228,351	-	260,308	-
<b>Total</b>	\$ 228,351	\$ -	\$ 260,308	\$ -
<b>General revenues:</b>				
Interest and investment earnings				2,882
<b>Total General Revenues</b>				2,882
<b>Change in Net Position</b>				34,839
<b>Net Position - Beginning</b>				171,474
<b>Net Position - Ending</b>				\$ 206,313

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

**CITY OF RED BLUFF TRANSPORTATION DEVELOPMENT ACT FUND**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

<u>Functions/Programs</u>	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:				
Transportation and streets	\$ 197,536	\$ -	214,874	\$ -
<b>Total Governmental Activities</b>	197,536	-	214,874	-
<b>Total</b>	\$ 197,536	\$ -	\$ 214,874	\$ -
<b>General revenues:</b>				
Interest and investment earnings				(50)
<b>Total General Revenues</b>				(50)
<b>Change in Net Position</b>				17,288
<b>Net Position - Beginning</b>				154,186
<b>Net Position - Ending</b>				\$ 171,474

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

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## **Basic Financial Statements**

- **Fund Financial Statements**

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**CITY OF RED BLUFF TRANSPORTATION DEVELOPMENT ACT FUND**

**Balance Sheet**

**Governmental Fund**

**June 30, 2023**

(With Summarized Comparative Totals for June 30, 2022)

	<b>Totals</b>	
	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and investments	\$ 212,555	\$ 178,750
Receivables:		
Interest	694	111
<b>Total Assets</b>	<b>\$ 213,249</b>	<b>\$ 178,861</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 6,936	\$ 7,387
<b>Total Liabilities</b>	<b>6,936</b>	<b>7,387</b>
<b>FUND BALANCE</b>		
Restricted	206,313	171,474
<b>Total Fund Balance</b>	<b>206,313</b>	<b>171,474</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 213,249</b>	<b>\$ 178,861</b>

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

**CITY OF RED BLUFF TRANSPORTATION DEVELOPMENT ACT FUND**  
**Reconciliation of the Governmental Fund Balance Sheet**  
**to the Government-Wide Statement of**  
**Net Position - Governmental Activities**  
**June 30, 2023**  
(With Summarized Comparative Totals for June 30, 2022)

	<u>2023</u>	<u>2022</u>
<b>Total Fund Balance - Total Governmental Fund</b>	\$ 206,313	\$ 171,474
No adjustments were needed to reconcile the governmental funds balance sheet to the government-wide Statement of Net Position.	-	-
<b>Net Position of Governmental Activities</b>	<u>\$ 206,313</u>	<u>\$ 171,474</u>

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



**CITY OF RED BLUFF TRANSPORTATION DEVELOPMENT ACT FUND**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Governmental Fund**  
**For the Year Ended June 30, 2023**  
(With Summarized Comparative Totals for June 30, 2022)

	<b>Totals</b>	
	<b>2023</b>	<b>2022</b>
<b>REVENUES</b>		
Transportation Development Act allocations	\$ 260,308	\$ 214,874
Use of money	2,882	(50)
<b>Total Revenues</b>	263,190	214,824
<b>EXPENDITURES</b>		
Current transportation and streets:		
Streets and roads	228,351	197,269
TRAX/ParaTRAX/METS programs	-	267
<b>Total Expenditures</b>	228,351	197,536
<b>Net Change in Fund Balance</b>	34,839	17,288
<b>Fund Balance - Beginning</b>	171,474	154,186
<b>Fund Balance - Ending</b>	\$ 206,313	\$ 171,474

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

**CITY OF RED BLUFF TRANSPORTATION DEVELOPMENT ACT FUND**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balance of the Governmental Fund to the**  
**Government-Wide Statement of Activities - Governmental Activities**  
**For the Year Ended June 30, 2023**  
(With Summarized Comparative Totals for June 30, 2022)

	<b>2023</b>	<b>2022</b>
<b>Net Change in Fund Balance - Total Governmental Fund</b>	\$ 34,839	\$ 17,288
No adjustments were needed to reconcile the net change in fund balance to the change in net position.	-	-
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 34,839</b>	<b>\$ 17,288</b>

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

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## **Basic Financial Statements**

- **Notes to Basic Financial Statements**

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# **CITY OF RED BLUFF TRANSPORTATION DEVELOPMENT ACT FUND**

## **Notes to Basic Financial Statements**

**For the Year Ended June 30, 2023**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

The Transportation Development Act Fund (the TDA Fund) is a fund of the City of Red Bluff responsible for revenue and expenditures of Local Transportation Fund allocations from the Tehama County Transportation Commission.

The financial statements are intended to present the financial position and results of operations of only the transactions attributable to the Transportation Development Act Fund. They are not intended to present the financial position, results of operations of the City of Red Bluff taken as a whole.

The Transportation Development Act Fund is presented as a special revenue fund within the City of Red Bluff financial statements.

#### **B. Basis of Presentation**

##### **Government-Wide Financial Statements**

The Statement of Net Position and Statement of Activities display information on all the activities of the TDA Fund. These statements include the financial activities of the TDA Fund. These statements report the governmental activities of the TDA Fund, which are normally supported by revenues. The TDA Fund had no business-type activities at June 30, 2023.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the TDA Fund's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

##### **Fund Financial Statements**

Fund financial statements provide information about the TDA Fund. The fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. The fund of the TDA Fund is organized into the governmental category and treated as a major fund.

The TDA Fund reports the following major governmental fund:

- The Transportation Development Act Fund is a special revenue fund used to account for local transportation activities. Funding comes primarily from local transportation fund allocations.

# CITY OF RED BLUFF TRANSPORTATION DEVELOPMENT ACT FUND

## Notes to Basic Financial Statements

For the Year Ended June 30, 2023

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Basis of Accounting and Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the TDA Fund gives (or receives) value without directly receiving (or giving) equal value in exchange, include sales tax, grants, entitlements, and donations. Under the accrual basis, revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Sales taxes, interest, and certain state and federal grants are considered susceptible to accrual and are accrued when their receipt occurs within ninety days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

#### D. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide Statement of Net Position.

#### E. Investments

The TDA Fund pools all cash and investments with the City of Red Bluff. The TDA Fund's share in the pool is displayed in the accompanying financial statements as cash and investments.

Participant's equity in the investment pool is determined by the dollar amount of participants deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums and realized capital gains and losses, net of administrative fees, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements as unrealized gains and losses are not apportioned to pool participants.

#### F. Receivables

Receivables consist mainly of use of money allocations. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

#### G. Inventory

Inventories are recorded as expenditures at the time the inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

# CITY OF RED BLUFF TRANSPORTATION DEVELOPMENT ACT FUND

## Notes to Basic Financial Statements

For the Year Ended June 30, 2023

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### H. Compensated Absences and Other Postemployment Benefits

The TDA Fund does not have employees and consequently does not provide compensated absences or other postemployment benefits.

#### I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. At June 30, 2023, the TDA Fund did not have any deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2023, the TDA Fund did not have any deferred inflows of resources.

#### J. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### K. Implementation of Governmental Accounting Standards Board (GASB) Statements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

**Statement No. 91**, Conduit Debt Obligations. This statement improves the comparability of financial reporting for issuers by eliminating the option to recognize a liability for a conduit debt obligation.

**Statement No. 94**, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions.

**Statement No. 96**, Subscription-Based Information Technology Arrangements. This statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The definition and uniform guidance will result in greater consistency in practice.

**Statement No. 99**, Omnibus 2022. This statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

**CITY OF RED BLUFF TRANSPORTATION DEVELOPMENT ACT FUND**

**Notes to Basic Financial Statements**

**For the Year Ended June 30, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. Future Accounting Pronouncements**

The following GASB Statements will be implemented, if applicable, in future financial statements:

Statement No. 99 “Omnibus 2022” The requirements of this statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023. (FY 23/24)

Statement No. 100 “Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62” The requirements of this statement are effective for fiscal years beginning after June 15, 2023. (FY 23/24)

Statement No. 101 “Compensated Absences” The requirements of this statement are effective for fiscal years beginning after December 15, 2023. (FY 24/25)

**NOTE 2: CASH AND INVESTMENTS**

**A. Financial Statement Presentation**

As of June 30, 2023, the TDA Fund’s cash and investments consisted of the following:

Cash and Investments:

City of Red Bluff Investment Pool	\$ 212,555
Total Cash and Investments	<u>\$ 212,555</u>

**B. Cash**

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Commission will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The TDA Fund and City comply with the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of public funds.

**C. Investments**

The TDA Fund does not have a formal investment policy. At June 30, 2023, all investments of the TDA Fund were in the City of Red Bluff investment pool. Under the provisions of the City’s investment policy and the California Government Code, the City may invest or deposit in the following:

- Local Agency Investment Fund (LAIF)
- United States Treasury Obligation
- United States Agency Obligations
- Registered California State Warrants/Treasury Notes and Bonds
- Bankers’ Acceptance
- Repurchase Agreements
- Certificates of Deposit or Time Deposits
- Passbook Savings Account Demand Deposits
- Commercial Paper



**CITY OF RED BLUFF TRANSPORTATION DEVELOPMENT ACT FUND**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

**C. Investments (Continued)**

Fair Value of Investments - The TDA Fund measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

The TDA Fund's position in external investment pools is in itself regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the TDA Fund's investments in external investment pools are not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2023, the TDA Fund had the following recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
None	\$ -	\$ -	\$ -	\$ -
Total Investments Measured at Fair Value	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Investments in External Investment Pool				
City of Red Bluff Investment Pool	<u>212,555</u>			
Total Investments	<u>\$ 212,555</u>			

**Interest Rate Risk** - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses resulting from increases in interest rates, the City's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the City to meet all projected obligations.

**Credit Risk** - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy sets specific parameters by type of investment to be met at the time of purchase. As of June 30, 2023, the TDA Fund's investments were all held with the City of Red Bluff Investment Pool which is not rated by a nationally recognized statistical rating organization.

**Custodial Credit Risk** - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the TDA Fund will not be able to recover its deposits or collateral securities that are in the possession of an outside party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools.

# CITY OF RED BLUFF TRANSPORTATION DEVELOPMENT ACT FUND

## Notes to Basic Financial Statements

For the Year Ended June 30, 2023

### NOTE 2: CASH AND INVESTMENTS (CONTINUED)

#### C. Investments (Continued)

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the TDA Fund's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law and the investment policy of the City contain limitations on the amount that can be invested in any one issuer. All investments of the TDA Fund were in the City of Red Bluff Investment Pool which contains a diversification of investments.

### NOTE 3: NET POSITION

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

#### Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

### NOTE 4: FUND BALANCE

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the TDA Fund is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can be made up of the following:

- **Non-spendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**CITY OF RED BLUFF TRANSPORTATION DEVELOPMENT ACT FUND**

**Notes to Basic Financial Statements**

**For the Year Ended June 30, 2023**

**NOTE 4: FUND BALANCE (CONTINUED)**

- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the TDA Fund’s highest level of decision-making authority. The City Council is the highest level of decision-making authority for the TDA Fund that can, by Council action, commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the TDA Fund’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the negative residual amount when expenditures incurred exceed the amounts that are restricted, committed, or assigned.

The fund balance for the governmental fund as of June 30, 2023, was distributed as follows:

	<u>Total</u>
<b>Restricted for:</b>	
Local Transportation	\$ 206,313
Total Restricted	<u>\$ 206,313</u>

**Fund Balance Flow Assumption**

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balance Policy**

The TDA Fund follows the fund balance policy of the City which establishes procedures for reporting fund balance classifications and establishes a hierarchy for fund balance expenditures.

**NOTE 5: RISK MANAGEMENT**

The TDA Fund is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The TDA Fund is covered under the City of Red Bluff’s risk management programs.

**CITY OF RED BLUFF TRANSPORTATION DEVELOPMENT ACT FUND**

**Notes to Basic Financial Statements**

**For the Year Ended June 30, 2023**

**NOTE 6: OTHER INFORMATION**

**A. 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 to 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.

**B. Subsequent Events**

Management has evaluated events subsequent to June 30, 2023 through December 11, 2023, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

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**Required Supplementary Information  
(Unaudited)**

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**CITY OF RED BLUFF TRANSPORTATION DEVELOPMENT ACT FUND**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Transportation Development Act allocations	\$ 215,000	\$ 215,000	\$ 260,308	\$ 45,308
Use of money	200	200	2,882	2,682
<b>Total Revenues</b>	<u>215,200</u>	<u>215,200</u>	<u>263,190</u>	<u>47,990</u>
<b>EXPENDITURES</b>				
Current transportation and streets:				
Streets and roads	<u>348,020</u>	<u>348,020</u>	<u>228,351</u>	<u>119,669</u>
<b>Total Expenditures</b>	<u>348,020</u>	<u>348,020</u>	<u>228,351</u>	<u>119,669</u>
<b>Net Change in Fund Balances</b>	(132,820)	(132,820)	34,839	167,659
<b>Fund Balances - Beginning</b>	<u>171,474</u>	<u>171,474</u>	<u>171,474</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u><u>\$ 38,654</u></u>	<u><u>\$ 38,654</u></u>	<u><u>\$ 206,313</u></u>	<u><u>\$ 167,659</u></u>

**CITY OF RED BLUFF TRANSPORTATION DEVELOPMENT ACT FUND**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Transportation Development Act allocations	\$ 215,000	\$ 215,000	\$ 214,874	\$ (126)
Use of money	200	200	(50)	(250)
<b>Total Revenues</b>	<u>215,200</u>	<u>215,200</u>	<u>214,824</u>	<u>(376)</u>
<b>EXPENDITURES</b>				
Current transportation and streets:				
Streets and roads	268,650	268,650	197,269	71,381
TRAX/ParaTRAX/METS programs	-	-	267	(267)
<b>Total Expenditures</b>	<u>268,650</u>	<u>268,650</u>	<u>197,536</u>	<u>71,114</u>
<b>Net Change in Fund Balances</b>	(53,450)	(53,450)	17,288	70,738
<b>Fund Balances - Beginning</b>	<u>154,186</u>	<u>154,186</u>	<u>154,186</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u><u>\$ 100,736</u></u>	<u><u>\$ 100,736</u></u>	<u><u>\$ 171,474</u></u>	<u><u>\$ 70,738</u></u>



**CITY OF RED BLUFF TRANSPORTATION DEVELOPMENT ACT FUND**  
**Required Supplementary Information**  
**Note to Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2023**

**NOTE 1: BUDGETARY BASIS OF ACCOUNTING**

Formal budgetary integration is employed as a management control device during the year. The TDA Fund presents a comparison of annual budget to actual results for the major special revenue fund. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The following procedures are performed by the TDA Fund in establishing the budgetary data reflected in the financial statements:

- (1) The City Manager submits to the City Council a recommended draft budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.
- (2) The City Council reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Council also conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (3) Prior to July 1, the budget is adopted through the passage of a resolution.
- (4) From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as recommended expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during the fiscal year.

The TDA Fund does not use encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

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**OTHER REPORT**

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**INDEPENDENT AUDITOR'S 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 AND THE RULES AND  
REGULATIONS OF THE TRANSPORTATION DEVELOPMENT ACT**

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

We have audited, in accordance with the 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 and the applicable fiscal audit requirements of the Transportation Development Act including the California Code of Regulations Title 21, Section 6666, the financial statements of the governmental activities and the major fund of the Transportation Development Act Fund (the TDA Fund) of the City of Red Bluff, California, as of and for the year ended June 30, 2023, 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 11, 2023.

**Report on Internal Control Over Financial Reporting**

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

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 and significant deficiencies may exist that were not identified.

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

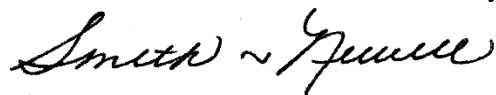
### **Report on Compliance and Other Matters**

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 financial statements. 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, 2023. 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 666 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, 2023, 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 not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Smith & Newell CPAs  
Yuba City, California  
December 11, 2023