

**COUNTY OF SHASTA  
TRANSPORTATION DEVELOPMENT ACT ACTIVITIES**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**



WEALTH ADVISORY | OUTSOURCING  
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**COUNTY OF SHASTA  
TRANSPORTATION DEVELOPMENT ACT ACTIVITIES**

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## INDEPENDENT AUDITORS' REPORT

Board of Supervisors  
County of Shasta  
Redding, California

### Report on the Financial Statements

We have audited the financial statements of the Transportation Development Act activities allocated to the County of Shasta (County) for transit and non-transit purposes as of and for the year ended June 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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 opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Transportation Development Act activities allocated to the County of Shasta for transit and non-transit purposes as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of a Matter**

As discussed in Note 1, the financial statements present only the Transportation Development Act activities allocated to the County of Shasta for transit and non-transit purposes and do not purport to, and do not, present fairly the financial position of the County of Shasta, as of June 30, 2021, the changes in its financial position, or where applicable, its cash flows for the year 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 Matters**

#### Required Supplementary Information

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 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.

#### Prior Year Comparative Information

We have previously audited the County's Transportation Development Act Activities 2020 financial statements, and we expressed unmodified opinions on our report dated January 7, 2021. In our opinion, the summarized comparative information presented here in as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021 on our consideration of the County'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 County'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 County's internal control over financial reporting and compliance.

*CliftonLansonAllen LLP*

Roseville, California  
November 19, 2021

**COUNTY OF SHASTA  
TRANSPORTATION DEVELOPMENT ACT ACTIVITIES**

Road Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the Year Ended June 30, 2021  
(With Summarized Financial Information for the Year Ended June 30, 2020)

	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>		
Article 8, Section 99400(a)	\$ 2,449,622	\$ 2,652,960
Investment income	7,356	7,733
	<b>2,456,978</b>	<b>2,660,693</b>
<b>Expenditures</b>		
Engineering, maintenance & administration	2,456,978	2,660,693
	<b>2,456,978</b>	<b>2,660,693</b>
<b>Changes in Fund Balance</b>	-	-
<b>Fund Balance, Beginning of the Year</b>	-	-
<b>Fund Balance, End of the Year</b>	\$ -	\$ -

**COUNTY OF SHASTA  
TRANSPORTATION DEVELOPMENT ACT ACTIVITIES**

Transit Fund  
Statement of Net Position  
June 30, 2021  
(With Summarized Financial Information as of June 30, 2020)

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current Assets:		
Due from other governmental agencies	\$ 812,312	\$ 516,107
Total Current Assets	812,312	516,107
<b>Liabilities</b>		
Current Liabilities:		
Accounts Payable	-	453
Due to LTF and STA	638,081	380,146
Due to other governmental agencies	174,231	135,508
Total Current Liabilities	812,312	516,107
<b>Net Position</b>		
Unrestricted	\$ -	\$ -
Total Net Position	\$ -	\$ -

**COUNTY OF SHASTA  
TRANSPORTATION DEVELOPMENT ACT ACTIVITIES**

Transit Fund  
Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended June 30, 2021  
(With Summarized Financial Information for the Year Ended June 30, 2020)

	<b>2021</b>	<b>2020</b>
<b>Operating Revenues:</b>		
Fare revenues	\$ 11,682	\$ 13,986
 <b>Operating Expenses:</b>		
Purchased transportation	697,053	649,068
Administration	3,845	4,156
Total Operating Expenses	700,898	653,224
Operating income (loss)	(689,216)	(639,238)
 <b>Non-Operating Revenues:</b>		
Investment expense	(3,732)	(3,026)
FTA operating assistance	692,948	642,264
Total Non-Operating Revenues	689,216	639,238
 <b>Change in Net Position</b>	-	-
<b>Net Position - Beginning</b>	-	-
<b>Net Position - Ending</b>	\$ -	\$ -

**COUNTY OF SHASTA  
TRANSPORTATION DEVELOPMENT ACT ACTIVITIES**

Transit Fund  
Statement of Cash Flows  
(With Summarized Financial Information for the Year Ended June 30, 2020)

	2021	2020
<b>Cash Flows from Operating Activities:</b>		
Fare revenues	\$ 11,682	\$ 13,986
Payments to suppliers	(662,628)	\$ (707,184)
Net Cash Provided (Used) by Operating Activities	(650,946)	\$ (693,198)
<b>Cash Flows from Investing Activities:</b>		
Investment income (expense)	(3,732)	\$ (3,026)
Net Cash Provided (Used) by Investing Activities	(3,732)	\$ (3,026)
<b>Cash Flows from Non-Capital Financing Activities:</b>		
FTA/STA Operating Grants	396,743	\$ 368,449
Transfers from Other Funds	257,935	\$ 327,775
Net Cash Provided by Non-Capital Financing Activities	654,678	\$ 696,224
Net Increase (Decrease) in Cash and Cash Equivalents	-	\$ -
Cash and Cash Equivalents at Beginning of Year	-	\$ -
Cash and Cash Equivalents at End of Year	\$ -	\$ -
Reconciliation of operating loss to net cash provided (used) by operating activities:		
Operating income	\$ (689,216)	\$ (639,239)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Accounts Payable	(453)	\$ 453
Due to Other Governments	38,723	\$ (54,412)
Net Cash Provided (Used) by Operating Activities	\$ (650,946)	\$ (693,198)



**COUNTY OF SHASTA**  
**TRANSPORTATION DEVELOPMENT ACT ACTIVITIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

The financial statements of the Transportation Development Act (TDA) activities of the County of Shasta (County) are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The County applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

**A. The Reporting Entity**

The Transportation Development Act (TDA) Road Fund is a special revenue fund used to report the TDA funds that will be expended on street and road projects within the County of Shasta. The Transit Fund was established during fiscal year 1993/94 to operate the County's rural transit services and to account for the TDA funds received to support it. The Redding Area Bus Authority has been contracted to provide the services.

The financial statements of the Road Fund and Transit Fund are included in the basic financial statements of the County. These statements present only the TDA Road Fund's revenues and expenditures pertaining to Article 8, Section 99400(a), and Article 3, Section 99233.3 of the Public Utilities Code recorded in the Road Fund. These statements present only the Transit Fund and a portion of the activities of the Road Fund and they do not purport to, and do not, present fairly the financial position of the County of Shasta as of June 30, 2021, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**B. Basis of Presentation**

The TDA activities recorded in the Road Fund of the County are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction 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. A sixty-day availability period is used for revenue recognition for governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

The TDA activities recorded in the Transit Fund of the County are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Proprietary funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as refunds and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses include the cost of operations, administrative expenses, operating expenses, and depreciation.

**COUNTY OF SHASTA**  
**TRANSPORTATION DEVELOPMENT ACT ACTIVITIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**C. Cash in County Treasury**

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County. The County pools idle cash from all funds for the purpose of increasing income through investment activities. Cash deposits are stated at cost, which approximates fair value. Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 40. Investment income is recorded as revenue in the individual funds based on the computed average interest rate of all investments and the average daily cash balance of each fund.

**D. Net Position**

In the Statement of Net Position, Net Position may be classified in the following categories:

*Restricted Net Position* – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

*Unrestricted Net Position* – This amount is all net position that do not meet the definition of "net investment in capital assets" or "restricted net position" as defined above.

**E. Use of Estimates**

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**F. Reclassifications**

Certain prior year balances have been reclassified to conform to current year presentation. These reclassifications had no effect on reported net position.

**COUNTY OF SHASTA  
TRANSPORTATION DEVELOPMENT ACT ACTIVITIES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2: CASH AND INVESTMENTS**

All of the cash and investments of the TDA activities are maintained in the Shasta County Treasury. The County follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents. Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on the aggregate daily cash balances.

The pooled treasury has regulatory oversight from the Shasta County Treasury Oversight Committee in accordance with California Government Code requirements. The fair value of the position of the TDA activities in the pool is materially equivalent to the value of pool shares.

The cash and investments of the Transit Fund as of June 30, 2021, is displayed on the balance sheet as follows:

Cash and investments	<u>\$ -</u>
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Concentration of Credit Risk – As noted above, 100% of the investments of the TDA activities are maintained in the Shasta County Treasury.

The TDA activities are unable to determine the investment types, investment maturities, interest rate risk, credit risk, investment ratings and custodial risk.

Copies of the County of Shasta financial statements may be obtained from the County of Shasta at 1450 Court Street, Room 238, Redding, California 96001.

**NOTE 3: DUE FROM OTHER GOVERNMENTAL AGENCIES**

Due from other governmental agencies includes \$812,312 from the State of California Department of Transportation and the Redding Area Bus Authority.

**NOTE 4: DUE TO PRIMARY GOVERNMENT**

Due to Primary Government is \$638,081, which is short term financing until accrued revenues are received.

**NOTE 5: DUE TO OTHER GOVERNMENTAL AGENCIES**

Due to other governmental agencies is \$174,231, which is due to Redding Area Bus Authority at fiscal year-end.

**COUNTY OF SHASTA  
TRANSPORTATION DEVELOPMENT ACT ACTIVITIES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6: FARE REVENUE RATIO**

The Transit Fund is required under the Transportation Development Act to maintain fare revenue to operating expenses ratio of at least 10% for the transit services. The calculation of the fare revenue ratio for the year ended June 30, 2021 is as follows:

Fare Revenues	<u>\$</u>	11,682
Operating Expenses	<u>\$</u>	230,953
Fare Revenue Ratio		5.06%

Although not in compliance with the minimum fare box recovery ratio mandated, the Transit Fund is exploring options to achieve compliance. These options include but are not limited to increasing local support or claiming LTF funds under Article 8.

**NOTE 7: COMPLIANCE REQUIREMENTS OF LOCAL TRANSPORTATION FUNDS**

The TDA is defined commencing at Chapter 4 of the California Public Utilities Code Section 99200. Funds received pursuant to Section 99233.3 of the TDA (Article 3) may only be used for bicycle and pedestrian projects. Funds received pursuant to Section 99400(a) of the TDA (Article 8(a)) may only be used for local streets and roads and projects which are for use by pedestrians and bicycles.

**NOTE 8: COMMITMENTS AND CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

**NOTE 9: RISK MANAGEMENT**

The TDA activities are exposed to various risks of loss related to torts; theft of, damage to, and distribution of assets; errors and omissions; and natural disasters.

Because of the close relationship between the TDA activities and the County of Shasta, the liability coverage for the TDA activities are provided by the County's insurance policies. Complete information on risk management can be found in the County of Shasta's audited financial statements.

## **OTHER REPORTS**



**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 AND COMPLIANCE WITH THE TRANSPORTATION DEVELOPMENT ACT, THE CALIFORNIA ADMINISTRATIVE CODE, AND THE RULES AND REGULATIONS OF THE SHASTA REGIONAL TRANSPORTATION AGENCY**

Board of Supervisors  
County of Shasta  
Redding, 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 activities allocated to the County of Shasta (County) for transit and non-transit purposes as of and for the year ended June 30, 2021, and the related notes to the financial statements and have issued our report thereon dated November 19, 2021. The financial statements present only the Transportation Development Act activities allocated to the County for transit and non-transit purposes and are not intended to present fairly the financial position and results of operations of the County of Shasta 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 County'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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 entity'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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements of the Transportation Development Act activities allocated to the County of Shasta for transit and non-transit purposes 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 Administrative Code, and the rules and regulations and allocation instructions of the Shasta Regional Transportation Agency, for the year ended June 30, 2021. In connection with our audit, we performed, to the extent applicable, the compliance tasks set forth in Section 6666 and 6667 of the rules and regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code of 1987. 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.

**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 County'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.



Roseville, California  
November 19, 2021