

# **Redding Area Bus Authority**

A Component Unit of the  
City of Redding  
Redding, California

***Comprehensive Annual Financial Report***

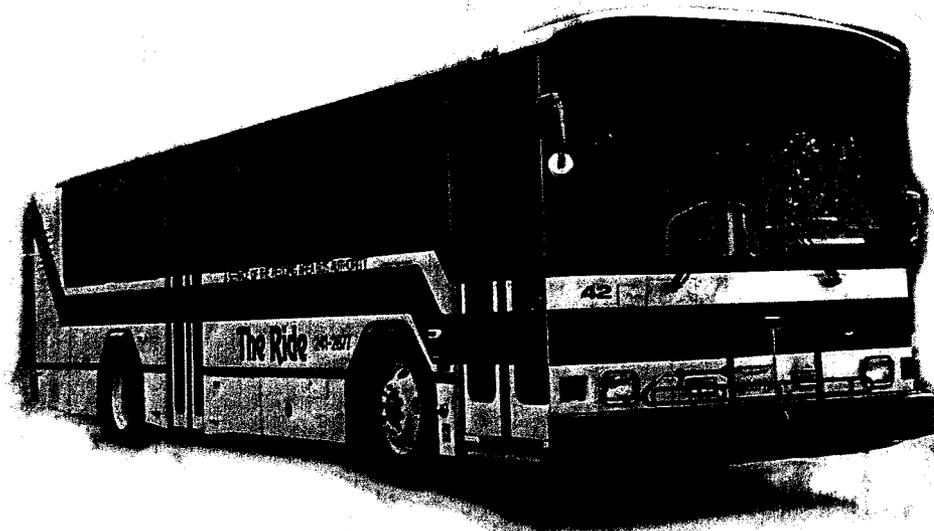
***For the years ended June 30, 2006 and 2005***

**Issued by the Finance Division  
Stephen W. Strong  
Finance Officer**

**Redding Area Bus Authority**  
**Comprehensive Annual Financial Report**  
**For the year ended June 30, 2006, and 2005**

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# INTRODUCTORY SECTION



December 20, 2006

Honorable Chairman and Members  
of the Board of Directors  
Redding Area Bus Authority  
Redding, California

Honorable Members:

In accordance with State and local statutes, the Redding Area Bus Authority (RABA) hereby submits the Comprehensive Annual Financial Report for the year ended June 30, 2006. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Caporicci & Larson, Certified Public Accountants, have issued an unqualified ("clean") opinion on RABA's financial statements for the year ended June 30, 2006. In addition to meeting the requirements set forth in the RABA Joint Powers Agreement, the audit was also designed to meet the requirements of the Transportation Development Act.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

## **- PROFILE OF THE REDDING AREA BUS AUTHORITY -**

RABA is a component unit in the City of Redding's comprehensive annual financial report. The City provides accounting and administrative staff to RABA. Five members of the Redding City Council, one member of the Shasta County Board of Supervisors, one member of the Anderson City Council, and one member of the Shasta Lake City Council serve on RABA's Board of Directors.

RABA was formed in 1976 by a joint powers agreement (JPA) between the City of Redding and the County of Shasta to provide public transportation services within the Greater Redding Area. Between 1976 and 1981, RABA conducted in-depth studies to determine the type of system that would provide the most cost effective service for the community. RABA began fixed route and demand response public transportation service in November 1981.

RABA currently provides fixed route service using twenty 35-foot Gillig Phantom buses. RABA also uses fifteen 23-foot vans to provide demand response service in compliance with the Americans with Disabilities Act (ADA).

The Joint Powers Agreement between the City of Redding and the County of Shasta was amended effective January 1, 1998, to include the City of Anderson and City of Shasta Lake.

In 2006 RABA provided approximately 680,000 fixed route trips, or about 57,000 per month. The demand response system provided approximately 71,000 trips, or about 6,000 per month.

The Board is required to adopt a final budget by no later than the close of the fiscal year. This biennial budget serves as the foundation for RABA's financial planning and control.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical, and supplemental. The supplemental section includes the Independent Auditors' Report on Compliance with the Transportation Development Act (TDA).

This report presents the financial activity and position of RABA. The financial reporting entity (the government) includes the only fund of RABA, which is a component unit of the City of Redding. Component units are legally separate entities for which the primary government is financially accountable. RABA has no component units.

- ECONOMIC CONDITION AND OUTLOOK -

The Redding Area Bus Authority's service area centers on Redding, county seat of Shasta County, located at the northern end of the Sacramento Valley, approximately 150 miles north of Sacramento. Redding is a major trade, recreational, and regional center of commerce for several Northern California counties, as evidenced by its many facilities. Support for retail sales is derived from a retail trade area population of approximately 181,000 in the primary trade area and approximately 250,000 in the secondary trade area. The primary trade area consists of the metropolitan urban area, including the cities of Redding, Anderson, and Shasta Lake. The secondary trade area contains the areas of Shasta, Trinity and Tehama counties.

Extracting timber and the processing of wood by-products, together with agriculture, tourism, and government, have historically been the major sectors of employment in the Redding area. Over the last decade, the area's economic base has diversified to a regional services economy supported by a wide variety of retail and wholesale trade plus medical, educational, recreational, and government services for an area covering several counties.

According to the California Employment Development Department, the unemployment rate for the Redding urban area was 6.3% in June 2006.

Since 1990, the City's population has grown at approximately 2% per year. The City's population of 89,973 has increased 11.3% over the 2000 U.S. Census tabulation and represents approximately 50% of Shasta County's population. The following table indicates population growth for Redding and Shasta County from 1970 to 2006:

Year	<u>City of Redding</u>		<u>Shasta County</u>	
	Population	Annualized Percentage Change Over Interval	Population	Annualized Percentage Change Over Interval
1970	16,659	3.04%	77,640	9.67%
1980	41,995	15.21%	119,449	5.38%
1990	66,462	5.83%	147,036	2.31%
2000	80,865	2.17%	163,256	1.10%
2001	82,543	2.08%	165,669	1.48%
2002	84,560	2.44%	169,200	2.13%
2003	85,700	1.35%	172,000	1.60%
2004	87,280	1.84%	175,705	2.15%
2005	88,459	1.35%	178,197	1.21%
2006	89,973	1.71%	181,368	1.78%

Source: 1970-2000 data from U.S. Census; 2001-2006 data from the California State Department of Finance as of January 1.

## - MAJOR INITIATIVES -

### Passenger Amenities for the Year 2007

Work is in progress to place additional bus benches throughout RABA's service area using Federal monies. All improvements and acquisitions of equipment are in conformance with the Redding Area Bus Authority's Short- and Long-Range Master Transit Plan.

### Maintenance Facility Improvements

The design component for the Maintenance Facility improvements is underway and expected to be completed at the end of 2006. Improvements had been programmed to begin in 2004-05; however, they were postponed due to funding uncertainties. Construction is anticipated to begin in 2007 with completion scheduled for the end of the year. Improvements will include additional maintenance bays, parking areas for employees and the transit fleet, landscape features, and a vehicle vacuum area that will house additional components. The project will be funded primarily with Federal monies, with a local match.

### Short- and Long-Range Transit Plan Update

The Shasta County Regional Transportation Planning Agency (RTPA) funded a short- and long-term transit plan for RABA's existing service area utilizing Federal Transit Administration planning dollars. A consultant has been retained to develop the plan. The transit plan was scheduled for completion in late 2006; however, due to a revision of work tasks, the completion is now scheduled for the summer of 2007.

### Equipment Improvements

A radio upgrade is scheduled to be completed by the end of 2006. This upgrade is to update equipment and enhance communication with the law enforcement to meet Homeland Security objectives. The GFI electronic farebox upgrade was completed at the end of June. This upgrade provided enhanced computer capabilities taking RABA from a DOS to Windows environment. The upgrade also extended the useful life of the equipment another ten years. The equipment was originally purchased in 1995.

- AWARDS AND ACKNOWLEDGEMENTS -

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to RABA for its component unit financial report for the fiscal year ended June 30, 2005. This was the 19th consecutive year RABA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized component unit financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

I extend my thanks and appreciation for the cooperation and assistance provided by the members of the Redding Area Bus Authority's Board of Directors for their interest and support in conducting the financial operations of RABA in a responsible and progressive manner. Special recognition is also due to RABA's administrative staff, especially Ray Duryee, Municipal Utility Manager, Sue Hanson, Traffic Engineer Planner and the contract service provider who made this presentation possible. In addition, I would like to extend a special thanks and recognition to Mark Haddad, Senior Accountant, who was primarily responsible for the preparation of the financial report. It is their combined effort that enabled the timely issuance of this report and continued provision of a quality transportation service product.

Very truly yours,



Stephen W. Strong  
Finance Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Redding Area Bus Authority  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Ronald J. Harner".

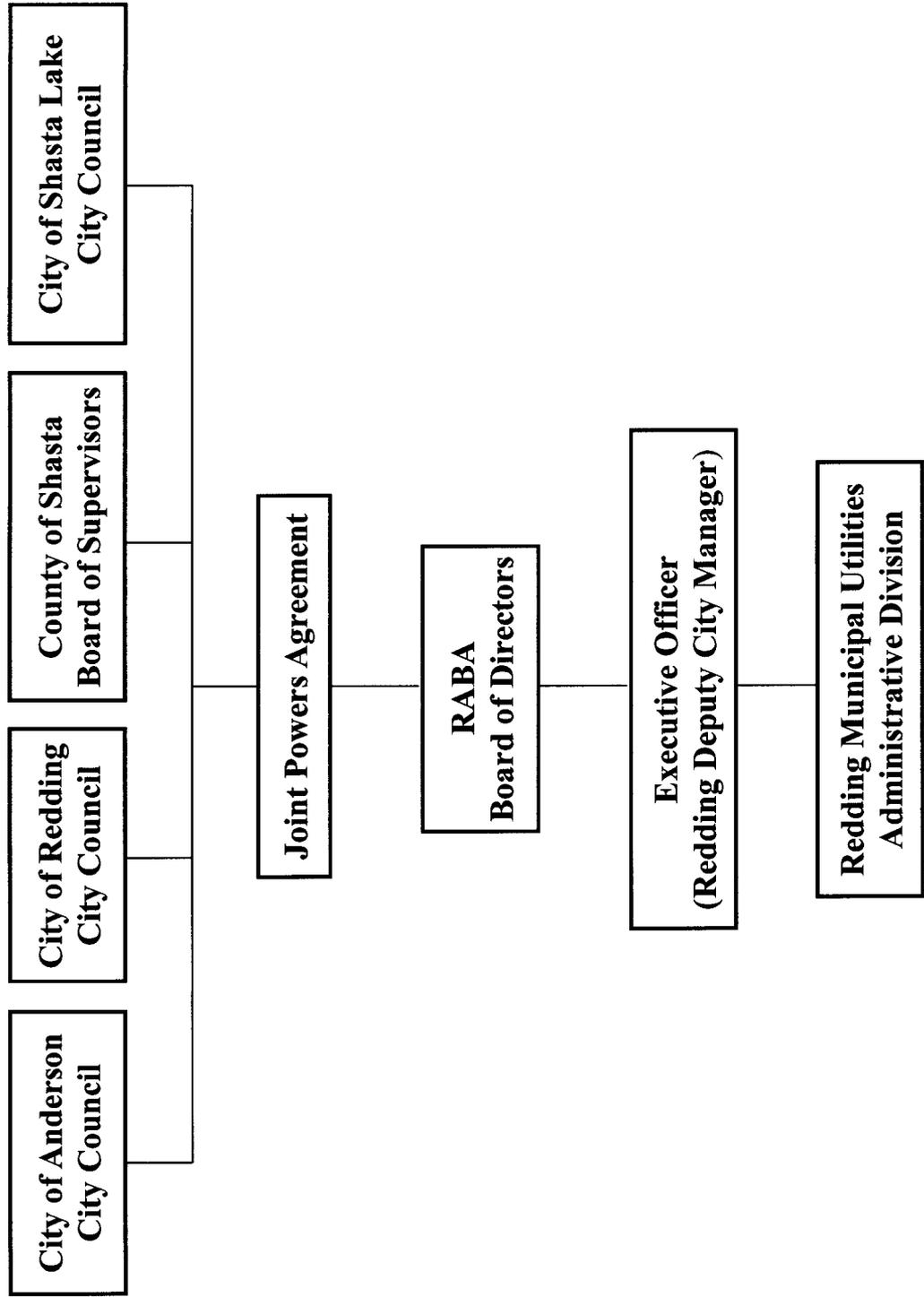
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

# REDDING AREA BUS AUTHORITY

## Organization Chart



**REDDING AREA BUS AUTHORITY OFFICIALS**

**Board of Directors**

Dick Dickerson.....Chairperson  
Norma Connick..... Vice Chairperson  
Ken Murray ..... Director  
Dean Goekler..... Director  
David Kehoe..... Director  
John Mathena ..... Director  
Michael J. Pohlmeier ..... Director  
Mary Stegall..... Director

**Administrative Personnel**

Michael Warren..... City Manager  
Randy Bachman..... Deputy City Manager  
Ray Duryee ..... Transportation Manager  
Rick Duvernay ..... City Attorney  
Connie Strohmayer..... City Clerk  
Allyn F. Clark ..... City Treasurer  
Stephen W. Strong ..... Finance Officer  
Sue Hanson..... Staff  
Mark Haddad..... Staff  
Sam Hewitt..... Staff



# FINANCIAL SECTION



## INDEPENDENT AUDITORS' REPORT

To the Honorable Chairman and Members of the Board of Directors  
of the Redding Area Bus Authority  
Redding, California

We have audited the accompanying financial statements of the Redding Area Bus Authority (RABA), a component unit of the City of Redding, as of and for the year ended June 30, 2006, which collectively comprise RABA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of RABA's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of June 30, 2005, were audited by other auditors whose report dated November 4, 2005, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards in the United States 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 basic financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the basic financial statements, RABA adopted Statement of the Governmental Accounting Standards Board No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*, No. 44, *Economic Condition Reporting: The Statistical Section (an amendment of MCGA Statement 1)*, and No. 46, *Net Assets Restricted by Enabling Legislation*.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of RABA as of June 30, 2006, and the respective changes in financial position for the year then ended in conformity with generally accepted accounting principles in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2006 on our consideration of RABA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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San Diego, California 92111

To the Honorable Chairman and Members of the Board of Directors  
of the Redding Area Bus Authority  
Redding, California  
Page 2

The Required Supplementary Information, as listed in the foregoing table of contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This Required Supplementary Information is the responsibility of the management of RABA. This Required Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the basic financial statements taken as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Capricci & Carlson*

Oakland, California  
November 3, 2006

## Management's Discussion and Analysis

As management of the Redding Area Bus Authority (RABA), we offer readers of RABA's financial statements this narrative overview and analysis of the financial activities of RABA for the fiscal year ending June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which begins on page 1 of this report

### Financial Highlights

- The assets of RABA exceeded liabilities at the close of the fiscal year by \$8.9 million (*net assets*). This was a decline of \$500,000 from the previous year and is entirely due to depreciation which is not funded. Typically, new capital purchases are paid from capital grants and that is why depreciation is not funded.
- Fixed Route ridership continued to decline this year. Ridership declined by almost 20,000 riders (2.8 percent); however the Demand Response grew by 6.9%. Overall operating revenues increased by \$97,000 (15 percent) during the year. These revenue changes and ridership decline were due to a significant fare increase enacted in October 2005.
- Operating expenses increased by \$260,000 (5.2 percent) during the year. This increase was primary due to increases in purchased transportation as well as fuel and oil expenses.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to RABA's basic financial statements. RABA's basic financial statements are comprised of four components: 1) statement of net assets, 2) statement of revenues, expenses and changes in net assets, 3) statements of cash flows, and 4) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

RABA, like other government agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. RABA is comprised of a single proprietary fund. A proprietary fund operates by charging its customer a fee for the service provided (*operating revenue*), like a typical business enterprise. A proprietary fund may also receive revenue from governmental agencies as grants or support (*non-operating revenue*). These *basic financial statements* are designed to provide readers with a broad overview of RABA's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of RABA's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of RABA is improving or deteriorating.

The *statement of revenues, expenses and changes in net assets* presents information showing how RABA's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accounts receivable and accounts payable).

The *statement of cash flows* presents information showing how RABA's cash increased or decreased during the year. Cash is received and used in three ways: operating activities, capital and non-capital financing activities, and investing activities. The statement of cash flows can be found on page 22.

The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 23-29 of this report.

## Financial Analysis

### Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. In the case of RABA, at the end of last fiscal year, assets exceeded liabilities by \$8,963,556.

### Redding Area Bus Authority

#### Net Assets (in millions)

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Current assets	\$ 1.9	\$ 1.0	\$ 1.0
Capital assets, net of depreciation	8.5	9.0	9.8
Total assets	10.4	10.0	10.8
Current liabilities	1.4	0.5	0.5
Total liabilities	1.4	0.5	0.5
Net assets:			
Investment in capital assets	8.5	9.0	9.8
Unrestricted	0.5	0.5	0.5
Total net assets	\$ 9.0	\$ 9.5	\$ 10.3

By far the largest portion of RABA's net assets, (94 percent), represents its investment in capital assets (e.g., vehicles, buildings, improvements, and equipment). Vehicles and buildings make up over 73% of the capital assets at the end of the fiscal year; consequently, these assets are not available for future spending.

## Changes in Net Assets

Current year activities decreased the Redding Area Bus Authority's net assets by \$505,170. In years with capital purchases in excess of current year depreciation, RABA has increases in net assets. Conversely, in years such as 2006, when fewer capital assets are purchased, depreciation results in a decrease in net assets.

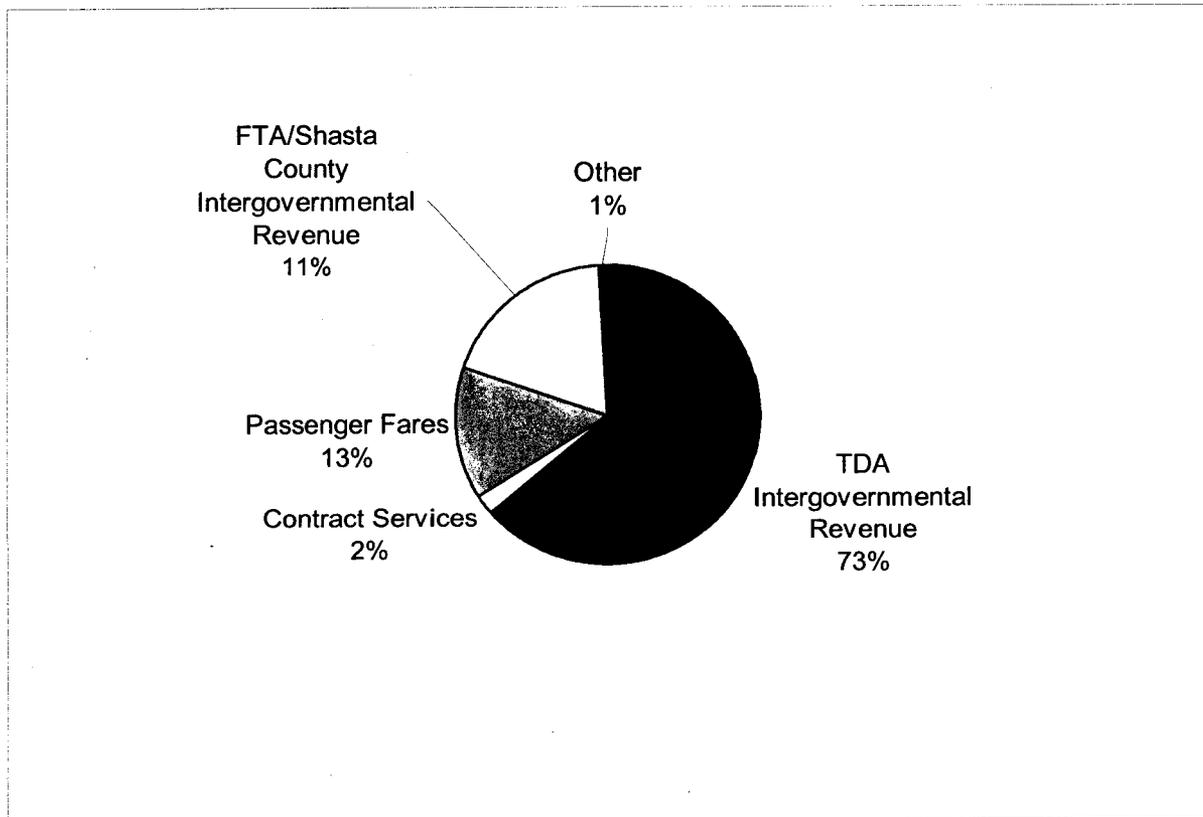
Key elements of this decrease are as follows:

<b>Redding Area Bus Authority</b>			
<b>Changes in Net Assets</b>			
	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Revenues:</b>			
Passenger fares	\$ 620,929	\$ 540,820	\$ 577,436
Contract services	92,795	77,906	52,771
Other operating revenue	37,484	35,280	24,422
Transportation Development Act revenue	2,791,334	2,980,929	2,751,829
Intergovernmental revenue	817,231	436,101	466,444
Other revenue	22,741	6,446	659
Total revenues	4,382,514	4,077,482	3,873,561
<b>Expenses:</b>			
Purchased Transportation	2,588,268	2,362,259	2,310,114
Materials and supplies-vehicles	994,388	852,672	675,786
Depreciation	832,767	880,681	963,083
Services	472,233	541,669	536,572
Other expenses	327,625	355,806	354,252
Total expenses	5,215,281	4,993,087	4,839,807
<b>(Loss) before capital contributions</b>	(832,767)	(915,605)	(966,246)
<b>Capital contributions</b>	327,597	54,479	955,430
<b>Change in net assets</b>	(505,170)	(861,126)	(10,816)
<b>Net assets, beginning of year</b>	9,468,726	10,329,852	10,340,668
<b>Net assets, end of year</b>	\$ 8,963,556	\$ 9,468,726	\$ 10,329,852

## Financial Analysis

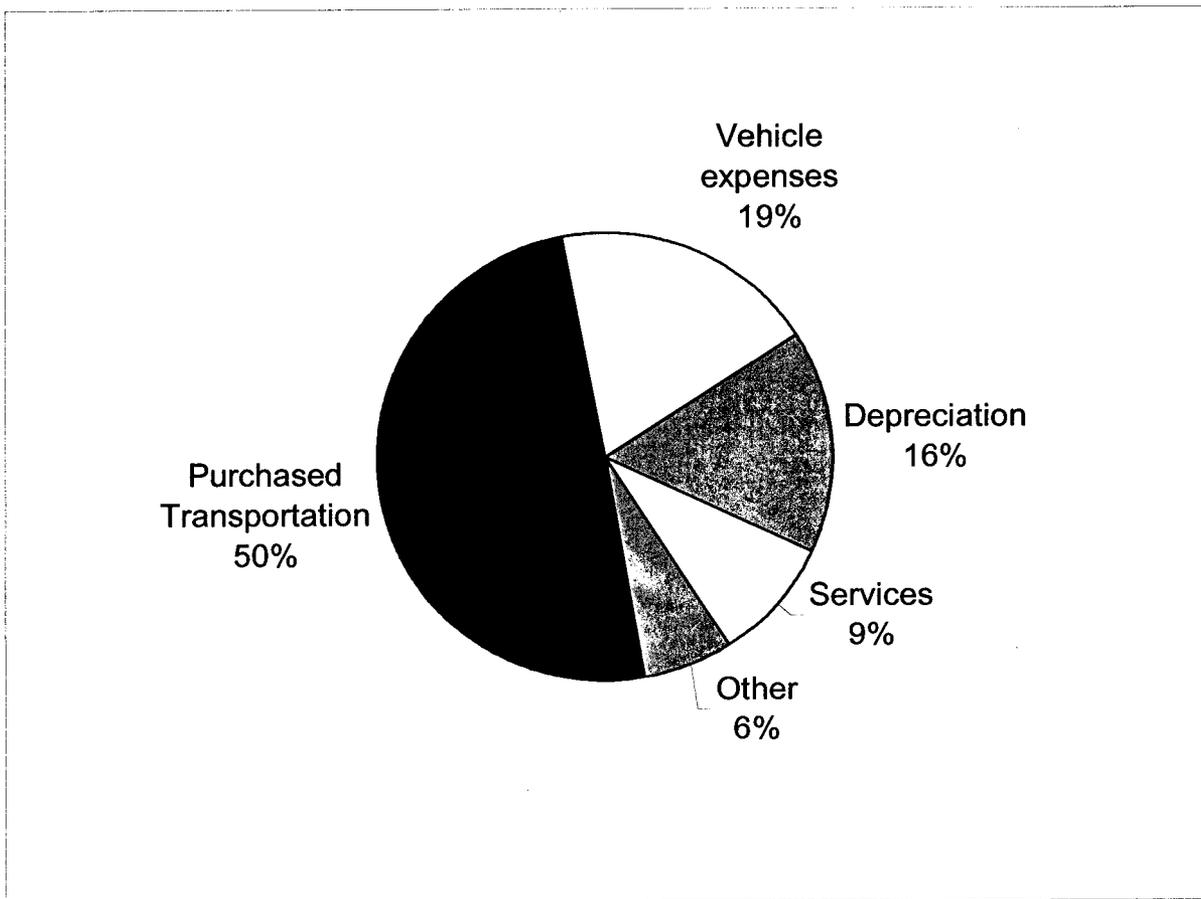
Operating revenue, revenue collected from customers or riders, is approximately 13% of RABA's total revenue. The largest proportion of revenue is comprised of State of California Transportation Development Act funds (TDA funds) received through the Shasta County Regional Transportation Planning Agency (SCRTPA) and a federal operating assistance grant. TDA funds come from a 1/4% state sales tax that is passed through to local governments for transportation needs. TDA funds made up over 70% of the revenue used for operating RABA in 2006. The amount of TDA funds made available to fund RABA's operating costs is calculated annually. TDA funds balance RABA's operating expenses after all other operating revenue has been accounted for. Over the past several years, RABA has received a federal operating assistance grant ranging from \$300,000 to \$750,000. This grant has reduced the amount of TDA funds RABA has required to fund operational needs.

Revenues by Source



RABA's total operating expenses increased over the prior year by \$262,407. Most of this increase is due to increases in purchased transportation which increased by approximately \$226,000, as well as fuel and oil expenses, which increased by approximately \$120,000 due to the high cost of fuel during 2006. Savings in other areas such as security and advertising offset a portion of the increases.

**Expenses by Category**



## Capital Assets

RABA's investment in capital assets (net of accumulated depreciation) as of June 30, 2006, amounted to \$8.5 million. This investment in capital assets includes vehicles, buildings, improvements, and equipment. RABA's investment in capital assets decreased by over \$500,000 during the fiscal year ending June 30, 2006. Approval was given for the upgrade of the GFI fare box collection system at a cost of over \$200,000. This, along with other capital purchases totaled \$327,597 in 2006. Depreciation of \$832,767 resulted in the overall reduction of the investment in capital assets during 2006.

Major capital asset events during the current fiscal year included the following:

- ✓ Purchase of GFI-Upgrade to the Fare Box Equipment system (\$205,000)
- ✓ Construction of new radio communication system (\$69,000) (Work in Progress)
- ✓ Construction of additional bus turnouts and benches, as well as design work on the expansion of the maintenance facility. (\$46,000)

### Redding Area Bus Authority Capital Assets (net of depreciation)

	<u>2006</u>		<u>2005</u>		<u>2004</u>
Land	\$ 1,326,685	\$	1,326,685	\$	1,326,210
Buildings	3,948,676		4,146,677		4,344,678
Vehicles	2,243,939		2,744,456		3,330,906
Improvements	582,267		658,577		740,695
Furnishing and equipment	253,758		67,257		71,860
CWIP	83,157		-		-
Total	<u>\$ 8,438,482</u>	\$	<u>8,943,652</u>	\$	<u>9,814,349</u>

Additional information on RABA's capital assets can be found in note 5 on page 28 of this report.

### **Economic Factors**

- ✓ Shasta County has experienced a steady increase in population since 1990 of one to two percent per year while the unemployment rate has increased from 6.1% in 2001 to 6.3% in 2006.
- ✓ Inflationary trends in the region compare favorably to national indices.
- ✓ Ridership on the fixed route system has declined by 21% over the past four years. This makes it more difficult for RABA to meet required fare box ratios and has impacted future budgets and service levels.
- ✓ The RABA Board voted in August 2005 to modify or delete six of the existing fixed routes and increase fares in two steps starting Oct 1, 2005 (\$1.25) and then again on July 1, 2006 (\$1.50). These steps are in an effort to help RABA achieve its required fare box ratios.

All of these factors were considered in preparing RABA's budget for the 2007 fiscal year.

### **Requests for Information**

This financial report is designed to provide a general overview of the Redding Area Bus Authority's finances for all those with an interest in the authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Officer at the City of Redding, 777 Cypress Avenue, Redding, CA 96001.

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# BASIC FINANCIAL STATEMENTS

**Redding Area Bus Authority**  
**Comparative Statements of Net Assets**  
**June 30, 2006 and 2005**

	2006	2005
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 923,225	\$ 172,777
Accounts receivable	16,511	10,153
Intergovernmental receivables	860,361	733,546
Interest receivable	7,812	1,463
Materials and supplies inventory	125,202	116,076
<b>Total current assets</b>	<b>1,933,111</b>	<b>1,034,015</b>
Capital assets not being depreciated:		
Land	1,326,685	1,326,685
Construction in Progress	83,157	-
Capital assets net of accumulated depreciation:		
Buildings	3,948,676	4,146,677
Vehicles	2,243,939	2,744,456
Improvements other than buildings	582,267	658,577
Furnishings and equipment	253,758	67,257
<b>Total capital assets</b>	<b>8,438,482</b>	<b>8,943,652</b>
<b>Total assets</b>	<b>10,371,593</b>	<b>9,977,667</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	388,925	272,353
Intergovernmental payable	93,277	228,304
Deferred grant revenue	925,835	-
Unearned ticket sales revenue	-	8,284
<b>Total current liabilities</b>	<b>1,408,037</b>	<b>508,941</b>
<b>NET ASSETS</b>		
Invested in capital assets	8,438,482	8,943,652
Net Assets, unrestricted	525,074	525,074
<b>Total net assets</b>	<b>\$ 8,963,556</b>	<b>\$ 9,468,726</b>

See accompanying Notes to the Basic Financial Statements.

**Redding Area Bus Authority**  
**Comparative Statements of Revenues, Expenses and Changes in Net Assets**  
**For the years ended June 30, 2006 and 2005**

	2006	2005
<b>OPERATING REVENUES:</b>		
Passenger fares for transit service	\$ 620,929	\$ 540,820
Contract transit services	92,795	77,906
Charter services	447	5,243
Other revenue	37,038	30,037
<b>Total operating revenues</b>	<b>751,209</b>	<b>654,006</b>
<b>OPERATING EXPENSES:</b>		
Purchased transportation	2,588,268	2,362,259
Materials and supplies-vehicles	994,388	852,672
Depreciation	832,767	880,681
Services	472,233	541,669
Advertising	47,655	78,304
Other operating expenses	202,294	158,172
Utilities	77,676	79,117
<b>Total operating expenses</b>	<b>5,215,281</b>	<b>4,952,874</b>
<b>Operating income (loss)</b>	<b>(4,464,072)</b>	<b>(4,298,868)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest	22,741	6,446
Loss on disposal of property	-	(40,213)
Intergovernmental revenue-Non Capital	817,231	436,101
Intergovernmental revenue-Capital	207,125	26,305
Transportation Development Act revenue	2,911,805	3,009,103
<b>Total nonoperating revenues (expenses)</b>	<b>3,958,902</b>	<b>3,437,742</b>
<b>CHANGE IN NET ASSETS</b>	<b>(505,170)</b>	<b>(861,126)</b>
<b>NET ASSETS:</b>		
Beginning of year	9,468,726	10,329,852
End of year	<b>\$ 8,963,556</b>	<b>\$ 9,468,726</b>

See accompanying Notes to the Basic Financial Statements.

**Redding Area Bus Authority**  
**Comparative Statements of Cash Flows**  
**For the years ended June 30, 2006 and 2005**

	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 736,567	\$ 651,803
Cash paid to suppliers	<u>(4,410,095)</u>	<u>(4,030,789)</u>
<b>Net cash provided (used) by operating activities</b>	<u>(3,673,528)</u>	<u>(3,378,986)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Intergovernmental revenue received	<u>4,577,168</u>	<u>2,890,295</u>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>4,577,168</u>	<u>2,890,295</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital grants received	158,013	103,246
Acquisition of capital assets	<u>(327,597)</u>	<u>(50,197)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(169,584)</u>	<u>53,049</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment revenue received	<u>16,392</u>	<u>6,674</u>
<b>Net cash provided (used) by investing activities</b>	<u>16,392</u>	<u>6,674</u>
<b>Net change in cash and cash equivalents</b>	750,448	(428,968)
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	<u>172,777</u>	<u>601,745</u>
End of year	<u>\$ 923,225</u>	<u>\$ 172,777</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED IN OPERATING ACTIVITIES:</b>		
Operating income	\$ (4,464,072)	\$ (4,298,868)
Adjustments to reconcile operating income to net cash provided in operating activities:		
Depreciation	832,767	880,681
Changes in assets and liabilities:		
Increase (decrease) in accounts receivable	(6,358)	(2,203)
Increase (decrease) in materials and supplies inventory	(9,126)	(22,549)
Increase (decrease) in accounts payable	116,572	7,936
Increase (decrease) in intergovernmental payables	(135,027)	99,733
Increase (decrease) in unearned ticket sales revenue	<u>(8,284)</u>	<u>(43,716)</u>
<b>Net cash provided by operating activities</b>	<u>\$ (3,673,528)</u>	<u>\$ (3,378,986)</u>

See accompanying Notes to the Basic Financial Statements.

**Redding Area Bus Authority**  
**Notes to the Financial Statements**  
**For the year ended June 30, 2006 and 2005**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***A. Reporting Entity***

As required by generally accepted accounting principles, these financial statements represent all the funds of the Redding Area Bus Authority (RABA). RABA is a separate governmental entity formed under a joint powers agreement between the County of Shasta, the City of Shasta Lake, the City of Anderson, and the City of Redding. RABA's governing board comprises members of the governing boards of the County and the cities of Redding, Anderson, and Shasta Lake. All five of the Redding City Council also sits on the eight member board of RABA, therefore the voting majority is represented by Redding City Council members. Accordingly, RABA is a component unit of the City of Redding. Component units are legally separate entities for which the primary government is financially accountable. There are no separate legal entities that are a part of RABA's reporting entity.

***B. Basis of Presentation***

RABA's financial activity is accounted for under the category of proprietary fund type activity according to generally accepted governmental accounting principles. There are two subcategories of proprietary fund types. These are enterprise funds and internal service funds. All the financial activity of RABA is accounted for in a single enterprise fund.

The purpose of an enterprise fund is to account for operations: (1) that are financed and operated in a manner similar to private business enterprises (the intent of the governing body being that costs of providing goods or services to the general public be financed or recovered primarily through user charges); or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

The activities of the RABA are reported in a proprietary fund which is accounted for using the "economic resources" measurement focus and the accrual basis of accounting. In addition, the Uniform System of Accounts for public transit operators as prescribed by the California State controller calls for accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets present increases (revenues) and decreases (expenses) in total fund equity. 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 liability is incurred.

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

RABA has elected to follow Governmental Accounting Standards Board (GASB) Pronouncements, and not Financial Accounting Standards Board (FASB) pronouncements after 1989, as presented by GASB Statement Number 20.

**Redding Area Bus Authority**  
**Notes to the Financial Statements, Continued**  
**For the year ended June 30, 2006 and 2005**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*C. Basis of Accounting and Measurement Focus, Continued*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of RABA are charges to customers for transportation services. Operating expenses for RABA include cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*D. Cash and Investments*

RABA, as a component unit of the City, pools its available cash for investment purposes. RABA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

*F. Materials and Supplies Inventory*

The materials and supplies inventory is valued at its average cost. The inventory consists of expendable supplies held for consumption. The cost is recorded as inventory when items are purchased and as expense when the items are used (the consumption method of accounting for inventories). The weighted average method is used for establishing the cost of inventory consumed.

*G. Capital Assets*

Capital assets, which include property and equipment, are reported in the financial statements. Capital assets are defined by RABA as assets with an initial cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**Redding Area Bus Authority**  
**Notes to the Financial Statements**  
**For the year ended June 30, 2006 and 2005**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***G. Capital Assets, Continued***

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Buildings	30 years
Equipment	5 - 25 years
Vehicles	7 - 12 years
Improvements	10 years

***H. Unearned Revenue***

In the financial statements, unearned revenue is recorded when transactions have not yet met the revenue recognition criteria based on the accrual basis of accounting. RABA records unearned revenue for transactions for which revenues have not been earned. Typical transactions for which unearned revenue is recorded are grants received but not yet earned.

Grant revenues and receivables are recorded when earned on grants that have been approved and funded by the grantor. Grant sources include Federal Transit Administration (FTA), State Transit Assistance (STA), and Transportation Development Act (TDA).

***I. Personnel Services***

RABA has no employees. Accounting and administrative services are provided by City of Redding personnel. Transportation services are provided by the personnel of an independent transportation company.

***J. Use of Estimates***

The preparation of financial statements in conformity with 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.

**Redding Area Bus Authority**  
**Notes to the Financial Statements**  
**For the year ended June 30, 2006 and 2005**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**K. Net Assets**

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets" as defined above.

**L. Budget Data**

The operating budget of RABA is adopted by the Board of Directors prior to July 1, each year primarily on a basis consistent with generally accepted accounting principles. The RABA's Executive Officer is authorized to transfer budget amounts and increase expense by amounts of revenue that exceed projections; however, any revisions that lowers the total net assets of RABA requires Board of Directors resolution.

**M. Implementation of New GASB Pronouncements**

In 2006, RABA adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statement:

- GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries - The Statement establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This Statement also clarifies and establishes accounting requirements for insurance recoveries.
- Statement No. 44, Economic Condition Reporting: The Statistical Section (Amendment of NCGA Statement 1) - The Statement establishes the objectives of the statistical section and the five categories of information it contains: financial trends information, revenue capacity information, debt capacity information, demographic and economic information, and operating information.
- GASB Statement No. 46, Net Assets Restricted by Enabling Legislation - The Statement addresses selected issues and amends GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. The Statement enhances the usefulness and comparability of net asset information and clarifies the meaning of legal enforceability. The Statement also specified accounting and financial reporting requirements for restricted net assets.

**Redding Area Bus Authority**  
**Notes to the Financial Statements**  
**For the year ended June 30, 2006 and 2005**

**2. CASH AND INVESTMENTS**

As of June 30, 2006, RABA had the following cash and investments:

<u>Investment Type</u>	<u>Investments in Years</u>	
	<u>Fair Value</u>	<u>Less than 1 year</u>
Deposits	\$ 62,789	\$ 62,789
Local Agency Investment Fund	860,436	860,436
Total Cash and Investment	<u>\$ 923,225</u>	<u>\$ 923,225</u>

RABA reports its investments in accordance with GASB Statement Number 31. This standard requires that RABA's investments be reported at fair value.

*Interest Rate Risk* - In accordance with its investment policy, RABA manages its exposure to declines in fair values by limiting the average maturity of its investment portfolio to less than one year.

*Credit Risk* - The California Government Code and the investment policy of RABA authorize RABA 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, and the State Treasurer's Investment Pool (LAIF). Reverse repurchase agreements may be made only when prior approval of the Board of Directors has been given.

RABA invests funds in the State Treasurer's Pooled Money Investment Account (PMIA) through the Local Agency Investment Fund (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. LAIF has oversight by the Local Agency Investment Advisory Board. The fair value of RABA's position in the pool is materially equivalent to the value of pool shares. Investments in LAIF are not rated as they are part of a State sponsored 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, 2006, 2.567% of LAIF's investment portfolio was invested in structured notes and other asset-backed securities, respectively.

*Concentration of Credit Risk* - RABA has about 93% of its cash invested with the LAIF. In addition to the safety provided by investing in high quality securities, LAIF's policies limit concentration risk by spreading investments over different investment types to minimize the impact of any one industry/investment class and by spreading investments over multiple credits/issuers within an investment type to minimize the credit exposure of the portfolio to any single firm or institution.

*Custodial Credit Risk* - All bank and LAIF deposits are held in the name of RABA. As a result, RABA had no custodial credit risk at June 30, 2006.

**Redding Area Bus Authority**  
**Notes to the Financial Statements**  
**For the year ended June 30, 2006 and 2005**

**3. ACCOUNTS RECEIVABLE**

No allowance for doubtful accounts is presented in the accompanying financial statements as management considers all accounts to be collectible. The accounts receivable generally consist of ticket sales and contract transit services which usually are collected within 60 days.

**4. INTERGOVERNMENTAL RECEIVABLES**

Intergovernmental receivables at June 30, 2006 and 2005 were as follows:

	<u>2006</u>	<u>2005</u>
Federal Department of Transportation	\$ 805,294	\$ 412,791
Shasta County - STA	5,287	12,311
Shasta County - Transit services	15,375	4,788
Shasta County - RTPA OWP	<u>34,405</u>	<u>303,656</u>
Total	<u>\$ 860,361</u>	<u>\$ 733,546</u>

**5. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2006 was as follows:

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
Capital Assets, not being depreciated:				
Land	\$ 1,326,685	\$ -	\$ -	\$ 1,326,685
CWIP	-	83,157	-	83,157
Total capital assets not being depreciated	<u>1,326,685</u>	<u>83,157</u>	<u>-</u>	<u>1,409,842</u>
Capital assets, being depreciated:				
Buildings	5,488,813	-	-	5,488,813
Improvements other than buildings	1,215,045	31,675	-	1,246,720
Automotive equipment	6,473,326	-	-	6,473,326
Furnishings and equipment	<u>1,377,745</u>	<u>212,765</u>	<u>-</u>	<u>1,590,510</u>
Total assets, being depreciated	<u>14,554,929</u>	<u>244,440</u>	<u>-</u>	<u>14,799,369</u>
Less accumulated depreciation for:				
Buildings	(1,342,136)	(198,001)	-	(1,540,137)
Improvements other than buildings	(556,468)	(107,985)	-	(664,453)
Automotive equipment	(3,728,870)	(500,517)	-	(4,229,387)
Furnishings and equipment	<u>(1,310,488)</u>	<u>(26,264)</u>	<u>-</u>	<u>(1,336,752)</u>
Total accumulated depreciation	<u>(6,937,962)</u>	<u>(832,767)</u>	<u>-</u>	<u>(7,770,729)</u>
Total capital assets, being depreciated, net	<u>7,616,967</u>	<u>(588,327)</u>	<u>-</u>	<u>7,028,640</u>
Capital assets, net	<u>\$ 8,943,652</u>	<u>\$ (505,170)</u>	<u>\$ -</u>	<u>\$ 8,438,482</u>

## 6. INTERGOVERNMENTAL PAYABLES

Intergovernmental payables at June 30, 2006 and 2005 were as follows:

	<u>2006</u>	<u>2005</u>
City of Redding	<u>\$ 93,277</u>	<u>\$ 228,304</u>

As stated in Note 1, Subtitle I, the City of Redding provides administrative and accounting services to RABA. The costs of such services, plus other occasional costs, are recorded as intergovernmental payables to the City of Redding. Payments are made on those payables as RABA funds become available.

## 7. DEFERRED REVENUE

Deferred revenue at June 30, 2006 consisted of \$925,835 received from the Transportation Development Act for which revenues had not yet been earned. Deferred revenue at June 30, 2005 consisted of \$8,284 for advance ticket sales.

## 8. RISK MANAGEMENT

RABA's contract operator for both the fixed route service and the demand response service provide public liability and property damage insurance through its agreement with the Redding Area Bus Authority to provide purchased transportation. RABA's administrative and accounting personnel services are staffed by employees of the City of Redding; therefore, workers' compensation for these positions is carried by the City of Redding. Workers' compensation insurance is administered as a co-insurance plan. The City of Redding is self-insured up to \$300,000 with an insurance company co-insuring claims from \$300,001 to \$10 million. Claim payments are charged to the fund that employs the claimant. The estimated liability for pending and incurred but not reported claims at June 30, 2006, has been included in the City of Redding's Risk Management Fund's claims payable amount as of June 30, 2006. The employees of the purchased transportation provider are covered by workers' compensation insurance through their employer.

## 9. FUNDS AVAILABLE FOR FUTURE CAPITAL PROJECTS

RABA has funds available under the Transportation Development Act for use on specific future capital projects as outlined in the Regional Transportation Improvement Plan. As required by the Act, these funds are held by the Shasta County Regional Transportation Planning Agency (SCRTPA) until RABA requests release for use on specific projects.

Once reserved for specific capital projects, SCRTPA holds the funds for three years. If, at the end of this three year period, these funds have not been requested, it is the responsibility of SCRTPA to give RABA thirty-days notice that the funds will cease to be reserved and will become available for reallocation. These funds can then be reallocated to RABA for the same project or for a different project, or to another claimant agency, at the discretion of SCRTPA. As of June 30, 2006, total funds held for RABA by SCRTPA for future capital projects totaled \$526,037.

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# STATISTICAL SECTION

# Statistical Section

This part of the Redding Area Bus Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the authority's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> <i>These schedules contain trend information to help the reader understand how the authority's financial performance and well-being have changed over time.</i>	32
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the authority's most significant local revenue consideration, namely ridership and fare box revenue.</i>	35
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic data to help the reader understand how the environment within which the authority's financial activities take place.</i>	37
<b>Operating Information</b> <i>These schedules contain service and infrastructure data to help the reader understand how the information in the authority's financial report relates to the services the authority provides and the activities it performs.</i>	40

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The authority implemented GASB Statement 34 in 2001; schedule presenting net asset information includes information beginning in that year.

**REDDING AREA BUS AUTHORITY**

**NET ASSETS**

**LAST SIX FISCAL YEARS**

<b><u>Fiscal Year</u></b>	<b><u>Invested in Capital Assets</u></b>	<b><u>Unrestricted</u></b>	<b><u>Total Net Assets</u></b>
2000-01	\$ 10,061,342	\$ 480,855	\$ 10,542,197
2001-02	10,050,911	518,593	10,569,504
2002-03	9,822,002	518,666	10,340,668
2003-04	9,814,349	515,503	10,329,852
2004-05	8,943,652	525,074	9,468,726
2005-06	\$ 8,438,482	\$ 525,074	\$ 8,963,556

Source: Redding Area Bus Authority Annual  
Component Unit Financial Report

**REDDING AREA BUS AUTHORITY**

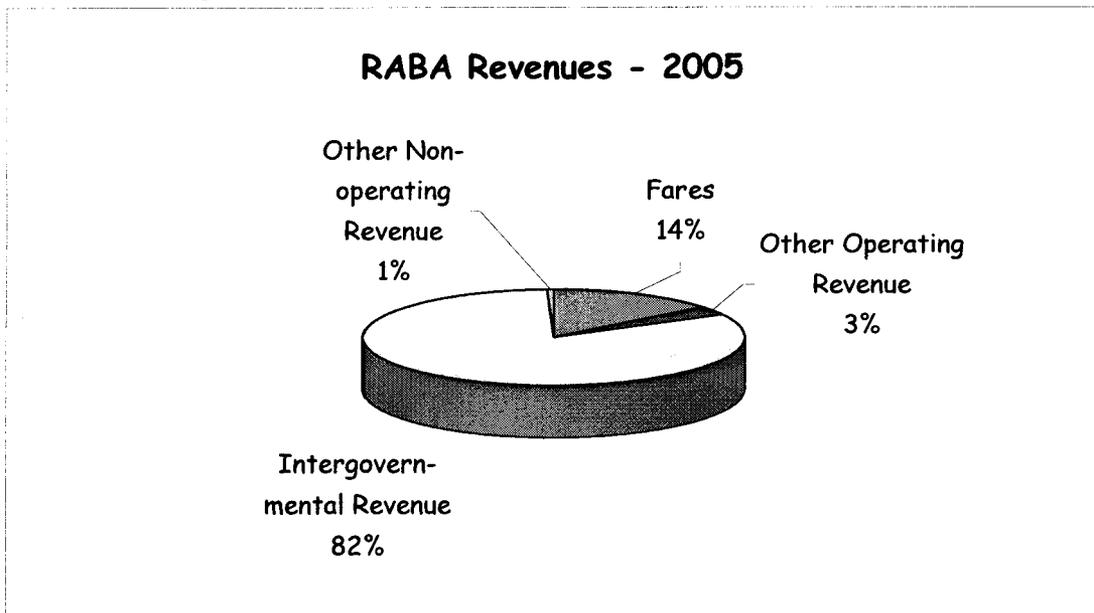
**REVENUES**

**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Fares</u>	<u>Other Operating Revenue</u>	<u>Intergovernmental Revenue</u>	<u>Other Non-operating Revenue</u>	<u>Total Revenue</u>
1996-97	\$ 400,528	\$ 301,082	\$ 2,207,414	\$ 57,042	\$ 2,966,066
1997-98	452,873	163,066	2,193,509	61,775	2,871,223
1998-99	541,703	48,758	2,285,762	41,785	2,918,008
1999-00	560,969	50,229	2,280,891	19,477	2,911,566
2000-01	591,038	51,036	2,439,466	22,948	3,104,488
2001-02	638,086	188,544 **	2,368,503	(230,466) *	2,964,667
2002-03	570,681	165,992 **	2,754,277	19,893	3,510,843
2003-04	577,436	77,193	3,218,273	660	3,873,562
2004-05	540,820	113,186	3,417,030	(33,767) ***	4,037,269
2005-06	\$ 620,929	\$ 130,279	\$ 3,608,565	\$ 22,741	\$ 4,382,514

Note: \* Data includes loss on disposal of assets of \$339,579  
 \*\* Includes pilot projects paid directly by Shasta County  
 \*\*\* Data includes loss on disposal of assets of \$40,213

Source: Redding Area Bus Authority Annual  
 Component Unit Financial Report



**REDDING AREA BUS AUTHORITY**

**EXPENSES**

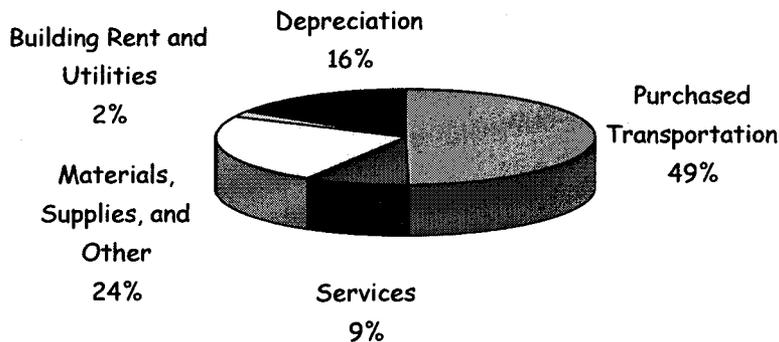
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Purchased Transportation</b>	<b>Services</b>	<b>Materials, Supplies, and Other (1)</b>	<b>Building Rent and Utilities</b>	<b>Depreciation</b>	<b>Total Expenses</b>
1996-97	\$ 1,741,219	\$419,119	\$ 729,047	\$ 76,680	\$ 793,879	\$ 3,759,944
1997-98	1,701,979	419,119	650,917	99,208	767,694	3,638,917
1998-99	1,725,575	426,138	668,956	89,339	648,597	3,558,605
1999-00	1,783,360	362,720	670,207	111,535	781,524	3,709,346
2000-01	1,841,133	384,089	795,112	110,519	878,906	4,009,759
2001-02	1,996,436	387,547	832,174	88,352	884,684	4,189,193
2002-03	2,237,480	390,261	806,824	84,291	903,921	4,422,777
2003-04	2,310,114	536,572	934,003	96,035	963,083	4,839,807
2004-05	2,362,259	541,669	1,073,038	95,227	880,681	4,952,874
2005-06	\$ 2,588,268	\$472,233	\$ 1,228,227	\$ 93,786	\$ 832,767	\$ 5,215,281

(1) Includes advertising expenses

Source: Redding Area Bus Authority Annual Component Unit Financial Report

**RABA Expenses - 2005**



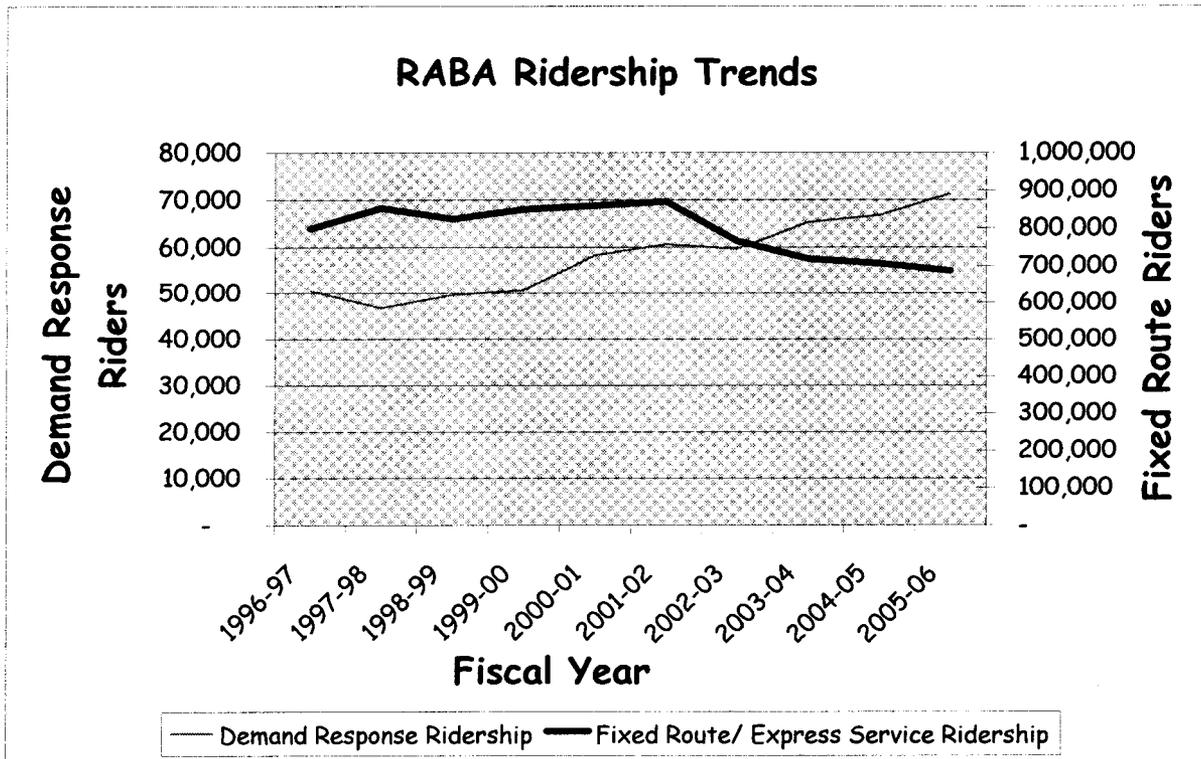
**REDDING AREA BUS AUTHORITY**

**COMPARISON OF SYSTEM RIDERSHIP DATA**

**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Fixed Route/ Express Service Ridership</b>	<b>Change</b>	<b>Demand Response Ridership</b>	<b>Change</b>
1996-97	798,966	19.3%	50,493	-21.8%
1997-98	852,609	6.7%	46,792	-7.3%
1998-99	823,884	-3.4%	49,627	6.1%
1999-00	849,403	3.1%	50,611	2.0%
2000-01	858,978	1.1%	58,216	15.0%
2001-02	869,567	1.2%	60,582	4.1%
2002-03	765,312	-12.0%	59,565	-1.7%
2003-04	718,417	-6.1%	65,225	9.5%
2004-05	705,596	-1.8%	66,645	2.2%
2005-06	685,931	-2.8%	71,273	6.9%

Source: State Controller's Report for Transit



**REDDING AREA BUS AUTHORITY  
FARE STRUCTURE**

Burney Express Route	\$1.00 - 3.00
Base Fare (Age 6 - 61)	1.25
Zone Change	0.60
Children (under 6)	Free
Senior Base Fare (Age 62+)	0.60
Handicapped Base Fare	0.60
Medicare Card Holder	0.60
Zone Change	0.30
Transfers	Free
Demand Response	2.50
Demand Response Zone Change	\$1.25

**REDDING AREA BUS AUTHORITY  
DEMAND RESPONSE AND FIXED ROUTE COST STRUCTURE**

	<u>Demand Response</u>	<u>Fixed Route</u>	<u>Total Demand Response &amp; Fixed Route</u>	<u>Burney Express</u>	<u>Total</u>
<b><u>Revenue</u></b>					
Fare Box revenue	\$ 159,585	\$ 448,475	\$ 608,060	\$ 12,869	\$ 620,929
Other revenue	1,248,914	2,419,876	3,668,790	92,795	3,761,585
Total Revenue	<u>1,408,499</u>	<u>2,868,351</u>	<u>4,276,850</u>	<u>105,664</u>	<u>4,382,514</u>
<b><u>Expenses</u></b>					
Depreciation		832,767	\$ 832,767		\$ 832,767
Other expense	1,408,499	2,876,610	4,285,109	97,405	4,382,514
Total expense	<u>1,408,499</u>	<u>3,709,377</u>	<u>5,117,876</u>	<u>97,405</u>	<u>5,215,281</u>
Net Loss	-	(841,026)	(841,026)	8,259	(832,767)
Add Capital Contributions		327,597	327,597		327,597
Gain/(loss) on disposal of assets			-		-
Change in Net Assets	<u>\$ -</u>	<u>\$ (513,429)</u>	<u>\$ (513,429)</u>	<u>\$ 8,259</u>	<u>\$ (505,170)</u>
Excluded Costs	\$ 93,437	\$ 1,608	\$ 95,045		\$ 95,045 *
Fare Box Ratio (Fare Box revenue/Other expense) (Net of Excluded Costs)	<u>12.14%</u>	<u>15.60%</u>	<u>14.51%</u>	<u>13.21%</u>	<u>14.48%</u>

\* Excluded costs are per TDA regulations governing fare box ratio calculations.

NOTE: Actual fare box ratio of 14.51% for the combined fixed route and demand response system was less than the SCRTPA required 15% for the fiscal year 2005-06 which results in a shortfall of .49% or \$20,450. This penalty will be deducted from the LTF allocations for fiscal year 2007-08 and will have the effect of temporarily reducing available streets and roads funds to the claimants that make up RABA's Joint Powers Agency.

**REDDING AREA BUS AUTHORITY**

**DEMOGRAPHIC STATISTICS**

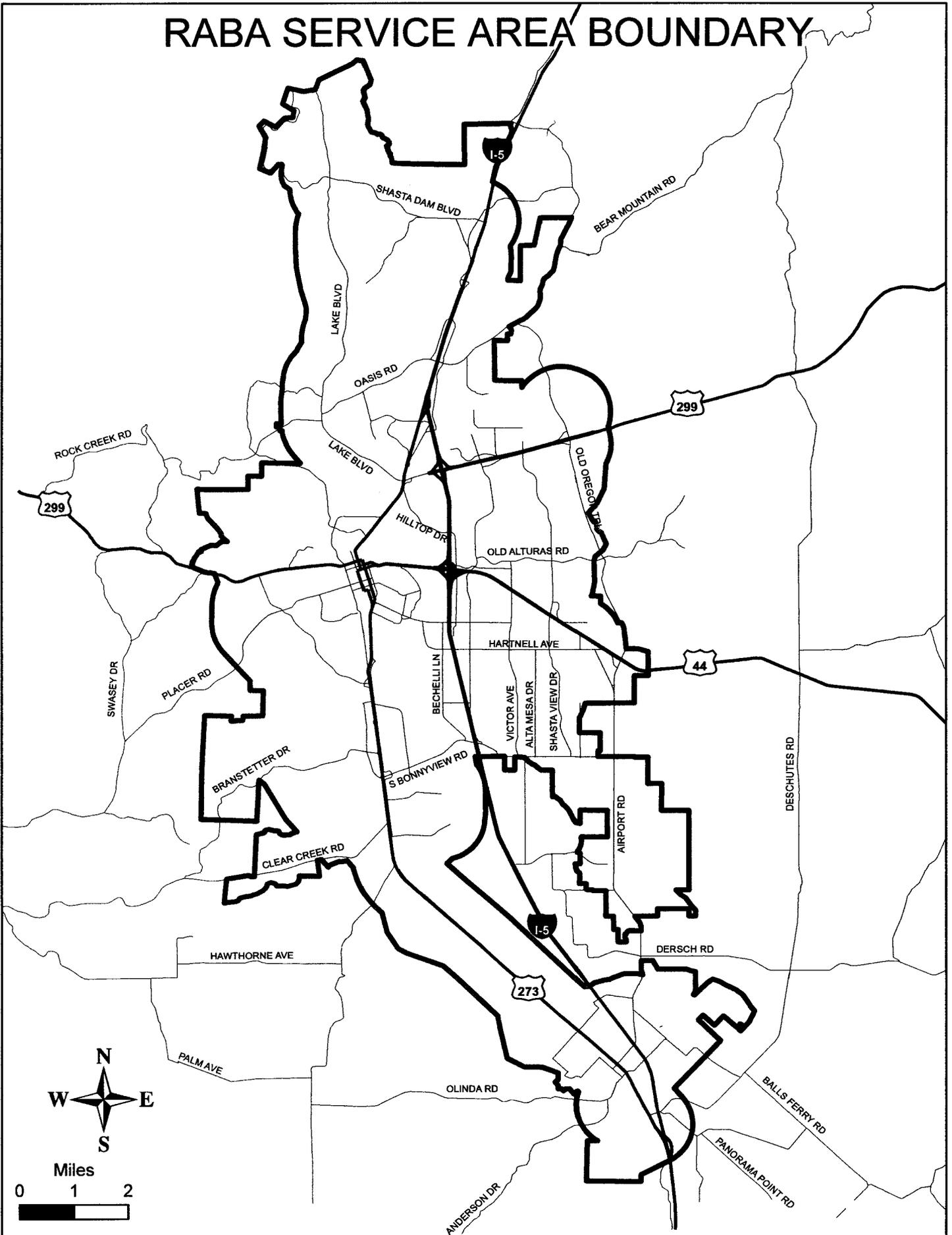
**LAST TEN FISCAL YEARS**

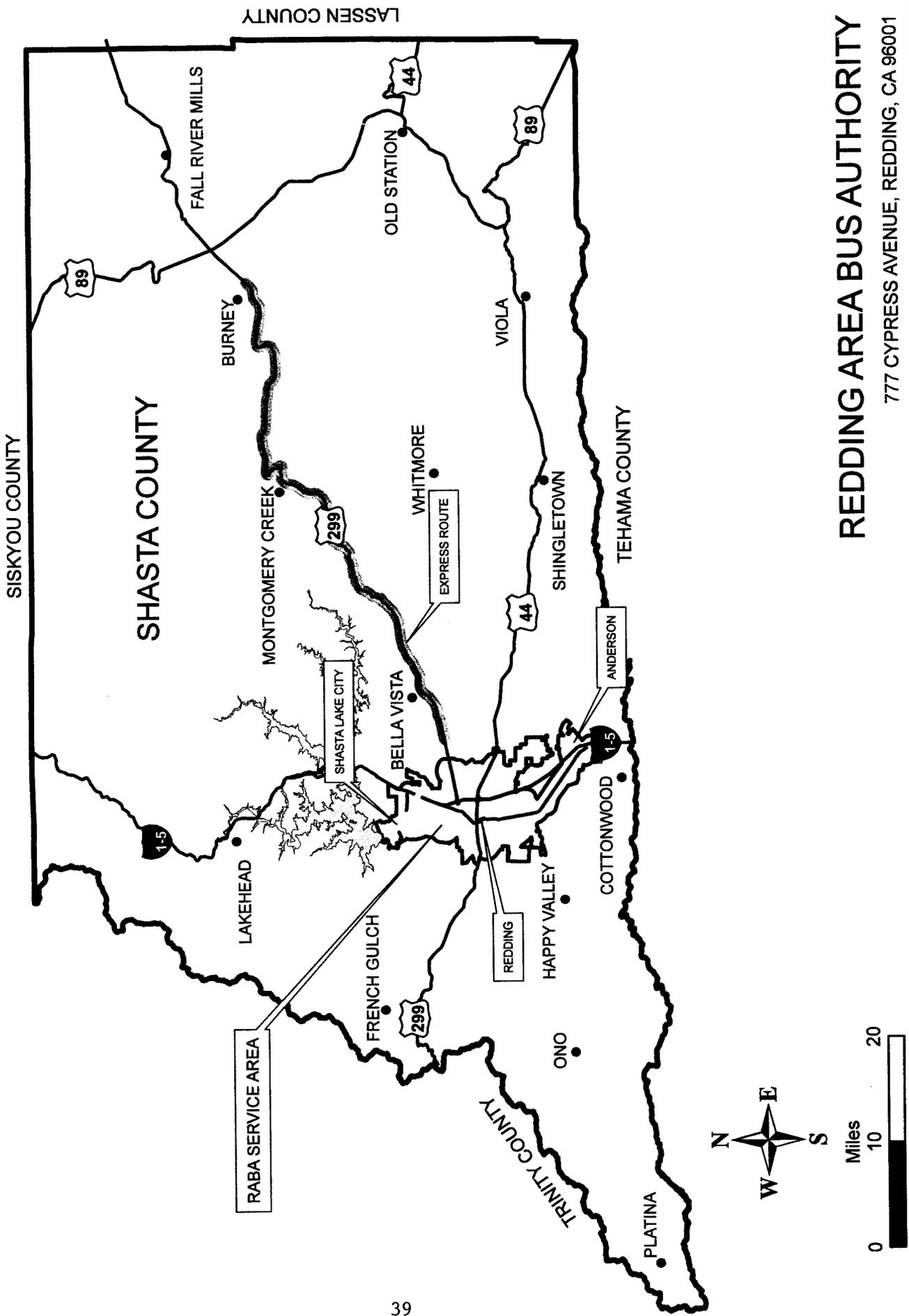
<u>Fiscal Year</u>	<u>Square Miles</u>	<u>Service Area Population (1)</u>	<u>Unemployment Rates (2)</u>
1996-97	110	106,850	8.7%
1997-98	100	106,525	8.8%
1998-99	100	103,444	7.4%
1999-00	100	103,251	6.6%
2000-01	100	103,244	6.1%
2001-02	100 *	105,904	7.0%
2002-03	100 *	108,455	7.6%
2003-04	100	110,147	7.9%
2004-05	100	114,462	6.5%
2005-06	100	116,454	6.3%

Note: \* Data excludes express services that were 'pilot projects'

Source: (1) Shasta County Transit Development Plan  
(2) State of California Employment Development Department

# RABA SERVICE AREA BOUNDARY





**REDDING AREA BUS AUTHORITY**  
 777 CYPRESS AVENUE, REDDING, CA 96001

**REDDING AREA BUS AUTHORITY**

**SUMMARY OF FIXED ROUTE SYSTEM/EXPRESS SERVICE DATA**

**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Fare Revenue</b>	<b>Total Passengers</b>	<b>Total Actual Vehicle Revenue Hours</b>	<b>Total Actual Revenue Vehicle Miles</b>
1996-97 *	\$ 358,727	798,966	47,635	835,840
1997-98	409,905	852,609	47,826	840,602
1998-99 **	481,808	823,884	47,915	800,402
1999-00	494,150	849,403	48,382	792,100
2000-01	503,867	858,978	47,968	782,815
2001-02	547,542	869,567	47,802	781,167
2002-03	488,547	765,312	48,531	793,538
2003-04	466,377	718,417	48,296	796,926
2004-05	451,276	705,596	48,181	802,101
2005-06	\$ 461,344	685,931	46,721	754,525

Note: \* Dial-A-Ride and Shingletown Express Routes discontinued  
 \*\* Route changes implemented in October 1998  
 Data excludes express services that are 'pilot' projects

Source: State Controller's Report for Transit

**REDDING AREA BUS AUTHORITY**  
**SUMMARY OF DEMAND RESPONSE SYSTEM DATA**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Fare Revenue</u>	<u>Total Passengers</u>	<u>Total Actual Vehicle Revenue Hours</u>	<u>Total Actual Revenue Vehicle Miles</u>
1996-97	\$ 41,801	50,493	27,048	354,975
1997-98	42,967	46,792	21,371	308,939
1998-99	59,895	49,617	19,750	308,250
1999-00	66,819	50,611	19,532	320,423
2000-01	87,171	58,216	21,132	362,888
2001-02	85,434	60,582	23,753	380,209
2002-03	82,134	59,565	23,138	358,613
2003-04	102,430	65,225	25,099	381,374
2004-05	109,186	66,645	25,550	389,350
2005-06 *	\$ 159,585	71,273	25,279	381,714

\* Significant fare increase enacted Oct 2005.

Source: State Controller's Report for Transit

**REDDING AREA BUS AUTHORITY**

**MISCELLANEOUS DATA**

**June 30, 2006**

Date Agency Established:	December 20, 1976
Form of Government:	Joint Powers Agency Board of Directors Staff provided by employees of the City of Redding
Size of Area Serviced by the Authority:	100 square miles
Population of Area Serviced by Authority (1):	116,454
Total Fleet Size:	
Fixed route	20
Paratransit	18
Number of Service and Maintenance Facilities	1
Location:	3333 South Market Street Redding, California
Number of Passenger Transfer Facilities:	3
Locations:	1530 Yuba Street Redding, California  Masonic Avenue @ Lake Boulevard Redding, California  Canby Road @ Mt. Shasta Mall Redding, California

Source: (1) Shasta County Transit Development Plan



# **SUPPLEMENTAL INFORMATION SECTION**



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

To the Honorable Chairman and Members of the Board of Directors  
of the Redding Area Bus Authority  
Redding, California

We have audited the financial statements of the Redding Area Bus Authority (RABA), a component unit of the City of Redding, California, as of for the year ended June 30, 2006, and have issued our report thereon dated November 2, 2006. The financial statements as of June 30, 2005, were audited by other auditors whose report dated November 4, 2005, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards in the United States and *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether RABA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, including the requirements governing the Transportation Development Act funds as prescribed in Sections 6666 and 6667 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987 (Act)*. However, providing an opinion on compliance with those provisions was not an objective of our audit of RABA and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

This report is intended for the information of the Chairman and the Members of the Board of Directors of RABA, management, the State of California and other regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

Oakland, California  
November 2, 2006

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