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RABA

Comprehensive ANNUAL Financial REPORT

For Fiscal Years Ended June 30, 2017 and 2016

Redding Area Bus Authority
A component unit of the City of Redding, California

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Redding Area Bus Authority

A Component Unit of the
City of Redding
Redding, California

Comprehensive Annual Financial Report
For the years ended June 30, 2017 and 2016

Prepared by the City of Redding Finance Department

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Introductory Section

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Redding Area Bus Authority
Comprehensive Annual Financial Report
For the years ended June 30, 2017, and 2016

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RABA

December 18, 2017

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), a component unit of the City of Redding, California, hereby submits the Comprehensive Annual Financial Report for the years ended June 30, 2017 and 2016. 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.

The Pun Group, LLP, a firm of licensed certified public accountants, have issued an unmodified opinion on RABA's financial statements for the years ended June 30, 2017 and 2016. In addition to meeting the requirements set forth in the RABA Joint Powers Agreement, the audits were also designed to meet the requirements of the Transportation Development Act.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' 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.

REDDING AREA BUS AUTHORITY (www.RABAride.com)
777 CYPRESS AVENUE, REDDING, CALIFORNIA 96001-3396 • (530) 225-4171 • FAX (530) 245-7024

- PROFILE OF THE REDDING AREA BUS AUTHORITY -

RABA is a component unit in the City of Redding's comprehensive annual financial report (CAFR). 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 35-foot and 40-foot Gillig Phantom buses. RABA also uses twenty 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.

From July 2016 to June 2017 RABA provided approximately 686,000 fixed route trips, or about 57,200 per month. The demand response system provided approximately 54,000 trips, or about 4,500 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.

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 160 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 126,000 in the primary trade area and approximately 256,000 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, has historically been the major sectors of employment in the Redding area. Over the last several decades, 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 5.80% in June 2017.

Since 1990, the City's population has grown at approximately .1% to 2% per year. The City's population of 90,653 has increased 12.1% 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 2017:

		City of Redding		***Shasta County***	
Year		Population	Annualized Percent Change over Interval	Population	Annualized Percent Change over Interval
1970		16,659	---	77,640	---
1980		41,995	9.69%	119,449	4.40%
1990		66,432	4.69%	147,036	2.10%
2000		80,865	1.99%	163,256	1.05%
2010		89,878	1.11%	177,248	0.85%
2011		90,050	0.19%	177,516	0.15%
2012		90,342	0.32%	178,107	0.33%
2013		90,848	0.56%	178,953	0.47%
2014	*	90,950	0.11%	178,742	-0.12%
2015		90,293	-0.72%	179,036	0.16%
2016	*	90,341	0.05%	178,232	-0.45%
2017		90,653	0.35%	178,605	0.21%

Source: 1970-2010 data from U.S. Census;
2011-2017 estimates from the California State Department of Finance as of January 1
(*2014 revised estimate, May 1, 2015 report, *2016 revised estimate, May 1, 2017 report)

LONG RANGE PLANNING

RABA currently has no plans for major expansion of its system. The long range financial plan for RABA relies on continued Transportation Development Act Funding and other grants in addition to moderate growth in fare box revenue.

- MAJOR INITIATIVES -

Passenger Loading Improvements for Fiscal Year 2016-17

RABA continues its work to improve bus stops by adding additional bus benches, lighted shelters, sidewalk connections, crosswalks, and other concrete improvements throughout RABA's service area increasing accessibility to all of its patrons. All improvements and acquisitions of equipment are in conformance with the Redding Area Bus Authority's Short-Range Transit Plan.

RABA is working towards retrofitting existing shelters with solar safety lighting and is expected to complete the project by end of calendar year 2018.

Maintenance Facility Improvements

Construction has begun on RABA's solar parking shade structure which is being built at the maintenance facility. Upon completion, the solar structure will shade RABA's buses and paratransit vehicles from rain and other elements allowing drivers to prepare for route dispatch, all while keeping the fleet protected from the areas ever changing climate. In addition, the solar panels used on the structure will provide electricity to the facility helping to offset future utility costs.

Staff is working toward a finalized contract to refurbish the existing facilities' bus wash station to help reduce staff time and costs associated with RABA's fleet vehicles.

Maintenance staff has been utilizing funds from previous bus and vehicle purchases to outfit their tool selection in order to reduce the amount of work outsourced from the facility. With the purchase of these tools, staff is able to perform better diagnostic and maintenance in-house, compared to sending parts and vehicles to other 3rd party shops for repair and diagnosis.

Property Purchase

RABA staff continues to work on the property acquisition for future build-outs and overflow parking for transit-related purposes at the Downtown Transfer Center (DTC). RABA currently owns two parcels to the west, purchased when the DTC was constructed in 1993. Staff is still in the process of acquiring two remaining parcels on the east side of the block to ensure larger transit-related projects are possible.

Rolling Stock

RABA has received four (4) new paratransit vans with funds acquired through the Federal 5307 program and Proposition 1B state bond program. These paratransit vans will be used to replace existing fleet vehicles that have reached the end of their useful life. RABA has ordered three (3) new additional 35-foot Gillig buses and is expected to receive those vehicles in fiscal year 17-18. These will replace vehicles in the current fleet which have reached the end of their useful life.

RABA has been awarded a Federal 5339 program grant to acquire a fully electric bus to include in its existing fleet and will begin work to procure the vehicle during the upcoming fiscal year.

Transit Technology

RABA staff is in the process of developing an RFP to secure new fareboxes on all fleet vehicles. Current fareboxes are outdated with both equipment and software necessary to track and report ridership data. RABA is expected to complete and install the new equipment by end of calendar year 2018.

Design services associated with traffic signal priority work has also begun. Staff is working with a City of Redding Signal Technician to research and determine the best type of devices, utilizing RABA's existing route map to determine where the devices will best be utilized.

Facility Improvements and Equipment

RABA has acquired a portable trailer-mounted high pressure washing system using state Prop1B bond funds for purchase. The trailer replaced an outdated, non-working pressure washer used to clean existing facility buildings and equipment. The telephone system installed using voice over (VOiP) technology has been working great and has reduced wait times for customers. Additionally, software needs to be acquired to ensure ADA compliance with wait times.

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- 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 2016. This was the 30th 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 and the contract service provider who made this presentation possible. 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,

Dennice L. Maxwell

Dennice L. Maxwell
Director of Finance

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Government Finance Officers Association

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, 2016

Executive Director/CEO

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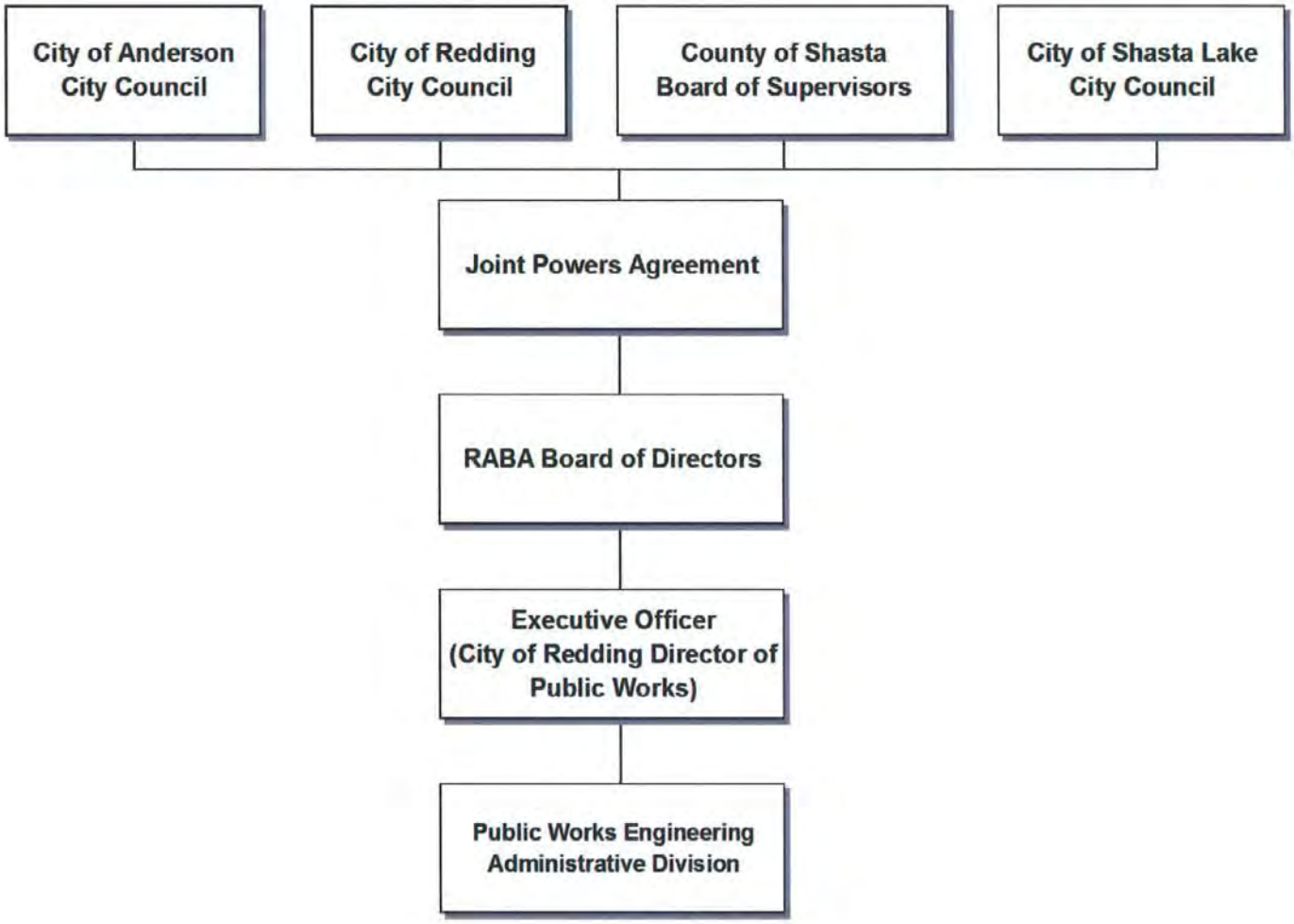
RABA ORGANIZATION CHART



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- REDDING AREA BUS AUTHORITY OFFICIALS -

Board of Directors

Kristen Schreder ..... Chairperson

Norma Comnick ..... Vice-Chairperson

David Kehoe ..... Director

Richard Kern ..... Director

Adam McElvain ..... Director

Francie Sullivan ..... Director

Brent Weaver ..... Director

Julie Winter ..... Director

Administrative Personnel

Barry Tippin ..... City Manager

Brian Crane ..... Executive Officer

Barry DeWalt ..... City Attorney

Pam Mize ..... City Clerk

Dennice L. Maxwell ..... Director of Finance

Chuck Aukland ..... Transportation Manager

Melissa Estrada ..... Transportation Planner

Angela Udovich, Anthony Maggiore ..... Management Analysts

Kathy Hawkins ..... Accounting Specialist

Ron Penington ..... Senior Accountant

Financial Section

THE PUN GROUP
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the Redding Area Bus Authority (the "Authority"), a component unit of the City of Redding, California (the "City"), which comprise the statement of net position as of June 30, 2017 and June 30, 2016 and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to financial statements.

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.

Auditor's 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority'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 Authority'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.

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www.pungroup.com

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Redding Area Bus Authority as of June 30, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 13 through 20 be presented to supplement the basic financial statements. Such 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. We and other auditors 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 obtained 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the RABA's basic financial statements. The Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards* and the Transportation Development Act

In accordance with *Government Auditing Standards*, the Transportation Development Act, and the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA) regulations, we have also issued our report dated December 18, 2017, on our consideration of the Authority'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, the Transportation Development Act and the PMISEA regulations in considering the Authority's internal control over financial reporting and compliance.

The Pun Group, LLP

Walnut Creek, California
December 18, 2017

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Redding Area Bus Authority
Management's Discussion and Analysis
For the years ended June 30, 2017 and 2016

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 years ended June 30, 2017 and 2016. 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

Fiscal Year 2017

- The assets of RABA exceeded liabilities at the close of the fiscal year by $11.7 million (*net position*). This was a decrease of $589,478 from the previous year and is due primarily to capital contributions of $556,554 less depreciation of $1,139,534. New capital purchases are paid from capital grants and are capitalized while depreciation is not funded since the assets are fully funded by capital grants.
- Fixed Route ridership increased by 2.3 percent, or by 15,457 riders, this year. Demand Response increased by 3.1 percent or 1,651 riders. Overall operating revenues increased by $53,512 (4.08 percent) during the year.
- Total expenses increased by $245,992 (3.77 percent) during the year. This increase was primarily attributable to increases in purchased transportation (2.89%), depreciation (9.35%), services (5.80%), advertising (14.44%), and utilities (4.46%). Additional smaller increases occurred in other operating expense categories.

Fiscal Year 2016

- The assets of RABA exceeded liabilities at the close of the fiscal year by $12.3 million (*net position*). This was a decrease of $191,779 from the previous year and is due primarily to capital contributions of $963,667 less depreciation of $1,132,127 and a loss on disposal of a capital asset of $22,522. New capital purchases are paid from capital grants and are capitalized while depreciation is not funded since the assets are fully funded by capital grants.
- Fixed Route ridership decreased by 10.3 percent, or by 76,869 riders, this year. Demand Response increased by 1.1 percent or 586 riders. Overall operating revenues decreased by $16,864 (1.27 percent) during the year.
- Total expenses increased by $193,393 (3.06 percent) during the year. This increase was attributable to increases in purchased transportation (3.82%), depreciation (7.91%), services (6.74%), and advertising (33.85%). These increases were partially offset by decreases in material and supplies (2.08%), utilities (11.73%), and other operating expenses (22.41%).

Overview of the Financial Statements

This discussion and analysis is 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 position, 2) statement of revenues, expenses and changes in net position, 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 position* presents information on all of RABA's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position* presents information showing how RABA's net position changed during the fiscal year. All changes in net position 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 noncapital financing activities, and investing activities. The statement of cash flows can be found on page 25.

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 27-38 of this report.

Financial Analysis

Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of RABA, at the end of the fiscal year 2017, assets exceeded liabilities by $11,729,486.

Redding Area Bus Authority Net Position

	2017	2016	2015
Current assets	$ 5,103,215	$ 5,632,198	$ 6,404,259
Capital assets, net of depreciation	11,077,221	11,662,484	11,877,517
Total assets	16,180,436	17,294,682	18,281,776
Current liabilities	4,450,950	4,975,718	5,771,033
Total liabilities	4,450,950	4,975,718	5,771,033
Net position:			
Investment in capital assets	11,077,221	11,662,484	11,877,517
Unrestricted	652,265	656,480	633,226
Total net position	$ 11,729,486	$ 12,318,964	$ 12,510,743

By far the largest portion of RABA's net position, (94 percent), represents its investment in capital assets (e.g., vehicles, buildings, improvements, and equipment). Vehicles and buildings (including construction in progress) make up approximately 70% of the capital assets at the end of the fiscal year; consequently, these assets are not available for future spending.

Changes in Net Position

Current year activities decreased the Redding Area Bus Authority's net position by $589,478. In 2016 net position decreased by $191,779 and in 2015 net position increased by $993,688. In years such as in 2015 when purchase of capital assets exceeds the current year depreciation and gain or loss on sales of assets, RABA has an increase in net position. Conversely, in years such as 2017 and 2016 when fewer capital assets are purchased, depreciation exceeds assets purchased and results in a decrease in net position.

Key elements of this increase are as follows:

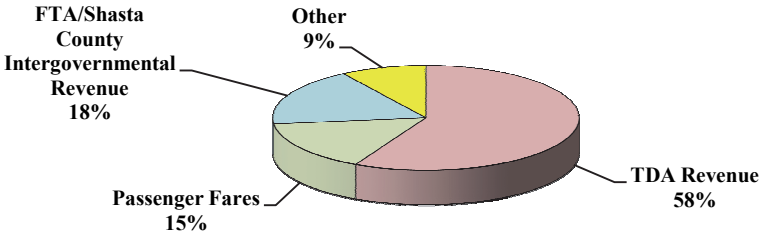
Redding Area Bus Authority
Changes in Net Position

	2017	2016	2015
Revenues:			
Passenger fares	$ 873,441	$ 844,800	$ 888,666
Contract services	419,455	399,263	364,144
Other operating revenue	71,477	66,798	74,915
Transportation Development Act revenue	3,239,843	3,306,912	3,180,218
Intergovernmental revenue	1,002,997	754,536	758,125
Other revenue (loss)	19,527	(975)	18,103
Total revenues	5,626,740	5,371,334	5,284,171
Expenses:			
Purchased Transportation	3,604,394	3,503,399	3,374,768
Materials and supplies-vehicles	970,759	887,820	906,616
Depreciation	1,139,534	1,132,127	1,049,216
Services	767,307	725,288	679,523
Other expenses	290,778	278,146	323,264
Total expenses	6,772,772	6,526,780	6,333,387
(Loss) before capital contributions	(1,146,032)	(1,155,446)	(1,049,216)
Capital contributions	556,554	963,667	2,042,904
Change in net position	(589,478)	(191,779)	993,688
Net position, beginning of year	12,318,964	12,510,743	11,517,055
Net position, end of year	$ 11,729,486	$ 12,318,964	$ 12,510,743

Financial Analysis

Passenger fares for transit services, revenue collected from customers or riders, is approximately 15 percent in fiscal year 2016-17 and 16 percent in fiscal year 2015-16 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 Regional Transportation Agency (SRTA). TDA funds come from a ¼ percent state sales tax that is passed through to local governments for transportation needs, allocated from sales tax on gasoline and diesel fuel. TDA funds made up 58 percent (61 percent in 2015-16) of the revenue used for operating RABA in 2016-17. 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. In fiscal year ending 2017 RABA received Federal operating assistance in the amount of $1,000,000. In 2016, RABA received Federal operating assistance of $750,000. This grant has reduced the amount of TDA funds RABA required to fund operational needs.

Revenues by Source
FY 2017



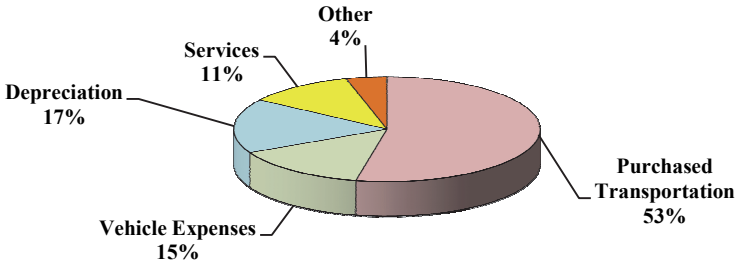
Fiscal Year 2017

RABA's total expenses increased over the prior year by $245,992. There are three primary reasons for the increase in expenses. First, purchased transportation increased by $100,995. Second, vehicle expenses increased by $82,939. And third, services increased by $42,019. In addition to these increases, depreciation and other operating and non-operating expenses increased by a combined total of $20,039.

Fiscal Year 2016

RABA's total expenses increased over the prior year by $193,393. There are three primary reasons for the increase in expenses. First, purchased transportation increased by $128,631. Second, depreciation increased by $82,911. And third, services increased by $45,765. These three increases were partially offset by decreases in vehicle material and supplies of $18,796 and other operation expense decreases of $45,118.

Expenses by Category
FY 2017



Capital Assets

Fiscal Year 2017

RABA's investment in capital assets (net of accumulated depreciation) as of June 30, 2017, amounted to $11.08 million. This investment in capital assets includes vehicles, land, buildings, improvements, and equipment. RABA's investment in capital assets decreased by $585,263 during the fiscal year ended June 30, 2017. During the year RABA purchased building and loading improvements of $68,477, various equipment totaling $104,386, and vehicles of $381,408 for a total of $554,271. RABA also disposed of various obsolete equipment items that were fully depreciated and an original cost value of $54,901. Including depreciation of $1,139,534, the net result is an overall decrease in investment in capital assets during 2016-17.

Fiscal Year 2016

RABA's investment in capital assets (net of accumulated depreciation) as of June 30, 2016, amounted to $11.7 million. This investment in capital assets includes vehicles, land, buildings, improvements, and equipment. RABA's investment in capital assets decreased by $215,033 during the fiscal year ended June 30, 2016. During the year RABA purchased building and loading improvements of $954,969, and various equipment totaling $8,698 for a total of $963,667. RABA removed a vehicle which was involved in an accident with an original cost of $78,713 and accumulated depreciation of $32,140. Including depreciation of $1,132,127, the net result is an overall decrease of the investment in capital assets during 2015-16.

Redding Area Bus Authority
Capital Assets (net of depreciation)

	2017	2016	2015
Land	$ 1,806,581	$ 1,806,581	$ 1,806,581
Buildings	4,257,009	4,530,084	4,007,314
Vehicles	3,261,398	3,513,234	4,186,960
Improvements	1,362,664	1,502,919	688,626
Furnishing and equipment	197,392	153,992	278,997
CWIP	192,177	155,674	909,039
Total	$ 11,077,221	$ 11,662,484	$ 11,877,517

Additional information on RABA's capital assets can be found in note 5 on pages 34 and 35 of this report.

Economic Factors

- ✓ RABA's major source of revenue is Transportation Development Act (TDA) funds. TDA funds come from a combination of ¼ percent state sales tax that is passed through to local governments for transportation needs and a portion of the sales tax attributable to fuel sales. TDA funds in excess of RABA's annual need are reallocated to the sponsoring jurisdictions for transportation and road purposes. Sales tax in the City of Redding has increased by 2.7 percent in FYE 2017 and increased by 7.2 percent in FYE 2016. It is expected sales tax will increase by approximately 2.75 percent during FYE 2018. RABA's request in FYE 2017 for TDA funds will be approximately equal to the estimated increase.
- ✓ Prior to 2006 the RABA transit area's annual growth rate was consistently in the 1.5 percent to 2.5 percent range. Since then, with the downturn in the economy, the growth rate has been reduced to less than 1 percent. That lower growth rate is assumed to continue into the fiscal year ending in 2018.
- ✓ The unemployment rate had increased from 7 percent in FYE 2007 to 16.20 percent in FYE 2010 before decreasing to an adjusted 6.80 percent in FYE 2016. During FYE 2017 the unemployment rate decreased from 6.80 percent to 5.80 percent.
- ✓ Inflationary trends in the region compare favorably to national indices.
- ✓ Ridership on the fixed route system has increased by 2.3 percent in FYE 2017. It is anticipated that ridership will increase in FYE 2018 by approximately 2%. RABA's fare box ratio for FYE 2017 was 16.46 percent, which was down from its FYE 2016 fare box ratio of 16.92 percent.

All of these factors were considered in preparing RABA's budget for the 2017-18 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 Director of Finance at the City of Redding, 777 Cypress Avenue, Redding, CA 96001.

BASIC FINANCIAL STATEMENTS

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Redding Area Bus Authority
Statements of Net Position
June 30, 2017 and 2016

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,405,000	$ 3,625,314
Accounts receivable	64,007	105,635
Intergovernmental receivables	2,488,967	1,743,450
Interest receivable	6,708	5,332
Materials and supplies inventory	138,533	152,467
Total current assets	5,103,215	5,632,198
Capital assets, not being depreciated:		
Land	1,806,581	1,806,581
Construction in progress	192,177	155,674
Capital assets, being depreciated, net of accumulated depreciation:		
Buildings	4,257,009	4,530,084
Automotive equipment	3,261,398	3,513,234
Improvements other than buildings	1,362,664	1,502,919
Furnishings and equipment	197,392	153,992
Total capital assets	11,077,221	11,662,484
Total assets	16,180,436	17,294,682
LIABILITIES		
Current liabilities:		
Accounts payable	446,473	831,529
Intergovernmental payable	124,643	188,188
Accrued liabilities	8,512	7,205
Deposit	3,000	3,895
Unearned revenue	3,868,322	3,944,901
Total current liabilities	4,450,950	4,975,718
NET POSITION		
Investment in capital assets	11,077,221	11,662,484
Unrestricted	652,265	656,480
Total net position	$ 11,729,486	$ 12,318,964

See accompanying Notes to Basic Financial Statements.

Redding Area Bus Authority
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2017 and 2016

	2017	2016
OPERATING REVENUES:		
Passenger fares for transit service	$ 873,441	$ 844,800
Contract transit services	419,455	399,263
Other revenue	71,477	66,798
Total operating revenues	1,364,373	1,310,861
OPERATING EXPENSES:		
Purchased transportation	3,604,394	3,503,399
Materials and supplies-vehicles	970,759	887,820
Depreciation	1,139,534	1,132,127
Services	767,307	725,288
Advertising	31,370	27,413
Other operating expenses	116,583	113,702
Utilities	141,412	135,377
Total operating expenses	6,771,359	6,525,126
Operating (loss)	(5,406,986)	(5,214,265)
NONOPERATING REVENUES (EXPENSES):		
Interest income	632	3,547
Rent	18,895	18,000
Interest expense	(1,413)	(1,654)
(Loss) on disposal of property	-	(22,522)
Intergovernmental revenue - noncapital	1,002,997	754,536
Transportation Development Act revenue	3,239,843	3,306,912
Total nonoperating revenues (expenses)	4,260,954	4,058,819
(Loss) before capital contributions	(1,146,032)	(1,155,446)
Capital Contributions	556,554	963,667
CHANGE IN NET POSITION	(589,478)	(191,779)
Total net position - beginning of year	12,318,964	12,510,743
Total net position - end of year	$ 11,729,486	$ 12,318,964

See accompanying Notes to Basic Financial Statements.

Redding Area Bus Authority
Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,406,001	$ 1,231,391
Cash paid to suppliers	(5,983,805)	(5,317,455)
Net cash (used) by operating activities	(4,577,804)	(4,086,064)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Intergovernmental revenue received	3,497,323	6,789,742
Advances from other funds	119,442	-
Repayment of advances from other funds	(183,309)	-
Net cash provided by noncapital financing activities	3,433,456	6,789,742
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants received	479,975	92,617
Acquisition of capital assets	(572,679)	(966,418)
Interest paid	(1,413)	(1,684)
Proceeds from sale of assets	-	24,051
Net cash (used) by capital and related financing activities	(94,117)	(851,434)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment revenue received	(744)	-
Rent received	18,895	18,000
Net cash provided by investing activities	18,151	18,000
Net change in cash and cash equivalents	(1,220,314)	1,870,244
CASH AND CASH EQUIVALENTS:		
Beginning of year	3,625,314	1,755,070
End of year	$ 2,405,000	$ 3,625,314
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:		
Operating (loss)	$ (5,406,986)	$ (5,214,265)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:		
Depreciation	1,139,534	1,132,127
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	41,628	(79,470)
(Increase) decrease in materials and supplies inventory	13,934	(2,942)
Increase (decrease) in accounts payable	(366,648)	458,694
Increase (decrease) in accrued liabilities	1,307	(7,918)
Increase (decrease) in deposits	(895)	-
Increase (decrease) in intergovernmental payable	322	(372,290)
Net cash (used) by operating activities	$ (4,577,804)	$ (4,086,064)

See accompanying Notes to Basic Financial Statements.

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Redding Area Bus Authority
Notes to the Financial Statements
For the years ended June 30, 2017 and 2016

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Note 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 of Shasta and the cities of Redding, Anderson, and Shasta Lake. All five members of the Redding City Council sit on the eight member board of RABA, therefore the voting majority is represented by Redding City Council members. City of Redding personnel provides administrative responsibility as well. Accordingly, RABA is a component unit of the City of Redding (City). 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 accounting principles in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standards-setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States, which includes RABA. 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 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 Position. The Statement of Revenues, Expenses and Changes in Net Position 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 the liability is incurred.

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.

Note 1 – Summary of Significant Accounting Policies (Continued)

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 cash equivalents.

For the purposes of the Statement of Cash Flows, cash and cash equivalents include all investments, as the City operates an internal cash management pool which maintains the general characteristics of a demand deposit account.

E. 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.

F. 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 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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:

Asset Types	*Useful Life (in years)*
Buildings	30
Furnishing and Equipment	5-40
Vehicles	5-10
Improvements	10

Note 1 – Summary of Significant Accounting Policies (Continued)

G. 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), Transportation Development Act (TDA) and State Proposition 1B Funds.

H. Personnel Services

RABA has no employees. Accounting and administrative services are provided by the City of Redding's personnel. Transportation services are provided by the personnel of an independent transportation company. RABA paid the City of Redding for accounting and administrative services $572,374 in fiscal year ending June 30, 2017 and $556,738 in fiscal year ending June 30, 2016.

I. 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.

J. Net Position

In the Statement of Net Position, net position is comprised of three components; net investment in capital assets; restricted; and unrestricted:

> *Net Investment in Capital Assets* – This amount consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes and other debt that are attributed to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
>
> *Restricted Net Position* – This amount consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
>
> *Unrestricted Net Position* – This amount is the net amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Note 2 – Cash and Investments

As of June 30, 2017 and 2016, RABA's cash and investments and the fair value measurement input are as follows:

	2017			***2016***		
	Fair Value	Less than 1 Year	*Measurement Input*	Fair Value	Less than 1 Year	*Measurement Input*
Deposits	$ 10,707	$ 10,707	*Uncategorized*	$ 38,646	$ 38,646	*Uncategorized*
Local Agency Investment Fund	2,394,293	2,394,293	*Uncategorized*	3,586,668	3,586,668	*Uncategorized*
Total Cash and Investments	$ 2,405,000	$ 2,405,000		$ 3,625,314	$ 3,625,314	

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).

RABA invests funds in the State Treasurer's Pooled Money Investment Account (PMIA) through LAIF, a voluntary program created by statute in 1977. The PMIA has regulatory oversight from the Pooled Money Investment Board and an in-house Investment Committee. LAIF has oversight by the Local Agency Investment Advisory Board. LAIF is not rated. The fair value of RABA's position in the pool is materially equivalent to the value of pool shares.

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, 2017, 2.89%, as compared to 2.81% as of June 30, 2016, of LAIF's investment portfolio was invested in structured notes and other asset-backed securities, respectively.

Note 2 – Cash and Investments (Continued)

Concentration of Credit Risk - RABA has approximately 99% 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.

Issurer	*Investment Type*	*2017*	*2016*
Local Agency Investment Fund (LAIF)	California Pooled Investment Fund	$ 2,394,293	$ 3,586,668

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, 2017 and 2016.

Note 3 – Accounts Receivable

At June 30, 2017 and 2016, accounts receivable consists of the following:

	June 30, 2017	*June 30, 2016*
Ticket Sales	$ 34,153	$ 49,347
Contract Services	19,086	25,382
Auxiliary Revenue	10,768	5,000
Miscellaneous	-	25,906
Accounts receivable balance	$ 64,007	$ 105,635

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.

Note 4 – Intergovernmental Receivables

Intergovernmental receivables at June 30, 2017 and 2016 were as follows:

	June 30, 2017	*June 30, 2016*
Federal Department of Transportation	$ 1,304,200	$ 753,305
Shasta Regional Transportation Agency	893,452	930,100
Shasta County - Other	291,315	60,045
Total	$ 2,488,967	$ 1,743,450

Note 5 – Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	*Additions*	*Deletions*	*Transfers/ Reclassifications*	*Balance June 30, 2017*
Capital assets, not being depreciated:					
Land	$ 1,806,581	$ -	$ -	$ -	$ 1,806,581
Construction in progress	155,675	49,087	-	(12,585)	192,177
Total capital assets, not being depreciated	1,962,256	49,087	-	(12,585)	1,998,758
Capital assets, being depreciated:					
Buildings	8,426,798	-	-	-	8,426,798
Improvements other than buildings	3,030,364	19,388	-	-	3,049,752
Automotive equipment	8,697,505	381,408	-	-	9,078,913
Furnishings and equipment	2,434,157	104,386	(54,901)	12,585	2,496,227
Total capital assets, being depreciated	22,588,824	505,182	(54,901)	12,585	23,051,690
Less accumulated depreciation for:					
Buildings	(3,896,714)	(273,075)	-	-	(4,169,789)
Improvements other than buildings	(1,527,445)	(159,643)	-	-	(1,687,088)
Automotive equipment	(5,184,271)	(633,244)	-	-	(5,817,515)
Furnishings and equipment	(2,280,164)	(73,572)	54,901	-	(2,298,835)
Total accumulated depreciation	(12,888,594)	(1,139,534)	54,901	-	(13,973,227)
Total capital assets, being depreciated, net	9,700,230	(634,352)	-	12,585	9,078,463
Capital assets, net	$ 11,662,486	$ (585,265)	$ -	$ -	$ 11,077,221

Note 5 – Capital Assets (Continued)

Capital assets activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	*Additions*	*Deletions*	*Transfers/ Reclassifications*	*Balance June 30, 2016*
Capital assets, not being depreciated:					
Land	$ 1,806,581	$ -	$ -	$ -	$ 1,806,581
Construction in progress	909,039	73,812	-	(827,176)	155,675
Total capital assets, not being depreciated	2,715,620	73,812	-	(827,176)	1,962,256
Capital assets, being depreciated:					
Buildings	7,639,062	51,367	-	736,369	8,426,798
Improvements other than buildings	2,109,766	829,790	-	90,808	3,030,364
Automotive equipment	8,776,218	-	(78,713)	-	8,697,505
Furnishings and equipment	2,425,458	8,699	-	-	2,434,157
Total capital assets, being depreciated	20,950,504	889,856	(78,713)	827,177	22,588,824
Less accumulated depreciation for:					
Buildings	(3,631,748)	(264,966)	-	-	(3,896,714)
Improvements other than buildings	(1,421,140)	(106,305)	-	-	(1,527,445)
Automotive equipment	(4,589,258)	(627,153)	32,140	-	(5,184,271)
Furnishings and equipment	(2,146,461)	(133,703)	-	-	(2,280,164)
Total accumulated depreciation	(11,788,607)	(1,132,127)	32,140	-	(12,888,594)
Total capital assets, being depreciated, net	9,161,897	(242,271)	(46,573)	827,177	9,700,230
Capital assets, net	$ 11,877,517	$ (168,459)	$ (46,573)	$ 1	$ 11,662,486

Note 6 – Intergovernmental Payables

Intergovernmental payables at June 30, 2017 and 2016 were as follows:

	June 30, 2017	*June 30, 2016*
City of Redding - Utilities	$ 5,201	$ 4,879
City of Redding	119,442	183,309
Total	$ 124,643	$ 188,188

As stated in Note 1, Subtitle H, 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.

Note 7 – Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA)

In November 2006, California Voters passed bond measure 1B (Prop 1B), enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the $19.925 billion of state general obligation bonds authorized, $3.6 billion was allocated to PTMISEA to be available to transit operators over a ten-year period. These funds may be used for transit rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or rolling stock (buses and rail cars) procurement, rehabilitation or replacement.

In fiscal year 2016-17, RABA received or accrued an additional $0 in PTMISEA funding. During the fiscal year RABA incurred $249,947 in qualifying expenditures and earned $17,012 in interest income. The June 30, 2017 ending balance in unspent PTMISEA funding was $3,562,224.

In fiscal year 2015-16, RABA received or accrued an additional $75,100 in PTMISEA funding. During the fiscal year RABA incurred $961,251 in qualifying expenditures and earned $17,991 in interest income. The June 30, 2016 ending balance in unspent PTMISEA funding was $3,793,357.

Note 8 – Unearned Revenue

Transportation Development Act

Unearned revenue at June 30, 2017 included $3,868,322 of California Proposition 1B funds received from CalTrans.

Unearned revenue at June 30, 2016 included $3,944,901 of California Proposition 1B funds received from CalTrans.

Other Proposition 1B Funds

In fiscal year 2016-17 RABA received $153,561in non PTMISEA Proposition 1B funds. During the fiscal year RABA incurred $0in qualifying expenditures and earned $988 in interest. The June 30, 2017 balance of non PTMISEA Proposition 1B funds was $306,098
.

In fiscal year 2015-16 RABA did not receive any additional non PTMISEA Proposition 1B funds. During the fiscal year RABA incurred $791 in qualifying expenditures and earned $655 in interest. The June 30, 2016 balance of non PTMISEA Proposition 1B funds was $151,544.

Note 9 – 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 RABA to provide purchased transportation. RABA's administrative and accounting personnel services are staffed by employees of the City; therefore, workers' compensation for these positions is carried by the City. Workers' compensation insurance is administered as a co-insurance plan. The City is self-insured up to $750,000 with an insurance company co-insuring claims from $750,001 to $50 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, 2017, has been included in the City's Risk Management Fund's claims payable amount as of June 30, 2017. The employees of the purchased transportation provider are covered by workers' compensation insurance through their employer.

Note 10 – Commitments and Contingencies

There are no material, pending, or threatened items of litigation, claims or assessments involving RABA as of June 30, 2017, as expressed in the attorney confirmation letter dated December 11, 2017.

RABA has received Federal grants for specific purposes that are subject to review and audit by the Federal government. Although such audits could result in expenditure disallowance under grant terms, any required reimbursements are not expected to be material.

As of December 11, 2017, in the opinion of RABA Management, there were no additional outstanding matters that would have a significant effect on the financial position of RABA.

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Statistical Section

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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.

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Financial Trends **41**

These schedules contain trend information to help the reader understand how the authority's financial performance and well-being have changed over time.

Revenue Capacity **45**

These schedules contain information to help the reader assess the authority's most significant local revenue consideration, namely ridership and fare box revenue.

Demographic and Economic Information **48**

These schedules offer demographic and economic data to help the reader understand the environment within which the authority's financial activities take place.

Operating Information **50**

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.

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.

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Redding Area Bus Authority
Net Position
Last Ten Fiscal Years

Fiscal Year	Investment in Capital Assets	Unrestricted	Total Net Position
2007-08	$ 7,487,530	$ 565,897	$ 8,053,427
2008-09	8,813,037	565,898	9,378,935
2009-10	9,049,535	588,590	9,638,125
2010-11	10,067,578	610,744	10,678,322
2011-12	11,211,827	610,743	11,822,570
2012-13	10,419,028	610,743	11,029,771
2013-14	10,883,829	633,226	11,517,055
2014-15	11,877,517	633,226	12,510,743
2015-16	11,662,484	656,480	12,318,964
2016-17	11,077,221	652,265	11,729,486

Source: Redding Area Bus Authority Annual Component Unit Financial Report.

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Redding Area Bus Authority
Change in Net Position
Last Ten Fiscal Years

Fiscal Year	Expenses	Revenues	Capital Contributions	Change in Net Position
2007-08	$ 5,788,537	$ 4,847,686	$ 370,089	$ (570,762)
2008-09	6,180,566	5,254,385	2,251,689	1,325,508
2009-10	5,886,923	4,971,602	1,174,511	259,190
2010-11	6,132,093	5,182,367	1,989,923	1,040,197
2011-12	6,002,017	5,024,918	2,121,347	1,144,248
2012-13	6,148,746	5,119,205	236,742	(792,799)
2013-14	6,333,614	5,302,629	1,518,269	487,284
2014-15	6,333,387	5,284,171	2,042,904	993,688
2015-16	6,526,780	5,371,334	963,667	(191,779)
2016-17	6,772,772	5,626,740	556,554	(589,478)

Note: For additional detail of Expenses and Revenues please refer to following pages.

Source: Redding Area Bus Authority Annual Component Unit Financial Report.

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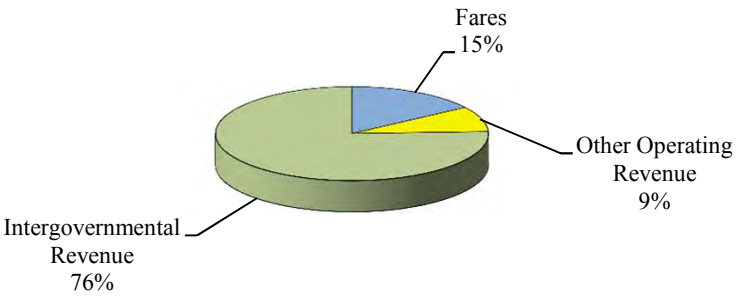
Redding Area Bus Authority
Revenues
Last Ten Fiscal Years

Fiscal Year	Fares	Other Operating Revenue	Intergovern-mental Revenue	Other Non-operating Revenue		Total Revenue
2007-08	$ 845,333	$ 117,041	$ 3,807,699	$ 77,613		$ 4,847,686
2008-09	834,056	130,848	4,237,678	51,803		5,254,385
2009-10	762,983	167,148	4,118,683	(77,212)	(1)	4,971,602
2010-11	786,872	164,562	4,225,174	5,759	(2)	5,182,367
2011-12	883,688	170,344	3,984,795	(13,909)	(3)	5,024,918
2012-13	889,096	171,980	4,026,484	31,645		5,119,205
2013-14	911,964	405,418	3,930,694	54,553	(4)	5,302,629
2014-15	888,666	439,059	3,938,343	18,103		5,284,171
2015-16	844,800	466,062	4,061,447	(975)	(5)	5,371,334
2016-17	873,441	490,932	4,242,840	19,527		5,626,740

Note:
(1) Data includes loss on disposal of assets of $88,031
(2) Data includes loss on disposal of assets of $20,641
(3) Data includes loss on disposal of assets of $33,726
(4) Data includes gain on disposal of assets of $21,706
(5) Data includes loss on disposal of assets of $22,522

Source: Redding Area Bus Authority Annual Component Unit Financial Report.

RABA Revenues 2016-17
(Excluding Other Non-Operating Revenues)



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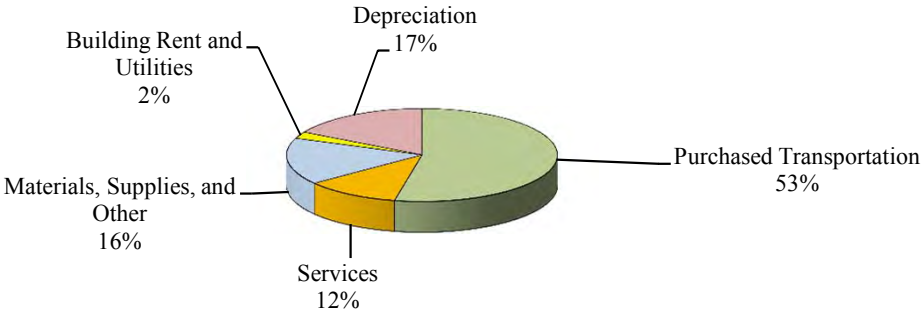
Redding Area Bus Authority
Expenses
Last Ten Fiscal Years

Fiscal Year	Purchased Transportation	Services	Materials, Supplies, and Other (1)	Building Rent and Utilities	Depreciation	Total Expenses
2007-08	$ 2,782,699	$ 515,884	$ 1,438,573	$ 110,134	$ 941,247	$ 5,788,537
2008-09	3,054,950	721,596	1,358,183	119,654	926,183	6,180,566
2009-10	3,099,220	589,358	1,257,096	113,960	827,289	5,886,923
2010-11	3,218,795	542,923	1,307,473	133,816	929,086	6,132,093
2011-12	3,075,341	530,064	1,320,507	132,730	943,375	6,002,017
2012-13	3,110,534	529,568	1,339,412	139,690	1,029,542	6,148,746
2013-14	3,251,489	620,932	1,253,830	153,899	1,053,464	6,333,614
2014-15	3,374,768	679,523	1,060,403	169,477	1,049,216	6,333,387
2015-16	3,503,399	725,288	1,014,479	151,487	1,132,127	6,526,780
2016-17	3,604,394	767,307	1,101,731	157,522	1,139,534	6,770,488

(1) Includes advertising expenses.

Source: Redding Area Bus Authority Annual Component Unit Financial Report.

RABA Expenses 2016-17



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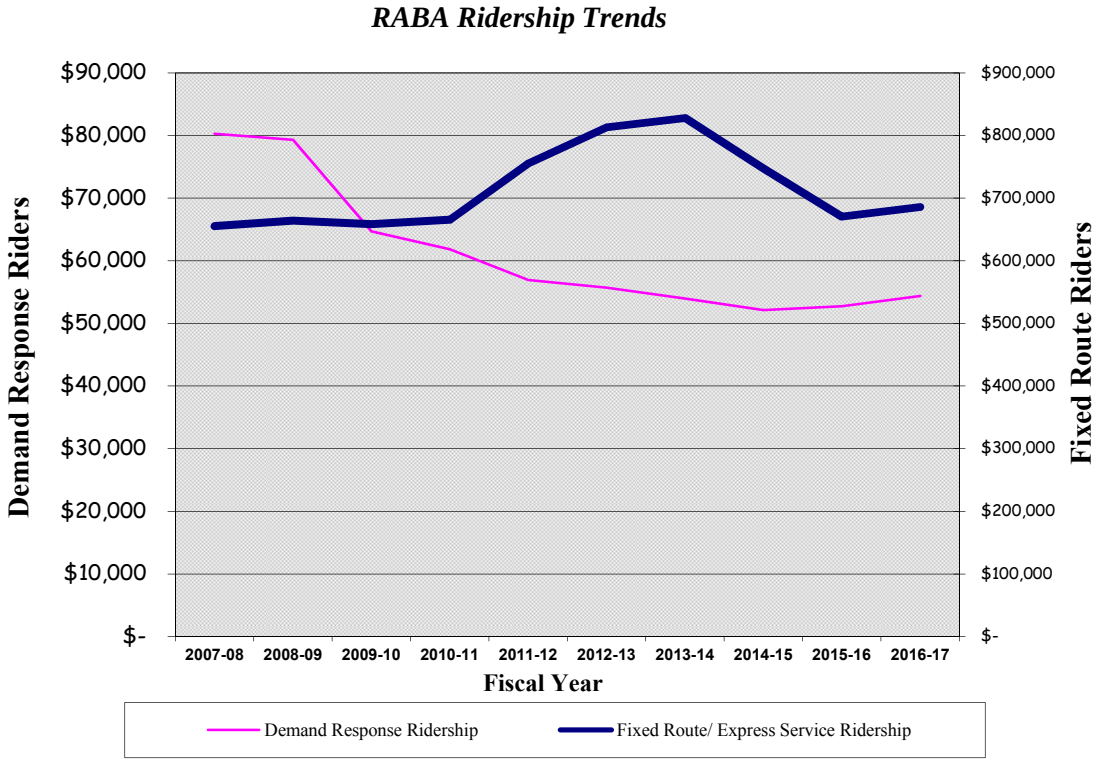
Redding Area Bus Authority
Comparison of System Ridership Data
Last Ten Fiscal Years

Fiscal Year	Fixed Route/ Express Service Ridership	Change	Demand Response Ridership	Change
2007-08	$ 655,303	0.4%	$ 80,265	5.5%
2008-09	664,115	1.3%	79,340	-1.2%
2009-10	658,216	-0.9%	64,716	-18.4%
2010-11	665,246	1.1%	61,848	-4.4%
2011-12	755,396	13.6%	56,951	-7.9%
2012-13	813,351	7.7%	55,699	-2.2%
2013-14	827,924	1.8%	53,953	-3.1%
2014-15	747,205	-9.7%	52,158	-3.3%
2015-16	670,336	-10.3%	52,744	1.1%
2016-17	685,793	2.3%	54,395	3.1%

Source: State Controller's Report for Transit.



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Redding Area Bus Authority
Fare Structure

Burney Express Route	$2.00 - $5.00
Base Fare (Age 6 - 61)	$1.50
Airport Road Corridor Commuter Route	$1.50
Zone Change	$0.75
Children (under 6)	Free
Senior Base Fare (Age 62+)	$0.75
Handicapped Base Fare	$0.75
Medicare Card Holder	$0.75
Zone Change	$0.35
Transfers	Free
Demand Response	$3.00
Demand Response Zone Change	$1.50
Monthly Pass - Youth	$29.00
Monthly Pass Redding Local	$48.25
Monthly Pass Anderson or Shasta Lake	$82.00
Monthly Pass Senior/Disabled Redding Local	$24.00
Monthly Pass Senior/Disabled Anderson or Shasta Lake	$41.00

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Redding Area Bus Authority
Demand Response and Fixed Route Cost Structure

	Demand Response	Fixed Route	Demand Response & Fixed Route	Burney Express	Total
Revenue					
Fare Box revenue	$ 177,245	$ 670,176	$ 847,421	$ 26,021	$ 873,442
Local Funds	$ 17,578	$ 44,062	$ 61,640	$ -	$ 61,640
Fare Box revenue (incl Local Funds)	$ 194,823	$ 714,238	$ 909,061	$ 26,021	$ 935,082
Other revenue	1,342,992	3,137,569	4,480,561	211,097	4,691,658
Total Revenue	$ 1,537,815	$ 3,851,807	$ 5,389,622	$ 237,118	$ 5,626,740
Expenses					
Depreciation	$ -	$ 1,139,534	$ 1,139,534	$ -	$ 1,139,534
Other expense	1,537,815	3,858,305	5,396,120	237,118	5,633,238
Total expense	1,537,815	4,997,839	6,535,654	237,118	6,772,772
Net Loss	-	(1,146,032)	(1,146,032)	-	(1,146,032)
Add Capital Contributions		556,554	556,554		556,554
Gain/(loss) on disposal of assets		-	-		-
Change in Net Assets	$ -	$ (589,478)	$ (589,478)	$ -	$ (589,478)
Excluded Costs	$ 627	$ 45,625	$ 46,252		$ 46,252 *
Fare Box Ratio (Fare Box revenue/Other expense) (Net of Excluded Costs)	12.67%	18.73%	16.99%	10.97%	16.74%

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

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Redding Area Bus Authority
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Square Miles	RABA Service Area Population (1)		Personal Income (thousands of dollars)	Per Capita Personal Income (2)	Unemployment Rates (3)
2007-2008	100.00	116,893		4,099,087	35,067	9.30
2008-2009	100.00	117,478		4,105,386	34,946	14.10
2009-2010	100.00	118,065		4,078,792	34,547	16.20
2010-2011	100.00	115,634	*	3,873,392	33,497	15.90
2011-2012	100.00	116,281	*	4,043,555	34,774	14.20
2012-2013	100.00	116,518	*	4,166,451	35,758	11.80
2013-2014	100.00	116,516	*	4,236,988	36,364	9.30
2014-2015	100.00	116,607	*	4,419,988	37,905	7.50
2015-2016	100.00	116,337	*	4,756,089	40,882	6.80
2016-2017	100.00	116,707	*	4,949,661	42,411	5.80

Note: Per capita personal income is based on the calendar year information ending during that fiscal year.

Source: ***(1) Shasta County Transit Development Plan***
**** 2010-2011 through 2016-2017 based on Department of Finance population at January 1 and percentages presented in 2013-2014 Unmet Transit Needs Assessment by Shasta County RTPA (Attch A). Prior years updated for any change in Department of Finance information.***

(2) Bureau of Economic Analysis, U.S. Department of Commerce. Prior years updated for any change in data.

(3) State of California Employment Development Department. Prior years updated for any change in data.

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Redding Area Bus Authority
Principal Employers in the City of Redding
Current Year and Nine Years Ago

		2017			2008		
Employer		**Employees**	**Rank**	**Percentage of Total Area Employment**	**Employees**	**Rank**	**Percentage of Total Area Employment**
Shasta County	*	2,008	1	2.82%	1,923	1	2.42%
Mercy Medical Center	*	1,566	2	2.20%	1,600	2	2.02%
City of Redding	**	1,166	3	1.11%	873	3	1.10%
Shasta Regional Medical Center		788	4	0.96%	700	4	0.88%
CA Transportation Department		686	5	0.91%			
Redding Rancheria		570	6	0.76%	370	8	0.47%
Shasta Union High School District		396	7	0.53%			
Shasta Community College		369	8	0.49%	700	5	0.88%
Shasta Community Health		350	9	0.47%			
Blue Shield of California		330	10	0.44%	430	6	0.54%
Wal-Mart					375	7	0.47%
United States Post Office					300	9	0.38%
Shasta Head Start					257	10	0.32%
Total		8,229			7,528		

* Full-time equivalent budgeted positions. This includes employees who work outside of the City.

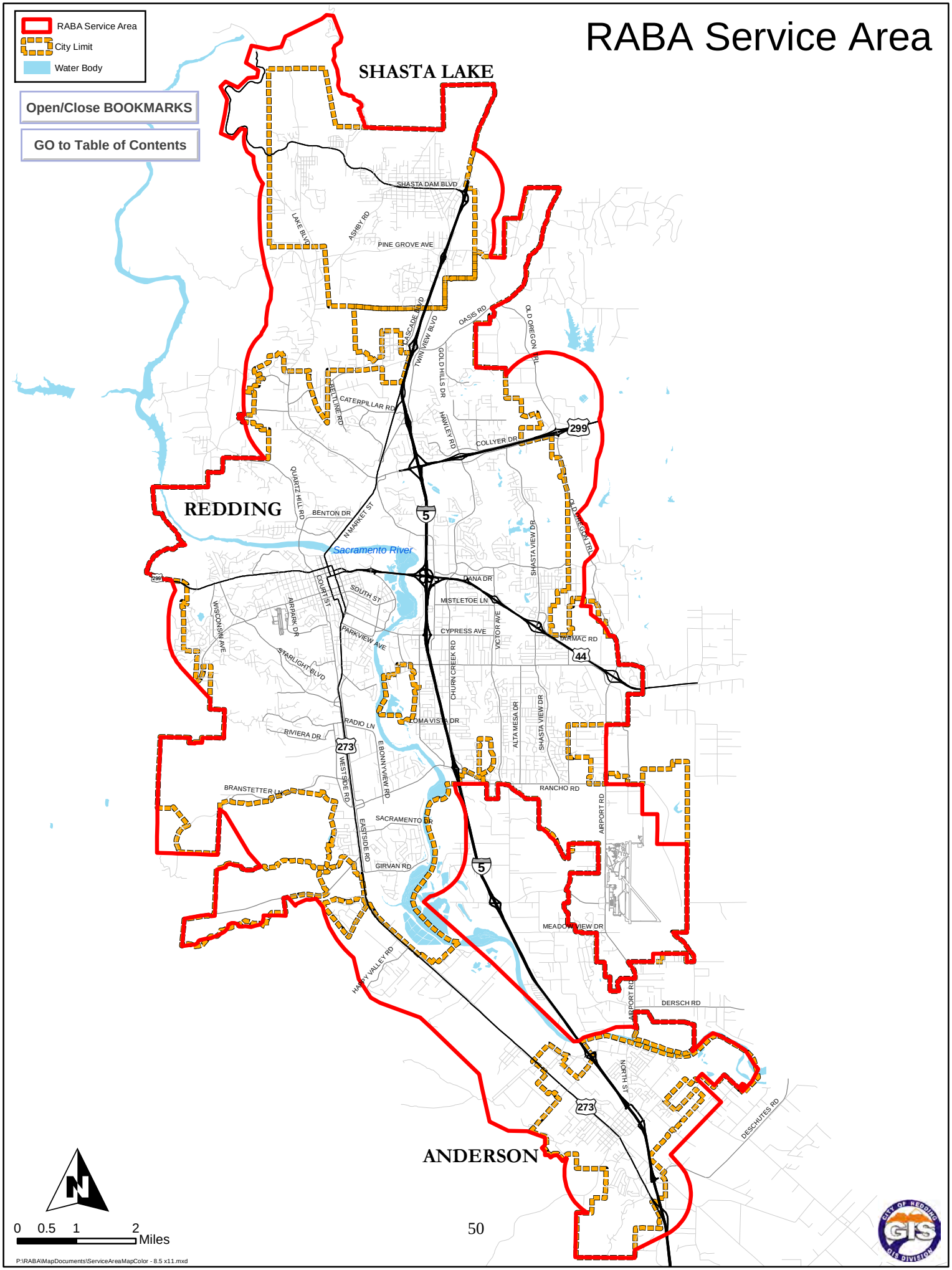
** Full-time budgeted positions.

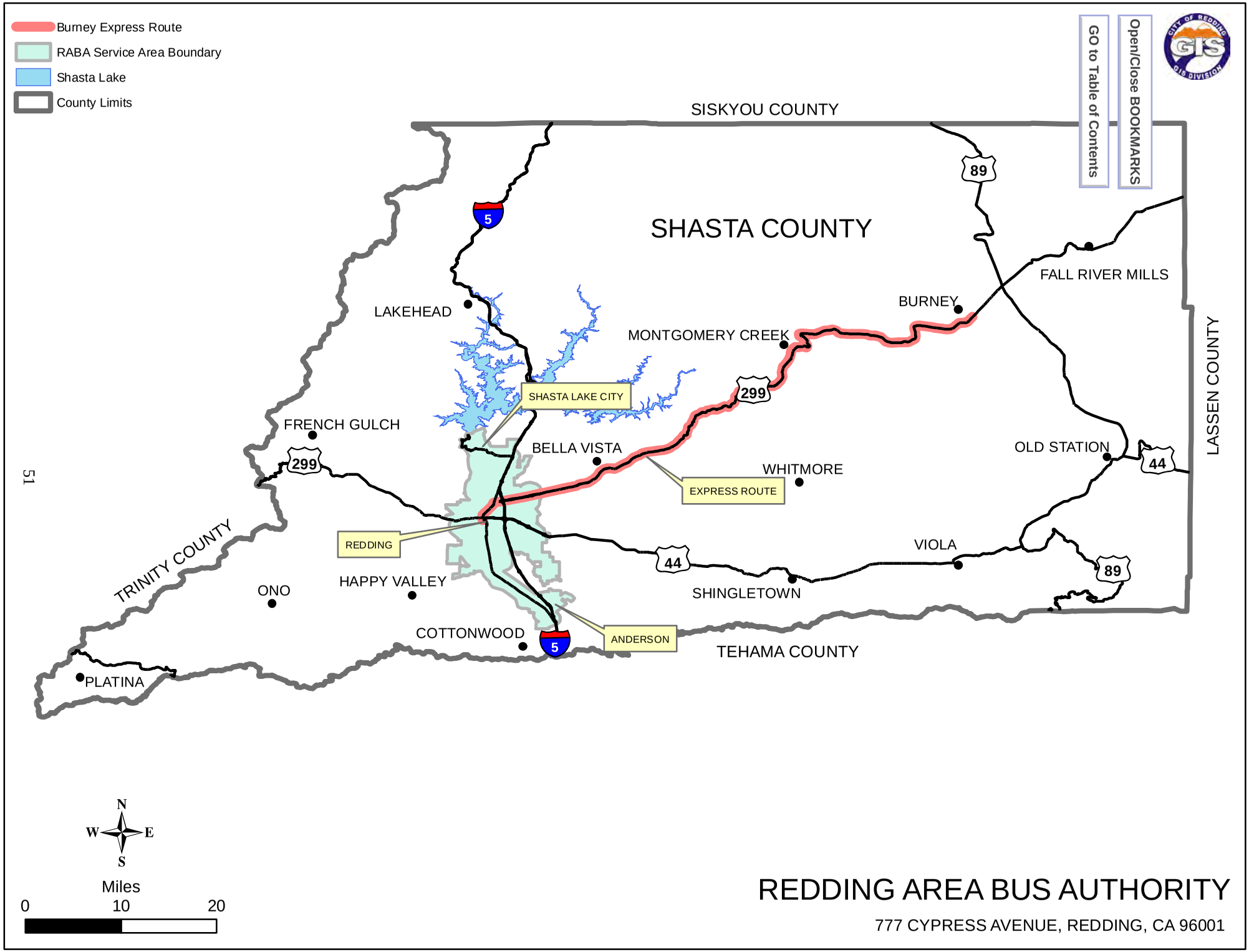
In 2016-17 there were 739 full-time and 427 part-time/temporary positions filled.

In 2007-08 there were 840 full-time and 343 part-time/temporary positions filled.

Source: Derived roughly from the Employment Development Department's (EDD) listing of the top 25 employers in Shasta County along with information fromother sources.

RABA Service Area




Burney Express Route
RABA Service Area Boundary
Shasta Lake
County Limits
SISKYOU COUNTY
SHASTA COUNTY
LASSEN COUNTY
TRINITY COUNTY
TEHAMA COUNTY
LAKEHEAD
MONTGOMERY CREEK
BURNEY
FALL RIVER MILLS
SHASTA LAKE CITY
FRENCH GULCH
BELLA VISTA
WHITMORE
OLD STATION
EXPRESS ROUTE
REDDING
VIOLA
ONO
HAPPY VALLEY
SHINGLETOWN
COTTONWOOD
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REDDING AREA BUS AUTHORITY
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Redding Area Bus Authority
Summary of Fixed Route System Data
Last Ten Fiscal Years

Fiscal Year	Fare Revenue	Total Passengers	Total Actual Vehicle Revenue Hours	Total Actual Revenue Vehicle Miles
2007-08	$ 585,133	649,703	43,170	694,167
2008-09	572,248	658,804	40,216	571,739
2009-10	555,009	654,164	40,084	554,612
2010-11	564,626	658,906	40,309	559,312
2011-12	670,276	749,222	40,893	578,102
2012-13	685,897	807,894	40,798	582,760
2013-14	706,413	823,012	41,200	586,060
2014-15	699,922	742,712	41,101	595,628
2015-16	639,281	664,367	40,762	631,855
2016-17	670,176	679,527	41,685	648,171

Source: State Controller's Report for Transit

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Redding Area Bus Authority
Summary of Express Service Data
Last Ten Fiscal Years

Fiscal Year	Fare Revenue	Total Passengers	Total Actual Vehicle Revenue Hours	Total Actual Revenue Vehicle Miles
2007-08	$ 22,518	5,710	1,530	58,140
2008-09	22,147	5,311	1,530	58,140
2009-10	14,698	4,052	1,536	58,368
2010-11	24,986	6,340	1,548	58,140
2011-12	27,050	6,174	1,542	58,596
2012-13	23,605	5,457	1,518	57,674
2013-14	22,764	4,912	1,530	58,140
2014-15	20,993	4,493	1,529	58,141
2015-16	26,560	5,969	2,214	58,372
2016-17	26,021	6,266	2,313	87,780

Source: State Controller's Report for Transit

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Redding Area Bus Authority
Summary of Demand Response System Data
Last Ten Fiscal Years

Fiscal Year	Fare Revenue	Total Passengers	Total Actual Vehicle Revenue Hours	Total Actual Revenue Vehicle Miles
2007-08	$ 237,682	80,265	28,619	420,396
2008-09	239,661	79,340	29,086	409,610
2009-10	192,506	64,716	25,067	341,637
2010-11	197,260	64,716	25,067	341,637
2011-12	177,362	56,951	19,239	324,974
2012-13	179,594	55,699	17,326	303,133
2013-14	182,786	53,953	16,678	293,840
2014-15	167,751	52,158	16,824	298,360
2015-16	178,959	52,744	17,169	302,227
2016-17	177,245	54,395	16,405	300,213

Source: State Controller's Report for Transit

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Redding Area Bus Authority
Capital Assets Statistics
Last Ten Fiscal Years

Fiscal Year	Fixed Route Buses	Demand Response Vans	Transfer Stations	Maintenance Facilities
2007-08	16	20	3	1
2008-09	17	20	3	1
2009-10	18	20	3	1
2010-11	16	20	3	1
2011-12	16	20	3	1
2012-13	16	20	3	1
2013-14	18	20	3	1
2014-15	18	20	3	1
2015-16	18	20	3	1
2016-17	19	18	3	1

Note: RABA has only one function and that is transit.

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Redding Area Bus Authority
Miscellaneous Data
June 30, 2017

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):	116,707
Total Fleet Size:	
Fixed route	19
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)** ***Based on Department of Finance population estimates @ 1/1/17 and Shasta County RTPA-2012/13 TDA Budget Transit requirements. See Demographic Statistics, pg. 48***

RABA

REDDING CITY HALL
RABA

THE PUN GROUP
ACCOUNTANTS & ADVISORS

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

To the Honorable Board of Directors
of the Redding Area Bus Authority
Redding, 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, the financial statements of, the business-type activities of the Redding Area Bus Authority (the "Authority"), a component unit of the City of Redding, California (the "City"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 18, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") to determine the 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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.

2121 North California Blvd., Suite 290, Walnut Creek, California 94596
Tel: 925-974-3394 • Fax: 949-777-8850
www.pungroup.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, including the Transportation Development Act as prescribed in §6666 and §6667 of Title 21, Chapter 3, Subchapter 2, Article 5.5 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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 that are required to be reported under *Government Auditing Standards*.

Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA)

In November 2006, California Voters passed a bond measure enacting the Highway Safety, Traffic reduction, Air Quality and Port Security Bond Act of 2006. Of the $19.925 billion of state general obligation bonds authorized, $4 billion was set aside by the State as instructed by the statute as the Public Transportation Modernization Improvement and Service Enhancement Account ("PTMISEA"). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement.

During the fiscal year ended June 30, 2017, the Authority received $0 from the State's PTMISEA account. During the fiscal year ended June 30, 2017, PTMISEA funds expended were verified in the course of our audit as follows:

Unspent proceeds at July 1, 2016	$	3,793,357
Interest earned on PTMISEA funds		17,012
Additional appropriations		0
Expenditures incurred		(248,731)
Unexpended proceeds at June 30, 2017	$	3,561,638

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 Shasta Regional Transportation Agency, for the year ended June 30, 2017. In connection with our audit, we performed, to the extent applicable, the compliance audit tasks set forth in Sections 6666 and 6667 of the California Code of Regulations.

In our opinion, the funds allocated 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 Shasta Regional Transportation Agency.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Governmental Auditing Standards and the Transportation Development Act.

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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and Transportation Development Act in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Pun Group, LLP

Walnut Creek, California
December 18, 2017

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