

# **City of Redding**

Redding, California

## **Single Audit, Passenger Facility Charges Program, And Independent Auditors' Reports**

*For the Year Ended June 30, 2017*





# City of Redding

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

To the Honorable Mayor and Members of City Council  
of the City of Redding  
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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information 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 City'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 City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

**Compliance and Other Matters**

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

To the Honorable Mayor and Members of City Council  
of the City of Redding  
Redding, California  
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**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*The PwC Group, LLP*

Walnut Creek, California  
December 18, 2017



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and Members of City Council  
of the City of Redding  
Redding, California

**Report on Compliance for Each Major Federal Program**

We have audited the City of Redding' (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2017. The City's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

## **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

To the Honorable Mayor and Members of City Council  
of the City of Redding  
Redding, California  
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### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2017, and have issued our report thereon dated December 18, 2017 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the City's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*The PwC Group, LLP*

Walnut Creek, California  
December 18, 2017

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**City of Redding**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2017**

Federal Grantor/Pass - Through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Federal Expenditures	Amount Provided to Subrecipients
<b><u>U.S. Department of Housing and Urban Development</u></b>				
<b>CDBG - Entitlement Grants Cluster:</b>				
<i>Direct Program:</i>				
Community Development Block Grant	14.218	B-14-MC 060033	\$ 11,393	\$ 1,221
Community Development Block Grant	14.218	B-15-MC 060033	134,091	77,813
Community Development Block Grant	14.218	B-16-MC 060033	545,457	118,959
<b>Total CDBG - Entitlement Grants Cluster</b>			<u>690,941</u>	<u>197,993</u>
HOME Investment Partnership	14.239	M13-MC060238	8,766	-
HOME Investment Partnership	14.239	M14-MC060238	26,915	-
HOME Investment Partnership	14.239	M15-MC060238	12,207	-
<b>Subtotal - Program 14.239</b>			<u>47,888</u>	<u>-</u>
<b>Housing Vouchers Cluster:</b>				
<i>Direct Program:</i>				
Section 8 Housing Choice Vouchers	14.871	CA 106	8,385,059	-
<b>Total Housing Vouchers Cluster</b>			<u>8,385,059</u>	<u>-</u>
<b>Family Self-Sufficiency Program:</b>				
<i>Direct Program:</i>				
FSS Coordinator	14.896	CA 106 FSH096A015	29,411	-
FSS Coordinator	14.896	CA 106 FSH096A016	29,359	-
<b>Total Family Self-Sufficiency Program</b>			<u>58,770</u>	<u>-</u>
<b>Total U.S. Housing and Urban Development</b>			<u>9,182,658</u>	<u>197,993</u>
<b><u>U.S. Department of Justice</u></b>				
<i>Direct Program:</i>				
Bulletproof Vest Partnership Program 2015	16.607	2015 Regular Solicitation	10,808	-
Bulletproof Vest Partnership Program 2016	16.607	2016 Regular Solicitation	14,650	-
<b>Subtotal - Program 16.607</b>			<u>25,458</u>	<u>-</u>
Asset Seizure Program	16.922	N/A	45,176	-
<b>Subtotal - Program 16.922</b>			<u>45,176</u>	<u>-</u>
<b>Total U.S. Department of Justice</b>			<u>70,634</u>	<u>-</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards

**City of Redding**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2017**

Federal Grantor/Pass - Through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Federal Expenditures	Amount Provided to Subrecipients
<b><u>U.S. Department of Transportation</u></b>				
<b>Aiport Improvement Program:</b>				
<i>Direct Program</i>				
Master Plan Update	20.106	03-06-0194-46	3,770	-
West Tie Down Apron Design	20.106	03-06-0194-47	3,317	-
T-Hanger Taxilane Design	20.106	03-06-0194-47	7,403	-
ADA Passenger Ramp	20.106	03-06-0194-47	25,381	-
West Tie Down Apron	20.106	03-06-0194-48	637,895	-
Payment Study	20.106	03-06-0308-17	21,465	-
AWOS/Taxiway B Designs	20.106	03-06-0308-18	84,255	-
Payment Study	20.106	03-06-0194-47	38,455	-
<b>Total Airport Improvement Program</b>			821,941	-
<b>Highway Planning and Construction Cluster:</b>				
<i>Passed through the California Department of Transportation:</i>				
FHBP Study 5068-32 (Sharon/ACID)	20.205	HBRR 5068-32	42,492	-
FHBP Study 5068-34 (Sacramento/Olney)	20.205	HBRR 5068-34	116,542	-
FHBP Study 5068-35 (Eastside/Canyon)	20.205	HBRR 5068-35	10,244	-
FHBP Study 5068-36 (Eastside/Olney)	20.205	HBRR 5068-36	71,766	-
FHBP Study 5068-37 (Canyon/ACID)	20.205	HBRR 5068-37	10,320	-
FHBP Study 5068-38 (Westside/Canyon)	20.205	HBRR 5068-38	9,173	-
FHBP Study 5068-39 (Girvan/Olney)	20.205	HBRR 5068-39	14,688	-
FHBP Study 5068-45 (Old Alturas/Churn Creek)	20.205	HBRR 5068-45	108,320	-
Intersection of Old Oregon/Oasis	20.205	HSIP 5068-30	32,787	-
Lake Boulevard Improvements	20.205	HSIP 5068-43	84,046	-
Safe Routes to School - Bidwell/N. Bonneyview	20.205	SRTSL-5068-48	40,236	-
Placer Street Improvements	20.205	CTIPS 211-1111-0115	931,915	-
Diestelhorst Bridge to Downtown via Benton	20.205	ATP- 5068-55	134,765	-
Churn Creek Shoulder Widening	20.205	HSIPL 5068-050	355,843	-
Victor Pedestrian Safety Improvements	20.205	HSIP6-02-001-5068-51	678,515	-
Old Oregon Trail Shoulder Widening	20.205	HSIP6-02-002-5068-52	101,927	-
Hartnell Avenue Pedestrian Improvements	20.205	HSIP7-02-002-5068-54	251,429	-
<b>Total Highway Planning and Construction Cluster</b>			2,995,008	-
<b>Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research Program:</b>				
<i>Passed through the Shasta Regional Transportation Agency:</i>				
Hilltop Drive Corridor Signal Optimization Study (901.01)	20.505	74A0821	25,270	-
Victor Avenue Corridor Signal Phasing Plan (901.02)	20.505	74A0821	30,000	-
<b>Total Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research Program</b>			55,270	-

See accompanying Notes to the Schedule of Expenditures of Federal Awards

**City of Redding**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2017**

Federal Grantor/Pass - Through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Federal Expenditures	Amount Provided to Subrecipients
<b><u>U.S. Department of Transportation (Continued)</u></b>				
<b>Federal Transit Cluster:</b>				
<i>Direct Program:</i>				
FTA-CA-90-Z071	20.507	CA-90-Z071	2,523	-
FTA-CA-90-Z182	20.507	CA-90-Z182	131,674	-
FTA-CA-90-Z278	20.507	CA-90-Z278	173,000	-
FTA - Operating Z278	20.507	CA-2017-40	1,000,000	-
<b>Total Federal Transit Cluster</b>			<u>1,307,197</u>	<u>-</u>
<b>Highway Safety Cluster:</b>				
<i>Passed through California Office of Traffic Safety:</i>				
Selective Traffic Enforcement Program (STEP)	20.600	PT1629	25,678	-
Selective Traffic Enforcement Program (STEP)	20.600	PT1795	47,328	-
<b>Total Highway Safety Cluster</b>			<u>73,006</u>	<u>-</u>
<b>Minimum Penalties for Repeat Offenders for Driving While Intoxicated Program:</b>				
<i>Passed through California Office of Traffic Safety:</i>				
Selective Traffic Enforcement Program (STEP)	20.608	PT1629	20,982	-
Selective Traffic Enforcement Program (STEP)	20.608	PT1795	46,762	-
<b>Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated Program</b>			<u>67,744</u>	<u>-</u>
		<b>Total U.S. Department of Transportation</b>	<u>5,320,166</u>	<u>-</u>
<b><u>National Endowment for the Humanities</u></b>				
<i>Passed through California State Libraries:</i>				
LSTA Create It Grant	45.310	40-8531	22,548	-
Teen Creation Station	45.310	40-8294	3,560	-
<b>Total National Endowment for the Humanities</b>			<u>26,108</u>	<u>-</u>
<b><u>Executive Office of the President</u></b>				
<i>Passed through the Sacramento County Sheriff's Department:</i>				
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	6560	712	-
<b>Total Executive Office of the President</b>			<u>712</u>	<u>-</u>
		<b>Total Expenditures of Federal Awards</b>	<u>\$ 14,600,278</u>	<u>\$ 197,993</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards

**City of Redding**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2017**

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**Note 1 – Reporting Entity**

The financial reporting entity, as defined by the Governmental Accounting Standard Board (“GASB”), consists of the primary government, which is the City of Redding, California (the “City”), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

**Note 2 – Basis of Accounting**

Funds received under the various grant programs have been recorded within the general fund, enterprise funds and special revenue funds of the City. The City utilizes the modified accrual method of accounting for the general fund and special revenue funds. The accompanying Schedule of Expenditures of Federal Awards (“Schedule”) is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in, the preparation of the City’s basic financial statements.

**Note 3 – Schedule of Expenditures of Federal Awards**

The accompanying Schedule presents the activity of all federal financial assistance programs of the City. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through the State of California, County of Shasta, County of Sacramento, and Shasta Regional Transpiration Agency is included in the Schedule. The Schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position, change in fund balance, or results of operations of the City.

**Note 4 – Indirect Cost Rate**

The City has not elected to use the 10-percent de minimis indirect rate as allowed under the Uniform Guidance.

**City of Redding**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2017**

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**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None Reported

Type of auditor’s report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster	Expenditures
20.106	Airport Improvement Program	\$ 821,941
20.205	Highway Planning and Construction Cluster	2,995,008
20.507	Federal Transit Cluster	1,307,197
	Total Expenditures of All Major Federal Programs	\$ 5,124,146
	Total Expenditures of Federal Awards	\$ 14,600,278
	Percentage of Total Expenditures of Federal Awards	35.10%

Dollar threshold used to distinguish between type A and type B program \$750,000

Auditee qualified as low-risk auditee in accordance with 2 CFR 200.520? Yes

**City of Redding**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2017**

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**Section II – Financial Statement Findings**

**A. Current Year Findings – Financial Statement Audit**

No findings were noted on the City’s financial statement audit for the year ended June 30, 2017.

**B. Prior Year Findings – Financial Statement Audit**

No findings were noted on the City’s financial statement audit for the year ended June 30, 2016.

**Section III – Federal Award Findings**

**A. Current Year Findings and Questioned Costs – Major Federal Award Program Audit**

No findings or questioned costs were noted on the City’s major federal programs for the year ended June 30, 2017.

**B. Prior Year Findings and Questioned Costs – Major Federal Award Program Audit**

No findings or questioned costs were noted on the City’s major federal programs for the year ended June 30, 2016.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE**

To the Honorable Mayor and Members of City Council  
of the City of Redding  
Redding, California

**Report on Compliance**

We have audited the compliance of the City of Redding, California (the "City"), with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended June 30, 2017. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws and regulations applicable to the passenger facility charge program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Compliance with Passenger Facility Charge Audit Guide for Public Agencies***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended June 30, 2017.

## **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

To the Honorable Mayor and Members of City Council  
of the City of Redding  
Redding, California  
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### **Schedule of Passenger Facility Charges Collected and Expended and Interest Collected**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2017, and have issued our report thereon dated December 18, 2017 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the City's financial statements. The accompanying Schedule of Passenger Facility Charges Collected and Expended and Interest Collected, as required by the Guide, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Passenger Facility Charges Collected and Expended and Interest Collected is fairly stated in all material respects in relation to the basic financial statements as a whole.

*The PwC Group, LLP*

Walnut Creek, California  
December 18, 2017

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**City of Redding**  
**Schedule of Passenger Facility Charges Collected and Expended and Interest Collected**  
**For the Year Ended June 30, 2017**

**Application 11-04-C-11-RDD**

	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Unexpended (over expended) passenger facility charges and interest, beginning of period	\$ (56,068)	\$ (7,743)	\$ -	\$ -
Passenger facility charges collected	48,325	7,743		
Interest earned	-	-	-	-
Subtotal	<u>(7,743)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses for approved passenger facility charges projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unexpended (over expended) passenger facility charges and interest, end of period	<u>\$ (7,743)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Application 17-05-C-00-RDD**

	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Unexpended (over expended) passenger facility charges and interest, beginning of period	\$ -	\$ -	\$ -	\$ (150,495)
Passenger facility charges collected			83,561	44,666
Interest earned	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>83,561</u>	<u>(105,829)</u>
Expenses for approved passenger facility charges projects	<u>-</u>	<u>-</u>	<u>(234,056)</u>	<u>(10,951)</u>
Unexpended (over expended) passenger facility charges and interest, end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (150,495)</u>	<u>\$ (116,781)</u>

See accompanying Notes to the Schedule of Facility Charges Collected and Expended and Interest Collected

**City of Redding**  
**Notes to the Schedule of Facility Charges Collected and Expended and Interest Collected**  
**For the Year Ended June 30, 2017**

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**Note 1 – Reporting Entity**

The accompanying Schedule of Facility Charges Collected and Expended and Interest Collected includes all the Passenger Facility Charges (“PFC”) and the interest earnings thereon collected by the City from July 1, 2016 through June 30, 2017. The City currently collects \$4.50 per enplaned passenger. The current approval for charges as approved by the Federal Aviation Administration (“FAA”) is expected to end on February 1, 2025.

**Note 2 – Basis of Accounting**

The Schedule of Facility Charges Collected and Expended and Interest Collected was prepared on the accrual basis of accounting. PFCs are recorded as revenue when earned and expenditures for debt service and approved capital projects are recorded as expenditures are made. Expenditures are made in accordance with an approved FAA application.

**City of Redding**  
**Passenger Facility Charge Program**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2017**

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**Section I – Summary of Auditor’s Results**

**A. Current Year Findings and Questioned Costs – Passenger Facility Charge Program**

No findings or questioned costs were noted on the City’s compliance with requirements of the passenger facility charge program for the year ended June 30, 2017.

**B. Prior Year Findings and Questioned Costs – Passenger Facility Charge Program**

No findings or questioned costs were noted on the City’s compliance with requirements of the passenger facility charge program for the year ended June 30, 2016.

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