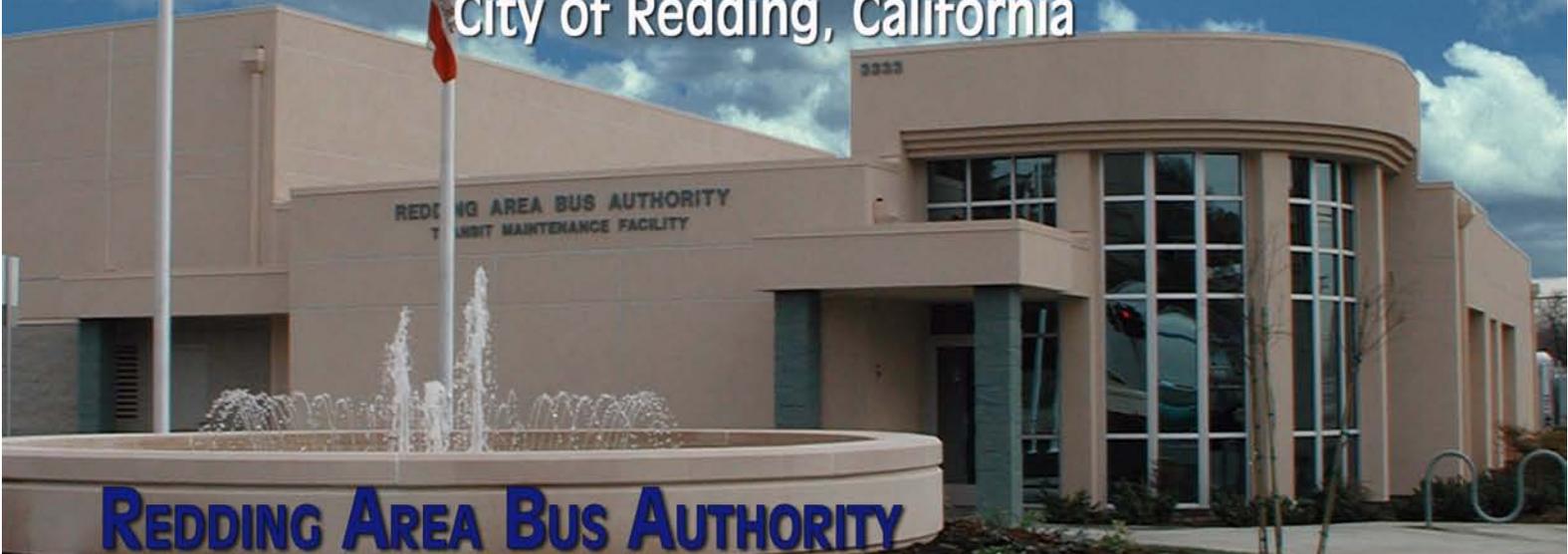




RABA

A Component Unit of the
City of Redding, California



REDDING AREA BUS AUTHORITY

Comprehensive Annual Financial Report
for Fiscal Years Ended June 30, 2009 and 2008

Redding Area Bus Authority

A Component Unit of the
City of Redding
Redding, California

Comprehensive Annual Financial Report

For the years ended June 30, 2009 and 2008

Prepared by the City of Redding Finance Department

Redding Area Bus Authority
Comprehensive Annual Financial Report
For the years ended June 30, 2009, and 2008

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Introductory Section



December 16, 2009

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

Honorable Members:

In accordance with State and local statutes, the Redding Area Bus Authority (RABA) hereby submits the Comprehensive Annual Financial Report for the years ended June 30, 2009 & 2008. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Caporicci & Larson, Certified Public Accountants, have issued an unqualified ("clean") opinion on RABA's financial statements for the years ended June 30, 2009 and 2008. In addition to meeting the requirements set forth in the RABA Joint Powers Agreement, the audit was also designed to meet the requirements of the Transportation Development Act.

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

- PROFILE OF THE REDDING AREA BUS AUTHORITY -

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

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

RABA currently provides fixed route service using sixteen 35-foot and one new 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 June 2008 to June 2009 RABA provided approximately 658,000 fixed route trips, or about 54,000 per month. The demand response system provided approximately 80,000 trips, or about 6,600 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 150 miles north of Sacramento. Redding is a major trade, recreational, and regional center of commerce for several Northern California counties, as evidenced by its many facilities. Support for retail sales is derived from a retail trade area population of approximately 181,000 in the primary trade area and approximately 250,000 in the secondary trade area. The primary trade area consists of the metropolitan urban area, including the cities of Redding, Anderson, and Shasta Lake. The secondary trade area contains the areas of Shasta, Trinity and Tehama counties.

Extracting timber and the processing of wood by-products, together with agriculture, tourism, and government, have historically been the major sectors of employment in the Redding area. Over the last 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 15.4% in June 2009.

Since 1990, the City's population has grown at approximately 1% to 2% per year. The City's population of 90,898 has increased 12.4% 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 2009:

City of Redding			Shasta County	
Year	Population	Annualized Percent Change over Interval	Population	Annualized Percent Change over Interval
1970	16,659	3.40%	77,640	9.67%
1980	41,995	15.21%	119,449	5.38%
1990	66,432	5.83%	147,036	2.31%
2000	80,865	2.17%	163,256	1.10%
2001	82,543	2.08%	165,669	1.48%
2002	84,560	2.44%	169,300	2.19%
2003	85,703	1.35%	172,000	1.59%
2004	87,280	1.84%	175,705	2.15%
2005	88,459	1.35%	178,197	1.42%
2006	89,162	0.79%	179,835	0.92%
2007	89,682	0.58%	180,666	0.46%
2008	90,491	0.90%	182,236	0.87%
2009	90,898	0.78%	183,023	0.77%

Source: 1970-2000 data from U.S. Census; 2001-2009 data from the California State Department of Finance as of January 1

- MAJOR INITIATIVES -

Passenger Amenities for the Year 2009

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

Maintenance Facility Improvements

The contract for the construction for Maintenance Facility improvements was approved in May 2008, and construction began in June 2008. The addition was completed in June 2009. Due to favorable bids, improvements included not only additional maintenance bays, parking areas for employees and the transit fleet, landscape features, and a vehicle vacuum area that houses additional components, but also additional security measures that will include fencing, automated gates, camera surveillance, and cardlock employee entrances.

Marketing Plan

As part of the accepted Short Range Transit Plan (SRTP), a Marketing Plan has been initiated to increase public awareness of RABA's services. New branding has been established that includes a new website, new logo, and new color schemes for the buses. As part of the marketing campaign, RABA has implemented monthly youth passes; sponsored free ride days, and discounts for multi-ride users. RABA is also partnering with local community events such as the Shasta District Fair, the City of Redding Air Show, Energy Fair, and the Beer and Wine Festival. Significant outreach to schools and local colleges has been ongoing with the hopes of increasing ridership in this demographic.

Rolling Stock

RABA has purchased and received one new 40' Gillig coach, four vans to replace existing fleet vehicles programmed for retirement and a van and sedan to be utilized in the administration of RABA. RABA has 3 additional 40' Gillig coaches on order and four demand response vans being acquired through the American Recovery & Reinvestment Act (ARRA) 5307 program. In addition, 4 demand response vans are being acquired through the FTA 5310 program and are currently on order. There are an additional 4 coaches and 5 vans in the 2009-10 budget.

Service Improvements

RABA recently unveiled its new trip planning tool powered by Google, Inc. A recent joint study with the SCRTPA acting as lead allowed RABA to place its route information into Google's trip planning tool. This study funded with FTA 5311 funds, joined forces with nine other rural northern California agencies to assess the viability of rural internet trip planning. RABA's success will soon be marketed on the website and other marketing tools to increase the availability of its service information on the internet and other electronic devices such as cell phones.

- AWARDS AND ACKNOWLEDGEMENTS -

Certificate of Achievement

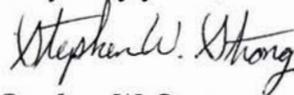
The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to RABA for its component unit financial report for the fiscal year ended June 30, 2007. This was the 21st consecutive year RABA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized component unit financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

Very truly yours,



Stephen W. Strong
Director of Finance

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, 2008

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



A handwritten signature in black ink, appearing to read "M. L. R.", positioned above the title "President".

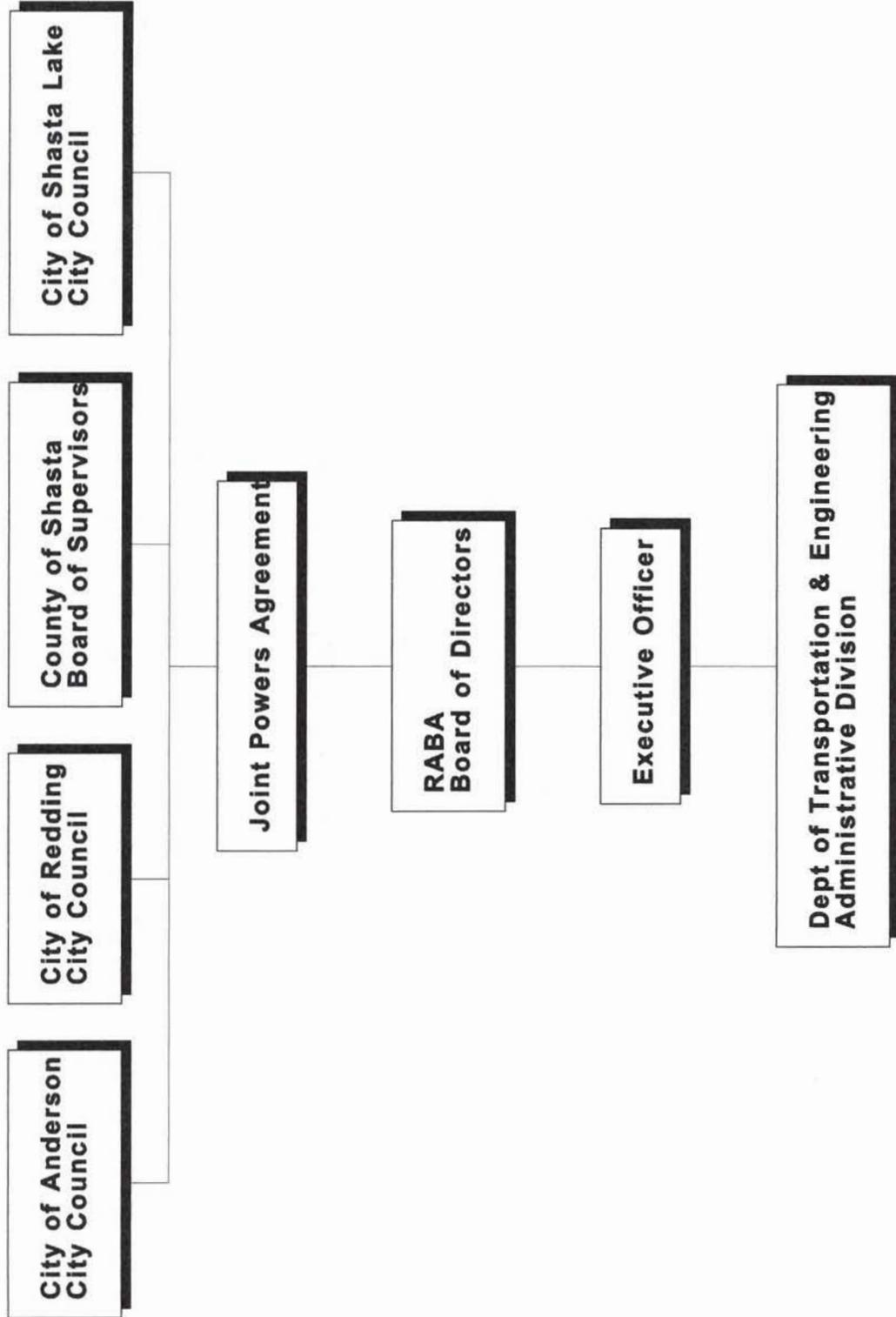
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", positioned above the title "Executive Director".

Executive Director

REDDING AREA BUS AUTHORITY

Organization Chart



- REDDING AREA BUS AUTHORITY OFFICIALS -

Board of Directors

- Patrick H. Jones Chairperson
- Missy McArthur Vice Chairperson
- Rick Bosetti.....Director
- Rod LindsayDirector
- David KehoeDirector
- Norma Comnick.....Director
- Mary StegallDirector
- Dick Dickerson Director

Administrative Personnel

- Kurt StarmanCity Manager
- Brian CraneExecutive Officer
- Rick Duvernay City Attorney/City Clerk
- Stephen W. Strong Director of Finance
- Zach Bonnin..... Transportation Planner
- Sam Hewitt Accounting Specialist



Financial Section

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the Redding Area Bus Authority (RABA), a component unit of the City of Redding, California (City) as of and for the years ended June 30, 2009 and 2008, as listed in the table of contents. These basic financial statements are the responsibility of RABA's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of RABA as of June 30, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2009 on our consideration of RABA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on the Required Supplementary Information.

Our audits were conducted for the purpose of forming an opinion on RABA' basic financial statements. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on the Introductory and Statistical Sections.

Capricci & Carlson

Oakland, California
December 9, 2009

Redding Area Bus Authority

Management's Discussion and Analysis

For the years ended June 30, 2009 and 2008

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 ending June 30, 2009 and 2008. 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 2009

- The assets of RABA exceeded liabilities at the close of the fiscal year by \$9.4 million (*net assets*). This was an increase of \$1,325,508 from the previous year and is due to capital contributions of \$2,251,689 less depreciation of \$926,181. 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 1.3%, or by over 8,800 riders, this year. However, Demand Response decreased by 1.2 percent or 925 riders. Overall operating revenues increased by \$2,530 (less than 1 percent) during the year.
- Operating expenses increased by \$392,000 (6.8 percent) during the year. This increase was primarily due to increases in purchased transportation (9.8 percent) and in services (40 percent). Purchased transportation increase was due to increased cost by the City's contract operator. The increase in services was due to hiring a consultant to develop and implement a marketing plan which resulted in \$135,000 increase over the prior year.

Fiscal Year 2008

- The assets of RABA exceeded liabilities at the close of the fiscal year by \$8.1 million (*net assets*). This was a decline of \$571,000 from the previous year and is entirely due to depreciation, which is not funded. Typically, new capital purchases are paid from capital grants and that is why depreciation is not funded.
- Fixed Route ridership increased by 0.4%, or by approximately 3,000 riders, this year. Demand Response grew by 5.5%. Overall operating revenues increased by \$123,000 (17 percent) during the year.
- Operating expenses increased by \$447,000 (8.4 percent) during the year. This increase was primarily due to increases in fuel and oil expenses (28 percent) and parts and supplies (26 percent).

Overview of the Financial Statements

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

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

Redding Area Bus Authority
Management's Discussion and Analysis
For the years ended June 30, 2009 and 2008

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

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

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

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

Financial Analysis

Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. In the case of RABA, at the end of last fiscal year, assets exceeded liabilities by \$9,378,935.

Redding Area Bus Authority			
Net Assets			
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current assets	\$ 3,142,736	\$ 3,325,037	\$ 1,967,683
Capital assets, net of depreciation	8,813,037	7,487,530	8,058,689
Total assets	<u>11,955,773</u>	<u>10,812,567</u>	<u>10,026,372</u>
Current liabilities	<u>2,576,838</u>	<u>2,759,140</u>	<u>1,402,183</u>
Total liabilities	<u>2,576,838</u>	<u>2,759,140</u>	<u>1,402,183</u>
Net assets:			
Investment in capital assets	8,813,037	7,487,530	8,058,689
Unrestricted	<u>565,898</u>	<u>565,897</u>	<u>565,500</u>
Total net assets	<u>\$ 9,378,935</u>	<u>\$ 8,053,427</u>	<u>\$ 8,624,189</u>

Redding Area Bus Authority
Management's Discussion and Analysis
For the years ended June 30, 2009 and 2008

By far the largest portion of RABA's net assets, (94 percent), represents its investment in capital assets (e.g., vehicles, buildings, improvements, and equipment). Vehicles and buildings (including construction in progress) make up over 75% of the capital assets at the end of the fiscal year; consequently, these assets are not available for future spending.

Changes in Net Assets

Current year activities increased the Redding Area Bus Authority's net assets by \$1,325,508. In 2008 net assets decreased by \$570,762. In years such as in 2009, when purchase of capital assets exceeds the current year depreciation, RABA has an increase in net assets. Conversely, in years such as 2008 and 2007, when fewer capital assets are purchased, depreciation results in a decrease in net assets.

Key elements of this decrease are as follows:

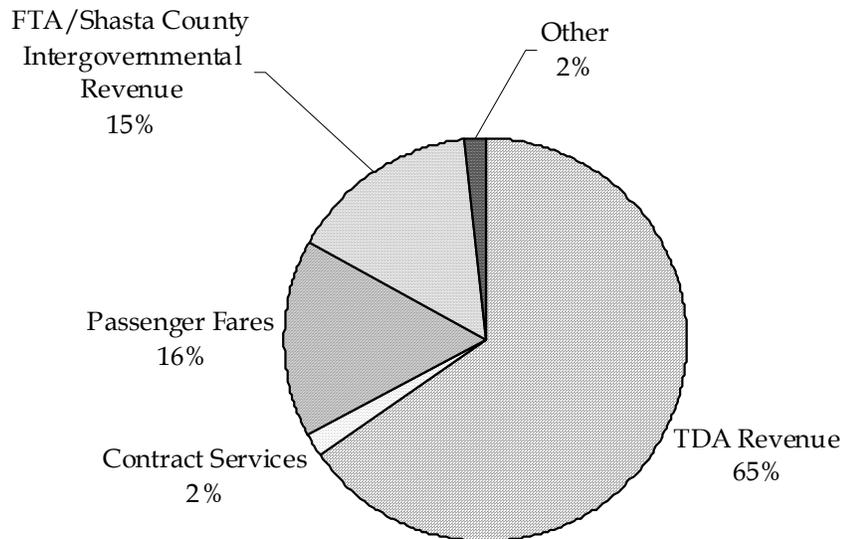
Redding Area Bus Authority			
Changes in Net Assets			
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues:			
Passenger fares	\$ 834,056	\$ 845,333	\$ 793,743
Contract services	96,814	75,274	86,634
Other operating revenue	34,034	41,767	57,737
Transportation Development Act revenue	3,428,980	3,754,648	2,608,791
Intergovernmental revenue	808,698	53,051	836,405
Other revenue	51,803	77,613	87,948
Total revenues	5,254,385	4,847,686	4,471,258
Expenses:			
Purchased Transportation	3,054,950	2,782,699	2,687,022
Materials and supplies-vehicles	1,191,778	1,260,812	998,891
Depreciation	926,183	941,247	870,184
Services	721,596	515,884	496,039
Other expenses	286,059	287,895	402,709
Total expenses	6,180,566	5,788,537	5,454,845
(Loss) before capital contributions	(926,181)	(940,851)	(983,587)
Capital contributions	2,251,689	370,089	644,220
Change in net assets	1,325,508	(570,762)	(339,367)
Net assets, beginning of year	8,053,427	8,624,189	8,963,556
Net assets, end of year	\$ 9,378,935	\$ 8,053,427	\$ 8,624,189

Redding Area Bus Authority Management's Discussion and Analysis For the years ended June 30, 2009 and 2008

Financial Analysis

Operating revenue, revenue collected from customers or riders, is approximately 16 percent (17 percent in 2008) of RABA's total revenue. The largest proportion of revenue is comprised of State of California Transportation Development Act funds (TDA funds) received through the Shasta County Regional Transportation Planning Agency (SCRTPA). TDA funds come from a ¼ percent state sales tax that is passed through to local governments for transportation needs. TDA funds made up over 65 percent (77 percent in 2008) of the revenue used for operating RABA in 2009. 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 years ending 2009 and 2007, RABA received a Federal operating assistance of \$750,000. This grant has reduced the amount of TDA funds RABA required to fund operational needs. During fiscal year ending 2008 RABA did not receive a Federal operating assistance grant.

Revenues by Source



Redding Area Bus Authority

Management's Discussion and Analysis

For the years ended June 30, 2009 and 2008

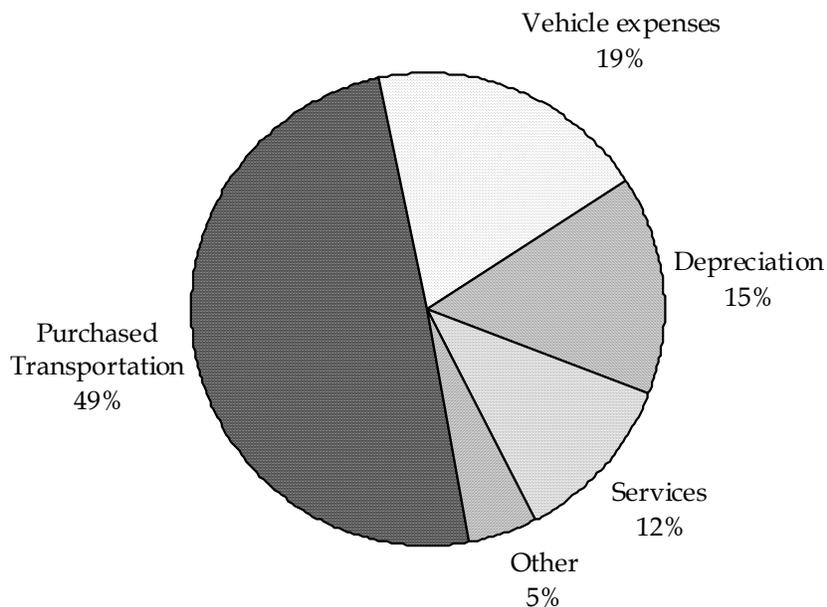
Fiscal Year 2009

RABA's total operating expenses increased over the prior year by \$392,029. There are two primary reasons for the increase in operating expenses. First purchased transportation increased by \$272,251 due to increase costs charged by RABA's contract operator. Second the cost of services increased by \$205,712. The increase was due primarily to RABA's hiring a consultant to develop and implement a marketing plan. Additional funds were also spent on reimbursement to the City of Redding for personnel and other costs.

Fiscal Year 2008

RABA's total operating expenses increased over the prior year by \$447,094. Most of this increase is due to increases in fuel and oil, which increased by approximately \$190,000; purchased transportation, which increased by approximately \$116,000; and increases in depreciation and parts/materials, which increased by approximately \$70,000 each.

Expenses by Category



Redding Area Bus Authority
Management's Discussion and Analysis
For the years ended June 30, 2009 and 2008

Capital Assets

Fiscal Year 2009

RABA's investment in capital assets (net of accumulated depreciation) as of June 30, 2009, amounted to \$8.8 million. This investment in capital assets includes vehicles, buildings, improvements, and equipment. RABA's investment in capital assets increased by \$1,325,507 during the fiscal year ended June 30, 2009. Four new Demand Response vans were purchased at a cost of approximately \$277,000. RABA also expended \$1,820,147 to increase the size of its maintenance facility. These, along with other capital purchases totaled \$2,251,690 in 2009. Depreciation of \$926,183 resulted in the overall increase of the investment in capital assets during 2009.

Fiscal Year 2008

During the year, RABA purchased two new commuter vehicles at a cost of approximately \$145,000. RABA also started construction of the maintenance facility improvements at a cost of \$207,000 during the year. The total project when complete will cost approximately \$3 million. These, along with other capital purchases, totaled \$370,089 in FYE 2008. Depreciation of \$941,247 resulted in the overall reduction of the investment in capital assets during 2008.

Redding Area Bus Authority
Capital Assets (net of depreciation)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Land	\$ 1,326,685	\$ 1,326,685	\$ 1,326,685
Buildings	3,357,445	3,553,022	3,750,675
Vehicles	1,233,447	1,488,204	1,912,982
Improvements	411,674	462,713	558,047
Furnishing and equipment	358,521	351,788	412,079
CWIP	2,125,265	305,118	98,221
Total	\$ 8,813,037	\$ 7,487,530	\$ 8,058,689

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

Redding Area Bus Authority
Management's Discussion and Analysis
For the years ended June 30, 2009 and 2008

Economic Factors

- ✓ The global recession will have an impact on RABA. RABA's major source of revenue is Transportation Development Act (TDA) funds. TDA funds come from a ¼ percent state sales tax that is passed through to local governments for transportation needs. Sales tax in the City of Redding has declined by 5.7 percent in FYE 2008 and by 10.3% in FYE 2009. It is assumed that for FYE 2010 sales tax will continue to decrease in the first two quarters of the fiscal year and then remain flat for the second half of the fiscal year.
- ✓ The City of Redding metropolitan area has experienced a steady increase in population since 1990 of one to two percent per year while the unemployment rate has increased from 5.7% in 2001 to 15.4% in 2009.
- ✓ Inflationary trends in the region compare favorably to national indices.
- ✓ While ridership on the fixed route system has declined by 17% in the previous five years, ridership did increase slightly in FYE 2009. Due to the implementation of new marketing plan, it is anticipated that ridership will again increase in FYE 2010. However, much of the increase appears to be in riders with monthly passes and therefore it does not translate into additional fare box revenue. This makes it more difficult for RABA to meet required fare box ratios. RABA's fare box ratio for FYE 2009 was 16.53%, which was down from its FYE 2008 fare box ratio of 17.8%.

All of these factors were considered in preparing RABA's budget for the 2010 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.

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BASIC FINANCIAL STATEMENTS

Redding Area Bus Authority
Comparative Statements of Net Assets
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,756,357	\$ 2,910,586
Accounts receivable	38,195	54,803
Intergovernmental receivables	1,186,127	192,283
Interest receivable	8,528	27,154
Materials and supplies inventory	153,529	140,211
Total current assets	<u>3,142,736</u>	<u>3,325,037</u>
Capital assets not being depreciated:		
Land	1,326,685	1,326,685
Construction in Progress	2,125,265	305,118
Capital assets net of accumulated depreciation:		
Buildings	3,357,445	3,553,022
Vehicles	1,233,447	1,488,204
Improvements other than buildings	411,674	462,713
Furnishings and equipment	358,521	351,788
Total capital assets	<u>8,813,037</u>	<u>7,487,530</u>
Total assets	<u>11,955,773</u>	<u>10,812,567</u>
LIABILITIES		
Current liabilities:		
Accounts payable	490,986	470,773
Accrued Liabilities	15,035	55,737
Intergovernmental payable	99,173	16,351
Deferred revenue	1,971,644	2,216,279
Total current liabilities	<u>2,576,838</u>	<u>2,759,140</u>
NET ASSETS		
Invested in capital assets	8,813,037	7,487,530
Net Assets, unrestricted	565,898	565,897
Total net assets	<u>\$ 9,378,935</u>	<u>\$ 8,053,427</u>

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

Redding Area Bus Authority
Comparative Statements of Revenues, Expenses and Changes in Net Assets
For the years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES:		
Passenger fares for transit service	\$ 834,056	\$ 845,333
Contract transit services	96,814	75,274
Charter services	3,681	1,361
Other revenue	<u>30,353</u>	<u>40,406</u>
Total operating revenues	<u>964,904</u>	<u>962,374</u>
OPERATING EXPENSES:		
Purchased transportation	3,054,950	2,782,699
Materials and supplies-vehicles	1,191,778	1,260,812
Depreciation	926,183	941,247
Services	721,596	515,884
Advertising	7,640	9,537
Other operating expenses	174,875	184,334
Utilities	<u>103,544</u>	<u>94,024</u>
Total operating expenses	<u>6,180,566</u>	<u>5,788,537</u>
Operating income (loss)	<u>(5,215,662)</u>	<u>(4,826,163)</u>
NONOPERATING REVENUES (EXPENSES):		
Interest	51,803	77,217
Gain (Loss) on disposal of property	-	396
Intergovernmental revenue-Non Capital	808,698	53,051
Transportation Development Act revenue	<u>3,428,980</u>	<u>3,754,648</u>
Total nonoperating revenues (expenses)	<u>4,289,481</u>	<u>3,885,312</u>
Income (loss) before contributions	(926,181)	(940,851)
Capital Contributions	<u>2,251,689</u>	<u>370,089</u>
CHANGE IN NET ASSETS	<u>1,325,508</u>	<u>(570,762)</u>
Total net assets - beginning of year	<u>8,053,427</u>	<u>8,624,189</u>
Total net assets - end of year	<u>\$ 9,378,935</u>	<u>\$ 8,053,427</u>

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

Redding Area Bus Authority
Comparative Statements of Cash Flows
For the years ended June 30, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 981,512	\$ 949,372
Cash paid to suppliers	(5,150,670)	(4,857,815)
Net cash provided (used) by operating activities	(4,169,158)	(3,908,443)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Intergovernmental revenue received	3,952,743	4,365,276
Net cash provided (used) by noncapital financing activities	3,952,743	4,365,276
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants received	1,298,145	1,744,679
Proceeds from Sale of Assets		396
Acquisition of capital assets	(2,306,388)	(234,560)
Net cash provided (used) by capital and related financing activities	(1,008,243)	1,510,515
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment revenue received	70,429	63,446
Net cash provided (used) by investing activities	70,429	63,446
Net change in cash and cash equivalents	(1,154,229)	2,030,794
CASH AND CASH EQUIVALENTS:		
Beginning of year	2,910,586	879,792
End of year	\$ 1,756,357	\$ 2,910,586
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED IN OPERATING ACTIVITIES:		
Operating income	\$ (5,215,662)	\$ (4,826,163)
Adjustments to reconcile operating income to net cash provided in operating activities:		
Depreciation	926,183	941,247
Changes in assets and liabilities:		
Increase (decrease) in accounts receivable	16,608	(13,002)
Increase (decrease) in materials and supplies inventory	(13,318)	(10,006)
Increase (decrease) in accounts payable	74,911	16,961
Increase (decrease) in accrued liabilities	(1,316)	(896)
Increase (decrease) in intergovernmental payable	43,436	(16,584)
Net cash provided by operating activities	\$ (4,169,158)	\$ (3,908,443)

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

Redding Area Bus Authority
Notes to the Financial Statements
For the years ended June 30, 2009, and 2008

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 of the Redding City Council sit on the eight member board of RABA, therefore the voting majority is represented by Redding City Council members. Accordingly, RABA is a component unit of the City of Redding. Component units are legally separate entities for which the primary government is financially accountable. There are no separate legal entities that are a part of RABA's reporting entity.

B. Basis of Presentation

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

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

C. Basis of Accounting and Measurement Focus

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

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

Redding Area Bus Authority
Notes to the Financial Statements, Continued
For the years ended June 30, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Basis of Accounting and Measurement Focus, Continued

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

D. Cash and Investments

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

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

F. Materials and Supplies Inventory

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

G. Capital Assets

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

Redding Area Bus Authority
Notes to the Financial Statements, Continued
For the years ended June 30, 2009, and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Capital Assets, Continued

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

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

Buildings	30 years
Equipment	5 - 25 years
Vehicles	4 - 12 years
Improvements	10 years

H. Unearned Revenue

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

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

I. Personnel Services

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

J. Use of Estimates

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

Redding Area Bus Authority
Notes to the Financial Statements, Continued
For the years ended June 30, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. Net Assets

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

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

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

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

L. Budget Data

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

2. CASH AND INVESTMENTS

As of June 30, 2009 and 2008, RABA had the following cash and investments:

Investment Type	2009		2008	
	Investments in Years		Investments in Years	
	Fair Value	Less than 1 year	Fair Value	Less than 1 year
Deposits	\$ 52,478	\$ 52,478	\$ 22,862	\$ 22,862
Local Agency Investment Fund	1,703,879	1,703,879	2,887,724	2,887,724
Total Cash and Investment	\$ 1,756,357	\$ 1,756,357	\$ 2,910,586	\$ 2,910,586

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

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

2. CASH AND INVESTMENTS, Continued

Redding Area Bus Authority
Notes to the Financial Statements, Continued
For the years ended June 30, 2009 and 2008

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 the Local Agency Investment Fund (LAIF), a voluntary program created by statute in 1977. The PMIA has regulatory oversight from the Pooled Money Investment Board and an in-house Investment Committee. LAIF has oversight by the Local Agency Investment Advisory Board. 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, 2009, 13.23% of LAIF's investment portfolio was invested in structured notes and other asset-backed securities, respectively.

Concentration of Credit Risk - RABA has about 97% of its cash invested with the LAIF. In addition to the safety provided by investing in high quality securities, LAIF's policies limit concentration risk by spreading investments over different investment types to minimize the impact of any one industry/investment class and by spreading investments over multiple credits/issuers within an investment type to minimize the credit exposure of the portfolio to any single firm or institution.

Custodial Credit Risk - All bank and LAIF deposits are held in the name of RABA. As a result, RABA had no custodial credit risk at June 30, 2009 and 2008.

3. ACCOUNTS RECEIVABLE

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

Redding Area Bus Authority
Notes to the Financial Statements, Continued
For the years ended June 30, 2009 and 2008

4. INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2009 and 2008 were as follows:

	<u>2009</u>	<u>2008</u>
Federal Department of Transportation	\$ 1,048,440	\$ 124,912
Shasta County - STA	13,496	-
Shasta County - Transit services	5,423	18,650
Shasta County - RTPA OWP	115,194	10,070
Shasta County - Other	3,574	3,896
Shasta College	-	34,755
	<u> </u>	<u> </u>
Total	<u>\$ 1,186,127</u>	<u>\$ 192,283</u>

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2009 was as follows:

	<u>Balance</u> <u>30-Jun-08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>30-Jun-09</u>
Capital Assets, not being depreciated:				
Land	\$ 1,326,685	\$ -	\$ -	\$ 1,326,685
Construction in progress	305,118	1,820,147	-	2,125,265
Total capital assets not being depreciated	<u>1,631,803</u>	<u>1,820,147</u>	<u>-</u>	<u>3,451,950</u>
Capital assets, being depreciated:				
Buildings	5,488,813	-	-	5,488,813
Improvements other than buildings	1,345,127	46,655	-	1,391,782
Automotive equipment	5,967,792	313,382	-	6,281,174
Furnishings and equipment	1,786,175	71,506	-	1,857,681
Total assets, being depreciated	<u>14,587,907</u>	<u>431,543</u>	<u>-</u>	<u>15,019,450</u>
Less accumulated depreciation for:				
Buildings	(1,935,791)	(195,577)	-	(2,131,368)
Improvements other than buildings	(882,414)	(97,694)	-	(980,108)
Automotive equipment	(3,978,053)	(568,139)	-	(4,546,192)
Furnishings and equipment	(1,935,922)	(64,773)	-	(2,000,695)
Total accumulated depreciation	<u>(8,732,180)</u>	<u>(926,183)</u>	<u>-</u>	<u>(9,658,363)</u>
Total capital assets, being depreciated, net	<u>5,855,727</u>	<u>(494,640)</u>	<u>-</u>	<u>5,361,087</u>
Capital assets, net	<u>\$ 7,487,530</u>	<u>\$ 1,325,507</u>	<u>\$ -</u>	<u>\$ 8,813,037</u>

Redding Area Bus Authority
Notes to the Financial Statements, Continued
For the years ended June 30, 2009 and 2008

6. INTERGOVERNMENTAL PAYABLES

Intergovernmental payables at June 30, 2009 and 2008 were as follows:

	<u>2009</u>	<u>2008</u>
City of Redding	<u>\$ 99,173</u>	<u>\$ 16,351</u>

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

7. DEFERRED REVENUE

Transportation Development Act

Deferred revenue at June 30, 2009 included \$1,131,940 of Transportation Development Act (TDA) funds received from Shasta County RTPA. The TDA revenue was received before it was earned. At June 30, 2008, TDA deferred revenue included \$726,142 of Transportation Development Act funds received from Shasta County RTPA for which revenues had not yet been earned.

Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA)

In November 2006, California Voters passed bond measure 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.

During fiscal year 2007-08, RABA received \$1,535,248 from the State's PTMISEA account for the RABA maintenance facility expansion. RABA did incur \$27,105 in expenses related to the maintenance facility expansion in fiscal year 2007-08. The PTMISEA funds generated \$14,023 in interest income leaving a June 30, 2008 balance of \$1,522,166.

During fiscal year 2008-09, RABA did not receive any additional PTMISEA funding. However, during the fiscal year, RABA incurred \$717,481 in qualifying expenditures towards the maintenance facility expansion and \$28,217 in interest income. The June 30, 2009 ending balance in PTMISEA Funding was \$832,902.

Redding Area Bus Authority
Notes to the Financial Statements, Continued
For the years ended June 30, 2009 and 2008

7. DEFERRED REVENUE, Continued

Other Proposition 1B Funds

RABA received \$153,561 and spent \$146,759 in other State Proposition 1B Funds. Deferred revenue at June 30, 2009 was \$6,802.

8. RISK MANAGEMENT

RABA's contract operator for both the fixed route service and the demand response service provide public liability and property damage insurance through its agreement with the Redding Area Bus Authority to provide purchased transportation. RABA's administrative and accounting personnel services are staffed by employees of the City of Redding; therefore, workers' compensation for these positions is carried by the City of Redding. Workers' compensation insurance is administered as a co-insurance plan. The City of Redding is self-insured up to \$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, 2009, has been included in the City of Redding's Risk Management Fund's claims payable amount as of June 30, 2009. The employees of the purchased transportation provider are covered by workers' compensation insurance through their employer.

9. FUNDS AVAILABLE FOR FUTURE CAPITAL PROJECTS

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

Once reserved for specific capital projects, SCRTPA holds the funds for three years. If, at the end of this three year period, these funds have not been requested, it is the responsibility of SCRTPA to give RABA thirty-days notice that the funds will cease to be reserved and will become available for reallocation. These funds can then be reallocated to RABA for the same project or for a different project, or to another claimant agency, at the discretion of SCRTPA. As of June 30, 2009 and 2008, total funds held for RABA by SCRTPA for future capital projects totaled \$675,060 and \$649,891 respectively.



Statistical Section

STATISTICAL SECTION

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

<u>INDEX</u>	<u>Page</u>
Financial Trends	32
<i>These schedules contain trend information to help the reader understand how the authority's financial performance and well-being have changed over time</i>	
Revenue Capacity	36
<i>These schedules contain information to help the reader assess the authority's most significant local revenue consideration, namely ridership and fare box revenue.</i>	
Demographic and Economic Information	38
<i>These schedules offer demographic and economic data to help the reader understand the environment within which the authority's financial activities take place.</i>	
Operating Information	42
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the authority's financial report relates to the services the authority provides and the activities it performs.</i>	

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

REDDING AREA BUS AUTHORITY
NET ASSETS
LAST NINE FISCAL YEARS

<u>Fiscal Year</u>	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Total Net Assets</u>
2000-01	\$ 10,061,342	\$ 480,855	\$ 10,542,197
2001-02	10,050,911	518,593	10,569,504
2002-03	9,822,002	518,666	10,340,668
2003-04	9,814,349	515,503	10,329,852
2004-05	8,943,652	525,074	9,468,726
2005-06	8,438,482	525,074	8,963,556
2006-07	8,058,689	565,500	8,624,189
2007-08	7,487,530	565,897	8,053,427
2008-09	8,813,037	565,898	9,378,935

Source: Redding Area Bus Authority Annual
Component Unit Financial Report

**REDDING AREA BUS AUTHORITY
CHANGE IN NET ASSETS
LAST NINE FISCAL YEARS**

<u>Fiscal Year</u>	<u>Expenses</u>	<u>Revenues</u>	<u>Capital Contributions</u>	<u>Change in Net Assets</u>
2000-01	\$ 4,009,759	\$ 3,104,488	\$ 2,054,729	\$ 1,149,458
2001-02	4,189,194	2,964,667	1,251,834	27,307
2002-03	4,422,777	3,510,843	683,098	(228,836)
2003-04	4,839,807	3,873,561	955,430	(10,816)
2004-05	4,952,874	4,037,269	54,479	(861,126)
2005-06	5,215,281	4,382,514	327,597	(505,170)
2006-07	5,341,443	4,357,856	644,220	(339,367)
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

Source: Redding Area Bus Authority Annual
Component Unit Financial Report

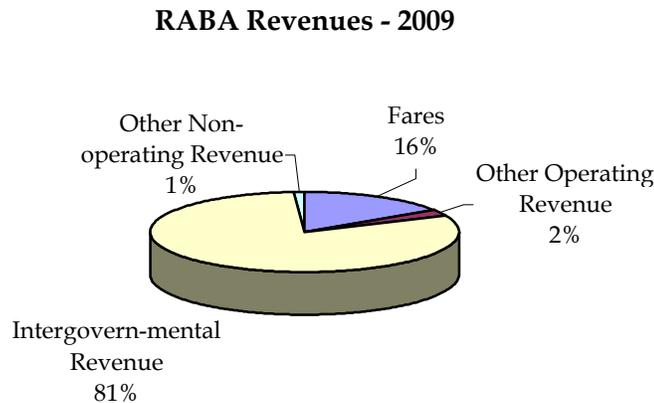
Note: For additional detail of Expenses and Revenues please refer to following pages.

**REDDING AREA BUS AUTHORITY
REVENUES
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Fares</u>	<u>Other Operating Revenue</u>	<u>Intergovernmental Revenue</u>	<u>Other Non-operating Revenue</u>	<u>Total Revenue</u>
1998-99	541,703	48,758	2,285,762	41,785	2,918,008
1999-00	560,969	50,229	2,280,891	19,477	2,911,566
2000-01	591,038	51,036	2,439,466	22,948	3,104,488
2001-02	638,086	188,544 **	2,368,503	(230,466) *	2,964,667
2002-03	570,681	165,992 **	2,754,277	19,893	3,510,843
2003-04	577,436	77,193	3,218,273	659	3,873,561
2004-05	540,820	113,186	3,417,030	(33,767) ***	4,037,269
2005-06	620,929	130,279	3,608,565	22,741	4,382,514
2006-07	793,743	144,371	3,445,196	(25,454) ****	4,357,856
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

Note: * Data includes loss on disposal of assets of \$339,579
 ** Includes pilot projects paid directly by Shasta County
 *** Data includes loss on disposal of assets of \$40,213
 **** Data includes loss on disposal of assets of \$113,402

Source: Redding Area Bus Authority Annual
 Component Unit Financial Report



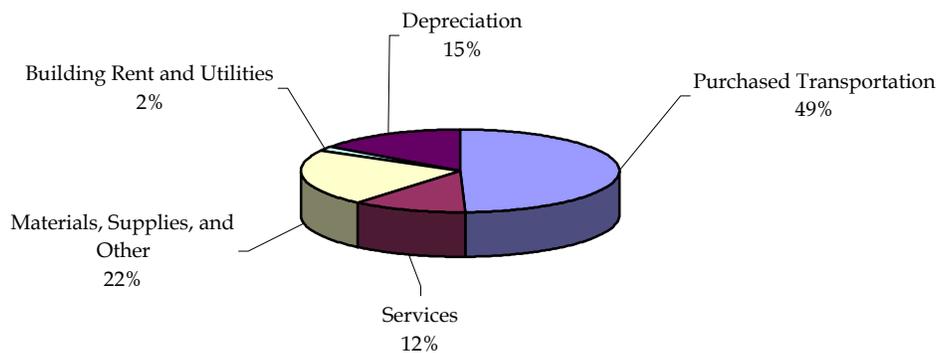
**REDDING AREA BUS AUTHORITY
EXPENSES
LAST TEN FISCAL YEARS**

Fiscal Year	Purchased Transportation	Services	Materials, Supplies, and Other (1)	Building Rent and Utilities	Depreciation	Total Expenses
1998-99	1,725,575	426,138	668,956	89,339	648,597	3,558,605
1999-00	1,783,360	362,720	670,207	111,535	781,524	3,709,346
2000-01	1,841,133	384,089	795,112	110,519	878,906	4,009,759
2001-02	1,996,436	387,547	832,174	88,353	884,684	4,189,194
2002-03	2,237,480	390,261	806,824	84,291	903,921	4,422,777
2003-04	2,310,114	536,572	934,003	96,035	963,083	4,839,807
2004-05	2,362,259	541,669	1,073,038	95,227	880,681	4,952,874
2005-06	2,588,268	472,233	1,228,227	93,786	832,767	5,215,281
2006-07	2,687,022	496,039	1,183,255	104,943	870,184	5,341,443
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

(1) Includes advertising expenses

Source: Redding Area Bus Authority Annual Component Unit Financial Report

RABA Expenses - 2009

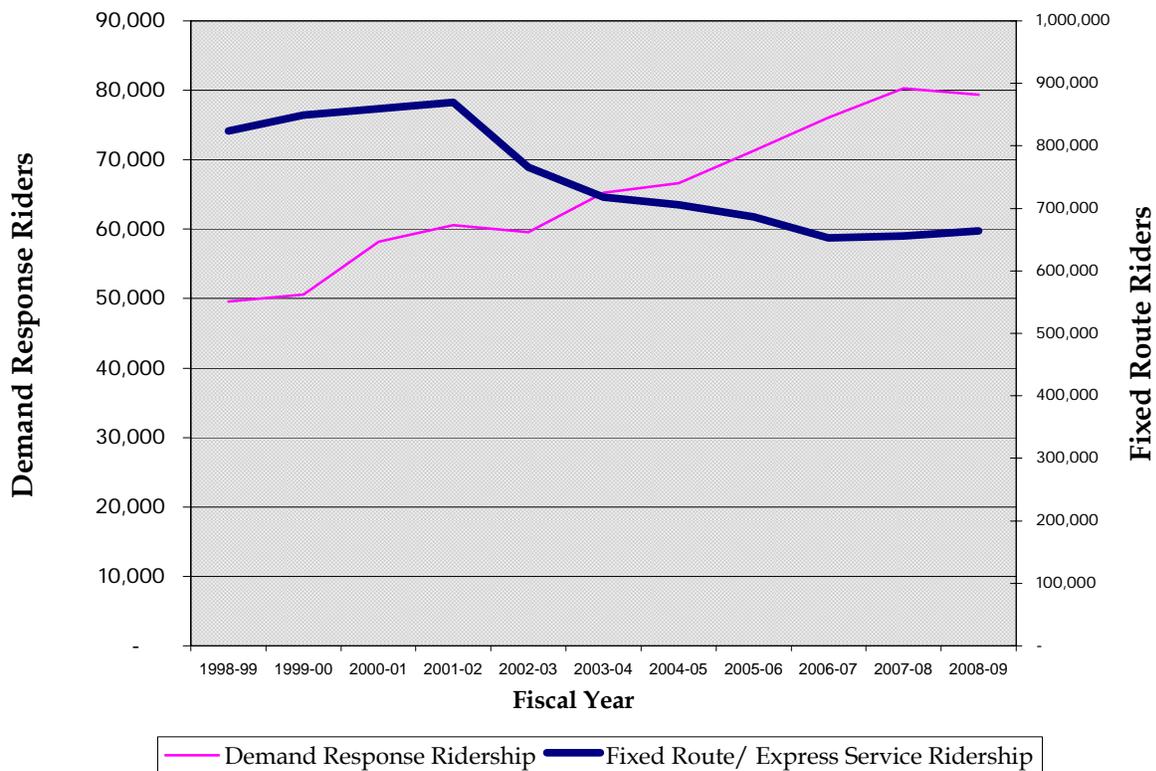


**REDDING AREA BUS AUTHORITY
COMPARISON OF SYSTEM RIDERSHIP DATA
LAST TEN FISCAL YEARS**

Fiscal Year	Fixed Route/ Express Service Ridership	Change	Demand Response Ridership	Change
1998-99	823,884	-3.4%	49,627	6.1%
1999-00	849,403	3.1%	50,611	2.0%
2000-01	858,978	1.1%	58,216	15.0%
2001-02	869,567	1.2%	60,582	4.1%
2002-03	765,312	-12.0%	59,565	-1.7%
2003-04	718,417	-6.1%	65,225	9.5%
2004-05	705,596	-1.8%	66,645	2.2%
2005-06	685,931	-2.8%	71,273	6.9%
2006-07	652,523	-4.9%	76,091	6.8%
2007-08	655,303	-7.1%	80,265	20.4%
2008-09	664,115	1.3%	79,340	-1.2%

Source: State Controller's Report for Transit

RABA Ridership Trends



**REDDING AREA BUS AUTHORITY
FARE STRUCTURE**

Burney Express Route	\$1.50 - 4.50
Base Fare (Age 6 - 61)	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	0.40
Transfers	Free
Demand Response	3.00
Demand Response Zone Change	\$1.50

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

	<u>Demand Response</u>	<u>Fixed Route</u>	<u>Response & Fixed Route</u>	<u>Burney Express</u>	<u>Total</u>
<u>Revenue</u>					
Fare Box revenue	\$ 239,661	\$ 572,248	\$ 811,909	\$ 22,147	\$ 834,056
Other revenue	1,645,100	2,666,826	4,311,926	108,403	4,420,329
Total Revenue	<u>1,884,761</u>	<u>3,239,074</u>	<u>5,123,835</u>	<u>130,550</u>	<u>5,254,385</u>
<u>Expenses</u>					
Depreciation		926,183	\$ 926,183		\$ 926,183
Other expense	1,884,761	3,239,072	5,123,833	130,550	5,254,383
Total expense	<u>1,884,761</u>	<u>4,165,255</u>	<u>6,050,016</u>	<u>130,550</u>	<u>6,180,566</u>
Net Loss	-	(926,181)	(926,181)	-	(926,181)
Add Capital Contributions		2,251,689	2,251,689		2,251,689
Gain/(loss) on disposal of assets			-		-
Change in Net Assets	<u>\$ -</u>	<u>\$ 1,325,508</u>	<u>\$ 1,325,508</u>	<u>\$ -</u>	<u>\$ 1,325,508</u>
Excluded Costs	<u>\$ 213,477</u>	<u>\$ -</u>	<u>\$ 213,477</u>		<u>\$ 213,477</u> *
Fare Box Ratio (Fare Box revenue/Other expense) (Net of Excluded Costs)	<u>14.34%</u>	<u>17.67%</u>	<u>16.53%</u>	<u>16.96%</u>	<u>16.55%</u>

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

NOTE: Actual fare box ratio of 16.53% for the combined fixed route and demand response system was more than the SCRTPA required 15.5% for the fiscal year 2008-09.

REDDING AREA BUS AUTHORITY
DEMOGRAPHIC STATISTICS
LAST TEN YEARS

<u>Fiscal Year</u>	<u>Square Miles</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rates (3)</u>
1999-2000	100.00	103,251	2,406,265	23,305	5.80
2000-2001	100.00	103,244	2,523,593	24,443	5.70
2001-2002	100.00	105,904	2,720,356	25,687	6.90
2002-2003	100.00	108,455	2,795,211	25,773	7.50
2003-2004	100.00	110,147	2,897,307	26,304	7.50
2004-2005	100.00	114,462	3,216,726	28,103	7.10
2005-2006	100.00	116,454	3,378,331	29,010	6.30
2006-2007	100.00	116,454	2,810,455	31,338	7.00
2007-2008	100.00	116,893	2,935,118	32,543	9.30
2008-2009	100.00	117,478	2,992,362	32,920	15.40

Source: (1) Shasta County Transit Development Plan
(2) Bureau of Economic Analysis, U.S. Department of Commerce
(3) State of California Employment Development Department

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

**REDDING AREA BUS AUTHORITY
PRINCIPAL EMPLOYERS IN THE CITY OF REDDING
CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>		FY 2009 Employees	Current Year Ranking	Percentage of Total Area Employment	FY 2000 Employees	Nine Years Prior Ranking	Percentage of Total Area Employment
Shasta County	*	1,925	1	2.66%	1,729	1	2.38%
Mercy Medical Center		1,600	2	2.21%	1,570	2	2.16%
City of Redding	**	860	3	1.19%	749	6	1.03%
Shasta Community College		700	5	0.97%	510	9	0.70%
Shasta Regional Medical Center		600	4	0.83%			
Blue Shield of California		430	6	0.59%			
Wal Mart		375	7	0.52%			
Redding Rancheria		370	8	0.51%			
United States Post Office		300	9	0.41%			
Shasta Head Start		250	10	0.35%			
Redding Medical Center					1,209	3	1.66%
Shasta Nursery					850	4	1.17%
Shasta Paper Company					820	5	1.13%
Sierra Pacific Industries					650	7	0.89%
J&A Food Service					600	8	0.82%
Plainwell Paper Company					452	10	0.62%
Total		<u>7,410</u>			<u>9,139</u>		

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

** Full-time budgeted positions.

In 2008-09 there were 860 full-time and 319 part-time/temporary positions filled.

In 1999-00 there were 749 full-time and 230 part-time/temporary positions filled.

Source: Derived from the Employment Development Department's (EDD) listing of the top 25 employers in Shasta County. The initial listing was pared down to ten, removing employers outside of the City and adding certain employers who do not report to the local EDD. The 2000 ranking is primarily based upon what was reported in the 2000 C.A.F.R. and therefore includes employers outside of the City.

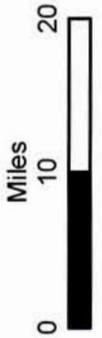
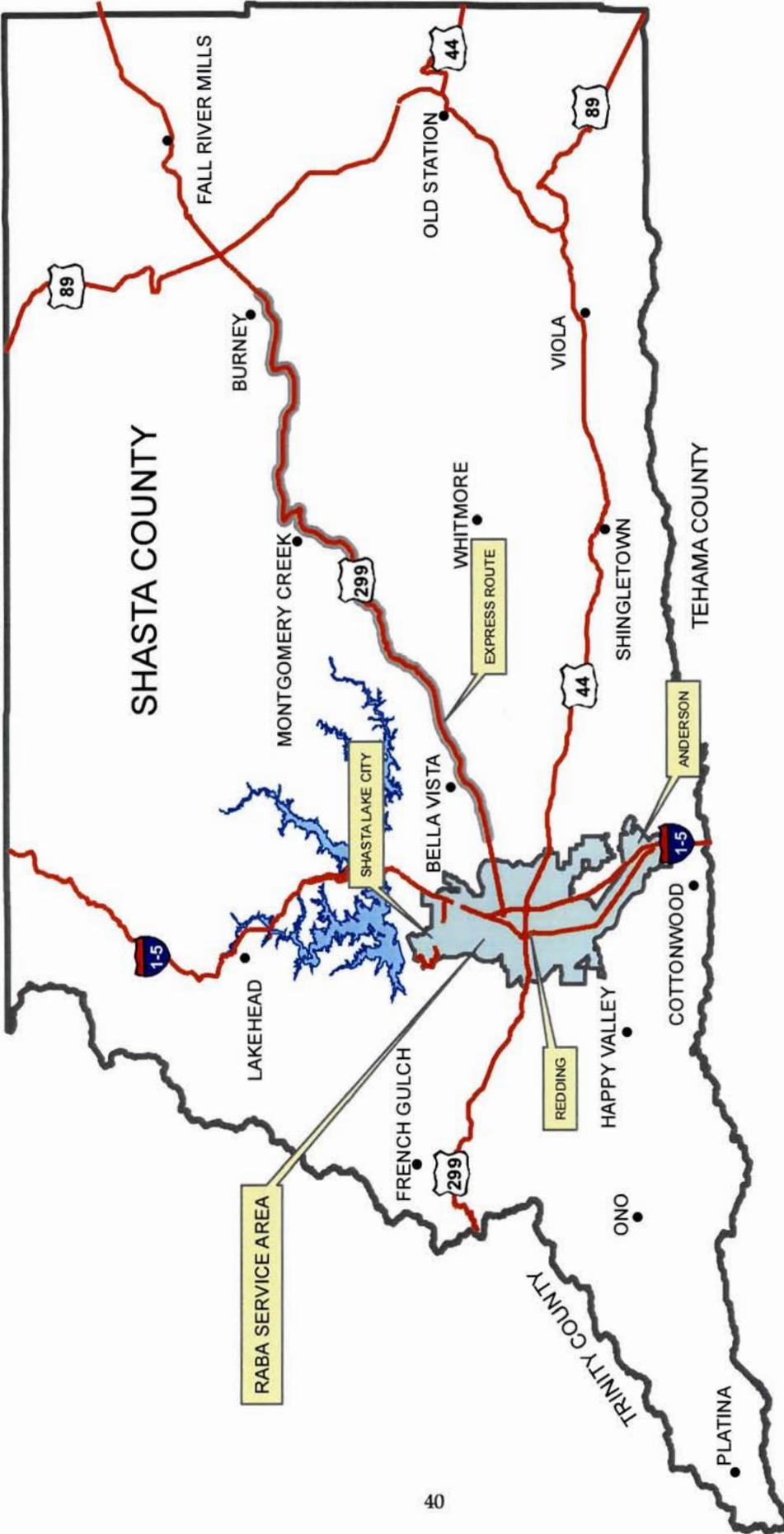
SISKIYOU COUNTY

SHASTA COUNTY

LASSEN COUNTY

TEHAMA COUNTY

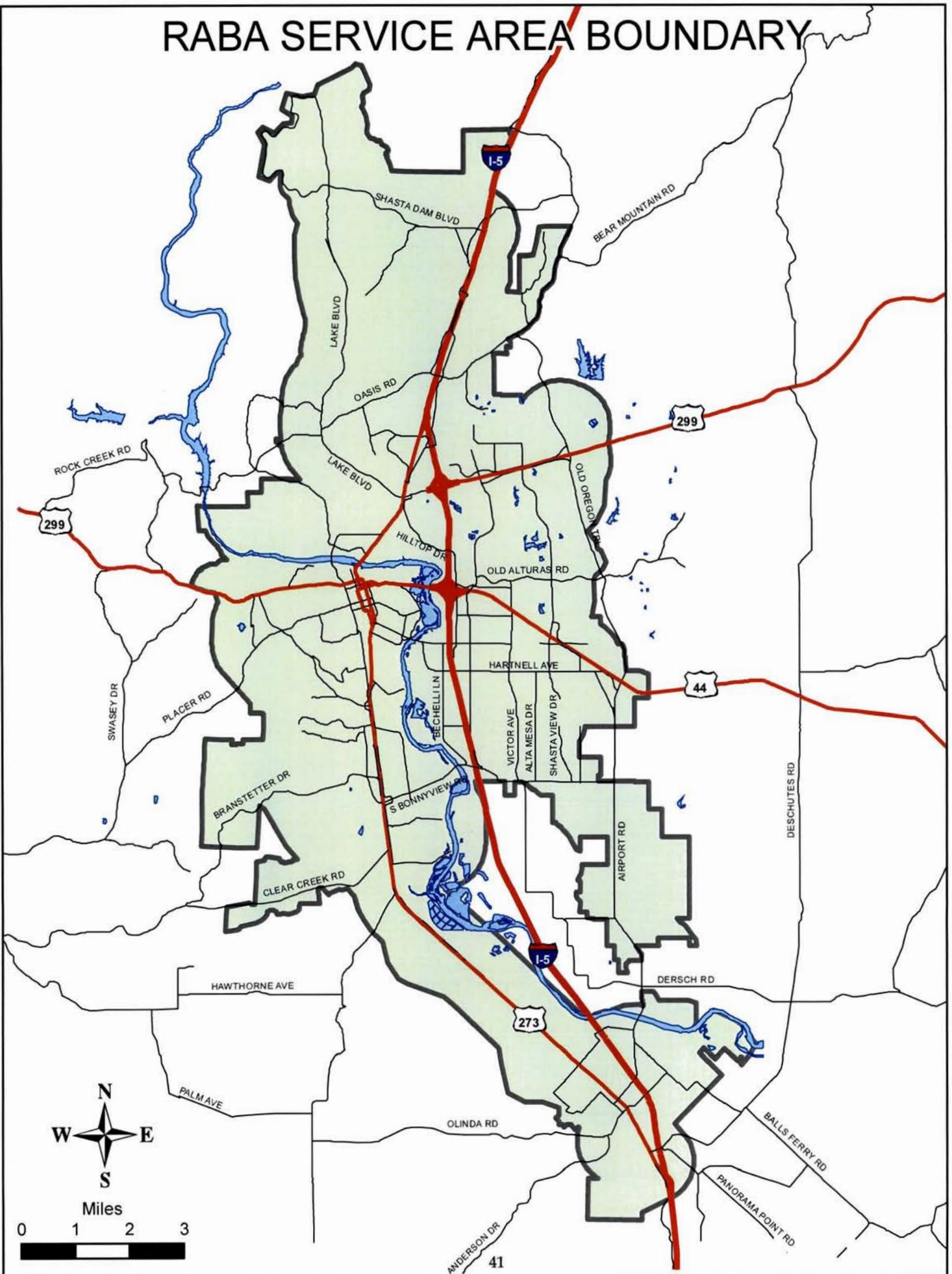
TRINITY COUNTY



REDDING AREA BUS AUTHORITY

777 CYPRESS AVENUE, REDDING, CA 96001

RABA SERVICE AREA BOUNDARY



REDDING AREA BUS AUTHORITY
SUMMARY OF FIXED ROUTE SYSTEM/EXPRESS SERVICE DATA
LAST TEN FISCAL YEARS

Fiscal Year	Fare Revenue	Total Passengers	Total Actual Vehicle Revenue Hours	Total Actual Revenue Vehicle Miles
1999-00	494,150	849,403	48,382	792,100
2000-01	503,867	858,978	47,968	782,815
2001-02	547,542	869,567	47,802	781,167
2002-03	488,547	765,312	48,531	793,538
2003-04	466,377	718,417	48,296	796,926
2004-05	451,276	705,596	48,181	802,101
2005-06	461,344	685,931	46,721	754,525
2006-07	560,542	652,523	45,825	730,069
2007-08	607,650	655,413	44,700	752,307
2008-09	594,395	664,115	41,746	629,879

Source: State Controller's Report for Transit

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

<u>Fiscal Year</u>	<u>Fare Revenue</u>	<u>Total Passengers</u>	<u>Total Actual Vehicle Revenue Hours</u>	<u>Total Actual Revenue Vehicle Miles</u>
1999-00	66,819	50,611	19,532	320,423
2000-01	87,171	58,216	21,132	362,888
2001-02	85,434	60,582	23,753	380,209
2002-03	82,134	59,565	23,138	358,613
2003-04	102,430	65,225	25,099	381,374
2004-05	109,186	66,645	25,550	389,350
2005-06	159,585	71,273	25,279	381,714
2006-07	233,201	76,091	27,135	400,495
2007-08	237,682	80,265	28,619	420,396
2008-09	239,661	79,340	29,086	409,610

Note: * Significant fare increases enacted Oct 2005 and July 2006.

Source: State Controller's Report for Transit

**REDDING AREA BUS AUTHORITY
CAPITAL ASSETS STATISTICS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Fixed Route Buses</u>	<u>Demand Response Vans</u>	<u>Transfer Stations</u>	<u>Maintenance Facilities</u>
1998-99	23	25	1	1
1999-00	23	20	2	1
2000-01	23	20	3	1
2001-02	21	19	3	1
2002-03	21	20	3	1
2003-04	22	19	3	1
2004-05	20	21	3	1
2005-06	20	18	3	1
2006-07	16	20	3	1
2007-08	16	20	3	1
2008-09	17	20	3	1

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

REDDING AREA BUS AUTHORITY

MISCELLANEOUS DATA

June 30, 2009

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):	117,478
Total Fleet Size:	
Fixed route	17
Paratransit	20
Number of Service and Maintenance Facilities	1
Location:	3333 South Market Street Redding, California
Number of Passenger Transfer Facilities:	3
Locations:	1530 Yuba Street Redding, California Masonic Avenue @ Lake Boulevard Redding, California Canby Road @ Mt. Shasta Mall Redding, California

Source: (1) Shasta County Transit Development Plan

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Supplemental Information Section

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND OTHER MATTERS,
 AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND THE
 PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT AND SERVICE
 ENHANCEMENT ACCOUNT (PTMISEA) OF THE TRANSPORTATION
 FUNDS BASED ON AN AUDIT OF THE TRANSPORTATION FUNDS'
 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
 WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the basic financial statements of the Redding Area Bus Authority (RABA), a component unit of the City of Redding, California (City), as of and for the year ended June 30, 2009, and have issued our report thereon dated December 9, 2009. We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of the audit, we performed testing of the following program:

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 of California (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, 2009, RABA did not receive any new PTMISEA funding from the State's PTMISEA account. However, during the fiscal year ended June 30, 2009, RABA did earn \$28,217 in interest income on unexpended PTMISEA funds of the prior year. The amounts that were verified during the course of our audit are as follows:

Unexpended proceeds at June 30, 2008	\$	1,522,166
Proceeds received:		
PTMISEA - Interest income		28,217
Expenditures incurred:		
Maintenance facility		(717,481)
Unexpended proceeds at June 30, 2009	\$	832,902

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

Internal Control over Financial Reporting

In planning and performing our audit, we considered RABA's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RABA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of RABA's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

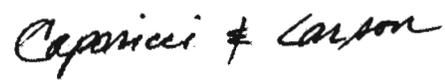
A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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


Oakland, California
December 9, 2009