

# RABA

A Component Unit of the  
City of Redding, California

**REDDING AREA BUS AUTHORITY**

Comprehensive Annual Financial Report  
for Fiscal Years Ended June 30, 2012 and 2011



# Redding Area Bus Authority

A Component Unit of the  
City of Redding  
Redding, California

*Comprehensive Annual Financial Report*

*For the years ended June 30, 2012 and 2011*

Prepared by the City of Redding Finance Department



**Redding Area Bus Authority**  
**Comprehensive Annual Financial Report**  
**For the years ended June 30, 2012, and 2011**

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Introductory

Section





December 21, 2012

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, 2012 and 2011. 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.

D.H. Scott & Company, LLP, a firm of licensed certified public accountants, have issued an unqualified ("clean") opinion on RABA's financial statements for the years ended June 30, 2012 and 2011. In addition to meeting the requirements set forth in the RABA Joint Powers Agreement, the audits were also designed to meet the requirements of the Transportation Development Act.

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

## **- 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 35-foot and 40-foot Gillig Phantom buses. RABA also uses twenty 23-foot vans to provide demand response service in compliance with the Americans with Disabilities Act (ADA).

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

From July 2011 to June 2012 RABA provided approximately 755,000 fixed route trips, or about 63,000 per month. The demand response system provided approximately 57,000 trips, or about 4,700 per month.

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

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

## **- ECONOMIC CONDITION AND OUTLOOK -**

The Redding Area Bus Authority's service area centers on Redding, county seat of Shasta County, located at the northern end of the Sacramento Valley, approximately 160 miles north of Sacramento. Redding is a major trade, recreational, and regional center of commerce for several Northern California counties, as evidenced by its many facilities. Support for retail sales is derived from a retail trade area population of approximately 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 13.0% in June 2012.

Since 1990, the City's population has grown at approximately .1% to 2% per year. The City's population of 90,200 has increased 11.5% 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 2012:

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%
2010	89,878	1.11%	177,248	0.85%
2011	90,050	0.19%	177,516	0.15%
2012	90,200	0.17%	177,823	0.17%

*Source: 1970-2000 data from U.S. Census; 2001-2012 data from the California State Department of Finance as of January 1*

### LONG RANGE PLANNING

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

### - MAJOR INITIATIVES -

#### Passenger Amenities for the Year 2012-13

Work is ongoing to improve bus stops by adding additional bus benches, shelters, sidewalk connections, crosswalks and other associated concrete improvements throughout RABA's service area using Federal and State Proposition 1B funds to improve accessibility to all of its patrons. All improvements and acquisitions of equipment are in conformance with the Redding Area Bus Authority's Short-Range Transit Plan. In addition, RABA entered into an agreement with an outdoor advertising firm that has installed six new shelters and plans to install 12 more over the next two years. That firm is also in the process retrofitting existing shelters with solar safety lighting.

### Maintenance Facility Improvements

RABA has recently installed a new hydraulic lift at the maintenance facility that is designed to handle the Demand Response van fleet. It allows maintenance staff to address the undercarriage of the vans and maintenance vehicles much more safely and efficiently.

In order to improve security at the maintenance facility, the front office area needed to be separated from the rest of the facility with a security door. As part of this improvement, the HVAC system for the front desk area needed improvements. RABA has started a small remodel to construct these improvements.

RABA is moving forward on developing a solar parking shade structure for the buses that will be built in the maintenance facility parking area. The newly constructed facility will protect the buses from solar exposure and allow drivers to prepare the buses for route dispatch while protected from the rain and other elements. In addition, the facility will have solar panels installed on the roof which will provide electricity to the facility thereby offsetting the costs of utilities.

### Downtown Transfer Station

RABA is in the design stage of the Intermodal expansion which will add additional bathrooms and redesign the existing driver's area. This will create more room for breaks and will also improve the Greyhound office by adding a separate customer service window. This project is expected to be completed in 2013.

Video Cameras were recently added at the Downtown Transfer Center which has allowed staff at the facility to monitor activity more efficiently. The system has the ability to record data for up to three weeks and allows staff to review video to help prevent vandalism and other illegal activity in the area.

### Rolling Stock

RABA purchased and received 4 new 35-foot Gillig coaches that were received in 2012. Four additional vans to replace existing fleet vehicles were also received in 2012. These vehicles were acquired through the Federal 5307 program and the Proposition 1B state bond program. Three more 35-foot Gillig coaches are on order and are expected to arrive in early 2013.

### Technological Improvements

The fixed route fleet is scheduled to receive an upgrade this year with the installation of new mobile data communicators (MDCs) for each vehicle. The MDC units include GPS tracking capability and will help to increase efficiency of trip planning.

The Demand Response fleet is scheduled to receive new video cameras produced by Apollo Video. Each van will have 4 cameras with individual microphones. This technology has helped the fixed route system address issues that arise on the bus such as safety concerns, customer complaints, accidents, and even helps to address driver training and safety. RABA hopes to install similar cameras on the Demand Response fleet as well.

### Masonic Security Improvements

Staff is reviewing the Masonic Transfer Station for substantial security improvements, including fencing, video cameras, and other preventative measures intended to discourage illegal activity at the facility. Other options may include relocation of the Masonic station or even its elimination.

### Property Purchase

RABA's long term goal has been to purchase the block of property bounded by Tehama Street on the north side, Butte Street on the south side, California Street on the east side, and the railroad tracks on the west side. A major milestone has been overcome with the purchase of the Maddox property at this location. The only remaining pieces of property are owned by the City of Redding. RABA should complete purchase of these remaining pieces of property in 2013. RABA will continue to lease the property to Bing's automotive and plans to do so as long as Bing's automotive wishes to remain in that location.

## **- 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, 2011. This was the 25th consecutive year RABA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized component unit financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### Acknowledgements

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

Very truly yours,



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, 2011

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.



*Linda C. Danison*

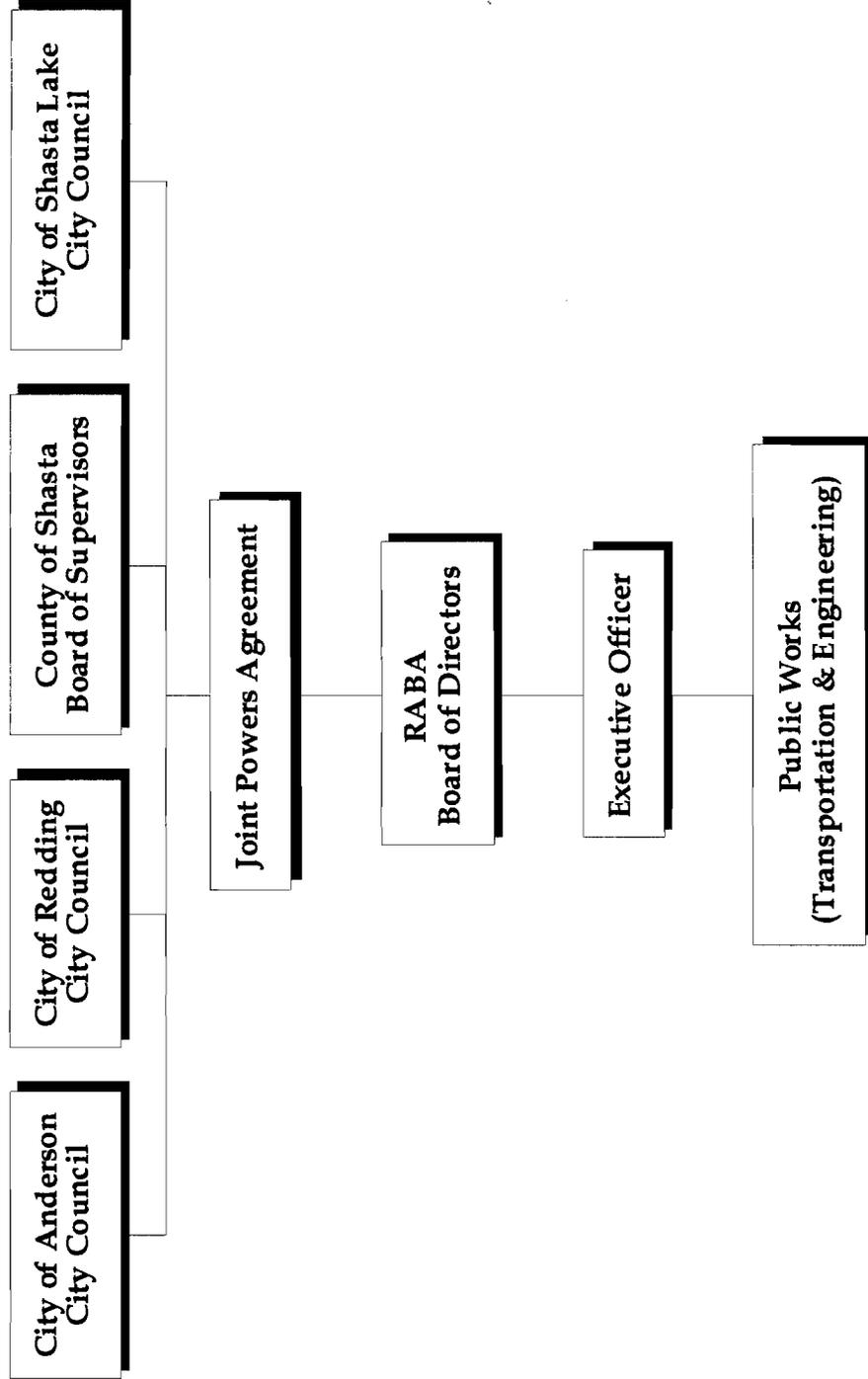
President

*Jeffrey R. Emer*

Executive Director

# REDDING AREA BUS AUTHORITY

## Organization Chart



**- REDDING AREA BUS AUTHORITY OFFICIALS -**

**Board of Directors**

Francie Sullivan ..... Chairperson  
Ron Dixon..... Vice-Chairperson  
Rick Bosetti.....Director  
Dick Dickerson .....Director  
Patrick H. Jones .....Director  
Missy McArthur .....Director  
Norma Comnick .....Director  
David Kehoe ..... Director

**Administrative Personnel**

Kurt Starman..... City Manager  
Brian Crane ..... Executive Officer  
Rick Duvernay ..... City Attorney  
Pam Mize..... City Clerk  
Stephen W. Strong.....Director of Finance  
Chuck Aukland ..... Transportation Manager  
Zach Bonnin..... Transportation Planner  
Sam Hewitt..... Accounting Specialist

Financial

Section



REPORT OF INDEPENDENT AUDITORS

David H. Scott, CPA  
a professional corporation  
Keith E. Hunting, CPA  
Vivian R. Piche', CPA  
Paul J. Catanese, CPA, M.B.A.  
a professional corporation  
Larry Dahl, CPA

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Gerald R. Tadina, CPA

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

We have audited the accompanying basic financial statements of the Redding Area Bus Authority, a component unit of the City of Redding, California, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Redding Area Bus Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Redding Area Bus Authority as of June 30, 2012, and the changes in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2012, on our consideration of the Redding Area Bus Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Redding Area Bus Authority's financial statements as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*D. H. Scott & Company LLP*

Redding, California  
December 20, 2012

# Redding Area Bus Authority

## Management's Discussion and Analysis

### For the years ended June 30, 2012 and 2011

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As management of the Redding Area Bus Authority (RABA), we offer readers of RABA's financial statements this narrative overview and analysis of the financial activities of RABA for the fiscal years ended June 30, 2012 and 2011. 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 2012

- The assets of RABA exceeded liabilities at the close of the fiscal year by \$11.8 million (*net assets*). This was an increase of \$1,144,248 from the previous year and is due to capital contributions of \$2,121,347 less depreciation of \$943,375 and a loss on disposal of assets of \$33,726. New capital purchases are paid from capital grants and are capitalized while depreciation and loss on sale of assets are not funded, since the assets are fully funded by capital grants.
- Fixed Route ridership increased by 13.7%, or by over 90,000 riders, this year. Demand Response decreased by 7.9 percent or 4,897 riders. Overall operating revenues increased by \$102,598 (10.8 percent) during the year.
- Operating expenses decreased by \$134,667 (2.2 percent) during the year. This decrease was attributable to purchase transportation decrease (4.5 percent) and other expenses decrease (30.3 percent). These decrease were partially offset by an increase in vehicle materials and supplies due to increased vehicle fuel costs. Purchase transportation decreased due to a decrease in demand response use. Other operating expenses decreased due to a decrease in the grant funded overall work program.

##### Fiscal Year 2011

- The assets of RABA exceeded liabilities at the close of the fiscal year by \$10.7 million (*net assets*). This was an increase of \$1,040,197 from the previous year and is due to capital contributions of \$1,989,923 less depreciation of \$929,086 and a loss on disposal of assets of \$20,641. New capital purchases are paid from capital grants and are capitalized while depreciation and loss on sale of assets are not funded, since the assets are fully funded by capital grants.
- Fixed Route ridership increased by 0.7%, or by over 4,700 riders, this year. Demand Response decreased by 4.4 percent or 2,868 riders. Overall operating revenues increased by \$21,303 (2.3 percent) during the year.
- Operating expenses increased by \$245,170 (4.2 percent) during the year. This increase was primarily attributable to purchased transportation (3.9 percent), and depreciation (12.3%). Purchased transportation increased due to increased cost by the Agency's contract operator. Depreciation increased because several new busses were purchased, which replaced depreciated busses.

#### 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.

**Redding Area Bus Authority**  
**Management's Discussion and Analysis**  
**For the years ended June 30, 2012 and 2011**

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

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

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

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

The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 23-31 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 the fiscal year 2012, assets exceeded liabilities by \$11,822,570.

**Redding Area Bus Authority Net Assets**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current assets	\$ 4,483,760	\$ 4,788,878	\$ 3,353,839
Capital assets, net of depreciation	11,211,827	10,067,578	9,049,535
Total assets	<u>15,695,587</u>	<u>14,856,456</u>	<u>12,403,374</u>
Current liabilities	3,873,017	4,178,134	2,765,249
Total liabilities	<u>3,873,017</u>	<u>4,178,134</u>	<u>2,765,249</u>
Net assets:			
Invested in capital assets	11,211,827	10,067,578	9,049,535
Unrestricted	610,743	610,744	588,590
Total net assets	<u>\$ 11,822,570</u>	<u>\$ 10,678,322</u>	<u>\$ 9,638,125</u>

**Redding Area Bus Authority**  
**Management's Discussion and Analysis**  
**For the years ended June 30, 2012 and 2011**

By far the largest portion of RABA's net assets, (95 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 \$1,144,248. In 2011 net assets increased by \$1,040,197. In years such as in 2012, 2011 and 2010, when purchase of capital assets exceeds the current year depreciation and gain or loss on sales of assets, RABA has an increase in net assets. Conversely, in years when fewer capital assets are purchased, depreciation exceeds assets purchased and results in a decrease in net assets.

Key elements of this increase are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Revenues:</b>			
Passenger fares	\$ 883,688	\$ 786,872	\$ 762,983
Contract services	99,384	106,488	126,353
Other operating revenue	70,960	58,074	40,795
Transportation Development Act revenue	3,207,126	3,384,879	3,108,802
Intergovernmental revenue	777,669	840,295	1,009,881
Other revenue (loss)	(18,500)	5,759	(77,212)
Total revenues	<u>5,020,327</u>	<u>5,182,367</u>	<u>4,971,602</u>
<b>Expenses:</b>			
Purchased Transportation	3,075,341	3,218,795	3,099,220
Materials and supplies-vehicles	1,149,469	1,089,782	1,050,965
Depreciation	943,375	929,086	827,289
Services	530,064	542,923	589,358
Other expenses	299,177	351,507	320,091
Total expenses	<u>5,997,426</u>	<u>6,132,093</u>	<u>5,886,923</u>
<b>(Loss) before capital contributions</b>	(977,099)	(949,726)	(915,321)
<b>Capital contributions</b>	<u>2,121,347</u>	<u>1,989,923</u>	<u>1,174,511</u>
<b>Change in net assets</b>	1,144,248	1,040,197	259,190
<b>Net assets, beginning of year</b>	<u>10,678,322</u>	<u>9,638,125</u>	<u>9,378,935</u>
<b>Net assets, end of year</b>	<u>\$ 11,822,570</u>	<u>\$ 10,678,322</u>	<u>\$ 9,638,125</u>

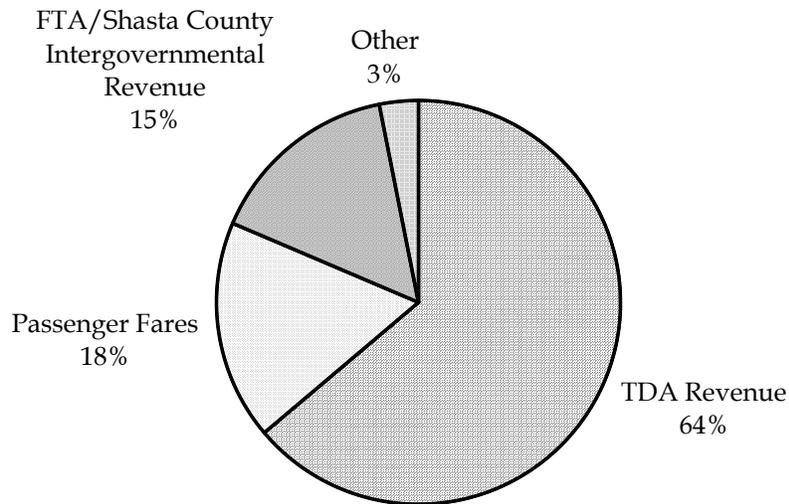
**Redding Area Bus Authority  
Management's Discussion and Analysis  
For the years ended June 30, 2012 and 2011**

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**Financial Analysis**

Operating revenue, revenue collected from customers or riders, is approximately 18 percent in fiscal year 2012 and 15 percent in fiscal year 2011 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, allocated from sales tax on gasoline and diesel fuel. TDA funds made up 64 percent (66 percent in 2011) of the revenue used for operating RABA in 2012. 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 2012, 2011 and 2010, RABA received Federal operating assistance of \$750,000. This grant has reduced the amount of TDA funds RABA required to fund operational needs.

**Revenues by Source**



**Redding Area Bus Authority  
Management's Discussion and Analysis  
For the years ended June 30, 2012 and 2011**

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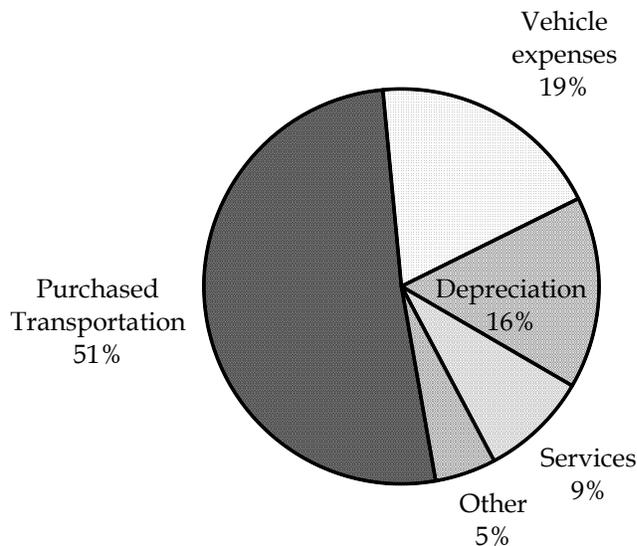
Fiscal Year 2012

RABA's total operating expenses decreased over the prior year by \$134,667. There are three primary reasons for the decrease in operating expenses. First, due to lower use of the demand response system, purchased transportation costs were \$143,454 lower than the previous year. Second, operating grant related expenses were \$74,983 lower in the current year than the previous year. Finally, these two decreases were partially offset by increases in fuel costs of \$104,327 and other net decreases of \$20,557.

Fiscal Year 2011

RABA's total operating expenses increased over the prior year by \$245,170. There are two primary reasons for the increase in operating expenses. First, purchased transportation increased by \$119,575 due to increase costs charged by RABA's contract operator. Second, depreciation increased by \$101,797. The increase was due to the purchase of new busses to replace busses that were fully depreciated.

**Expenses by Category**



**Redding Area Bus Authority**  
**Management's Discussion and Analysis**  
**For the years ended June 30, 2012 and 2011**

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**Capital Assets**

Fiscal Year 2012

RABA's investment in capital assets (net of accumulated depreciation) as of June 30, 2012, amounted to \$11.2 million. This investment in capital assets includes vehicles, land, buildings, improvements, and equipment. RABA's investment in capital assets increased by \$1,144,249 during the fiscal year ended June 30, 2012. During the year RABA purchased four new 40 foot transit busses at a cost of \$1,551,164, land at a cost of \$355,178 and security system equipment at a cost of \$130,358. These along with other capital purchases totaled \$2,121,350 in 2012. Depreciation of \$943,375 and net disposal of fixed assets in the amount of \$33,726 resulted in an overall increase of the investment in capital assets during 2012.

Fiscal Year 2011

RABA's investment in capital assets (net of accumulated depreciation) as of June 30, 2011, amounted to \$10.1 million. This investment in capital assets includes vehicles, buildings, improvements, and equipment. RABA's investment in capital assets increased by \$1,018,043 during the fiscal year ended June 30, 2011. Four new Demand Response vans were purchased at a cost of approximately \$315,000, three 40 foot transit busses at a cost of \$1,235,000 and parking lot improvements at a cost of \$207,905. These, along with other capital purchases, totaled \$1,989,925 in 2011. Depreciation of \$929,086 and net disposal of fixed assets in the amount of \$42,796 resulted in the overall increase of the investment in capital assets during 2011.

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Land	\$ 1,682,463	\$ 1,326,685	\$ 1,326,685
Buildings	4,756,237	5,006,852	5,257,621
Vehicles	3,869,327	2,823,590	1,814,106
Improvements	394,884	452,397	336,567
Furnishing and equipment	501,706	457,987	314,556
CWIP	7,210	67	-
Total	\$ 11,211,827	\$ 10,067,578	\$ 9,049,535

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, 2012 and 2011**

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**Economic Factors**

- ✓ RABA's major source of revenue is Transportation Development Act (TDA) funds. TDA funds come from a combination of ¼ percent state sales tax that is passed through to local governments for transportation needs and a portion of the sales tax attributable to fuel sales. TDA funds in excess of RABA's annual need are reallocated to the sponsoring jurisdictions for transportation and road purposes. Sales tax in the City of Redding has increased by 5.2 percent in FYE 2011 and increased by 5.7 percent in FYE 2012. It is assumed sales tax will increase by about 4.5 percent during FYE 2013, RABA's request in FYE 2013 for TDA funds will be approximately equal to the estimated increase.
- ✓ Prior to 2006 the RABA transit area's annual growth rate was consistently in the 1.5 percent to 2.5 percent range. Since then, with the downturn in the economy, the growth rate has been reduced to less than 1 percent. That lower growth rate is assumed to continue into the fiscal year ending in 2013.
- ✓ The unemployment rate had increased from 7 percent in FYE 2007 to 14.9 percent in FYE 2011. During FYE 2012 the unemployment rate decreased from 14.9 percent to 13 percent.
- ✓ Inflationary trends in the region compare favorably to national indices.
- ✓ Ridership on the fixed route system has increased by 13.7 percent in FYE 2012. It is anticipated that ridership will increase in FYE 2013 at a smaller percentage. RABA's fare box ratio for FYE 2012 was 17.5 percent, which was up from its FYE 2011 fare box ratio of 15.12 percent.

All of these factors were considered in preparing RABA's budget for the 2012 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, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,524,732	\$ 3,487,993
Accounts receivable	38,034	44,198
Intergovernmental receivables	814,886	1,134,625
Interest receivable	1,991	3,241
Materials and supplies inventory	104,117	118,821
<b>Total current assets</b>	<u>4,483,760</u>	<u>4,788,878</u>
Capital assets not being depreciated:		
Land	1,682,463	1,326,685
Construction in Progress	7,210	67
Capital assets net of accumulated depreciation:		
Buildings	4,756,237	5,006,852
Automotive Equipment	3,869,327	2,823,590
Improvements other than buildings	394,884	452,397
Furnishings and equipment	501,706	457,987
<b>Total capital assets</b>	<u>11,211,827</u>	<u>10,067,578</u>
<b>Total assets</b>	<u>15,695,587</u>	<u>14,856,456</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	329,144	675,093
Intergovernmental payable	1,586,826	98,580
Accrued Liabilities	4,773	6,059
Deposit	3,000	3,000
Deferred revenue	1,949,274	3,395,402
<b>Total current liabilities</b>	<u>3,873,017</u>	<u>4,178,134</u>
<b>NET ASSETS</b>		
Invested in capital assets	11,211,827	10,067,578
Net Assets, unrestricted	610,743	610,744
<b>Total net assets</b>	<u>\$ 11,822,570</u>	<u>\$ 10,678,322</u>

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

**Redding Area Bus Authority**  
**Comparative Statements of Revenues, Expenses and Changes in Net Assets**  
**For the years ended June 30, 2012 and 2011**

	2012	2011
<b>OPERATING REVENUES:</b>		
Passenger fares for transit service	\$ 883,688	\$ 786,872
Contract transit services	99,384	106,488
Charter services	750	-
Other revenue	70,210	58,074
<b>Total operating revenues</b>	<b>1,054,032</b>	<b>951,434</b>
<b>OPERATING EXPENSES:</b>		
Purchased transportation	3,075,341	3,218,795
Materials and supplies-vehicles	1,149,469	1,089,782
Depreciation	943,375	929,086
Services	530,064	542,923
Advertising	22,097	3,486
Other operating expenses	160,460	230,315
Utilities	116,620	117,706
<b>Total operating expenses</b>	<b>5,997,426</b>	<b>6,132,093</b>
<b>Operating income (loss)</b>	<b>(4,943,394)</b>	<b>(5,180,659)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest	1,817	9,900
Rent	18,000	16,500
Interest expense	(4,591)	-
Gain (Loss) on disposal of property	(33,726)	(20,641)
Intergovernmental revenue-Non Capital	777,669	840,295
Transportation Development Act revenue	3,207,126	3,384,879
<b>Total nonoperating revenues (expenses)</b>	<b>3,966,295</b>	<b>4,230,933</b>
<b>Income (loss) before contributions</b>	<b>(977,099)</b>	<b>(949,726)</b>
Capital Contributions	2,121,347	1,989,923
<b>CHANGE IN NET ASSETS</b>	<b>1,144,248</b>	<b>1,040,197</b>
Total net assets - beginning of year	10,678,322	9,638,125
Total net assets - end of year	<b>\$ 11,822,570</b>	<b>\$ 10,678,322</b>

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, 2012 and 2011**

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 1,060,196	\$ 952,970
Cash paid to suppliers	(5,119,909)	(5,110,005)
<b>Net cash provided (used) by operating activities</b>	<b>(4,059,713)</b>	<b>(4,157,035)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Intergovernmental revenue received	3,435,614	5,264,258
<b>Net cash provided (used) by noncapital financing activities</b>	<b>3,435,614</b>	<b>5,264,258</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital grants received	3,069,914	1,896,361
Proceeds from sale of assets	-	22,155
Acquisition of capital assets	(2,425,552)	(1,874,134)
Interest paid	(4,591)	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>639,771</b>	<b>44,382</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment revenue received	3,067	9,042
Rent received	18,000	16,500
<b>Net cash provided (used) by investing activities</b>	<b>21,067</b>	<b>25,542</b>
<b>Net change in cash and cash equivalents</b>	<b>36,739</b>	<b>1,177,147</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	3,487,993	2,310,846
End of year	<u>\$ 3,524,732</u>	<u>\$ 3,487,993</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating income	\$ (4,943,394)	\$ (5,180,659)
Adjustments to reconcile operating income to net cash provided in operating activities:		
Depreciation	943,375	929,086
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	6,164	1,536
(Increase) decrease in materials and supplies inventory	14,705	(1,240)
Increase (decrease) in accounts payable	(41,747)	26,561
Increase (decrease) in accrued liabilities	(1,286)	(5,353)
Increase (decrease) in deposits	-	3,000
Increase (decrease) in intergovernmental payable	(37,530)	70,034
<b>Net cash provided (used) by operating activities</b>	<b>\$ (4,059,713)</b>	<b>\$ (4,157,035)</b>

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

**Redding Area Bus Authority**  
**Notes to the Financial Statements**  
**For the years ended June 30, 2012, and 2011**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***A. Reporting Entity***

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

***B. Basis of Presentation***

RABA's financial activity is accounted for under the category of proprietary fund type activity according to generally accepted 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 the 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, 2012 and 2011**

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

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

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

*D. Cash and Investments*

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

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

*E. Materials and Supplies Inventory*

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

*F. Capital Assets*

Capital assets, which include property and equipment, are reported in the financial statements. Capital assets are defined by RABA as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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, 2012, and 2011**

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

*F. 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 - 10 years
Vehicles	5 - 10 years
Improvements	10 years

*G. Unearned Revenue*

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

Grant revenues and receivables are recorded when earned on grants that have been approved and funded by the grantor. Grant sources include Federal Transit Administration (FTA), State Transit Assistance (STA), Transportation Development Act (TDA) and State Proposition 1B Funds.

*H. Personnel Services*

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

*I. Use of Estimates*

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

**Redding Area Bus Authority**  
**Notes to the Financial Statements, Continued**  
**For the years ended June 30, 2012, and 2011**

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

*J. Net Assets*

In the Statement of Net Assets, 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.

**2. CASH AND INVESTMENTS**

As of June 30, 2012 and 2011, RABA had the following cash and investments:

Investment Type	2012		2011	
	Fair Value	Less than 1 year	Fair Value	Less than 1 year
Deposits	\$ 1,980,691	\$ 1,980,691	\$ 752,591	\$ 752,591
Local Agency Investment Fund	1,544,041	1,544,041	2,735,402	2,735,402
Total Cash and Investment	<u>\$ 3,524,732</u>	<u>\$ 3,524,732</u>	<u>\$ 3,487,993</u>	<u>\$ 3,487,993</u>

RABA reports its investments at fair value.

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

Credit Risk - The California Government Code and the investment policy of RABA authorize RABA to invest in obligations, participations, or other instruments of the U.S. Government or its agencies, state and municipal bonds, commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by Standard & Poor's Corporation or Moody's Investor Service, Inc., bankers' acceptances, repurchase agreements, and the State Treasurer's Investment Pool (LAIF).

**Redding Area Bus Authority**  
**Notes to the Financial Statements, Continued**  
**For the years ended June 30, 2012 and 2011**

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**2. CASH AND INVESTMENTS, Continued**

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

In accordance with authorized investment laws, the State Treasurer's Investment Pool (LAIF) invests in various structured notes and mortgage-backed securities, such as collateralized mortgage obligations. As of June 30, 2012, 3.47% (as compared to 5.01% for 2011) of LAIF's investment portfolio was invested in structured notes and other asset-backed securities, respectively.

Concentration of Credit Risk - RABA has about 44% 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, 2012 and 2011.

**3. ACCOUNTS RECEIVABLE**

	June 30, 2012	June 30, 2011
Accounts receivable balance	\$ 38,034	\$ 44,198

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, 2012 and 2011**

**4. INTERGOVERNMENTAL RECEIVABLES**

Intergovernmental receivables at June 30, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Federal Department of Transportation	\$ 770,309	\$ 1,090,073
Far Northern Regional	14,494	-
Shasta County - Transit Services	19,421	24,754
Shasta County - RTPA OWP	-	12,970
Shasta County - Other	9,763	6,828
School of the Arts	899	-
Total	<u>\$ 814,886</u>	<u>\$ 1,134,625</u>

**5. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance 30-Jun-11	Additions	Deletions	Transfers Reclassifications	Balance 30-Jun-12
Capital Assets, not being depreciated:					
Land	\$ 1,326,685	\$ 355,778	\$ -	\$ -	\$ 1,682,463
Construction in progress	67	7,143	-	-	7,210
Total capital assets not being depreciated	<u>1,326,752</u>	<u>362,921</u>	<u>-</u>	<u>-</u>	<u>1,689,673</u>
Capital assets, being depreciated:					
Buildings	7,639,062	-	-	-	7,639,062
Improvements other than buildings	1,621,301	31,591	-	-	1,652,892
Automotive equipment	7,149,233	1,552,557	(259,666)	-	8,442,124
Furnishings and equipment	2,107,682	174,281	-	-	2,281,963
Total assets, being depreciated	<u>18,517,278</u>	<u>1,758,429</u>	<u>(259,666)</u>	<u>-</u>	<u>20,016,041</u>
Less accumulated depreciation for:					
Buildings	(2,632,056)	(250,769)	-	-	(2,882,825)
Improvements other than buildings	(1,169,058)	(88,950)	-	-	(1,258,008)
Automotive equipment	(4,325,643)	(473,094)	225,940	-	(4,572,797)
Furnishings and equipment	(1,649,695)	(130,562)	-	-	(1,780,257)
Total accumulated depreciation	<u>(9,776,452)</u>	<u>(943,375)</u>	<u>225,940</u>	<u>-</u>	<u>(10,493,887)</u>
Total capital assets, being depreciated, net	<u>8,740,826</u>	<u>815,054</u>	<u>(33,726)</u>	<u>-</u>	<u>9,522,154</u>
Capital assets, net	<u>\$ 10,067,578</u>	<u>\$ 1,177,975</u>	<u>\$ (33,726)</u>	<u>\$ -</u>	<u>\$ 11,211,827</u>

**Redding Area Bus Authority**  
**Notes to the Financial Statements, Continued**  
**For the years ended June 30, 2012, and 2011**

**5. CAPITAL ASSETS (Continued)**

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance 30-Jun-10	Additions	Deletions	Transfers Reclassifications	Balance 30-Jun-11
Capital Assets, not being depreciated:					
Land	\$ 1,326,685	\$ -	\$ -	\$ -	\$ 1,326,685
Construction in progress	-	67	-	-	67
Total capital assets not being depreciated	<u>1,326,685</u>	<u>67</u>	<u>-</u>	<u>-</u>	<u>1,326,752</u>
Capital assets, being depreciated:					
Buildings	7,639,062	-	-	-	7,639,062
Improvements other than buildings	1,413,396	207,905	-	-	1,621,301
Automotive equipment	6,662,561	1,551,312	(1,064,640)	-	7,149,233
Furnishings and equipment	1,877,041	230,641	-	-	2,107,682
Total assets, being depreciated	<u>17,592,060</u>	<u>1,989,858</u>	<u>(1,064,640)</u>	<u>-</u>	<u>18,517,278</u>
Less accumulated depreciation for:					
Buildings	(2,381,441)	(250,769)	-	154	(2,632,056)
Improvements other than buildings	(1,076,829)	(92,075)	-	(154)	(1,169,058)
Automotive equipment	(4,848,455)	(499,032)	1,021,844	-	(4,325,643)
Furnishings and equipment	(1,562,485)	(87,210)	-	-	(1,649,695)
Total accumulated depreciation	<u>(9,869,210)</u>	<u>(929,086)</u>	<u>1,021,844</u>	<u>-</u>	<u>(9,776,452)</u>
Total capital assets, being depreciated, net	<u>7,722,850</u>	<u>1,060,772</u>	<u>(42,796)</u>	<u>-</u>	<u>8,740,826</u>
Capital assets, net	<u>\$ 9,049,535</u>	<u>\$ 1,060,839</u>	<u>\$ (42,796)</u>	<u>\$ -</u>	<u>\$ 10,067,578</u>

**6. INTERGOVERNMENTAL PAYABLES**

Intergovernmental payables at June 30, 2012 and 2011 were as follows:

City of Redding - Utilities	\$ 3,807	\$ 3,973
Shasta Regional Transportation Agency	1,525,775	0
City of Redding	57,244	94,607
Total	<u>\$ 1,586,826</u>	<u>\$ 98,580</u>

As stated in Note 1, Subtitle H, the City of Redding provides administrative and accounting services to RABA. The costs of such services, plus other occasional costs, are recorded as intergovernmental payables to the City of Redding. Payments are made on those payables as RABA funds become available. At June 30, 2012, RABA had received \$1,525,775 in excess TDA funds which will be paid back to Shasta Regional Transportation Agency.

**Redding Area Bus Authority**  
**Notes to the Financial Statements, Continued**  
**For the years ended June 30, 2012 and 2011**

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**7. PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA)**

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

In fiscal year 2011-12, RABA received an additional \$1,459,181 in PTMISEA funding. During the fiscal year RABA incurred \$810,411 in qualifying expenditures and earned \$4,629 in interest income. The June 30, 2012 balance in PTMISEA unspent funding was \$1,799,103.

In fiscal year 2010-11, RABA received an additional \$580,445 in PTMISEA funding. During the fiscal year, RABA incurred \$391,623 in qualifying expenditures and earned \$4,478 in interest income. The June 30, 2011 ending balance in unspent PTMISEA funding was \$1,145,704.

**8. DEFERRED REVENUE**

**Transportation Development Act**

Deferred revenue at June 30, 2012 included \$2 of Federal Transit Agency funds and \$1,949,272 of California Proposition 1B funds received from Shasta County RTPA.

At June 30, 2011, deferred revenue included \$2,081,254 of Transportation Development Act (TDA) funds and \$1,314,148 of California Proposition 1B funds. The deferred revenue was received before it was earned.

**Other Proposition 1B Funds**

In fiscal year 2011-12 RABA did not received any additional non PTMISEA Proposition 1B funds. During the fiscal year RABA incurred \$19,495 in qualifying expenditures and earned \$1,220 in interest. The June 30, 2012 balance of non PTMISEA Proposition 1B funds was \$150,169.

In fiscal year 2010-11 RABA received an additional \$153,561 in non PTMISEA Proposition 1B funds. During the fiscal year RABA incurred \$139,075 in qualifying expenditures and earned

**Redding Area Bus Authority**  
**Notes to the Financial Statements, Continued**  
**For the years ended June 30, 2012 and 2011**

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\$1,413 in interest. The June 30, 2011 balance of non PTMISEA Proposition 1B funds was \$168,444.

**9. RISK MANAGEMENT**

RABA's contract operator for both the fixed route service and the demand response service provide public liability and property damage insurance through its agreement with the RABA to provide purchased transportation. RABA's administrative and accounting personnel services are staffed by employees of the City; therefore, workers' compensation for these positions is carried by the City. Workers' compensation insurance is administered as a co-insurance plan. The City is self-insured up to \$750,000 with an insurance company co-insuring claims from \$750,001 to \$50 million. Claim payments are charged to the fund that employs the claimant. The estimated liability for pending and incurred but not reported claims at June 30, 2012, has been included in the City's Risk Management Fund's claims payable amount as of June 30, 2012. The employees of the purchased transportation provider are covered by workers' compensation insurance through their employer.

**10. FUNDS AVAILABLE FOR FUTURE CAPITAL PROJECTS**

RABA has funds available under TDA 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, 2012 and 2011, total funds held for RABA by SCRTPA for future capital projects totaled \$712,989 and \$703,612 respectively.

**11. COMMITMENTS AND CONTINGENCIES**

There are various claims and legal actions pending against RABA for which no provision has been made in the accompanying basic financial statements. In the opinion of RABA management, liabilities arising from these claims and legal actions, if any, will not have an adverse material effect on the financial position of RABA.

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

As of December 20, 2012, in the opinion of RABA Management, there were no additional outstanding matters that would have a significant effect on the financial position of RABA.

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Statistical

Section



## STATISTICAL SECTION

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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>
<b>Financial Trends</b>	<b>34</b>
<i>These schedules contain trend information to help the reader understand how the authority's financial performance and well-being have changed over time</i>	
<b>Revenue Capacity</b>	<b>38</b>
<i>These schedules contain information to help the reader assess the authority's most significant local revenue consideration, namely ridership and fare box revenue.</i>	
<b>Demographic and Economic Information</b>	<b>40</b>
<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>	
<b>Operating Information</b>	<b>44</b>
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the authority's financial report relates to the services the authority provides and the activities it performs.</i>	

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 TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Total Net Assets</u>
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
2009-10	9,049,535	588,590	9,638,125
2010-11	10,067,578	610,744	10,678,322
2011-12	11,211,827	610,743	11,822,570

Source: Redding Area Bus Authority Annual  
Component Unit Financial Report

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

<b>Fiscal Year</b>	<b>Expenses</b>	<b>Revenues</b>	<b>Capital Contributions</b>	<b>Change in Net Assets</b>
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
2009-10	5,886,923	4,971,602	1,174,511	259,190
2010-11	6,132,093	5,182,367	1,989,923	1,040,197
2011-12	5,997,426	5,020,327	2,121,347	1,144,248

Source: Redding Area Bus Authority Annual  
Component Unit Financial Report

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

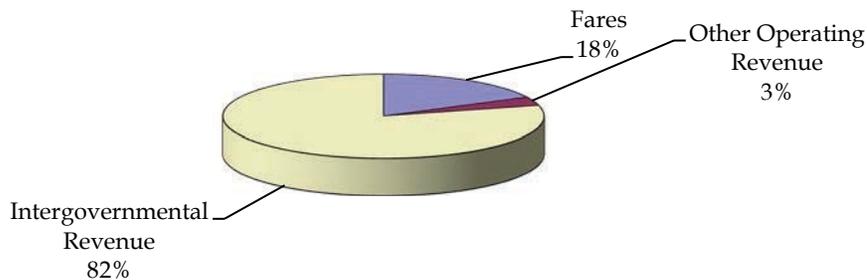
**REDDING AREA BUS AUTHORITY  
REVENUES  
LAST TEN FISCAL YEARS**

<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>
2002-03	570,681	165,992 (2)	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) (1)	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) (2)	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
2009-10	762,983	167,148	4,118,683	(77,212) (3)	4,971,602
2010-11	786,872	164,562	4,225,174	5,759 (4)	5,182,367
2011-12	883,688	170,344	3,984,795	(13,909) (5)	5,024,918

- Note:
- (1) Data includes loss on disposal of assets of \$40,213
  - (2) Data includes loss on disposal of assets of \$113,402
  - (3) Data includes loss on disposal of assets of \$88,031
  - (4) Data includes loss on disposal of assets of \$20,641
  - (5) Data includes loss on disposal of assets of \$33,726

Source: Redding Area Bus Authority Annual Component Unit Financial Report

**RABA Revenues - 2012  
(Excluding Other Non-Operating Revenues)**



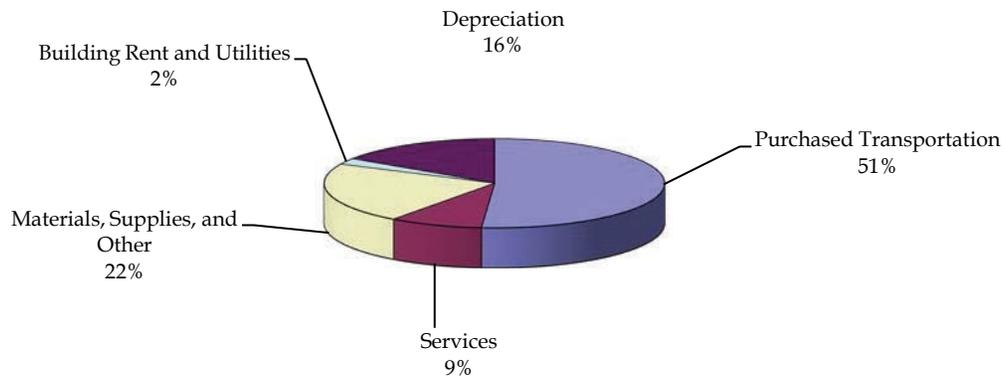
**REDDING AREA BUS AUTHORITY  
EXPENSES  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Purchased Transportation</b>	<b>Services</b>	<b>Materials, Supplies, and Other (1)</b>	<b>Building Rent and Utilities</b>	<b>Depreciation</b>	<b>Total Expenses</b>
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
2009-10	3,099,220	589,358	1,257,096	113,960	827,289	5,886,923
2010-11	3,218,795	542,923	1,307,473	133,816	929,086	6,132,093
2011-12	3,075,341	530,064	1,320,507	132,730	943,375	6,002,017

(1) Includes advertising expenses

Source: Redding Area Bus Authority Annual Component Unit Financial Report

**RABA Expenses - 2012**

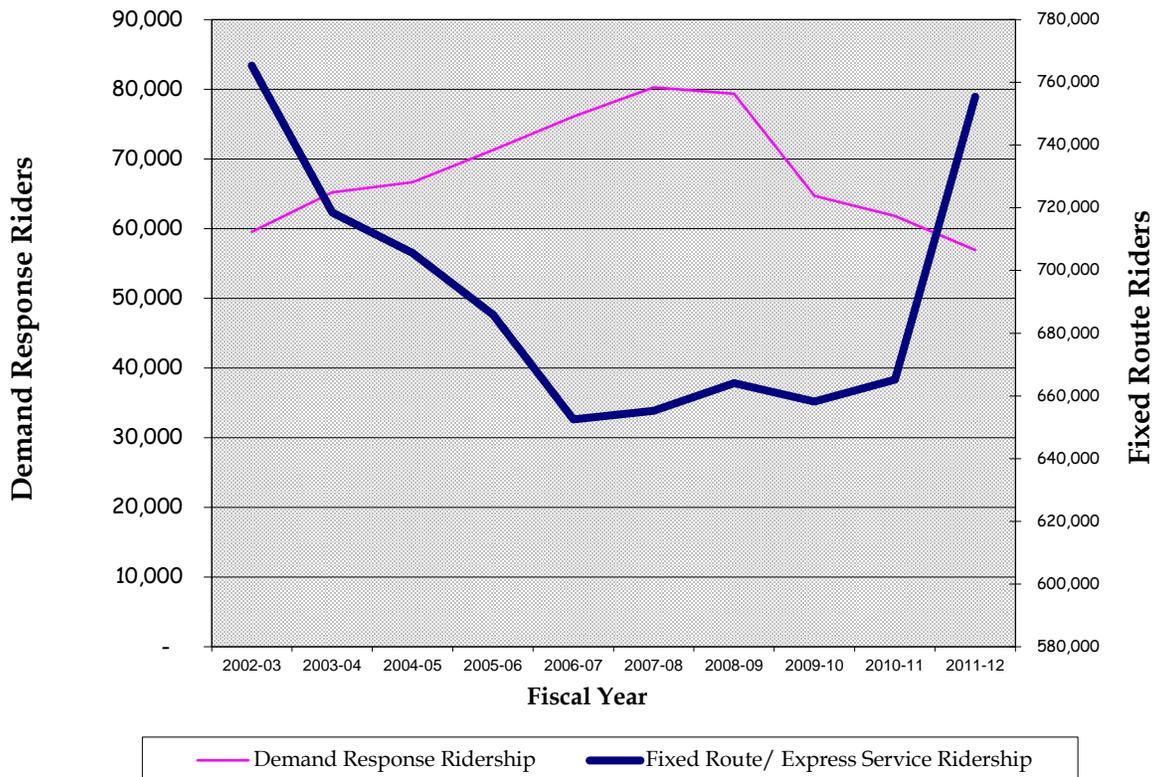


**REDDING AREA BUS AUTHORITY  
COMPARISON OF SYSTEM RIDERSHIP DATA  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Fixed Route/ Express Service Ridership</u>	<u>Change</u>	<u>Demand Response Ridership</u>	<u>Change</u>
2002-03	765,312		59,565	
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%
2009-10	658,216	-0.9%	64,716	-18.4%
2010-11	665,246	1.1%	61,848	-4.4%
2011-12	755,396	13.6%	56,951	-7.9%

Source: State Controller's Report for Transit

**RABA Ridership Trends**



**REDDING AREA BUS AUTHORITY  
FARE STRUCTURE**

Burney Express Route	\$1.75 - 4.75
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
Monthly Pass - Youth	\$29.00
Monthly Pass Redding Local	\$48.25
Monthly Pass Anderson or Shasta Lake	\$82.00
Monthly Pass Senior/Disabled Redding Local	\$24.00
Monthly Pass Senior/Disabled Anderson or Shasta Lake	\$41.00

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

	<u>Demand Response</u>	<u>Fixed Route</u>	<u>Total Demand Response &amp; Fixed Route</u>	<u>Burney Express</u>	<u>Total</u>
<b><u>Revenue</u></b>					
Fare Box revenue	\$ 186,362	\$ 670,276	\$ 856,638	\$ 27,050	\$ 883,688
Other revenue	1,375,667	2,645,159	4,020,826	115,814	4,136,640
Total Revenue	<u>1,562,029</u>	<u>3,315,435</u>	<u>4,877,464</u>	<u>142,864</u>	<u>5,020,328</u>
<b><u>Expenses</u></b>					
Depreciation	\$ -	\$ 943,375	\$ 943,375	\$ -	\$ 943,375
Other expense	1,562,029	3,349,159	4,911,188	142,864	5,054,052
Total expense	<u>1,562,029</u>	<u>4,292,534</u>	<u>5,854,563</u>	<u>142,864</u>	<u>5,997,427</u>
Net Loss	-	(977,099)	(977,099)	-	(977,099)
Add Capital Contributions		2,121,347	2,121,347		2,121,347
Gain/(loss) on disposal of assets			-		-
Change in Net Assets	<u>\$ -</u>	<u>\$ 1,144,248</u>	<u>\$ 1,144,248</u>	<u>\$ -</u>	<u>\$ 1,144,248</u>
Excluded Costs	<u>\$ -</u>	<u>\$ 4,160</u>	<u>\$ 4,160</u>		<u>\$ 4,160</u> *
Fare Box Ratio (Fare Box revenue/Other expense) (Net of Excluded Costs)	<u>11.93%</u>	<u>20.04%</u>	<u>17.46%</u>	<u>18.93%</u>	<u>17.50%</u>

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

NOTE: Actual fare box ratio of 17.46% for the combined fixed route and demand response system was more than the SCRTPA required 17.3% for the fiscal year 2011-12.

**REDDING AREA BUS AUTHORITY**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL 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>
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	3,649,435	31,338	7.00
2007-2008	100.00	116,893	4,004,754	34,260	9.20
2008-2009	100.00	117,478	4,111,143	34,995	14.50
2009-2010	100.00	118,065	4,005,709	33,928	15.10
2010-2011	100.00	118,264	4,144,917	35,048	14.90
2011-2012	100.00	118,465	4,151,961	35,048	13.00

Source: (1) Shasta County Transit Development Plan, FYE 2012 estimated on area population growth.  
(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 TEN YEARS AGO**

<u>Employer</u>	2012			2003		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Area Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Area Employment</u>
Shasta County *	1,838	1	2.49%	2,003	1	2.65%
Mercy Medical Center	1,600	2	2.17%	1,550	2	2.05%
City of Redding **	773	3	1.05%	816	4	1.08%
Shasta Regional Medical Center	700	4	0.95%			
Shasta Community College	650	5	0.88%			
Oakdale Heights Management	580	6	0.79%			
Wal Mart	500	7	0.68%			
Blue Shield of California	470	8	0.64%			
Redding Rancheria	310	9	0.42%	674	5	0.89%
United States Post Office	300	10	0.41%			
Redding Medical Center				1,050	3	1.39%
Sierra Pacific Industries				650	6	0.86%
Shasta Nursery				600	7	0.79%
J & A Food Service				600	8	0.79%
Holiday Markets				356	9	0.47%
Total	<u>7,721</u>			<u>8,299</u>		

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

\*\* Full-time budgeted positions.

In 2011-12 there were 701 full-time and 350 part-time/temporary positions filled.

In 2002-03 there were 816 full-time and 285 part-time/temporary positions filled.

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

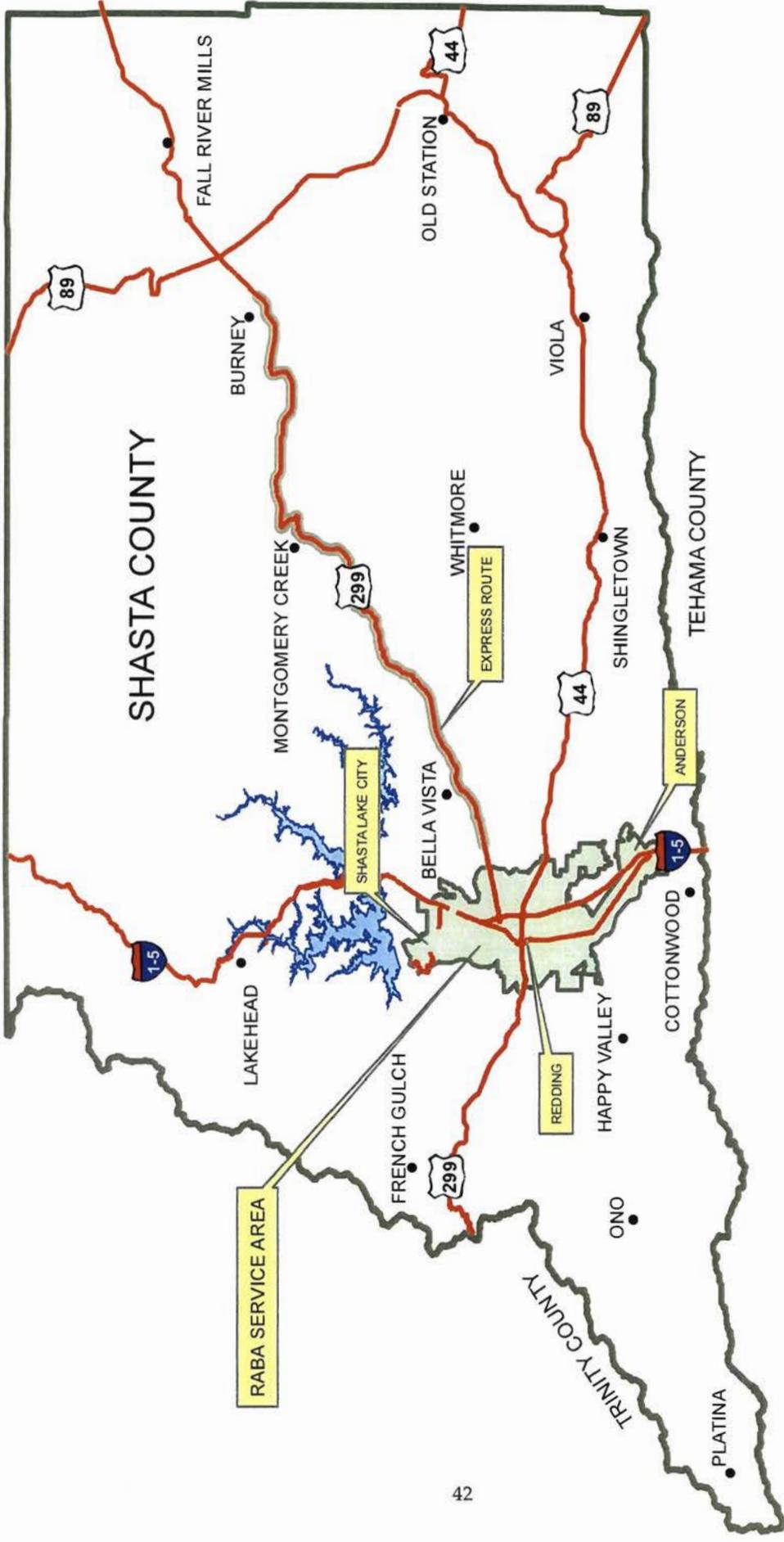
SISKIYOU COUNTY

SHASTA COUNTY

LASSEN COUNTY

TEHAMA COUNTY

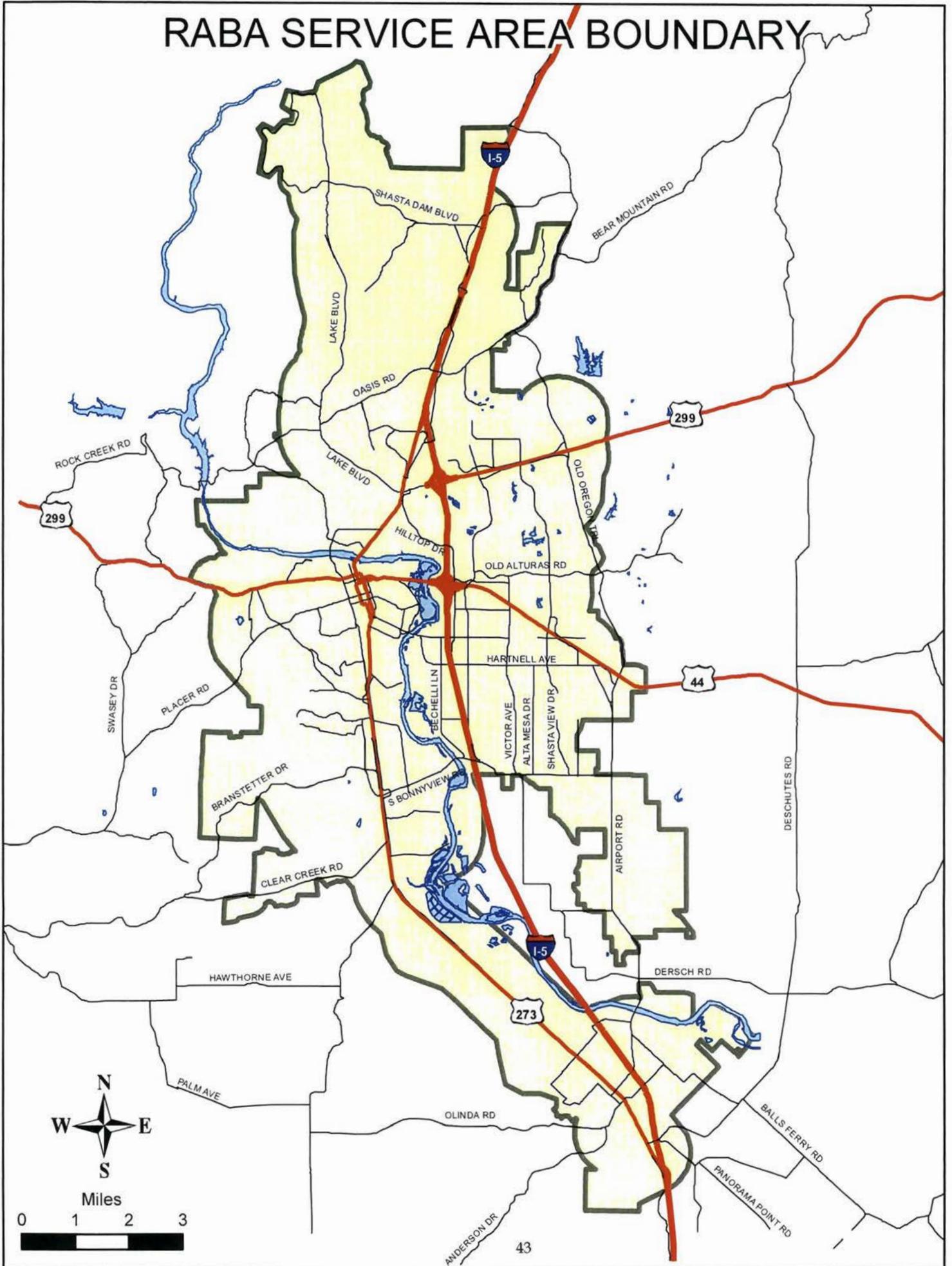
TRINITY COUNTY



# 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**

<b>Fiscal Year</b>	<b>Fare Revenue</b>	<b>Total Passengers</b>	<b>Total Actual Vehicle Revenue Hours</b>	<b>Total Actual Revenue Vehicle Miles</b>
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
2009-10	568,022	658,216	41,620	612,980
2010-11	589,613	665,246	41,857	617,452
2011-12	678,341	755,396	42,435	636,698

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>
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
2009-10	192,506	64,716	25,067	341,637
2010-11	197,260	64,716	25,067	341,637
2011-12	177,362	56,951	19,239	324,974

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**

<b>Fiscal Year</b>	<b>Fixed Route Buses</b>	<b>Demand Response Vans</b>	<b>Transfer Stations</b>	<b>Maintenance Facilities</b>
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
2009-10	18	20	3	1
2010-11	16	20	3	1
2011-12	16	20	3	1

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

# REDDING AREA BUS AUTHORITY

## MISCELLANEOUS DATA

June 30, 2012

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):	118,465
Total Fleet Size:	
Fixed route	16
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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Report on Compliance and on

Internal Control over

Financial Reporting



David H. Scott, CPA  
a professional corporation  
Keith F. Hunting, CPA  
Vivian R. Piche', CPA  
Paul J. Catanese, CPA, M.B.A.  
a professional corporation  
Larry Dahl, CPA

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

\_\_\_\_\_  
Gerald R. Tadina, CPA

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

**Compliance**

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, 2012, and have issued our report thereon dated December 20, 2012. We conducted our audit in accordance with generally accepted auditing standards 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.

**Internal Control over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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. We did not identify any instances of significant deficiencies, as defined above.

**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, 2012, RABA received \$1,459,181 in PTMISEA funding from the State's PTMISEA account. During the fiscal year ended June 30, 2012, RABA did earn \$4,629 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, 2011	\$ 1,145,704
Proceeds received:	
PTMISEA	1,459,181
PTMISEA - interest income	4,629
Expenditures incurred:	
Maintenance facility	( 810,411)
Unexpended proceeds at June 30, 2012	<u>\$ 1,799,103</u>

## 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 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*.

In connection with our audit referred to above, we also performed an audit for compliance with the Transportation Development Act, the California Code of Regulations, and the rules and regulations and allocation instructions of the Shasta County Regional Transportation Planning Agency, for the year ended June 30, 2012. In connection with our audit, we performed, to the extent applicable, the compliance audit tasks set forth in Section 6666 and 6667 of the California Code of Regulations.

In our opinion, the funds allocated pursuant to the Transportation Development Act were accounted for and expended in conformance with the Transportation Development Act, the California Code of Regulations, and the rules and regulations and allocation instructions of the Shasta County Regional Transportation Planning Agency.

This report is intended solely for the information and use 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.

*D. H. Scott & Company LLP*

Redding, California  
December 20, 2012