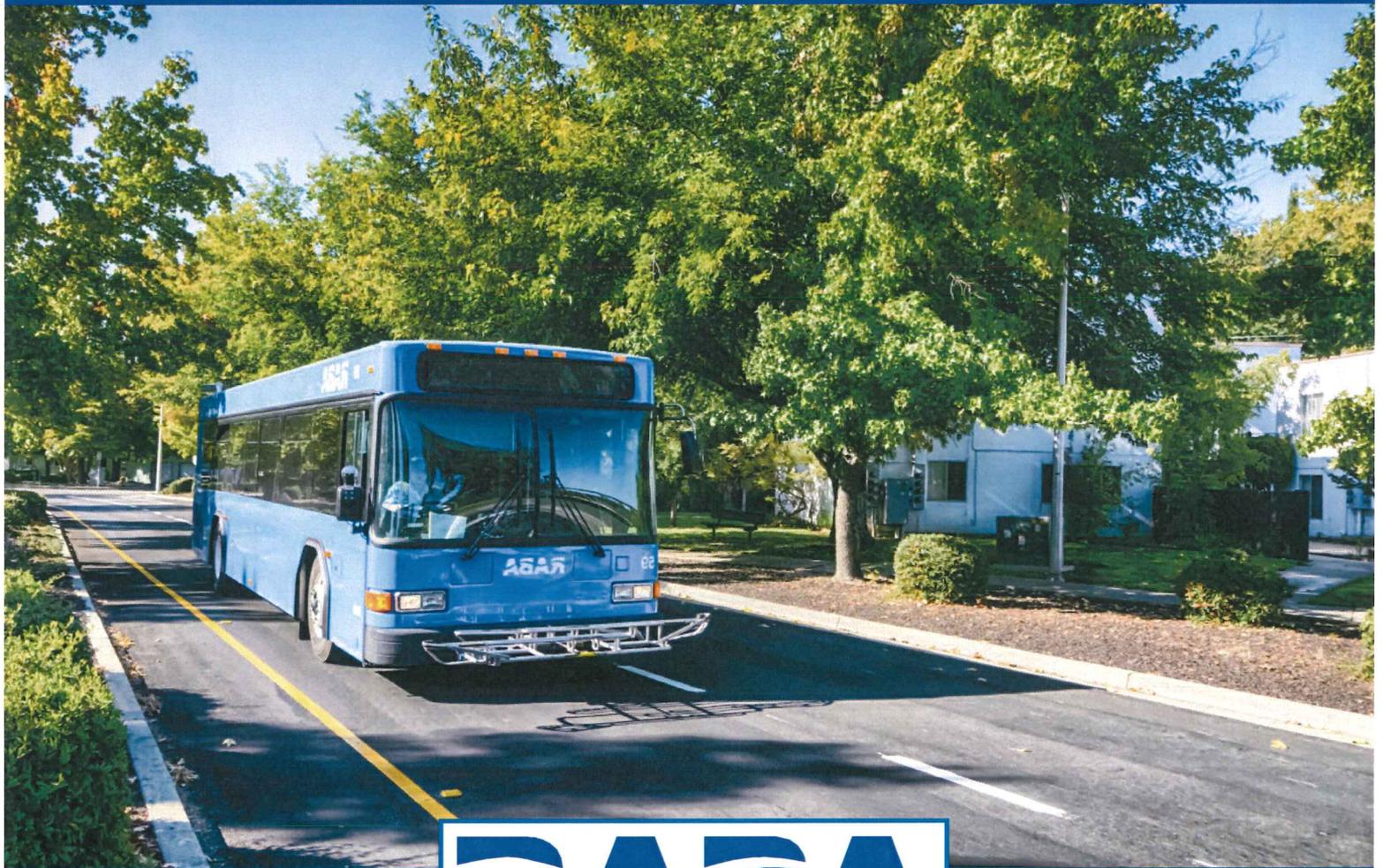


# Comprehensive Annual Financial Report



**For Fiscal Years Ended June 30, 2015 and 2014**

**Redding Area Bus Authority  
is a Component Unit of the City of Redding, California**

# Redding Area Bus Authority

A Component Unit of the  
City of Redding  
Redding, California

*Comprehensive Annual Financial Report*

*For the years ended June 30, 2015 and 2014*

Prepared by the City of Redding Finance Department

**Redding Area Bus Authority**  
**Comprehensive Annual Financial Report**  
**For the years ended June 30, 2015, and 2014**

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## ***Introductory Section***



December 11, 2015

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

Honorable Members:

In accordance with state and local statutes, the Redding Area Bus Authority (RABA), a component unit of the City of Redding, California, hereby submits the Comprehensive Annual Financial Report for the years ended June 30, 2015 and 2014. 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, 2015 and 2014. 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 (CAFR). The City provides accounting and administrative staff to RABA. Five members of the Redding City Council, one member of the Shasta County Board of Supervisors, one member of the Anderson City Council, and one member of the Shasta Lake City Council serve on RABA's Board of Directors.

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

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

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

From July 2014 to June 2015 RABA provided approximately 747,000 fixed route trips, or about 62,250 per month. The demand response system provided approximately 52,000 trips, or about 4,350 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, has historically been the major sectors of employment in the Redding area. Over the last several decades, the area's economic base has diversified to a regional services economy supported by a wide variety of retail and wholesale trade plus medical, educational, recreational, and government services for an area covering several counties.

According to the California Employment Development Department, the unemployment rate for the Redding urban area was 7.30% in June 2015.

Since 1990, the City's population has grown at approximately .1% to 2% per year. The City's population of 91,110 has increased 12.7% 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 2015:

Year	City of Redding		Shasta County	
	Population	Annualized Percent Change over Interval	Population	Annualized Percent Change over Interval
1970	16,659	—	77,640	—
1980	41,995	9.69%	119,449	4.40%
1990	66,432	4.69%	147,036	2.10%
2000	80,865	1.99%	163,256	1.05%
2010	89,878	1.11%	177,248	0.85%
2011	90,050	0.19%	177,516	0.15%
2012	90,342	0.32%	178,107	0.33%
2013	90,848	0.56%	178,953	0.47%
2014 *	90,950	0.11%	178,742	-0.12%
2015	91,110	0.18%	178,673	-0.04%

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

## LONG RANGE PLANNING

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

### - MAJOR INITIATIVES -

#### Passenger Loading Improvements for Fiscal Year 2015-16

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.

RABA continues toward the goal of retrofitting existing shelters with solar safety lighting.

#### Maintenance Facility Improvements

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. The work, now complete, included replacement of the lower window wall with a solid wall for leak elimination, redesign of the window wall to reduce solar heat gain and loss, and adjustment of the HVAC system to help compensate for the changes as

well as help mitigate the temperature extremes in the lobby area. This project has increased the efficiency of the office area HVAC and increased security for staff.

Work continues on 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.

Staff continues to research the repair or replacement of the Bus Wash station which is more than 10 years old.

#### Downtown Transfer Station

The contract for the Intermodal Expansion--awarded in October 2014--was completed in October 2015 and was within budget. The project included a new restroom building adjacent to, and north of, the existing administrative building, a significant remodel of the existing administrative and driver space, a covered waiting area located between the new restroom building and the existing facility for passenger protection from the elements, and an extension of the covered canopy to the north which covers additional loading areas and crosswalks.

#### Masonic Security Improvements

Work was completed on the fencing project at the Masonic Transfer Station. A fence with a gate was installed around the perimeter of the Masonic Transfer Station to increase security and discourage illegal activity at the facility.

#### Property Purchase

RABA purchased the Mattox 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. Businesses and residence were relocated and demolition work to the existing building has started.

#### Rolling Stock

RABA received 2 new 35-foot Gillig coaches in December 2014. These vehicles were acquired through the Federal 5307 program and the Proposition 1B state bond program. Work has now started to procure 2 vans and 3 buses to replace older vehicles which have exceeded their useful life.

#### Technological Improvements

RABA amended its current contract with StrataGen Systems Inc. and procured 20 Automatic Vehicle Location (AVL) units for its fixed route fleet. These units come with GPS, a modem and antenna, a key pad, and Wi-Fi cards. The contract included turn-by-turn navigation, paratransit firmware, air-time usage, and technical support. AVL's are widely used in the transit industry as a way to track where vehicles are in the field and are considered a critical technology to today's transit system. The total expenditure included installation by a local radio communications company.

- 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, 2014. This was the 28th consecutive year RABA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized component unit financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

Very truly yours,



Dennice L. Maxwell  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Redding Area Bus Authority**  
**California**

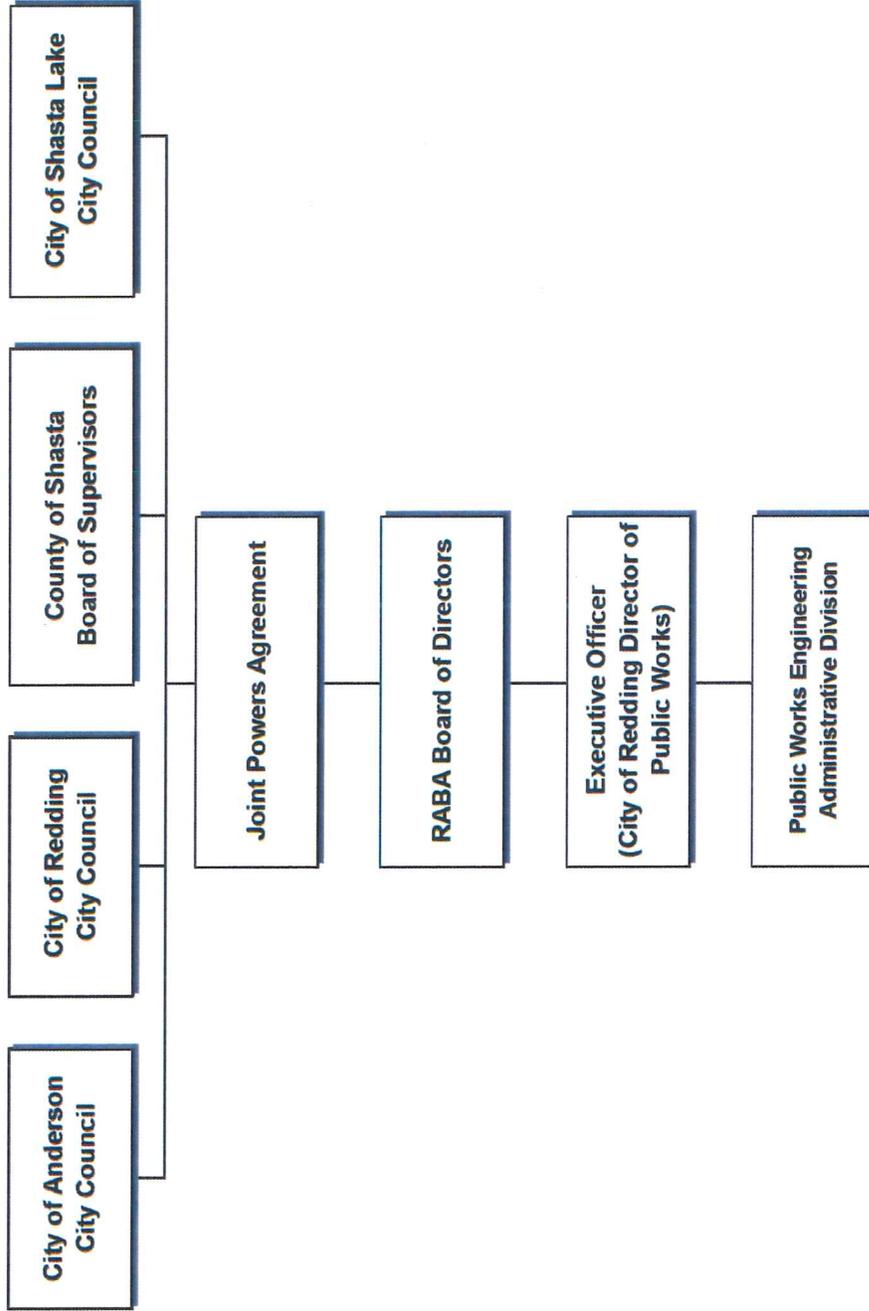
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO



# ORGANIZATION CHART



- REDDING AREA BUS AUTHORITY OFFICIALS -

Board of Directors

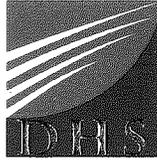
David Kehoe..... Chairperson  
Francie Sullivan ..... Vice-Chairperson  
Gary Cadd ..... Director  
Lori Chapman-Sifers ..... Director  
Norma Connick..... Director  
Missy McArthur..... Director  
Kristen Schreder ..... Director  
Brent Weaver..... Director

Administrative Personnel

Kurt Starman.....City Manager  
Brian Crane.....Executive Officer  
Barry DeWalt..... City Attorney  
Pam Mize .....City Clerk  
Dennice L. Maxwell..... Director of Finance  
Chuck Aukland.....Transportation Manager  
Sarah Grant ..... Transportation Planner  
Angela Udovich..... Management Analyst  
Kathy Hawkins..... Accounting Specialist  
Ron Penington .....Accountant II



## ***Financial Section***



**D. H. SCOTT & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS  
A LIMITED LIABILITY PARTNERSHIP

David H. Scott, APC, CPA  
Keith F. Hunting, CPA  
Vivian R. Piche', CPA  
Paul J. Catanese, APC, CPA/MBA  
Larry T. Dahl, CPA

Gerald R. Tadina, CPA  
Cheryl Hull, CPA  
Casey M. Cancilla, CPA  
Christina Freilich, CPA  
Christine Rojas, CPA  
Ron Massey, CPA  
Dennis Weibling, CPA

**INDEPENDENT AUDITORS' REPORT**

Honorable City Council  
Redding Area Bus Authority  
Redding, California

**Report on the Financial Statements**

We have audited the basic financial statements of the Redding Area Bus Authority, California (RABA), a component unit of the City of Redding, California (City), as of and for the years ended June 30, 2015 and 2014.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Redding Area Bus Authority as of June 30, 2015 and 2014, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 - 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

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

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

In accordance with *Government Auditing Standards*, the Transportation Development Act, and the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA) regulations, we have also issued our report dated December 11, 2015, on our consideration of RABA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, the Transportation Development Act and the PTMISEA regulations in considering RABA's internal control over financial reporting and compliance.

*D. W. Scott & Company LLP*

Redding, California  
December 11, 2015

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# Redding Area Bus Authority

## Management's Discussion and Analysis

### For the years ended June 30, 2015 and 2014

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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, 2015 and 2014. 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 2015

- The assets of RABA exceeded liabilities at the close of the fiscal year by \$12.5 million (*net position*). This was an increase of \$993,688 from the previous year and is due to capital contributions of \$2,042,904 less depreciation of \$1,049,216. New capital purchases are paid from capital grants and are capitalized while depreciation is not funded since the assets are fully funded by capital grants.
- Fixed Route ridership decreased by 9.7 percent, or by over 80,000 riders, this year. Demand Response decreased by 3.3 percent or 1,795 riders. Overall operating revenues increased by \$10,343 (0.79 percent) during the year.
- Total expenses decreased by \$227 (0.01 percent) during the year. This decrease was attributable to a decrease in vehicle materials and supplies (12.45 percent), depreciation decrease (.41 percent), advertising decrease (31.14 percent), and other operating expense decreases (27.97 percent). These decreases were partially offset by an increase in purchased transportation (3.8 percent), services increase (9.44 percent), and utilities increase (11.31 percent). Other operating expenses decreased due to a decrease in the grant funded overall work program.

##### Fiscal Year 2014

- The assets of RABA exceeded liabilities at the close of the fiscal year by \$11.5 million (*net position*). This was a increase of \$487,284 from the previous year and is due to capital contributions of \$1,518,269 less depreciation of \$1,053,464, and a loss on disposal of assets of \$21,706. 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 1.8 percent, or by over 14,000 riders this year. Demand Response decreased by 3.1 percent or 1,746 riders. Overall operating revenues increased by \$256,306 (24.15 percent) during the year.
- Total expenses increased by \$184,868 (3.0 percent) during the year. This increase was attributable to purchase transportation increase (4.5 percent), depreciation expense increase (2.3 percent), services increase (17.2 percent), advertising increase (31.4 percent), and utilities increase (11.5 percent). These increases were partially offset by a decrease in vehicle materials and supplies (3.6 percent) due to decreased vehicle fuel costs and decreases in other operating expenses (21.1 percent). Other operating expenses decreased due to a decrease in the grant funded overall work program.

**Redding Area Bus Authority**  
**Management's Discussion and Analysis**  
**For the years ended June 30, 2015 and 2014**

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**Overview of the Financial Statements**

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

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

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

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

The *statement of cash flows* presents information showing how RABA's cash increased or decreased during the year. Cash is received and used in three ways: operating activities, capital and noncapital financing activities, and investing activities. The statement of cash flows can be found on page 24.

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 25-34 of this report.

**Redding Area Bus Authority**  
**Management's Discussion and Analysis**  
**For the years ended June 30, 2015 and 2014**

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**Financial Analysis**

**Net Position**

Net position may serve over time as a useful indicator of a government's financial position. In the case of RABA, at the end of the fiscal year 2015, assets exceeded liabilities by \$12,510,743.

**Redding Area Bus Authority Net Position**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current assets	\$ 6,404,259	\$ 5,066,141	\$ 5,065,990
Capital assets, net of depreciation	11,877,517	10,883,829	10,419,028
Total assets	<u>18,281,776</u>	<u>15,949,970</u>	<u>15,485,018</u>
Current liabilities	5,771,033	4,432,915	4,455,247
Total liabilities	<u>5,771,033</u>	<u>4,432,915</u>	<u>4,455,247</u>
Net position:			
Invested in capital assets	11,877,517	10,883,829	10,419,028
Unrestricted	633,226	633,226	610,743
Total net position	<u>\$ 12,510,743</u>	<u>\$ 11,517,055</u>	<u>\$ 11,029,771</u>

By far the largest portion of RABA's net position, (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 69% of the capital assets at the end of the fiscal year; consequently, these assets are not available for future spending.

**Redding Area Bus Authority**  
**Management's Discussion and Analysis**  
**For the years ended June 30, 2015 and 2014**

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**Changes in Net Position**

Current year activities increased the Redding Area Bus Authority's net position by \$993,688. In 2014 net position increased by \$487,284 and in 2013 net position decreased by \$792,799. In years such as in 2015 and 2014, when purchase of capital assets exceeds the current year depreciation and gain or loss on sales of assets, RABA has an increase in net position. Conversely, in years such as 2013 when fewer capital assets are purchased, depreciation exceeds assets purchased and results in a decrease in net position.

Key elements of this increase are as follows:

**Redding Area Bus Authority**  
**Changes in Net Position**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Revenues:</b>			
Passenger fares	\$ 888,666	\$ 911,964	\$ 889,096
Contract services	364,144	334,570	101,096
Other operating revenue	74,915	70,848	70,884
Transportation Development Act revenue	3,180,218	3,114,355	2,946,248
Intergovernmental revenue	758,125	816,339	1,080,236
Other revenue (loss)	18,103	54,553	31,645
Total revenues	<u>5,284,171</u>	<u>5,302,629</u>	<u>5,119,205</u>
<b>Expenses:</b>			
Purchased Transportation	3,374,768	3,251,489	3,110,534
Materials and supplies-vehicles	906,616	1,035,492	1,074,221
Depreciation	1,049,216	1,053,464	1,029,542
Services	679,523	620,932	529,568
Other expenses	323,264	372,237	404,881
Total expenses	<u>6,333,387</u>	<u>6,333,614</u>	<u>6,148,746</u>
<b>(Loss) before capital contributions</b>	(1,049,216)	(1,030,985)	(1,029,541)
<b>Capital contributions</b>	<u>2,042,904</u>	<u>1,518,269</u>	<u>236,742</u>
<b>Change in net position</b>	993,688	487,284	(792,799)
<b>Net position, beginning of year</b>	<u>11,517,055</u>	<u>11,029,771</u>	<u>11,822,570</u>
<b>Net position, end of year</b>	<u>\$ 12,510,743</u>	<u>\$ 11,517,055</u>	<u>\$ 11,029,771</u>

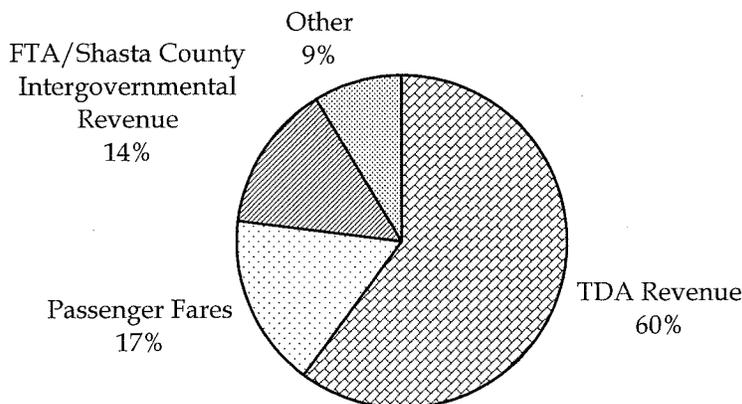
# Redding Area Bus Authority Management's Discussion and Analysis For the years ended June 30, 2015 and 2014

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## Financial Analysis

Passenger fares for transit services, revenue collected from customers or riders, is approximately 17 percent in fiscal year 2014-15 and 17 percent in fiscal year 2013-14 of RABA's total revenue. The largest proportion of revenue is comprised of State of California Transportation Development Act funds (TDA funds) received through the Shasta Regional Transportation Agency (SRTA). TDA funds come from a ¼ percent state sales tax that is passed through to local governments for transportation needs, allocated from sales tax on gasoline and diesel fuel. TDA funds made up 60 percent (59 percent in 2013-14) of the revenue used for operating RABA in 2014-15. 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 2015, 2014 and 2013, RABA received Federal operating assistance of \$750,000. This grant has reduced the amount of TDA funds RABA required to fund operational needs.

Revenues by Source  
FY 2015



**Redding Area Bus Authority  
Management's Discussion and Analysis  
For the years ended June 30, 2015 and 2014**

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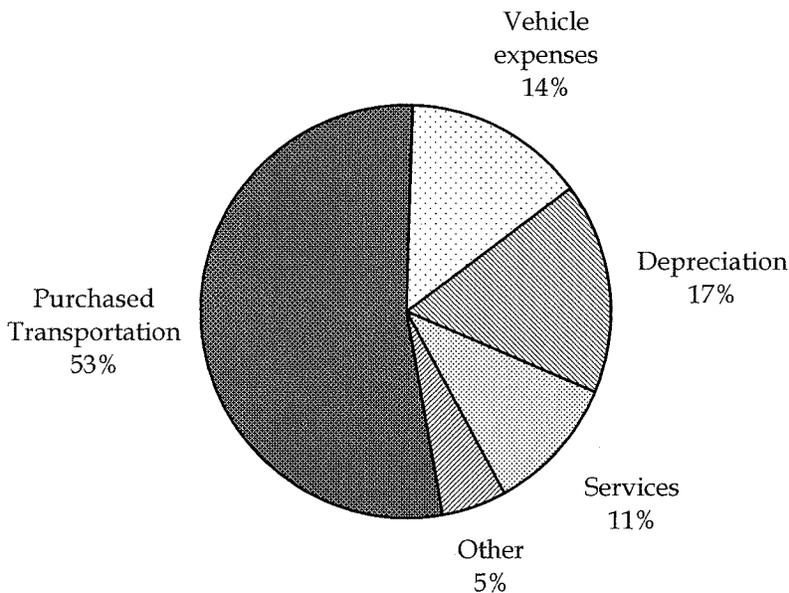
Fiscal Year 2015

RABA's total expenses decreased over the prior year by \$227. There are three primary reasons for the decrease in expenses. First, vehicle maintenance and fuel costs decreased by \$128,876. Second, other operating expenses decreased by \$56,897. And third, advertising decreased by \$9,266. These three decreases were partially offset by increases in purchased transportation of \$123,279, increases in services of \$58,591, and utilities increasing by \$15,580.

Fiscal Year 2014

RABA's total expenses increased over the prior year by \$184,868. There are three primary reasons for the increase in expenses. First, due to increased use of the fixed route system, purchased transportation costs were \$140,955 higher than the previous year. Second, depreciation expense increased \$23,922 due to the purchase of new buses. Third, services increased by \$91,364. These three increases were partially offset by decreases in maintenance and fuel costs of \$38,729 and operating grant expenses of \$31,429.

**Expenses by Category  
FY 2015**



**Redding Area Bus Authority**  
**Management's Discussion and Analysis**  
**For the years ended June 30, 2015 and 2014**

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**Capital Assets**

Fiscal Year 2015

RABA's investment in capital assets (net of accumulated depreciation) as of June 30, 2015, amounted to \$11.9 million. This investment in capital assets includes vehicles, land, buildings, improvements, and equipment. RABA's investment in capital assets increased by \$993,688 during the fiscal year ended June 30, 2015. During the year RABA purchased two new 35 foot transit buses at a cost of \$844,108, land at a cost of \$75,015, building and loading improvements at a cost of \$1,020,793, and security system improvements at a cost of \$101,255. These along with other capital purchases totaled \$2,042,904 in 2014-15. Including depreciation of \$1,049,216, the net result is an overall increase of the investment in capital assets during 2014-15.

Fiscal Year 2014

RABA's investment in capital assets (net of accumulated depreciation) as of June 30, 2014, amounted to \$10.9 million. This investment in capital assets includes vehicles, land, buildings, improvements, and equipment. RABA's investment in capital assets increased by \$464,801 during the fiscal year ended June 30, 2014. During the year RABA purchased three new 35 foot transit buses at a cost of \$1,197,333, land at a cost of \$11,976, and security system improvements at a cost of \$10,750. These along with other capital purchases totaled \$1,518,269 in 2013-14. Including depreciation of \$1,053,464, the net result is an overall increase of the investment in capital assets during 2013-14.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Land	\$ 1,806,581	\$ 1,731,566	\$ 1,719,590
Buildings	4,007,314	4,254,781	4,505,498
Vehicles	4,186,960	3,947,577	3,296,053
Improvements	688,626	323,463	371,679
Furnishing and equipment	278,997	319,332	452,914
CWIP	909,039	307,110	73,294
Total	\$ 11,877,517	\$ 10,883,829	\$ 10,419,028

Additional information on RABA's capital assets can be found in note 5 on pages 31 and 32 of this report.

**Redding Area Bus Authority**  
**Management's Discussion and Analysis**  
**For the years ended June 30, 2015 and 2014**

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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 3.0 percent in FYE 2015 and increased by 4.3 percent in FYE 2014. It is expected sales tax will increase by approximately 4.0 percent during FYE 2016. RABA's request in FYE 2016 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 2016.
- ✓ The unemployment rate had increased from 7 percent in FYE 2007 to 16.20 percent in FYE 2010 before decreasing to 9.20 percent in FYE 2014. During FYE 2015 the unemployment rate decreased from 9.20 percent to 7.30 percent.
- ✓ Inflationary trends in the region compare favorably to national indices.
- ✓ Ridership on the fixed route system has decreased by 9.7 percent in FYE 2015. It is anticipated that ridership will decrease again in FYE 2016 by approximately 10%. RABA's fare box ratio for FYE 2015 was 16.82 percent, which was down from its FYE 2014 fare box ratio of 17.27 percent.

All of these factors were considered in preparing RABA's budget for the 2015-16 fiscal year.

**Requests for Information**

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

## BASIC FINANCIAL STATEMENTS

**Redding Area Bus Authority**  
**Comparative Statements of Net Position**  
**June 30, 2015 and 2014**

	2015	2014
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,755,070	\$ 3,574,191
Accounts receivable	26,165	76,865
Intergovernmental receivables	4,471,744	1,328,025
Interest receivable	1,755	2,111
Materials and supplies inventory	149,525	84,949
<b>Total current assets</b>	<b>6,404,259</b>	<b>5,066,141</b>
Capital assets not being depreciated:		
Land	1,806,581	1,731,566
Construction in progress	909,039	307,110
Capital assets net of accumulated depreciation:		
Buildings	4,007,314	4,254,781
Automotive equipment	4,186,960	3,947,577
Improvements other than buildings	688,626	323,463
Furnishings and equipment	278,997	319,332
<b>Total capital assets</b>	<b>11,877,517</b>	<b>10,883,829</b>
<b>Total assets</b>	<b>18,281,776</b>	<b>15,949,970</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	375,586	344,411
Intergovernmental payable	560,478	717,711
Accrued liabilities	15,123	9,162
Deposit	3,895	3,895
Unearned revenue	4,815,951	3,357,736
<b>Total current liabilities</b>	<b>5,771,033</b>	<b>4,432,915</b>
<b>NET POSITION</b>		
Invested in capital assets	11,877,517	10,883,829
Net Position, unrestricted	633,226	633,226
<b>Total net position</b>	<b>\$ 12,510,743</b>	<b>\$ 11,517,055</b>

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 Position June 30, 2015 and 2014

	2015	2014
<b>OPERATING REVENUES:</b>		
Passenger fares for transit service	\$ 888,666	\$ 911,964
Contract transit services	364,144	334,570
Other revenue	74,915	70,848
<b>Total operating revenues</b>	<u>1,327,725</u>	<u>1,317,382</u>
<b>OPERATING EXPENSES:</b>		
Purchased transportation	3,374,768	3,251,489
Materials and supplies-vehicles	906,616	1,035,492
Depreciation	1,049,216	1,053,464
Services	679,523	620,932
Advertising	20,481	29,757
Other operating expenses	146,537	203,434
Utilities	153,367	137,787
<b>Total operating expenses</b>	<u>6,330,508</u>	<u>6,332,355</u>
<b>Operating income (loss)</b>	<u>(5,002,783)</u>	<u>(5,014,973)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest income	1,768	1,640
Rent	16,335	31,207
Interest expense	(2,879)	(1,259)
Gain (Loss) on disposal of property	-	21,706
Intergovernmental revenue - noncapital	758,125	816,339
Transportation Development Act revenue	3,180,218	3,114,355
<b>Total nonoperating revenues (expenses)</b>	<u>3,953,567</u>	<u>3,983,988</u>
<b>Income (loss) before contributions</b>	<u>(1,049,216)</u>	<u>(1,030,985)</u>
Capital Contributions	2,042,904	1,518,269
<b>CHANGE IN NET POSITION</b>	<u>993,688</u>	<u>487,284</u>
Total net position - beginning of year	<u>11,517,055</u>	<u>11,029,771</u>
Total net position - end of year	<u>\$ 12,510,743</u>	<u>\$ 11,517,055</u>

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

**Redding Area Bus Authority**  
**Comparative Statements of Cash Flows**  
**June 30, 2015 and 2014**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 1,378,425	\$ 1,285,459
Cash paid to suppliers	(5,407,759)	(5,739,479)
<b>Net cash provided (used) by operating activities</b>	<b>(4,029,334)</b>	<b>(4,454,020)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Intergovernmental revenue received	790,078	3,782,690
<b>Net cash provided (used) by noncapital financing activities</b>	<b>790,078</b>	<b>3,782,690</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital grants received	3,505,666	1,964,157
Acquisition of capital assets	(2,101,110)	(1,518,269)
Interest paid	(2,879)	(1,259)
Proceeds from sale of assets	-	21,710
<b>Net cash provided (used) by capital and related financing activities</b>	<b>1,401,677</b>	<b>466,339</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment revenue received	2,123	1,745
Rent received	16,335	31,207
<b>Net cash provided (used) by investing activities</b>	<b>18,458</b>	<b>32,952</b>
<b>Net change in cash and cash equivalents</b>	<b>(1,819,121)</b>	<b>(172,039)</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	3,574,191	3,746,230
End of year	<u>\$ 1,755,070</u>	<u>\$ 3,574,191</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</b>		
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ (5,002,783)	\$ (5,014,973)
Adjustments to reconcile operating income to net cash provided in operating activities:		
Depreciation	1,049,216	1,053,464
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	50,700	(31,923)
(Increase) decrease in materials and supplies inventory	(64,576)	11,980
Increase (decrease) in accounts payable	89,381	(106,255)
Increase (decrease) in accrued liabilities	5,961	4,570
Increase (decrease) in deposits	-	(1,290)
Increase (decrease) in intergovernmental payable	(157,233)	(369,593)
<b>Net cash provided (used) by operating activities</b>	<b>\$ (4,029,334)</b>	<b>\$ (4,454,020)</b>

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

**Redding Area Bus Authority**  
**Notes to the Financial Statements**  
**For the years ended June 30, 2015, and 2014**

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

**Redding Area Bus Authority**  
**Notes to the Financial Statements, Continued**  
**For the years ended June 30, 2015 and 2014**

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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, 2015, and 2014**

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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, 2015, and 2014**

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

*J. Net Position*

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

*Net Investment in Capital Assets* - This amount consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes and other debt that are attributed to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

*Restricted Net Position* - This amount consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

*Unrestricted Net Position* - This amount is the net amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

**Redding Area Bus Authority**  
**Notes to the Financial Statements, Continued**  
**For the years ended June 30, 2015, and 2014**

**2. CASH AND INVESTMENTS**

As of June 30, 2015 and 2014, RABA had the following cash and investments:

Investment Type	2015		2014	
	Fair Value	Less than 1 year	Fair Value	Less than 1 year
Deposits	\$ 68,981	\$ 68,981	\$ 6,186	\$ 6,186
Local Agency Investment Fund	1,686,089	1,686,089	3,568,005	3,568,005
Total Cash and Investment	<u>\$ 1,755,070</u>	<u>\$ 1,755,070</u>	<u>\$ 3,574,191</u>	<u>\$ 3,574,191</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).

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, 2015, 2.08% (as compared to 1.86% for 2014) of LAIF's investment portfolio was invested in structured notes and other asset-backed securities, respectively.

**Redding Area Bus Authority**  
**Notes to the Financial Statements, Continued**  
**For the years ended June 30, 2015, and 2014**

**2. CASH AND INVESTMENTS, Continued**

*Concentration of Credit Risk* - RABA has over 99% of its cash invested with the LAIF. In addition to the safety provided by investing in high quality securities, LAIF's policies limit concentration risk by spreading investments over different investment types to minimize the impact of any one industry/investment class and by spreading investments over multiple credits/issuers within an investment type to minimize the credit exposure of the portfolio to any single firm or institution.

*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, 2015 and 2014.

**3. ACCOUNTS RECEIVABLE**

	June 30, 2015	June 30, 2014
Accounts receivable balance	\$ 26,165	\$ 76,865

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

**4. INTERGOVERNMENTAL RECEIVABLES**

Intergovernmental receivables at June 30, 2015 and 2014 were as follows:

	2015	2014
Federal Department of Transportation	\$ 756,958	\$ 756,677
Shasta Regional Transportation Agency	3,676,650	540,055
Shasta County - OWP	-	1,023
Shasta County - Other	38,136	30,270
Total	\$ 4,471,744	\$ 1,328,025

**Redding Area Bus Authority**  
**Notes to the Financial Statements, Continued**  
**For the years ended June 30, 2015, and 2014**

**5. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance 30-Jun-14	Additions	Deletions	Transfers Reclassifications	Balance 30-Jun-15
Capital Assets, not being depreciated:					
Land	\$ 1,731,566	\$ 75,015	\$ -	\$ -	\$ 1,806,581
Construction in progress	307,110	806,227	-	(204,298)	909,039
Total capital assets not being depreciated	<u>2,038,676</u>	<u>881,242</u>	<u>-</u>	<u>(204,298)</u>	<u>2,715,620</u>
Capital assets, being depreciated:					
Buildings	7,639,062	-	-		7,639,062
Improvements other than buildings	1,684,482	220,986	-	204,298	2,109,766
Automotive equipment	7,939,535	844,108	(7,425)	-	8,776,218
Furnishings and equipment	2,405,987	96,568	(77,097)	-	2,425,458
Total assets, being depreciated	<u>19,669,066</u>	<u>1,161,662</u>	<u>(84,522)</u>	<u>204,298</u>	<u>20,950,504</u>
Less accumulated depreciation for:					
Buildings	(3,384,281)	(247,467)	-		(3,631,748)
Improvements other than buildings	(1,361,019)	(60,121)	-		(1,421,140)
Automotive equipment	(3,991,958)	(604,725)	7,425	-	(4,589,258)
Furnishings and equipment	(2,086,655)	(136,903)	77,097	-	(2,146,461)
Total accumulated depreciation	<u>(10,823,913)</u>	<u>(1,049,216)</u>	<u>84,522</u>	<u>-</u>	<u>(11,788,607)</u>
Total capital assets, being depreciated, net	<u>8,845,153</u>	<u>112,446</u>	<u>-</u>	<u>204,298</u>	<u>9,161,897</u>
Capital assets, net	<u>\$ 10,883,829</u>	<u>\$ 993,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,877,517</u>

**Redding Area Bus Authority**  
**Notes to the Financial Statements, Continued**  
**For the years ended June 30, 2015, and 2014**

**5. CAPITAL ASSETS (Continued)**

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance 30-Jun-13	Additions	Deletions	Transfers Reclassifications	Balance 30-Jun-14
Capital Assets, not being depreciated:					
Land	\$ 1,719,590	\$ 11,976	\$ -	\$ -	\$ 1,731,566
Construction in progress	73,294	233,816	-	-	307,110
Total capital assets not being depreciated	<u>1,792,884</u>	<u>245,792</u>	<u>-</u>	<u>-</u>	<u>2,038,676</u>
Capital assets, being depreciated:					
Buildings	7,639,062	-	-		7,639,062
Improvements other than buildings	1,684,482	-	-		1,684,482
Automotive equipment	8,442,124	1,250,395	(1,752,984)		7,939,535
Furnishings and equipment	2,383,905	22,082	-		2,405,987
Total assets, being depreciated	<u>20,149,573</u>	<u>1,272,477</u>	<u>(1,752,984)</u>	<u>-</u>	<u>19,669,066</u>
Less accumulated depreciation for:					
Buildings	(3,133,564)	(250,717)	-		(3,384,281)
Improvements other than buildings	(1,312,803)	(48,216)	-		(1,361,019)
Automotive equipment	(5,146,071)	(598,867)	1,752,980		(3,991,958)
Furnishings and equipment	(1,930,991)	(155,664)	-		(2,086,655)
Total accumulated depreciation	<u>(11,523,429)</u>	<u>(1,053,464)</u>	<u>1,752,980</u>	<u>-</u>	<u>(10,823,913)</u>
Total capital assets, being depreciated, net	<u>8,626,144</u>	<u>219,013</u>	<u>(4)</u>	<u>-</u>	<u>8,845,153</u>
Capital assets, net	<u>\$ 10,419,028</u>	<u>\$ 464,805</u>	<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ 10,883,829</u>

**6. INTERGOVERNMENTAL PAYABLES**

Intergovernmental payables at June 30, 2015 and 2014 were as follows:

	2015	2014
City of Redding - Utilities	\$ 5,575	\$ 5,990
Shasta Regional Transportation Agency	445,959	624,467
City of Redding	108,944	87,254
Total	<u>\$ 560,478</u>	<u>\$ 717,711</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.

**Redding Area Bus Authority**  
**Notes to the Financial Statements, Continued**  
**For the years ended June 30, 2015, and 2014**

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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 2014-15, RABA received or accrued an additional \$2,851,968 in PTMISEA funding. During the fiscal year RABA incurred \$1,204,236 in qualifying expenditures and earned \$7,000 in interest income. The June 30, 2015 ending balance in unspent PTMISEA funding was \$4,664,271.

In fiscal year 2013-14, RABA received an additional \$940,000 in PTMISEA funding. During the fiscal year, RABA incurred \$487,815 in qualifying expenditures and earned \$6,341 in interest income. The June 30, 2014 ending balance in unspent PTMISEA funding was \$3,009,964.

**8. UNEARNED REVENUE**

**Transportation Development Act**

Unearned revenue at June 30, 2015 included \$4,815,951 of California Proposition 1B funds received from CalTrans.

Unearned revenue at June 30, 2014, included \$3,357,736 of California Proposition 1B funds received from CalTrans.

**Other Proposition 1B Funds**

In fiscal year 2014-15 RABA did not receive any additional non PTMISEA Proposition 1B funds. During the fiscal year RABA incurred \$196,847 in qualifying expenditures and earned \$758 in interest. The June 30, 2015 balance of non PTMISEA Proposition 1B funds was \$151,680.

In fiscal year 2013-14 RABA did not receive any additional non PTMISEA Proposition 1B funds. During the fiscal year RABA incurred \$9,178 in qualifying expenditures and earned \$895 in interest. The June 30, 2014 balance of non PTMISEA Proposition 1B funds was \$347,769.

**Redding Area Bus Authority**  
**Notes to the Financial Statements, Continued**  
**For the years ended June 30, 2015, and 2014**

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**9. RISK MANAGEMENT**

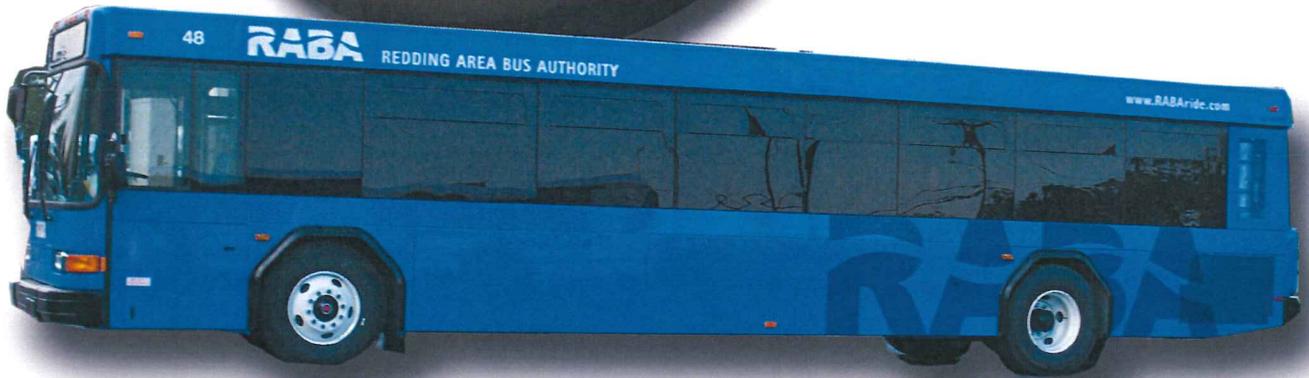
RABA's contract operator for both the fixed route service and the demand response service provide public liability and property damage insurance through its agreement with RABA to provide purchased transportation. RABA's administrative and accounting personnel services are staffed by employees of the City; therefore, workers' compensation for these positions is carried by the City. Workers' compensation insurance is administered as a co-insurance plan. The City is self-insured up to \$750,000 with an insurance company co-insuring claims from \$750,001 to \$50 million. Claim payments are charged to the fund that employs the claimant. The estimated liability for pending and incurred but not reported claims at June 30, 2015, has been included in the City's Risk Management Fund's claims payable amount as of June 30, 2015. The employees of the purchased transportation provider are covered by workers' compensation insurance through their employer.

**10. COMMITMENTS AND CONTINGENCIES**

There are no material, pending, or threatened items of litigation, claims or assessments involving RABA as of June 30, 2015, as expressed in the attorney confirmation letter dated December 11, 2015.

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

As of December 11, 2015, in the opinion of RABA Management, there were no additional outstanding matters that would have a significant effect on the financial position of RABA.



# ***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>36</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>40</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>42</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 POSITION**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Total Net Position</u>
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
2012-13	10,419,028	610,743	11,029,771
2013-14	10,883,829	633,226	11,517,055
2014-15	11,877,517	633,226	12,510,743

Source: Redding Area Bus Authority Annual  
Component Unit Financial Report

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

<u>Fiscal Year</u>	<u>Expenses</u>	<u>Revenues</u>	<u>Capital Contributions</u>	<u>Change in Net Position</u>
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	6,002,017	5,024,918	2,121,347	1,144,248
2012-13	6,148,746	5,119,205	236,742	(792,799)
2013-14	6,333,614	5,302,629	1,518,269	487,284
2014-15	6,333,387	5,284,171	2,042,904	993,688

Source: Redding Area Bus Authority Annual  
Component Unit Financial Report

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

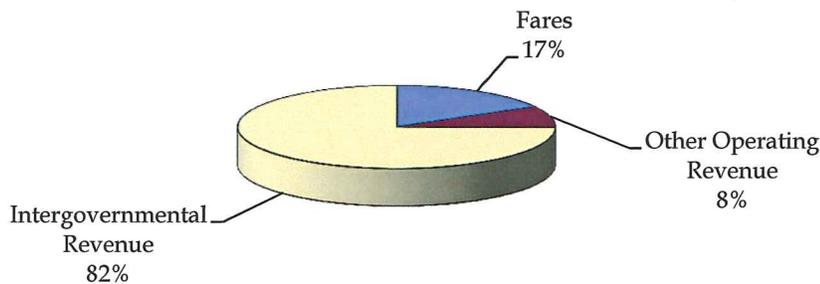
**REDDING AREA BUS AUTHORITY  
REVENUES  
LAST TEN FISCAL YEARS**

<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>
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) (1)	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) (2)	4,971,602
2010-11	786,872	164,562	4,225,174	5,759 (3)	5,182,367
2011-12	883,688	170,344	3,984,795	(13,909) (4)	5,024,918
2012-13	889,096	171,980	4,026,484	31,645	5,119,205
2013-14	911,964	405,418	3,930,694	54,553 (5)	5,302,629
2014-15	888,666	439,059	3,938,343	18,103	5,284,171

- Note:
- (1) Data includes loss on disposal of assets of \$113,402
  - (2) Data includes loss on disposal of assets of \$88,031
  - (3) Data includes loss on disposal of assets of \$20,641
  - (4) Data includes loss on disposal of assets of \$33,726
  - (5) Data includes gain on disposal of assets of \$21,706

Source: Redding Area Bus Authority Annual  
Component Unit Financial Report

**RABA Revenues 2014-15  
(Excluding Other Non-Operating Revenues)**



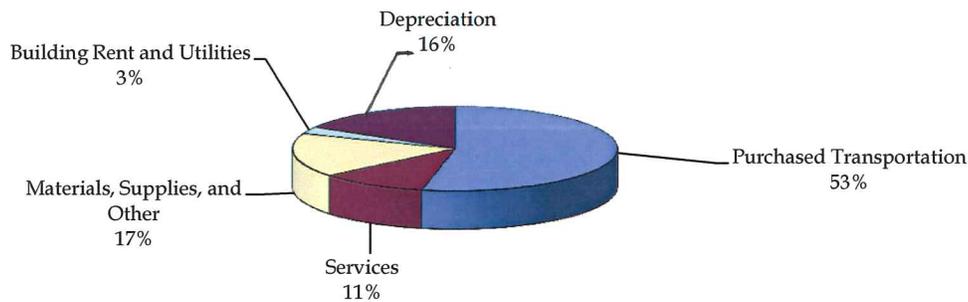
**REDDING AREA BUS AUTHORITY  
EXPENSES  
LAST TEN FISCAL YEARS**

<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>
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
2012-13	3,110,534	529,568	1,339,412	139,690	1,029,542	6,148,746
2013-14	3,251,489	620,932	1,253,830	153,899	1,053,464	6,333,614
2014-15	3,374,768	679,523	1,060,403	169,477	1,049,216	6,333,387

(1) Includes advertising expenses

Source: Redding Area Bus Authority Annual Component Unit Financial Report

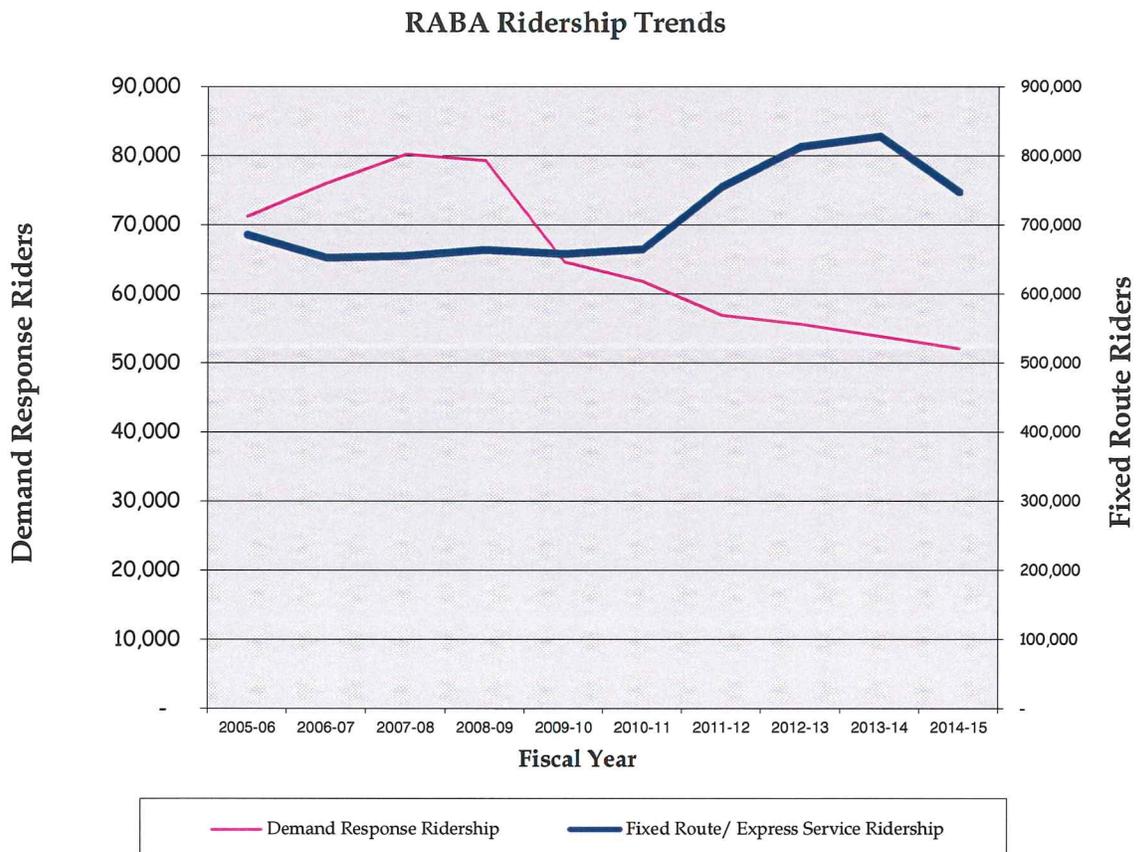
**RABA Expenses 2014-15**



**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>
2005-06	685,931		71,273	
2006-07	652,523	-4.9%	76,091	6.8%
2007-08	655,303	0.4%	80,265	5.5%
2008-09	664,115	1.3%	79,340	-1.2%
2009-10	658,216	-0.9%	64,716	-18.4%
2010-11	665,246	1.1%	61,848	-4.4%
2011-12	755,396	13.6%	56,951	-7.9%
2012-13	813,351	7.7%	55,699	-2.2%
2013-14	827,924	1.8%	53,953	-3.1%
2014-15	747,205	-9.7%	52,158	-3.3%

Source: State Controller's Report for Transit



**REDDING AREA BUS AUTHORITY  
FARE STRUCTURE**

Burney Express Route	\$2.00 - \$5.00
Base Fare (Age 6 - 61)	\$1.50
Airport Road Corridor Commuter Route	\$1.50
Zone Change	\$0.75
Children (under 6)	Free
Senior Base Fare (Age 62+)	\$0.75
Handicapped Base Fare	\$0.75
Medicare Card Holder	\$0.75
Zone Change	\$0.40
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	\$ 167,751	\$ 699,922	\$ 867,673	\$ 20,993	\$ 888,666
Other revenue	1,333,814	2,926,134	4,259,948	135,557	4,395,505
Total Revenue	<u>1,501,565</u>	<u>3,626,056</u>	<u>5,127,621</u>	<u>156,550</u>	<u>5,284,171</u>
<b><u>Expenses</u></b>					
Depreciation	\$ -	\$ 1,049,216	\$ 1,049,216	\$ -	\$ 1,049,216
Other expense	1,501,565	3,626,056	5,127,621	156,550	5,284,171
Total expense	<u>1,501,565</u>	<u>4,675,272</u>	<u>6,176,837</u>	<u>156,550</u>	<u>6,333,387</u>
Net Loss	-	(1,049,216)	(1,049,216)	-	(1,049,216)
Add Capital Contributions		2,042,904	2,042,904		2,042,904
Gain/(loss) on disposal of assets			-		-
Change in Net Assets	<u>\$ -</u>	<u>\$ 993,688</u>	<u>\$ 993,688</u>	<u>\$ -</u>	<u>\$ 993,688</u>
Excluded Costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u> *
Fare Box Ratio (Fare Box revenue/Other expense) (Net of Excluded Costs)	<u>11.17%</u>	<u>19.30%</u>	<u>16.92%</u>	<u>13.41%</u>	<u>16.82%</u>

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

**REDDING AREA BUS AUTHORITY**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Square Miles	RABA		Personal Income (thousands of dollars)	Per Capita Personal Income (2)	Unemployment Rates (3)
		Service Area Population (1)				
2005-2006	100.00	116,454		3,520,521	30,231	6.20
2006-2007	100.00	116,454		3,916,464	33,631	7.00
2007-2008	100.00	116,893		4,099,087	35,067	9.30
2008-2009	100.00	117,478		4,105,386	34,946	14.10
2009-2010	100.00	118,065		4,078,792	34,547	16.20
2010-2011	100.00	115,634	*	3,873,392	33,497	15.90
2011-2012	100.00	116,281	*	4,043,555	34,774	14.20
2012-2013	100.00	116,518	*	4,166,451	35,758	11.70
2013-2014	100.00	116,516	*	4,236,988	36,364	9.20
2014-2015	100.00	116,629	*	4,420,822	37,905	7.30

Source: (1) Shasta County Transit Development Plan (2003-2009).

\* 2010-2011 through 2014-2015 based on Department of Finance population at January 1 and percentages presented in *2013-2014 Unmet Transit Needs Assessment by Shasta County RTPA (Attch A)*.

Prior years updated for any change in Department of Finance information.

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

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

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>	<u>2015</u>			<u>2006</u>		
	<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 *	1,950	1	2.59%	1,915	1	2.30%
Mercy Medical Center	1,371	2	1.82%	1,643	2	1.98%
City of Redding **	1,120	3	1.49%	854	3	1.03%
Shasta Regional Medical Center	893	4	1.19%	775	4	0.93%
CA Transportation Department	605	5	0.80%			
Redding Rancheria	488	6	0.65%	450	6	0.54%
Wal Mart	450	7	0.60%	450	7	0.54%
Shasta Union High School District	406	8	0.54%			
Blue Shield of California	330	9	0.44%	435	8	0.52%
Shasta Community College	316	10	0.42%	700	5	0.84%
United States Post Office				300	9	0.36%
Motel 6				282	10	0.34%
 Total	 <u><u>7,929</u></u>			 <u><u>7,804</u></u>		

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

\*\* Full-time budgeted positions.

In 2014-15 there were 722 full-time and 398 part-time/temporary positions filled.

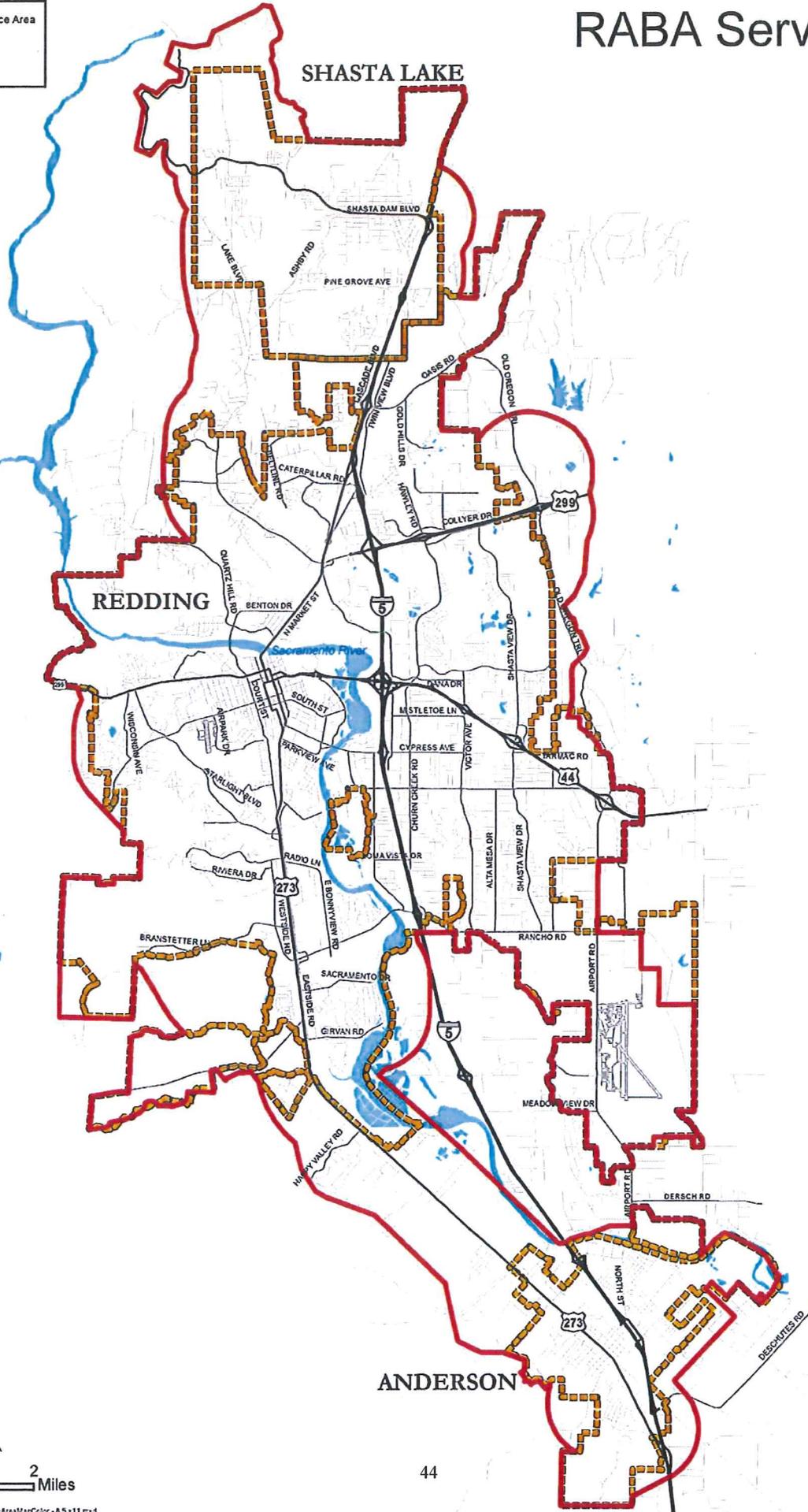
In 2005-06 there were 820 full-time and 318 part-time/temporary positions filled.

Information for 2005-06 represents principal non-governmental employers.

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

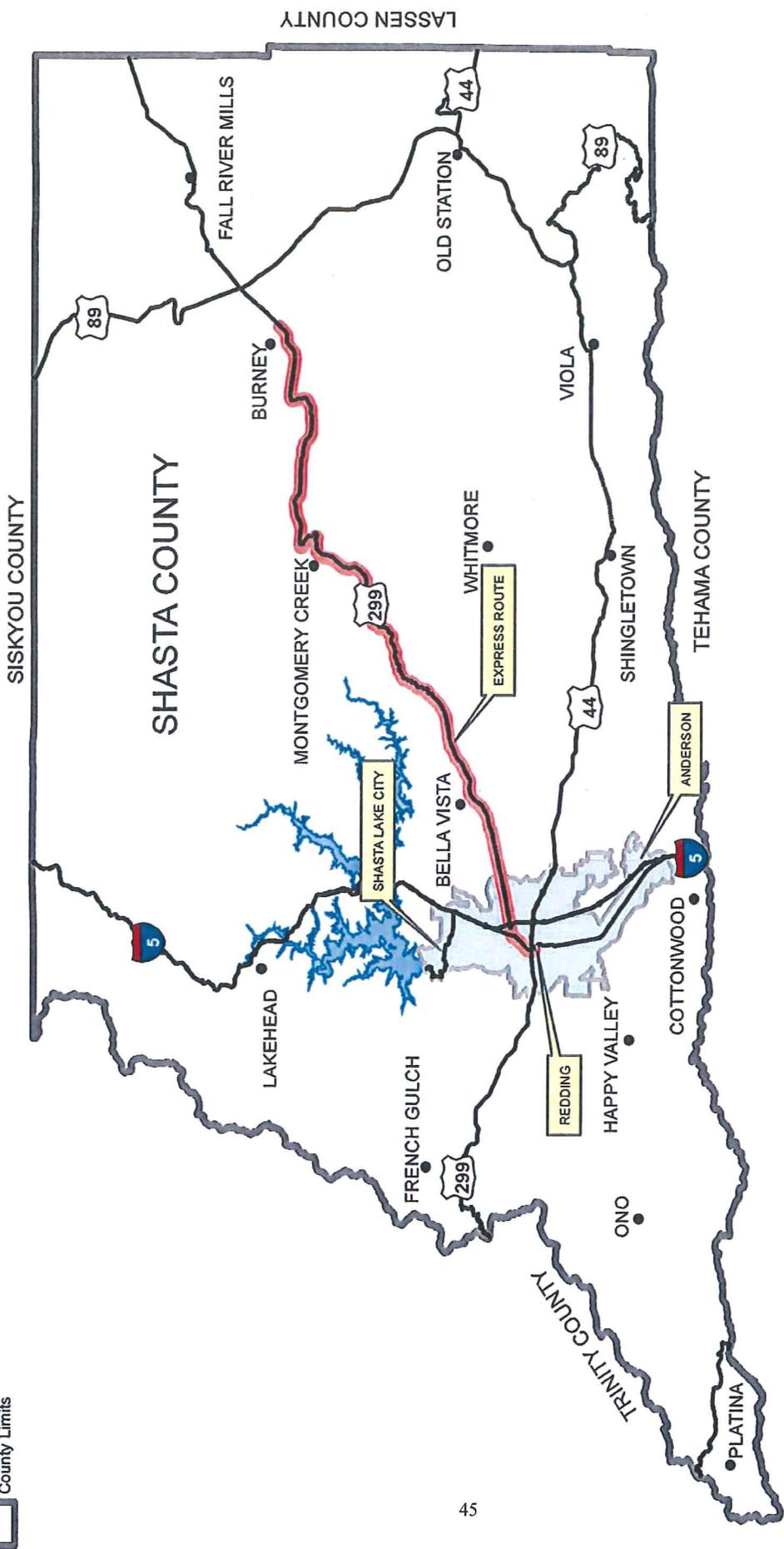
# RABA Service Area

-  RABA Service Area
-  City Limit
-  Water Body



0 0.5 1 2 Miles





-  Burney Express Route
-  RABA Service Area Boundary
-  Shasta Lake
-  County Limits



# REDDING AREA BUS AUTHORITY

777 CYPRESS AVENUE, REDDING, CA 96001

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

<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>
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
2012-13	709,502	813,351	42,316	640,434
2013-14	729,177	827,924	42,730	644,200
2014-15	720,915	747,205	42,630	653,769

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>
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
2012-13	179,594	55,699	17,326	303,133
2013-14	182,786	53,953	16,678	293,840
2014-15	167,751	52,158	16,824	298,360

\* 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>
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
2012-13	16	20	3	1
2013-14	18	20	3	1
2014-15	18	20	3	1

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

# REDDING AREA BUS AUTHORITY

## MISCELLANEOUS DATA

June 30, 2015

Date Agency Established:	December 20, 1976
Form of Government:	Joint Powers Agency Board of Directors Staff provided by employees of the City of Redding
Size of Area Serviced by the Authority:	100 square miles
Population of Area Serviced by Authority (1):	116,629
Total Fleet Size:	
Fixed route	18
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) 2015 Figures based on Department of Finance population @ 1/1/15  
and Shasta County RTPA- 2012/13 TDA Budget & Transit requirements.  
See Demographic Statistics p. 42

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**D. H. SCOTT & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS  
A LIMITED LIABILITY PARTNERSHIP

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Dennis Weibling, CPA

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

Honorable City Council  
Redding Area Bus Authority  
Redding, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Redding Area Bus Authority, a component unit of the City of Redding, California, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise Redding Area Bus Authority's basic financial statements and have issued our report thereon dated December 11, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Redding Area Bus Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Redding Area Bus Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Redding Area Bus Authority's internal control.

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

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

### **Compliance and Other Matters**

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

**(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 years ended June 30, 2015 and 2014, RABA received and/or requested \$2,851,968 and \$940,000, respectively, in PTMISEA funding from the State's PTMISEA account. During the fiscal years ended June 30, 2015 and 2014, RABA did earn \$7,000 and \$6,341, respectively, 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, 2013	\$ 2,551,438
Proceeds received:	
PTMISEA	940,000
PTMISEA - interest income	6,341
Expenditures incurred:	
Maintenance facility	( 487,815)
Unexpended proceeds at June 30, 2014	3,009,964
Proceeds received/requested:	
PTMISEA	2,851,968
PTMISEA - interest income	7,000
Expenditures incurred:	
Maintenance facility	(1,204,661)
Unexpended proceeds at June 30, 2015	\$ <u>4,664,271</u>

In connection with our audit referred to above, we also performed an audit for compliance with the Transportation Development Act, the California Code of Regulations, and the rules and regulations and allocation instructions of the Shasta Regional Transportation Agency, for the years ended June 30, 2015 and 2014. In connection with our audit, we performed, to the extent applicable, the compliance audit tasks set forth in Section 6667 of the California Code of Regulations.

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

**Purpose of this Report**

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

*D. H. Scott & Company LLP*

Redding, California  
December 11, 2015