

# **City of Redding**

Redding, California

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

*For the Year Ended June 30, 2018*





# City of Redding

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redding, California (the "City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 17, 2019.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

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

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

*The PwC Group, LLP*

Walnut Creek, California  
January 17, 2019



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

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

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

We have audited the City of Redding' (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2018. The City's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditors' Responsibility***

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

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

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

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2018, and have issued our report thereon dated January 17, 2019 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the City's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*The PwC Group, LLP*

Walnut Creek, California

January 17, 2019, except for the Schedule of Expenditures of Federal Awards, which is as of December 14, 2018.

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**City of Redding**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

Federal Grantor/Pass - Through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Federal Expenditures	Amount Provided to Subrecipients
<b><u>U.S. Department of Housing and Urban Development</u></b>				
<i>Direct Program:</i>				
<b>CDBG - Entitlement Grants Cluster:</b>				
Community Development Block Grant	14.218	B-17-MC 060033	\$ 486,407	\$ 137,976
Community Development Block Grant	14.218	B-16-MC 060033	121,962	23,513
Community Development Block Grant	14.218	B-15-MC 060033	8,119	-
Community Development Block Grant	14.218	B-14-MC 060033	4,921	-
<b>Total CDBG - Entitlement Grants Cluster</b>			621,409	161,489
HOME Investment Partnership	14.239	M17-MC060238	239,038	-
HOME Investment Partnership	14.239	M16-MC060238	250,080	-
HOME Investment Partnership	14.239	M15-MC060238	268,656	-
HOME Investment Partnership	14.239	M14-MC060238	189,742	-
<b>Subtotal - Program 14.239</b>			947,516	-
<b>Housing Vouchers Cluster:</b>				
Section 8 Housing Choice Vouchers	14.871	CA 106	8,270,364	-
<b>Total Housing Vouchers Cluster</b>			8,270,364	-
<b>Family Self-Sufficiency (FSS) Program:</b>				
FSS Coordinator	14.896	CA 106 FSH096A017	29,359	-
FSS Coordinator	14.896	CA 106 FSH096A018	30,205	-
<b>Subtotal - Program 14.896</b>			59,564	-
<b>Total U.S. Housing and Urban Development</b>			9,898,853	161,489
<b><u>U.S. Department of Justice</u></b>				
<i>Direct Program:</i>				
Bulletproof Vest Partnership Program 2016	16.607	2016 Regular Solicitation	6,395	-
Asset Seizure Program	16.922	N/A	121,894	-
Edward Byrne Memorial Justice Assistance Grant	16.738	2014-DJ-BX-0864	60,083	-
<b>Total U.S. Department of Justice</b>			188,372	-

See accompanying Notes to the Schedule of Expenditures of Federal Awards

**City of Redding**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2018**

Federal Grantor/Pass - Through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Federal Expenditures	Amount Provided to Subrecipients
<b>U.S. Department of Transportation</b>				
<b>Aiport Improvement Program:</b>				
<i>Direct Program</i>				
Master Plan Update	20.106	03-06-0194-46	15,043	-
T-Hanger Taxilane Design	20.106	03-06-0194-49	3,341,634	-
West Tie Down Apron	20.106	03-06-0194-48	2,670,147	-
AWOS/Taxiway B Designs	20.106	03-06-0308-18	21,830	-
AWOS/Construction	20.106	03-06-0308-19	285,223	-
			6,333,877	-
<b>Highway Planning and Construction Cluster:</b>				
<i>Passed through the California Department of Transportation:</i>				
Cypress Bridge	20.205	HBRR BRLS-5068(001)	8,192	-
FHBP study 5068-32 Sharon / ACID	20.205	HBRR 5068-32	56,734	-
FHBP study 5068-34 Sacramento / Olney	20.205	HBRR 5068-34	60,971	-
FHBP study 5068-35 Eastside / Canyon	20.205	HBRR 5068-35	82,442	-
FHBP study 5068-36 Eastside Olney	20.205	HBRR 5068-36	103,395	-
FHBP study 5068-37 Canyon / ACID	20.205	HBRR 5068-37	45,639	-
FHBP study 5068-38 Westside / Canyon	20.205	HBRR 5068-38	75,025	-
FHBP study 5068-39 Girvan / Olney	20.205	HBRR 5068-39	59,411	-
FHBP study 5068-45 Old Alturas / Chum Creek	20.205	HBRR 5068-45	27,721	-
Intersection Old Oregon/Oasis	20.205	HSIP 5068-30	580	-
Chum Creek/Maraglia Safety Improvements	20.205	HSIPL-5068(57)	41,811	-
Girvan Road Railroad Crossing Project	20.205	STPLR-7500(225)	24,650	-
Shasta Street Railroad Crossing Project	20.205	STPLR-7500(254)	27,136	-
Pedestrian Improvement on Bidwell/North Bonnyview	20.205	SRTSL-5068 (048)	14,407	-
Victor Pedestrian Safety Improvements	20.205	HSIP6-02-001-5068-51	1,545,827	-
Old Oregon Trail Shoulder Widening	20.205	HSIP6-02-002-5068-52	49,546	-
Placer Street Improvements	20.205	CTIPS 5068(53)	1,364,079	-
Quartz Hill Road Improvement	20.205	CTIPS 5068(56)	1,102,536	-
Diestelhorst Bridge to Downtown via Benton	20.205	ATPL-5068(055)	163,838	-
Hartnell Avenue Pedestrian Improvements	20.205	HSIP7-02-002-5068-54	37,381	-
<b>Total Highway Planning and Construction Cluster</b>			4,891,321	-
<b>Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research Program:</b>				
<i>Passed through the Shasta Regional Transportation Agency:</i>				
Hilltop Drive Corridor Signal Optimization Study (901.01)	20.505	74A0821	13,833	-
Victor Avenue Corridor Signal Phasing Plan (901.02)	20.505	74A0821	38,751	-
<b>Subtotal - Program 20.505</b>			52,584	-

See accompanying Notes to the Schedule of Expenditures of Federal Awards

**City of Redding**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2018**

Federal Grantor/Pass - Through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Federal Expenditures	Amount Provided to Subrecipients
<b><u>U.S. Department of Transportation (Continued)</u></b>				
<b>Federal Transit Cluster:</b>				
<i>Direct Program:</i>				
FTA-CA-90-Z071	20.507	CA-90-Z071	2,150	-
FTA-CA-90-Z278	20.507	CA-90-Z278	1,059,449	-
FTA - Operating Z278	20.507	CA-2018-97	1,000,000	-
<b>Total Federal Transit Cluster</b>			2,061,599	-
<b>Highway Safety Cluster:</b>				
<i>Passed through California Office of Traffic Safety:</i>				
Selective Traffic Enforcement Program (STEP)	20.600	PT1795	21,258	-
Selective Traffic Enforcement Program (STEP)	20.600	PT18119	22,510	-
<b>Total Highway Safety Cluster</b>			43,768	-
<b>Minimum Penalties for Repeat Offenders for Driving While Intoxicated Program:</b>				
<i>Passed through California Office of Traffic Safety:</i>				
Selective Traffic Enforcement Program (STEP)	20.608	PT1795	26,196	-
Selective Traffic Enforcement Program (STEP)	20.608	PT18119	147,183	-
<b>Subtotal - Program 20.608</b>			173,379	-
		<b>Total U.S. Department of Transportation</b>	13,556,528	-
<b><u>Executive Office of the President</u></b>				
<i>Passed through the Sacramento County Sheriff's Department:</i>				
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	6560	8,482	-
<b>Subtotal - Program 95.001</b>		<b>Total Executive Office of the President</b>	8,482	-
<b><u>U.S. Department of Homeland Security</u></b>				
<i>Passed through the California Department of Boating and Waterways:</i>				
Small Water Craft Safety Program	97.012	C8962309	33,882	-
<i>Direct Program:</i>				
Disaster Grants - Public Assistance	97.036	FEMA PA09 CA-4301	43,346	-
<b>Homeland Security Grant Program:</b>				
<i>Passed through the County of Shasta:</i>				
	97.067	HSG 17	8,906	-
		<b>Total U.S. Department of Homeland Security</b>	86,134	-
		<b>Total Expenditures of Federal Awards</b>	\$ 23,738,369	\$ 161,489

See accompanying Notes to the Schedule of Expenditures of Federal Awards

**City of Redding**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

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**Note 1 – Reporting Entity**

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

**Note 2 – Basis of Accounting**

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

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

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

**Note 4 – Indirect Cost Rate**

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

**City of Redding**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

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**Section I – Summary of Auditors’ Results**

**Financial Statements**

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster	Expenditures
14.871	Housing Voucher Cluster	\$ 8,270,364
	Total Expenditures of All Major Federal Programs	\$ 8,270,364
	Total Expenditures of Federal Awards	\$ 23,738,369
	Percentage of Total Expenditures of Federal Awards	34.84%

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

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

**City of Redding**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2018**

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**Section II – Financial Statement Findings**

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

No findings were noted on the City’s financial statement audit for the year ended June 30, 2018.

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

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

**Section III – Federal Award Findings**

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

No findings or questioned costs were noted on the City’s major federal programs for the year ended June 30, 2018.

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

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



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

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

**Report on Compliance**

We have audited the compliance of the City of Redding, California (the "City"), with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended June 30, 2018. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

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

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended June 30, 2018.

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

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2018, and have issued our report thereon dated January 17, 2019 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the City's financial statements. The accompanying Schedule of Passenger Facility Charges Collected and Expended and Interest Collected, as required by the Guide, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Passenger Facility Charges Collected and Expended and Interest Collected is fairly stated in all material respects in relation to the basic financial statements as a whole.

*The PwC Group, LLP*

Walnut Creek, California  
January 17, 2019

**City of Redding**  
**Schedule of Passenger Facility Charges Collected and Expended and Interest Collected**  
**For the Year Ended June 30, 2018**

	Cumulative Total June 30, 2017	For the Quarter Ended	
		September 30, 2017	December 31, 2017
Unexpended (over expended) passenger facility charges and interest, beginning of period	\$ -	\$ (116,781)	\$ (259,540)
<b>Revenues:</b>			
Passenger facility charges collected	3,548,904	41,426	39,634
Interest earned	19,779	-	-
Total passenger facility charge revenue	<u>3,568,684</u>	<u>41,426</u>	<u>39,634</u>
<b>Expenses:</b>			
<b>Project Number/Project Name</b>	<b>Amount Approved</b>		
Completed and Closed Applications	\$ 3,440,457	3,440,457	-
Open Projects			
<b>Application 17-05-C-00-RDD</b>			
001-Aircraft Rescue and Fire Fighting Vehicle Acquisition	68,676	68,676	
002-Airport Master Plan Update	44,832	43,250	12
003-ADA Passenger Loading Ramp	4,984	4,984	
004-Airport Pavement Management System Study	4,735	4,735	
005-T-Hangar Taxilane Reconstruction	458,672	39,908	831
006-West Tie Down Apron Reconstruction	323,278	26,850	183,342
007-Aircraft Rescue and Fire Fighting Station Modifications	1,735	1,735	
009-Environmental Assessment Parallel Runway	32,690		
013-PFC Application/Administration Costs	150,000	54,870	
Total passenger facility charge revenue expenditures		<u>3,685,465</u>	<u>184,185</u>
Unexpended (over expended) passenger facility charges and interest, end of period	<u>\$ (116,781)</u>	<u>\$ (259,540)</u>	<u>\$ (361,042)</u>

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

**City of Redding**  
**Schedule of Passenger Facility Charges Collected and Expended and Interest Collected**  
**For the Year Ended June 30, 2018**

	For the Quarter Ended		For the Year Ended	
	March 31, 2018	June 30, 2018	June 30, 2018	Cumulative Total June 30, 2018
Unexpended (over expended) passenger facility charges and interest, beginning of period	\$ (361,042)	\$ (329,226)	\$ (116,781)	\$ -
<b>Revenues:</b>				
Passenger facility charges collected	35,298	40,002	156,361	3,705,265
Interest earned	-	-	-	19,779
Total passenger facility charge revenue	35,298	40,002	156,361	3,725,044
<b>Expenses:</b>				
<b>Project Number/Project Name</b>				
Completed and Closed Applications	-	-	-	3,440,457
Open Projects				
<b>Application 17-05-C-00-RDD</b>				
001-Aircraft Rescue and Fire Fighting Vehicle Acquisition			-	68,676
002-Airport Master Plan Update	1,518		1,550	44,800
003-ADA Passenger Loading Ramp			-	4,984
004-Airport Pavement Management System Study			-	4,735
005-T-Hangar Taxilane Reconstruction	955	132,857	236,963	276,871
006-West Tie Down Apron Reconstruction	1,009	23,685	246,832	273,682
007-Aircraft Rescue and Fire Fighting Station Modifications			-	1,735
009-Environmental Assessment Parallel Runway		187	187	187
013-PFC Application/Administration Costs			-	54,870
Total passenger facility charge revenue expenditures	3,482	156,729	485,532	4,170,997
Unexpended (over expended) passenger facility charges and interest, end of period	\$ (329,226)	\$ (445,952)	\$ (445,952)	\$ (445,952)

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

**City of Redding**  
**Notes to the Schedule of Facility Charges Collected and Expended and Interest Collected**  
**For the Year Ended June 30, 2018**

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**Note 1 – Reporting Entity**

The accompanying Schedule of Facility Charges Collected and Expended and Interest Collected includes all the Passenger Facility Charges (“PFC”) and the interest earnings thereon collected by the City from July 1, 2017 through June 30, 2018. The City currently collects \$4.50 per enplaned passenger. The current approval for charges as approved by the Federal Aviation Administration (“FAA”) is expected to end on February 1, 2025.

**Note 2 – Basis of Accounting**

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

**City of Redding**  
**Passenger Facility Charge Program**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

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**Section I – Summary of Auditors’ Results**

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

No findings or questioned costs were noted on the City’s compliance with requirements of the passenger facility charge program for the year ended June 30, 2018.

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

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

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