



CORPUS CHRISTI REGIONAL
TRANSPORTATION AUTHORITY

**Corpus Christi Regional Transportation Authority
Corpus Christi, Texas**



**Comprehensive Annual Financial Report
For the Years Ended December 31, 2015 and 2014**

**Corpus Christi Regional Transportation
Authority
Corpus Christi, Texas**

**Comprehensive Annual Financial Report
For the Years Ended December 31, 2015 and 2014**

Mission Statement

The Corpus Christi Regional Transportation Authority was created by the people to provide quality transportation and enhance the regional economy in a responsible manner consistent with its financial resources and the diverse needs of our community.

Prepared by the Finance Department



2015

Introductory Section

Comprehensive Annual Financial Report



CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Table of Contents	i
Letter of Transmittal	iii
GFOA Certificate of Achievement	ix
Board of Directors and Administration	x
Organizational Chart.....	xi
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Statement of Net Position	19
Statement of Revenues, Expenses and Changes in Net Position.....	20
Statement of Cash Flows	21
Fiduciary Funds - Statement of Net Position.....	23
Fiduciary Funds - Statement of Changes in Net Position.....	24
Notes to Financial Statements	25
Required Supplementary Information:	
Schedule of Pension Plan	51
Schedule of Defined Benefits Contributions.....	52
Schedule of Funding Progress for Other Post-Employment Benefits.....	54
Supplemental Schedules:	
Schedule of Revenues and Expenses - Actual and Budget by Function	57
Fiduciary Funds - Combining Statement of Net Position.....	58
Fiduciary Funds - Combining Statement of Changes in Net Position.....	59
Schedule of Long-Term Debt Amortization.....	60

STATISTICAL SECTION

Statistical Section Narrative	61
Table 1 Net Position.....	62
Table 2 Changes in Net Position.....	64
Table 3 Revenues by Source	66
Table 4 Revenues and Operating Assistance - Comparison to Industry Trend Data....	67
Table 5 Passenger Fee Capacity	68
Table 6 Miscellaneous Revenue Information	69
Table 7 Ratio of Outstanding Debt.....	70
Table 8 Revenue Bond Coverage.....	71
Table 9 Demographic Statistics	72
Table 10 Top Ten Employers	73
Table 11 Budgeted Full-Time Equivalent Position.....	74
Table 12 Operating Statistics and Assets Utilized	76
Table 13 Miscellaneous Statistics	78

SINGLE AUDIT SECTION

Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	79
Independent Auditor's Report on Compliance for each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	81
Schedule of Findings and Questioned Costs	83
Schedule of Expenditures of Federal Financial Awards	85
Notes to Schedule of Expenditures of Federal Financial Awards.....	86



602 N. Staples

Corpus Christi, Texas 78401

(361) 289-2712

July 31, 2016

Curtis Rock, Board Chair
and Members of the Board of Directors of the
Corpus Christi Regional Transportation Authority

Dear Board Chair, Board Members, and Citizens:

Management is pleased to submit to you this Comprehensive Annual Financial Report (CAFR) of the Corpus Christi Regional Transportation Authority (Authority) for its fiscal year ended December 31, 2015. This CAFR is indicative of the Authority management's continued commitment to provide high quality, complete, concise and reliable financial information about the Authority.

Management assumes full responsibility for the completeness and reliability of this information based on a comprehensive framework of internal controls established for this purpose. Because the cost of internal controls should not outweigh the benefits, the Authority's system of controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

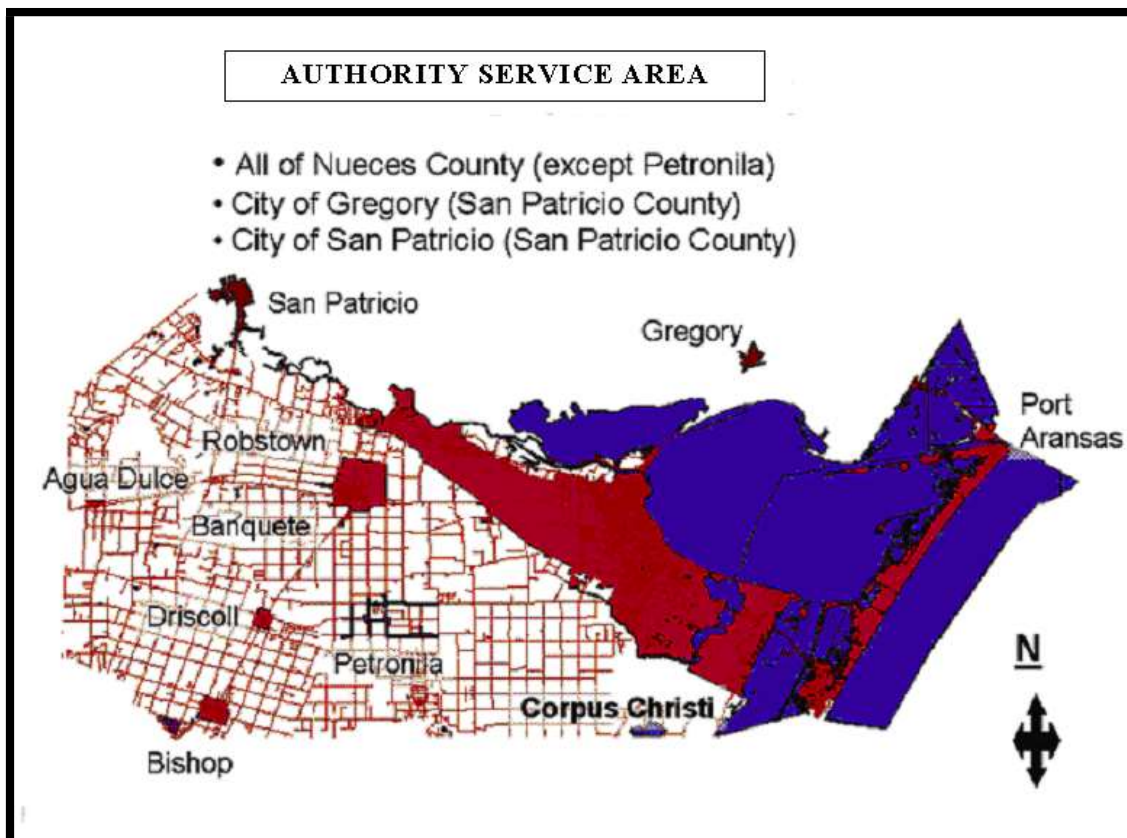
Pursuant to Section 451.451, Subchapter J, of the Texas Transportation Code, the financial statements contained herein are required to be independently audited. The Authority is also required by federal regulations to undergo an audit related to its federal grants. The independent firm of Collier, Johnson & Woods, P.C., Certified Public Accountants, has issued an unmodified (clean) opinion on the Authority's financial statements. Their opinion letters are presented first in the Financial and Single Audit sections of this CAFR.

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

PROFILE OF THE AUTHORITY

The Authority was created in 1985 by majority vote of the taxpayers and commenced operations on January 1, 1986. Note 1 in the Financial Section provides more details about the Authority as a legal entity.

Located in Corpus Christi, Texas on the coast of the Gulf of Mexico, the Authority is a *regional* provider of mass transportation services, primarily within Nueces County and also part of San Patricio County. Nueces County includes the cities of Agua Dulce, Bishop, Corpus Christi, Driscoll, Port Aransas, Robstown, and unincorporated areas. San Patricio County coverage includes the cities of Gregory and San Patricio. The total area is 838 square miles and has an estimated population of 359,154. A map of the Authority's service area is presented below.



Services and Service Delivery

Either directly or through contractors, the Authority provides virtually all public transportation services in this area. These services include fixed route, paratransit, vanpool, specialized services, and ferryboat transportation. The Authority maintains 1,432 bus stops, five transfer stations, three park and ride lots and a fleet of 65 fixed route and 27 paratransit vehicles. Certain commuter, paratransit and ferry services are provided through contractors specializing in these services. Table 12 in the Statistical Section contains service delivery statistics for the past ten years.

Officials

An eleven-member Board of Directors (Board) governs the Authority. The City of Corpus Christi, Nueces County and the Committee of Small City Mayors appoint members to the Board, excluding the Chair. The Board makes decisions, designates management, significantly influences operations and maintains primary fiscal accountability.

The Board establishes policy and sets direction for the Authority. The Board is made up of a chair and ten members. Five members are appointed by the City of Corpus Christi, three members are appointed by the Nueces County Commissioners and two members are appointed by participating small cities. The Chair is appointed by the sitting Board members. The Board members serve overlapping two-year terms. A listing of Authority Board members is included on page x.

Executives

A Chief Executive Officer (CEO) is responsible for the daily operations of the Authority. The CEO supervises three major divisions including Administration, Capital Programs, and Operations. These broad divisions are organized into numerous departments for operational efficiency. The Authority has more than 268 employees in addition to about 100 staff employed by various contractors. An organizational chart is shown on page xi.

Budget and Initiatives

The Board is required to adopt an annual operating budget before the beginning of each fiscal year. The budget serves as a policy document, an operations guide, a financial plan and a communication device. The board also adopts an annual capital budget. The process for developing the Authority's budgets typically begins with Board strategic planning in June or July and, through a series of meetings and analysis, results in an operating budget and a prioritized capital budget prior to the beginning of the fiscal year. The Authority may not spend more than the approved operating budget, and must approve increases to the budget. The CEO may permit movement of funds within the approved budget. If these reallocations are significant, Board approval is obtained.



Budgetary initiatives for the 2015 Operating Budget include compensation increases for bus operators – increasing the starting wage from \$12 to \$14 an hour, deduction of the escalation period to top out pay from 14 to 7 years, and a 2.5% COLA, for a total budgeted increase of \$532,000. A 2.5% COLA and a 3% Merit Average Pay Program will be available to non-bus operators with a total financial impact estimated at \$292,000. Health care costs are budgeted to increase 6.75%, and interest payments totaling \$454,396 for bonds issued to fund the construction of the Staples Street Center, which will house Administrative and Executive staff, Customer Services, and our Mobility Management department are included in the 2015 budget. Funding is also included for a passenger sampling survey and a comprehensive operational analysis project.

The major focus of the 2015 Capital Budget is to complete the Staples Street Center. Additional capital projects include adding more CNG vehicles to the fleet, funding for Bus Stop Improvements, as well as Information System equipment to include fiber for security cameras, display monitors, LED monitors for buses, and an APP for web-based public bus live tracking. Most of these projects were started in 2015 and will be completed in 2016.

LOCAL ECONOMY

The regional economy is diversified and includes naval air training, shipping, fishing, tourism, petrochemical refining, construction, agriculture, health care, government services and higher education. The region has a varied base that adds to the relative stability of employment. The estimated unemployment rate in Nueces County was 4.4% in 2015 compared to 4.9% in 2006. Per capita income rose from \$31,673 in 2006 to \$46,102 in 2015.

The Authority's ability to fund its operations is heavily dependent on a ½-cent sales and use tax generated from its regional economy. Sales tax revenues have grown at an annual average of 6.5% over the past ten years compared to average growth in operating expenses, including depreciation, of 4.7% over the same period. The Authority continues to operate with its original transit tax rate of 0.5%. The current overall sales and use tax rate for the Corpus Christi area is 8.25%, which is the maximum allowed by current law. As the oil boom slows down, sales tax growth leveled out, and has decreased by an average of 7.6% year-over-year during the first six months of 2016. Although the price of oil has dropped and caused drilling exploration to slow down, it is expected that oil drilling activity in South Texas will pick up again starting in the latter part of 2016.

In 2015, the average fuel prices for both diesel and unleaded fuel dropped \$1.10 and \$.74, respectively, from 2014 prices. However, over the past ten years both diesel and unleaded prices have increased by over 70% and 60%, respectively. Over time, higher fuel costs impact the Authority's ability to afford fuel needed to provide services. Rising fuel costs also impact the cost of maintenance materials for the Authority's fleet and energy prices



associated with the Authority's customer amenities. In response to these high costs, in 2012, the Authority began the conversion of its fleet to CNG, and continues replacement with CNG vehicles to maximize cost savings. At the end of 2015, nearly 60% of the Authority's fleet was operating on CNG. The pricing for CNG at the end of 2015 was \$0.89 per gallon equivalent, which compared to diesel prices, continues to create cost savings.

Long-Range Financial Planning

Due to the significant capital investment in buses and bus facilities used for service delivery and the operating cost growth challenges experienced by transit systems across the country, the Authority maintains 20-year long-term financial projections. A primary goal of long term planning is to ensure that adequate resources are maintained for the replacement of capital assets and system expansion. Financial projections are maintained and updated when significant events occur that warrant changes to the underlying assumptions. In 2012 the Authority's long range financial plan was updated as part of a long range system plan update, and is reviewed annually, making adjustments as needed.

Capital projects that were completed in 2015 include \$582 thousand dollar for Texas A&M University-Corpus Christi bus shelters, 52 new buses at a cost of nearly \$18 million and almost \$500 thousand worth of bus benches and equipment. In 2016, the Authority expects to complete another phase in the ADA bus stop accessibility plan and complete construction of the new Staples Street Center in downtown Corpus Christi with a projected completion date of May 2016. The majority of the funding for the customer service center comes from a combination of taxable and non-taxable bonds issued in late 2013.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual 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 that 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.



CORPUS CHRISTI REGIONAL
TRANSPORTATION AUTHORITY

Corpus Christi Regional Transportation Authority
Fiscal 2015 Comprehensive Annual Financial Report
Introductory Section | Letter of Transmittal

We express appreciation to the staff of the Finance Department for the significant investment of time and effort needed to prepare this report. Thank you to executive management for their various contributions to the information contained in this report.

We also express deep appreciation for the innumerable efforts of our bus operators, street supervisors, dispatchers, trainers, security, safety personnel, mechanics, fleet service workers and facility maintenance staff who are directly involved with the daily provision of service to our customers.

Jorge Cruz-Aedo
Chief Executive Officer

Cindy O'Brien, CPA
Director of Finance



CORPUS CHRISTI REGIONAL
TRANSPORTATION AUTHORITY

Corpus Christi Regional Transportation Authority
Fiscal 2015 Comprehensive Annual Financial Report
Introductory Section | GFOA Certificate of Achievement



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Corpus Christi Regional
Transportation Authority, Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO



BOARD OF DIRECTORS AND ADMINISTRATION

BOARD OF DIRECTORS

Board Chair

Curtis Rock

Board Vice-Chair

Mike Reeves

Members

George Clower

A.R. Escobedo

Conrado Garcia

Angie Flores-Granado

Scott Harris

Glenn Martin

Eddie Martinez

Tom Niskala

Larry D. Young Sr.

Advisory Board Member

Vangie Chapa

ADMINISTRATION

Chief Executive Officer

Jorge Cruz-Aedo

Managing Director of Capital Programs

Sharon Montez

Managing Director of Operations

Rosa Villarreal

Director of Finance

Cindy O'Brien

Director of Information Technology

David Chapa

Interim Director of Marketing

Kelly Coughlin

Director of Planning

Gordon Robinson

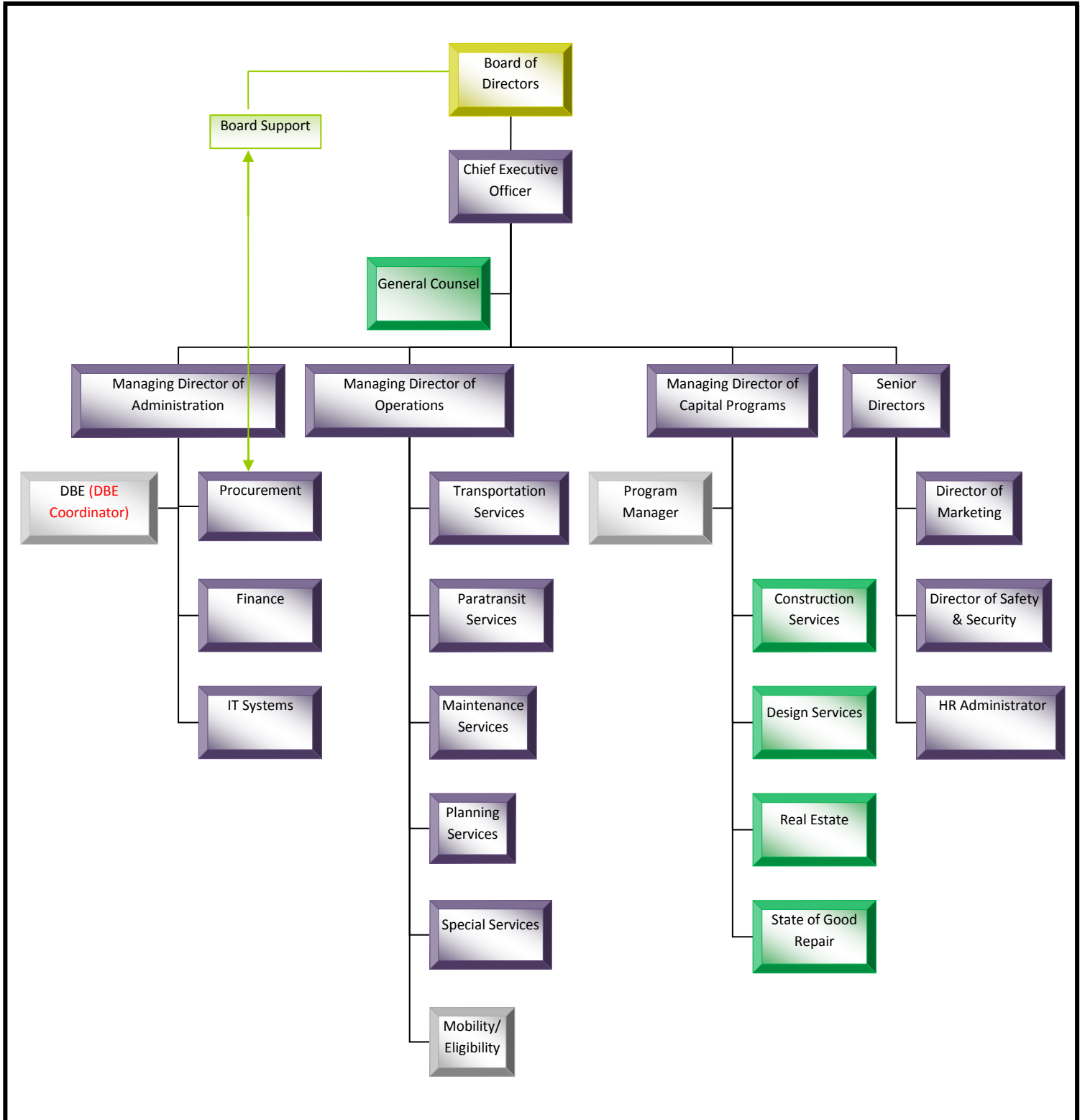
Director of Transportation

Robert Saldaña



Corpus Christi Regional Transportation Authority
Fiscal 2015 Comprehensive Annual Financial Report
Introductory Section | Organizational Chart

CORPUS CHRISTI REGIONAL
TRANSPORTATION AUTHORITY





2015

Financial Section

Comprehensive Annual Financial Report



INDEPENDENT AUDITOR'S REPORT

July 31, 2016

Board of Directors of the
Corpus Christi Regional Transportation Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Corpus Christi Regional Transportation Authority as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits 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 auditor's 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corpus Christi Regional Transportation Authority as of December 31, 2015 and 2014, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the Authority has implemented Governmental Accounting Standards board Statements No. 68 and 71 related to accounting for pensions effective January 1, 2015. Our opinion is not modified with respect to this matter.

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 5 through 18 and other required supplementary information on pages 51 through 54 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corpus Christi Regional Transportation Authority's basic financial statements. The introductory section, supplemental schedules, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal financial awards, pages 85 and 86, is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

The supplemental schedules and the schedule of expenditures of federal financial awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules and the schedule of expenditures of federal financial awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2016, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Collier, Johnson & Woods

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Corpus Christi Regional Transportation Authority (Authority) offers to readers of its financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended December 31, 2015 and 2014. We encourage readers to consider this information in conjunction with the information provided in our transmittal letter found in the introductory section of this report and all other information presented in the notes to the financial statements and other sections.

FINANCIAL HIGHLIGHTS

- The Authority's net position at December 31, 2015 was \$99,687,414. Of this amount, \$31,178,305 (31.3%) may be used to meet the Authority's ongoing obligations to citizens and creditors in accordance with its mission statement.
- The Authority's net position increased by \$16,273,120 (19.5%) during 2015 as a result of capital grant income of \$15,849,835 offset by a net loss of \$447,318 and an increase of \$870,603 prior period adjustment from implementation of GASB Statements 68 and 71.
- As of December 31, 2015, the Authority had long term obligations of \$21,765,252, composed of \$20,375,000 in long-term debt, net of current maturities, a \$732,975 net pension liability, a \$483,688 net OPEB obligation and \$173,589 in accrued compensated absences.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion serves to introduce the Authority's basic financial statements. These statements have two components: (1) government-wide financial statements and (2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements. The Authority is structured as a stand-alone proprietary fund and presents its financial information using the accrual basis of accounting similar to the way private sector businesses present their financial information. Revenues are recognized in the financial statements when both earned and measurable, not when actually received in cash. Expenses are recognized when they are incurred, not when they are paid. The historical costs of capital assets are capitalized and depreciated over the estimated useful life of the assets.

The *Statement of Net Position* presents information on all of the Authority's assets and liabilities; with the difference between them being reported as net position. This is a measure of financial position, which can indicate improvement or deterioration from year to year. The presentation of net position also distinguishes between those invested in capital assets, restricted by bond covenant, and those that are unrestricted by external parties or legal requirements.

The *Statement of Revenues, Expenses and Changes in Net Position* accounts for the change in net position by showing the activities that caused the change. This statement measures the Authority's operations and can also be used to determine whether the Authority has successfully recovered all of its costs through fares and other user charges, sales taxes received, subsidies and other sources of funding available.

The *Statement of Cash Flows* provides details about the Authority's sources of, uses of and the change in cash over a fiscal year. This information is categorized into operating, non-capital financing, capital and related financing and investing activities.

The Authority also has fiduciary responsibility for two employee retirement funds and presents two financial statements related to them: (a) Fiduciary Funds - Statement of Net Position and (b) Fiduciary Funds - Statement of Changes in Net Position, which follow the government-wide financial statements. There is also information concerning these plans in Note 5 in the notes to the financial statements in this section.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes should be read as an integral part of the financial statements.

The Authority's basic financial statements can be found beginning on page 19.

FINANCIAL ANALYSIS

Statement of Net Position:

Net Position: Increases in net position indicate an improved financial position while decreases indicate deterioration of financial position. The Statement of Net Position provides the necessary information on which to base this determination. The net position is presented in three components: (1) the net invested in capital assets, (2) the restricted by bond covenants, and (3) the unrestricted and available for operations. 67% of the Authority's net position is the net invested in capital assets consisting of buses, equipment, bus stops, shelters, stations, operating facilities and related land net of related debt. The Authority uses these assets for the purpose of achieving its mission. The Authority issued \$22,025,000 in debt to fund a new customer service center along with the renovation of an adjacent transit station in November of 2013. At the end of 2015 \$9,404,308 of debt proceeds remained unspent.

Table 1 provides summary multi-year comparative information about the Authority's net position. The change in net position can be explained by looking at the other components of the Statement of Net Position.

Table 1
CONDENSED SUMMARY OF NET POSITION

	At December 31			At December 31		
	2015	2014	Change	2014	2013	Change
Current Assets	\$ 38,186,856	43,399,652	(5,212,796)	43,399,652	32,959,067	10,440,585
Restricted Assets	11,015,610	19,879,611	(8,864,001)	19,879,611	23,611,392	(3,731,781)
Capital Assets	78,408,499	52,399,089	26,009,410	52,399,089	48,003,491	4,395,598
Other Assets	-	908,062	(908,062)	908,062	452,465	455,597
Total Assets	127,610,965	116,586,414	11,024,551	116,586,414	105,026,415	11,559,999
Deferred Outflows of Resources	2,147,797	-	2,147,797	-	-	-
Total Assets and Deferred Outflows	129,758,762	116,586,414	13,172,348	116,586,414	105,026,415	11,559,999
Current Liabilities	8,306,096	11,629,434	(3,323,338)	11,629,434	5,531,112	6,098,322
Long-Term Liabilities	21,765,252	21,542,686	222,566	21,542,686	22,028,257	(485,571)
Total Liabilities	30,071,348	33,172,120	(3,100,772)	33,172,120	27,559,369	5,612,751
Invested in Capital Assets	66,897,807	49,217,398	17,680,409	49,217,398	48,003,491	1,213,907
Restricted for Debt Service	1,611,302	1,611,302	-	1,611,302	1,611,302	-
Unrestricted	31,178,305	32,585,594	(1,407,289)	32,585,594	27,852,253	4,733,341
Total Net Position	\$ 99,687,414	83,414,294	16,273,120	83,414,294	77,467,046	5,947,248

The Authority's net position at December 31, 2015 was \$99,687,414. Of this amount, \$66,897,807 (67%) represents the Authority's net investment in capital assets, \$1,611,302 was restricted for debt service and the remaining \$31,178,305 was unrestricted. Net position increased \$16,273,120 in 2015 due to an overall increase in Federal Grant Receivables and capital assets (net of accumulated depreciation), a decrease in receivables and prepaid expenses, combined with a decrease in liabilities. It is the intent of the Board to assure that the Authority maintains adequate resources for operations and capital projects.

The Authority's net position at December 31, 2014 total \$83,414,294. Of this amount, \$49,217,398 (59%) represents the Authority's net investment in capital assets, \$1,611,302 was restricted for Debt Service, and the remaining \$32,585,594 was unrestricted.

Current Assets: At the end of 2015, the Authority's current assets had decreased by \$5,212,796 from the end of 2014. Investments decreased by \$6,053,952 with cash decreasing by \$6,039,839. Receivables and prepaid expenses were higher in 2015 by \$6,959,493 while inventories decreased by \$78,498. The Authority continues a strategy to maintain adequate resources for replacement, enhancement and expansion of capital assets and withstanding economic uncertainty.

During 2014, the Authority's current assets increased by \$10,440,585. Investments decreased by \$644,651 while cash increased by \$10,578,534. Receivables and prepaid expenses were higher in 2014 by \$510,190 while inventories decreased by \$3,488.

Restricted Assets: At the end of 2015, the Authority's restricted assets totaled \$11,015,610, which were unspent proceeds from the issuance of bonds and reserves required by bond covenants.

Capital Assets: As of December 31, 2015, the Authority's overall investment in capital assets (net of accumulated depreciation) totaled \$78,408,499, an increase of \$26,009,410 from December 31, 2014. During the year, capital assets totaling \$32,676,891 were added and depreciation totaling \$6,592,946 decreased the carrying value. Significant 2015 capital additions include:

- ◆ Purchase of 29-40" Low Floor CNG Busses and 23 ARBOC Busses
- ◆ Improvements to the South Side Station Concrete
- ◆ Construction on the Staples Street Center
- ◆ Advertising Bus Bench purchase along with Lift Crane and Concrete molds
- ◆ TAMUCC Bus Shelter Improvements
- ◆ Bear Lane Employee and Bus Parking Lot Improvements

As of December 31, 2014, the Authority's overall investment in capital assets (net of accumulated depreciation) totaled \$52,399,089, an increase of \$4,395,598 from December 31, 2013. During the year, capital assets totaling \$9,669,414 were added and depreciation totaling \$5,273,816 decreased the carrying value. Significant 2014 capital additions included:

- ◆ Completion of the Robstown Transfer Station
- ◆ Modifications to the Maintenance building to accommodate CNG vehicles
- ◆ Construction on the Staples Street Center
- ◆ Continuing upgrades to the Authority's information systems including fiber for Security Cameras
- ◆ Acquisition of trash receptacles for every bus stop
- ◆ Acquisition of equipment for Maintenance department

Additional details about the Authority's capital asset activities are presented in Note 3 of the notes to the financial statements. The primary funding source for capital projects is through federal grants with a matching principle which requires that the Authority generally provide local funding of 20% of the total cost of the project. The 23 ARBOC Buses and the 29 Gillig CNG Buses were funded with federal grants at a matching principle requirement of 15% of the total cost. The Schedule of Expenditures of Federal Awards in the Single Audit Section provides more details on federal grant activity during the year. Table 2 details the investment in the Authority's assets by funding source as of December 31, 2015 and 2014.

Table 2

	<u>Federal and Other Funding</u>	<u>Local Funding</u>	<u>Total</u>
At December 31, 2015:			
Capital Assets At Cost	\$ 84,715,496	52,740,890	137,456,386
Less Accumulated Depreciation	46,962,953	12,084,934	59,047,887
Capital Assets, Net	<u>\$ 37,752,543</u>	<u>40,655,956</u>	<u>78,408,499</u>
At December 31, 2014:			
Capital Assets At Cost	\$ 71,861,713	36,625,933	108,487,646
Less Accumulated Depreciation	44,956,995	11,131,562	56,088,557
Capital Assets, Net	<u>\$ 26,904,718</u>	<u>25,494,371</u>	<u>52,399,089</u>

Liabilities: The Authority's total liabilities as of December 31, 2015 are \$30,071,348 of which \$8,306,096 is current and customary to the Authority's business and \$21,765,252 are non-current liabilities. Current liabilities decreased mainly due to decreased accounts payable related to construction costs and decreased amounts due to other governmental entities for street improvements. Non-current liabilities, other than debt, increased by \$762,566 related to an increase in compensated absences of \$64,230, an increase of \$732,975 in net pension liability, and a decrease in net OPEB obligation of \$34,639. As of December 31, 2014 the Authority's total liabilities were \$33,172,120, of which \$11,629,434 was current and \$21,542,686 was non-current. Current liabilities increased due to increased amounts due to other governmental entities for street improvements and increased trade payables and non-current liabilities increased due to the new debt.

Long-Term Debt: On November 20, 2013, the Authority issued revenue bonds, Series 2013 (AMT) in the amount of \$11,525,000, with proceeds from the sale to be used for (1) renovation of the existing Staples Street bus transfer station; (2) construct and equip a portion of a new multi-use building adjacent to the Staples Street bus transfer station; (3) construct a new parking lot to serve the Staples Street bus transfer station and the multi-use building, and (4) pay the costs of issuing the Tax-Exempt Bonds. The Authority also issued revenue bonds, Taxable Series 2013 in the amount of \$10,500,000 on November 20, 2013, with the proceeds from the sale to be used to (1) construct and equip a portion of a new multiuse building adjacent to the Staples Street bus transfer station and (2) pay the costs of issuing the Taxable Bonds. Debt payment of \$535,000 and \$575,000 were made in December 31, 2015 and 2014 respectively. Additional information regarding the Authority's long-term debt can be found in Note 4 to the financial statements.

Statement of Revenues, Expenses and Changes in Net Position:

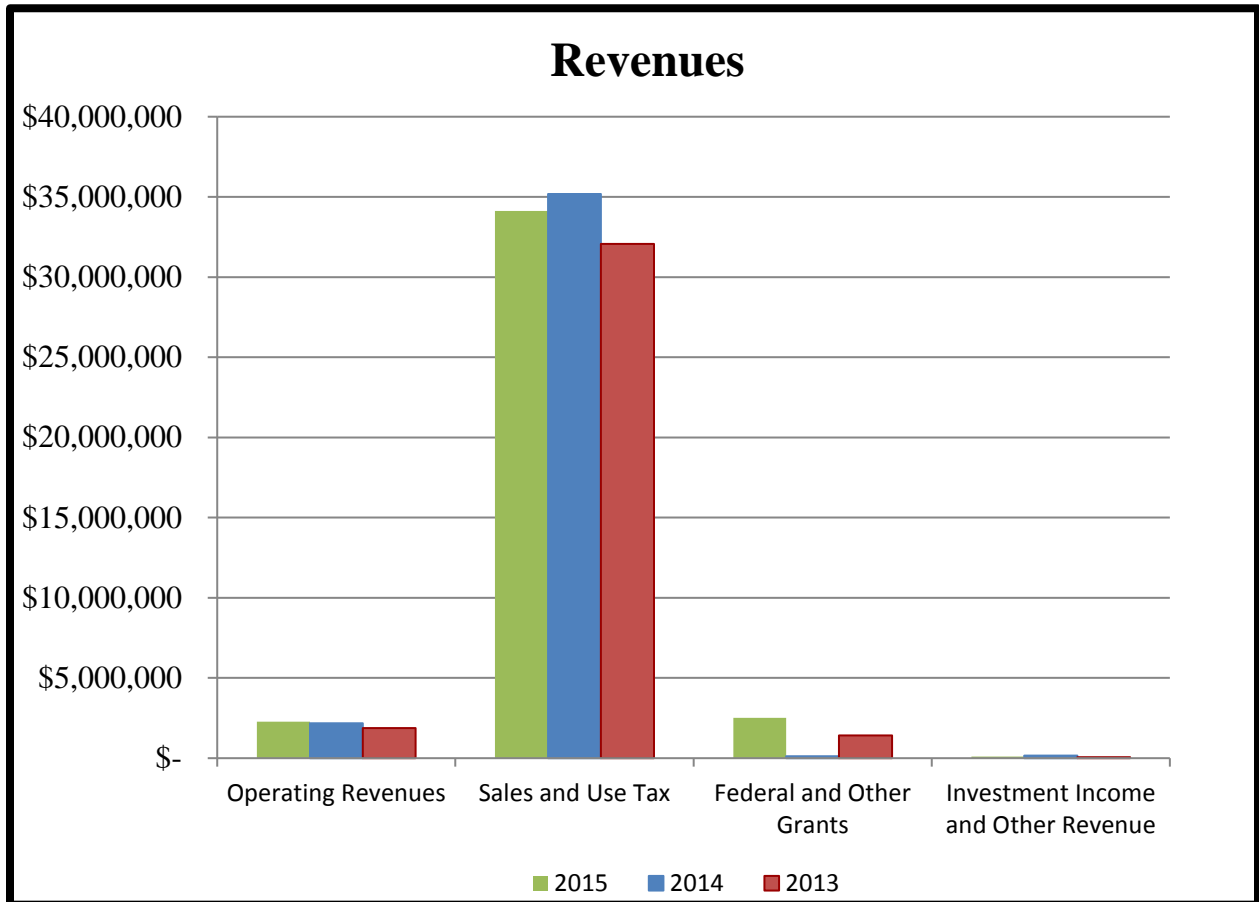
Change in Net position: While the Statement of Net Position focuses on financial position at a point in time, the Statement of Revenues, Expenses, and Changes in Net Position provides further details as to what specific activities took place during the year that led to the changes shown on the Statement of Net Position. The Authority's activities are presented in Table 3.

Table3

**CONDENSED SUMMARY OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**

	Year Ended December 31			Year Ended December 31		
	2015	2014	Change	2014	2013	Change
Revenues:						
Operating Revenues	\$ 2,283,647	2,179,796	103,851	2,179,796	1,875,420	304,376
Non-Operating Revenues						
Sales and Use Tax	34,127,803	35,188,390	(1,060,587)	35,188,390	32,064,316	3,124,074
Federal and Other Grants	2,512,070	125,900	2,386,170	125,900	1,416,988	(1,291,088)
Investment Income	125,143	110,052	15,091	110,052	62,160	47,892
Gain/Loss on Property Disposed	(32,819)	46,519	(79,338)	46,519	225	46,294
Total Revenues	39,015,844	37,650,657	1,365,187	37,650,657	35,419,109	2,231,548
Expenses:						
Operating Expenses	29,113,428	27,553,169	1,560,259	27,553,169	24,840,389	2,712,780
Depreciation	6,592,946	5,273,812	1,319,134	5,273,812	5,772,221	(498,409)
Distribution - Regional Entities/Subrecipients	3,301,592	2,900,327	401,265	2,900,327	2,593,634	306,693
Bond Issuance Expense	-	-	-	-	598,682	(598,682)
Interest in Fiscal Charges	455,196	468,703	(13,507)	468,703	21,122	447,581
Total Expenses	39,463,162	36,196,011	3,267,151	36,196,011	33,826,048	2,369,963
Net Loss Before Capital Grants and Donations	(447,318)	1,454,646	(1,901,964)	1,454,646	1,593,061	(138,415)
Capital Grants and Donations	15,849,835	4,492,602	11,357,233	4,492,602	2,590,424	1,902,178
Increase In Net Position	15,402,517	5,947,248	9,455,269	5,947,248	4,183,485	1,763,763
Net Position, Beginning of Year	83,414,294	77,467,046	5,947,248	77,467,046	73,283,561	4,183,485
Cumulative Effect of Change in Accounting Principle (Note 1)	870,603	-	870,603	-	-	-
Net Position, Beginning of Year, as Restated	84,284,897	77,467,046	6,817,851	77,467,046	73,283,561	4,183,485
Net Position, End of Year	\$ 99,687,414	83,414,294	16,273,120	83,414,294	77,467,046	5,947,248

Net position increased by \$16,273,120 during 2015. Due to a change in accounting principle described in Note 1, the beginning balance was adjusted by \$870,603 to reflect a new beginning balance of \$84,284,897. The remaining increase of \$15,402,517 is the result of \$15,849,835 in Federal capital grants that are offset by a net loss of \$447,318. Net position increased by \$5,947,248 during 2014 due to \$4,492,602 in Federal capital grants and net income of \$1,454,646. The discussion on the following pages provides details of the more significant aspects of the Authority's operating activities that changed net position.



Revenues: The Authority's revenues are from sources customary to the public mass transportation industry. Total revenues are made up primarily of sales and use taxes with the smaller share of overall revenues generated from user charges and other ancillary revenues, grants used for operating assistance, earnings from investing activities, and occasional gains from disposing of property owned by the Authority.

In 2015, the Authority's total revenues increased \$1,365,187 from 2014, mainly from an increase in Federal and Other Grants by \$2,386,170 offset by a decrease in Sales Tax of \$1,060,587 from 2014. The large variance in grant revenues from 2014 to 2015 is due to utilizing grant reimbursement for preventive maintenance in 2015 whereas preventive maintenance reimbursements were not received in 2014. In 2014, the Authority's total revenues increased \$2,231,548 (5.7%) from 2013. Sales taxes, operating revenues, gain on disposed property and investment income all increased from the prior year while grant revenues decreased. Details about the Authority's revenue activities are discussed in the following sections.

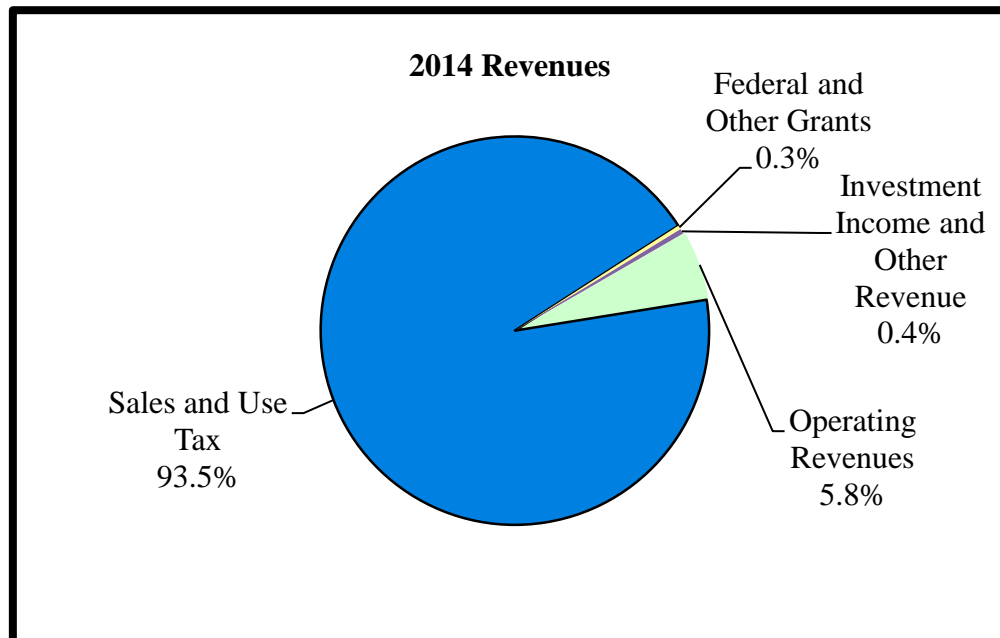
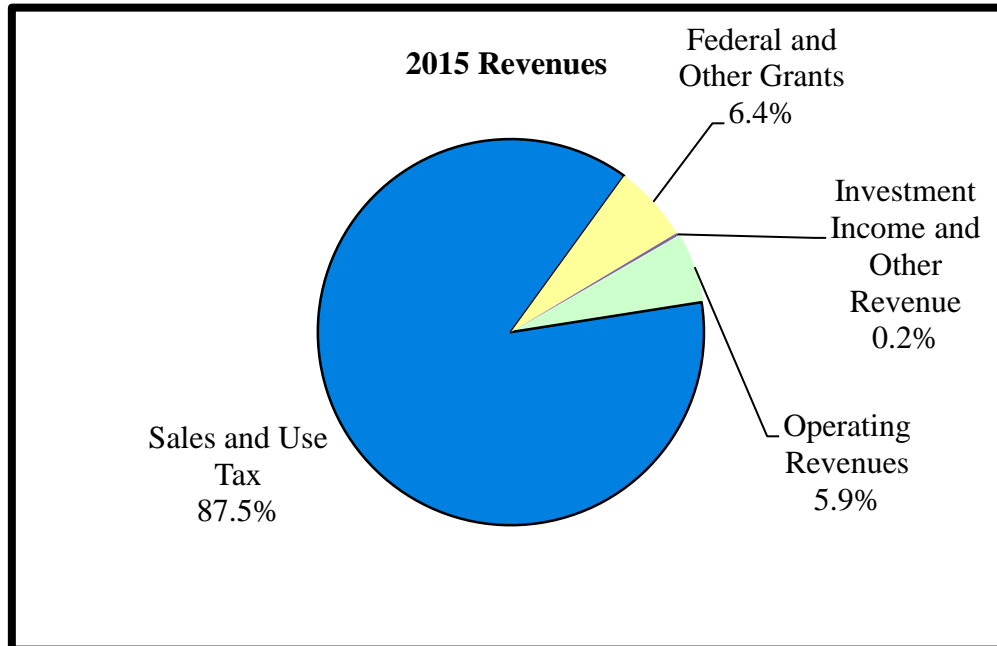
- ◆ Operating Revenues include user charges for transportation services, bus bench advertising, onboard advertising and other ancillary operating revenues. For 2015, operating revenues represent 5.8% of total revenues and are \$103,851 more than in 2014. Overall rider-ship, however, is down from 2014 by 2.7% with ridership on fixed routes

down by 3.1%, paratransit ridership decreased by 3.2% and ridership on the Harbor Ferry is down by 8.5% compared to 2014.

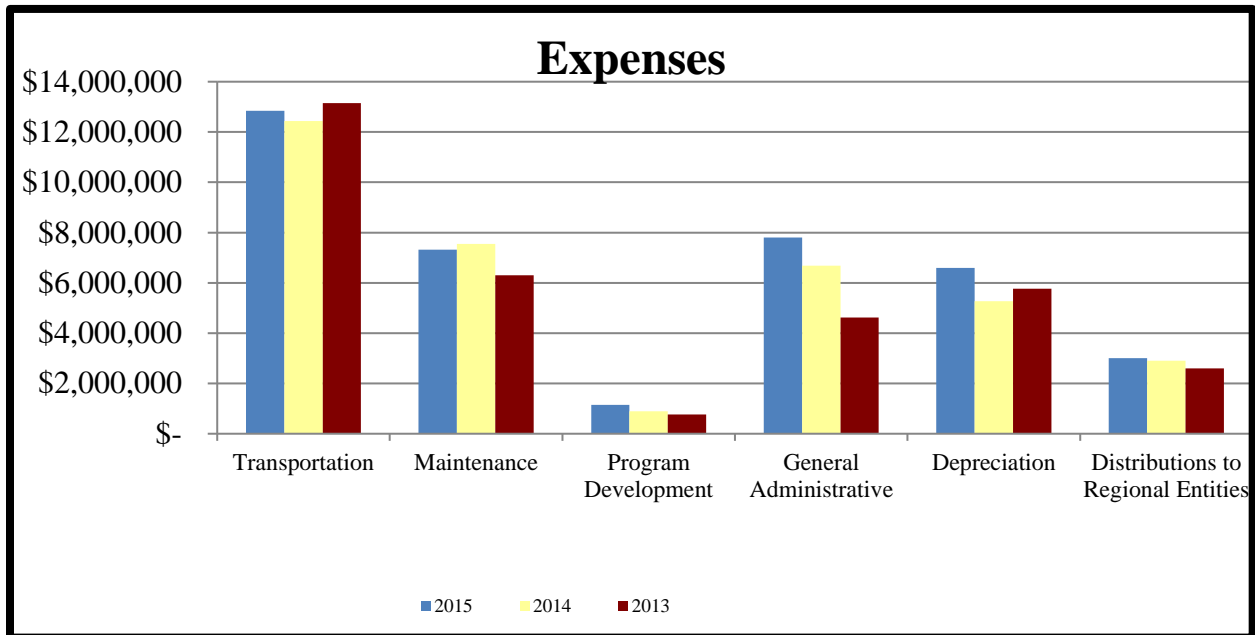
Passenger revenues were up 0.4%, or \$8,642, compared to decreased ridership, mainly due to the contractual agreements the Authority has with the local university and college. In 2014, operating revenues represented 5.8% of total revenues and were \$304,376 more than in 2013. Overall rider-ship was down by 1.5%. Ridership on fixed routes was down by 1.4% while paratransit ridership decreases by 0.9%. Ridership on the Harbor Ferry was down by 9.8% from 2013.

- ◆ Sales and Use Tax is a dedicated ½ cent sales and use tax levied on certain goods and services sold within the region which provides the primary funding for the Authority's operating budget. For 2015, sales taxes represent 87.5% of total revenues and decreased 3.0% from 2014, reflecting a slight dip in the overall economy. The boom of the Eagle Ford Shale oil deposits over the past few years has been affected by the decline in oil prices. However, it is anticipated to pick up again in the latter part of 2016 followed by a gradual improvement into 2017. There are major industrial projects scheduled and on-going in our region which will have a positive effect on our economy in the next few years. In 2014, sales taxes were 93.5% of total revenues and were 9.7% higher than in 2013, mainly related to the Eagle Ford Shale projects.
- ◆ Operating Grant Assistance represents reimbursements to the Authority for preventative maintenance activities, the cost of certain work related routes and regional mobility coordination. The Authority has the option of utilizing its annual "Formula" grants provided by the Federal Transit Administration (FTA) for operating assistance or to fund capital asset acquisitions. In 2015, these grant revenues are made up primarily of reimbursements for operating assistance for preventative maintenance activities. There are also revenues from FTA Job Access and Reverse Commute used to help pay for the cost of certain work related routes and regional mobility coordination, and a small amount from a New Freedom Grant for travel training. In 2015 the Authority provided pass through grants to Nonprofit Agencies which allowed for higher grant revenues. In 2015, these grants represent 6.44% of total revenues compared to 0.33% in 2014, and 4% in 2013 as the Authority made greater use of preventive maintenance reimbursements in 2015. In 2014, these grant revenues were primarily made up of reimbursements for operating assistance for ADA paratransit services, FTA Job Access and Reverse Commute used to help pay for the cost of certain work related routes and regional mobility coordination, and a small amount from a New Freedom Grant for travel training.
- ◆ Investment Income is income earned from the Authority's investing activities. Income generated from the portfolio increased \$15,091 from 2014. This increase was primarily due to Bond proceeds investments and sales tax revenue available for investing. In 2015, the average portfolio was \$36,901,893 yielding 0.28% compared to the 2014 average portfolio of \$49,990,543 yielding 0.25%. In 2014, these revenues increased \$47,892 from 2013 due to slightly higher yields applied to higher balances which resulted from increased sales tax revenue. The average portfolio increased to \$49,990,543 from \$28,624,121 in 2013 and the yield increased to .25% from .16% in 2013.

In 2015, sale on disposal of assets resulted in a loss of \$32,819 compared to a gain of \$46,519 in 2014, and \$225 in 2013. Other revenues have been included with interest income on the revenue charts below.



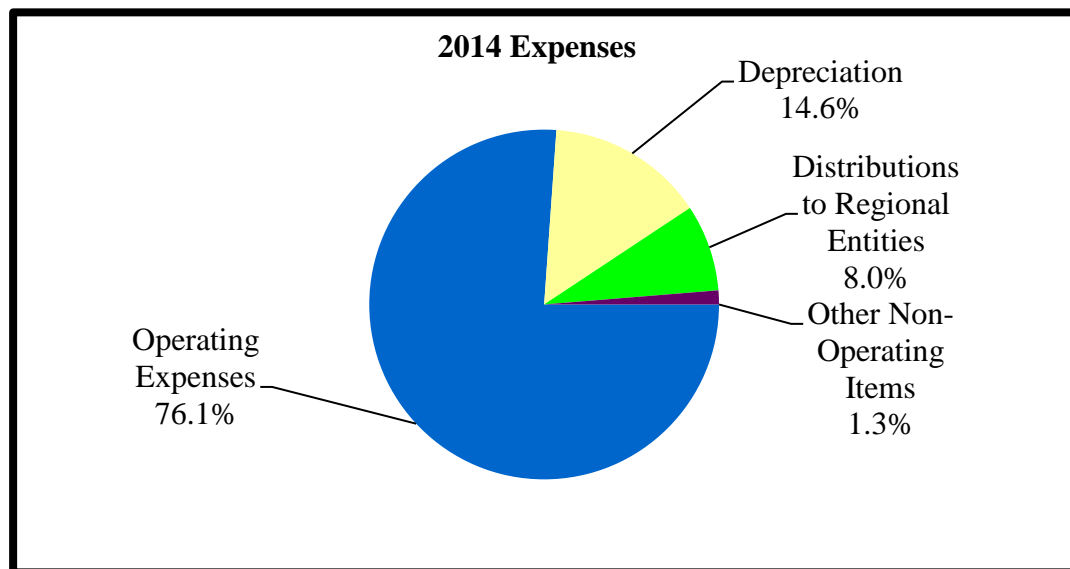
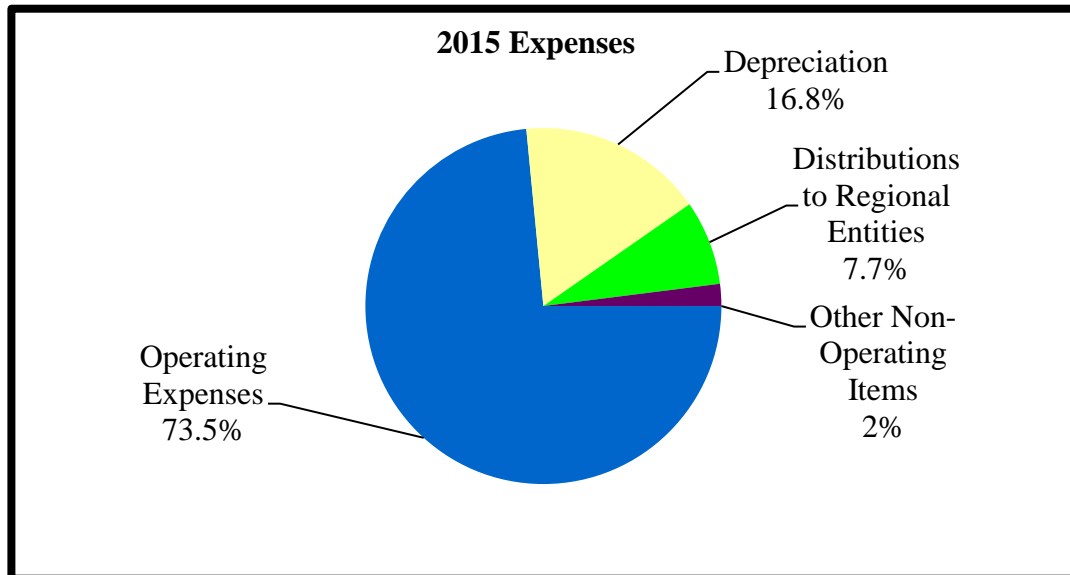
Expenses: The Authority's expenses consist of operating expenses (directly operated and purchased transportation services, maintenance, planning and program development, and general administrative costs), depreciation of capital assets, and distributions to regional entities for the Authority's street improvement program. In 2015, total expenses increased by \$3,267,151 (9%) over 2014. In 2014, total expenses increased by \$2,369,963 (7%) over 2013.



- ◆ **Operating Expenses:** The largest component of the Authority's total expenses is operating expenses. These expenses account for 73.8% and 76.1% of total expenses in 2015 and 2014, respectively.

As shown in Table 3, operating expenses increased by \$1,560,259 (5.7%) in 2015. Transportation costs which include both directly operated services and purchased transportation services increased \$41,737 (3.4%) mainly due to increased personnel costs associated with increased service improvements. Maintenance costs for facilities, directly operated revenue and support vehicles decreased by \$224,536 (3.0%) in 2015, mainly due to savings on fuel for contracted services. Costs for program development (including service development, customer service, and marketing) increased by \$253,465 (28%) with much of the cost related to maintain and enhancing the RTA website and enhanced service improvements. Administrative costs increased \$1,059,317 (17%) from 2014 mainly attributable to increased salary costs and higher employee benefit costs.

For 2014, operating expenses were 10.9% more than 2013. Transportation costs increased by \$260,157 (2.0%), attributable to personnel cost associated with increased service improvements and maintenance costs increased by \$1,242,707 (19.7%) in 2014. Costs for program development (service development, customer services, and marketing) increased by \$309,211 (40.5%) with much of the cost related to the development of new and enhanced customer programs. Administrative costs increased \$900,705 (19.5%) from 2013, primarily from higher insurance costs, several large claims and an additional employee in the MIS Department.





Depreciation: Depreciation is \$1,319,134 (25%) higher in 2015 than 2014 due to an increase in newly added capital assets in 2015. In 2014, depreciation was \$498,409 (8.6%) lower than 2013 due to the reduction of vehicles in 2014.

Distributions to Regional Entities: The Authority, through collaborative efforts with the regional member government entities, maintains a street improvement program for the purpose of constructing, rebuilding and rehabilitating streets within its service region. These projects represent a major investment in enhancing mobility, reducing congestion and improving the overall service area. The streets are not the property of the Authority and, thus, the expenditures are reported as non-operating expenses in the Authority's financial statements. The level of funding is determined annually based on budgeted sales tax revenues and other factors. In 2015, these costs increased \$108,106 (3.7%) from 2014 due to an increase in sales tax. Likewise, in 2014, the costs of the program increased \$306,693 (11.8%) from 2013 due to an increase in sales tax collections.

Fiduciary Funds:

Following the government-wide basic financial statements are similar financial statements for the Authority's two fiduciary funds. These statements provide financial information about the Authority's defined benefit pension and defined contribution retirement plans. During 2015, wide fluctuations in the fixed income markets resulted in a \$1,851,797 (4.6%) net decrease in value of the plans' assets since the end of 2014. During 2014, steady performance in the fixed income markets resulted in a \$2,038,064 (5.38%) increase in value of the plans' assets since the end of 2013. Note 5 in the notes section provides a discussion of the administration of the plans and there are further details contained in required supplementary information and supplemental schedules contained in the financial section of this CAFR.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For 2016, operating expenses including depreciation are budgeted at \$43,966,554. This represents a 6.52% increase over the final 2015 budget. Sales tax, the Authority's largest revenue source, was budgeted at \$36,741,402, an increase of 2.5% over what was budgeted in 2015. Sales tax is expected to equal 83.5% of operating expenses in 2016 as opposed to 100.4% in the 2015 budget.

Similar to the 2015 budget, the 2016 budget is formulated in the expectation that the Eagle Ford Shale will continue expansion of operations resulting in an increase in sales tax revenue that will cover inflationary pressures on expenses. Though CCRTA has experienced substantial increases in sales tax collections as a result of the Eagle Ford Shale boom, for 2016, sales tax revenues were increased by a conservative 2.5%. Fare revenues are budgeted at a moderate 4% increase, while one source of revenue, the Harbor Ferry service, was suspended for 2016 until it is determined whether to continue the service.

Due to an economic downturn in the first quarter of 2016, sales tax revenue is down 8% from year-to-date budget estimates, and 5.7% down from 2015 collections, comparatively. This revenue will be monitored closely throughout 2016.

Other assumptions in the 2016 budget include the continuation of improvements to our services which experienced major service enhancements in 2015 to provide more direct service and more frequent and faster service. In 2016, enhanced passenger amenities will be a focus, and the Authority will continue the CNG conversion of the fleet. The current fare structures will be maintained, pension costs are projected to increase by 14.7% and a continued growth of health care costs is expected. A 5% step increase for bus operators and a 2% COLA increase for employees not eligible for the 5% step increase will be provided to all employees. A COLA increase of up to 3% will be offered to Retirees for the first time in 2016. The budget also includes funding for increased technological enhancements and preventive maintenance, which is available through federal grants.

Passenger fare revenues were 3.1% lower for the first quarter of 2016, than for the same period in 2015. With lower gas prices, some of our riders are able to utilize alternative transportation. Operating expenses for the first quarter of 2016 are 8.8% under budget and 3.4% under expenses for the first quarter of 2015. Some of these variances are due to timing differences in postings, vacant positions, and lower than anticipated costs for fuel.

Several significant capital projects are planned for 2016. The cost will be funded with a combination of FTA and other federal grants and local funds. The projects include:

- ◆ Continuation of construction of the Customer Service Center adjoining the Staples Street Transfer Station in downtown Corpus Christi, with completion date of May 2016.
- ◆ ADA Improvements, Shelters & Facilities throughout the system
- ◆ Improvements and amenities to Bus Stops

During 2016, the Authority is continuing to carefully assess factors in the local economy and ways to increase revenues or decrease costs in order to live within the means available. The Authority also continues to look for ways to partner with others to enhance the local economy and transportation options.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for those with an interest in its finances. Questions concerning any of the information in this report or requests for additional information should be addressed to Open Records Request, Attn: Victoria Reyes, Corpus Christi Regional Transportation Authority, 602 N Staples St, Corpus Christi, Texas 78401-2802, (361) 289-2712. The Comprehensive Annual Financial Report will also be posted on the Authority's website: www.ccrta.org



Corpus Christi Regional Transportation Authority
 Fiscal 2015 Comprehensive Annual Financial Report
 Financial Section | Basic Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

Statement of Net Position

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 2)	\$ 12,364,605	\$ 18,404,444
Investments (Note 2)	10,929,003	16,982,955
Receivables:		
Sales and Use Taxes	5,761,555	6,342,102
Accrued Interest	53,448	67,053
Federal Government	8,095,916	422,836
Other	226,356	385,245
Inventories	576,228	654,726
Prepaid Expenses	179,745	140,291
Total Current Assets	<u>38,186,856</u>	<u>43,399,652</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents (Note 2)	11,015,610	9,094,640
Restricted Investments (Note 2)	-	10,784,971
Net Pension Asset (Note 5)	-	908,062
Capital Assets (Note 3):		
Land	3,658,054	3,658,054
Buildings	18,363,541	18,363,541
Transit Stations, Stops and Pads	25,595,487	24,462,906
Other Improvements	4,656,155	3,957,438
Vehicles and Equipment	61,205,177	46,119,307
Construction in Progress	23,977,972	11,926,400
Total Capital Assets	137,456,386	108,487,646
Less: Accumulated Depreciation	(59,047,887)	(56,088,557)
Net Capital Assets	78,408,499	52,399,089
Total Non-Current Assets	<u>89,424,109</u>	<u>73,186,762</u>
TOTAL ASSETS	<u>127,610,965</u>	<u>116,586,414</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pensions (Note 5)	2,147,797	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>129,758,762</u>	<u>116,586,414</u>
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts Payable	3,890,382	6,663,893
Contractors Retainage Payable	911,034	242,732
Current Portion of Long-Term Liabilities (Note 4):		
Long-Term Debt	540,000	535,000
Compensated Absences	234,460	227,838
Distributions to Regional Entities Payable	2,291,546	3,399,150
Other Accrued Liabilities	438,674	560,821
Total Current Liabilities	<u>8,306,096</u>	<u>11,629,434</u>
Non-Current Liabilities:		
Long-Term Liabilities, Net of Current Portion (Note 4):		
Long-Term Debt	20,375,000	20,915,000
Compensated Absences	173,589	109,359
Net Pension Liability (Note 5)	732,975	-
Net OPEB Obligation (Note 6)	483,688	518,327
Total Non-Current Liabilities	<u>21,765,252</u>	<u>21,542,686</u>
TOTAL LIABILITIES	<u>30,071,348</u>	<u>33,172,120</u>
Net Position:		
Net Invested in Capital Assets	66,897,807	49,217,398
Restricted for Debt Service	1,611,302	1,611,302
Unrestricted	31,178,305	32,585,594
TOTAL NET POSITION	<u>\$ 99,687,414</u>	<u>\$ 83,414,294</u>

See Notes to Financial Statements



Corpus Christi Regional Transportation Authority
 Fiscal 2015 Comprehensive Annual Financial Report
 Financial Section | Basic Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues:		
Passenger Service	\$ 1,853,246	\$ 1,844,604
Bus Advertising	106,055	134,409
Other Operating Revenues	324,346	200,783
Total Operating Revenues	<u>2,283,647</u>	<u>2,179,796</u>
Operating Expenses:		
Transportation	6,767,549	6,264,717
Customer Programs	222,913	219,529
Purchased Transportation	6,080,753	6,166,212
Service Development	504,545	214,279
MIS	520,827	466,187
Vehicle Maintenance	5,605,328	6,035,530
Facilities Maintenance	1,583,046	1,382,143
Materials Management	132,309	127,546
Administrative and General	7,276,918	6,217,601
Marketing & Communications	419,240	459,425
Depreciation	6,592,946	5,273,812
Total Operating Expenses	<u>35,706,374</u>	<u>32,826,981</u>
Operating Loss	(33,422,727)	(30,647,185)
Non-Operating Revenues (Expenses):		
Sales and Use Tax Revenue	34,127,803	35,188,390
Federal and Other Grant Assistance	2,512,070	125,900
Investment Income	125,143	110,052
Gain (Loss) on Disposition of Property	(32,819)	46,519
Subrecipient Programs	(293,159)	-
Interest Expense and Fiscal Charges	(455,196)	(468,703)
Distributions to Regional Entities	(3,008,433)	(2,900,327)
Net Non-Operating Revenues (Expenses)	<u>32,975,409</u>	<u>32,101,831</u>
Net Income (Loss) Before Capital Grants & Donations	(447,318)	1,454,646
Capital Grants & Donations	<u>15,849,835</u>	<u>4,492,602</u>
Change in Net Position	15,402,517	5,947,248
Total Net Position, Beginning of Year	83,414,294	77,467,046
Cumulative Effect of Change in Accounting Principle (Note 1)	870,603	-
Total Net Position, Beginning of Year, as Restated	<u>84,284,897</u>	<u>77,467,046</u>
Net Position, End of Year	<u>\$ 99,687,414</u>	<u>\$ 83,414,294</u>

See Notes to Financial Statements



CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

Statement of Cash Flows

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 1,864,333	\$ 1,854,150
Cash Received from Bus Advertising and Other Ancillary	589,290	17,901
Cash Payments to Suppliers for Goods and Services	(17,929,751)	(10,975,604)
Cash Payments to Employees for Services	(10,647,439)	(9,631,816)
Cash Payments for Employee Benefits	(2,381,180)	(3,927,204)
Net Cash Used for Operating Activities	<u>(28,504,747)</u>	<u>(22,662,573)</u>
Cash Flows from Non-Capital Financing Activities:		
Sales and Use Taxes Received	34,708,350	34,847,339
Grants and Other Reimbursements	2,512,070	125,900
Distributions to Subrecipient Programs	(293,159)	-
Distributions to Region Entities	(4,116,037)	(2,724,074)
Net Cash Provided by Non-Capital Financing Activities	<u>32,811,224</u>	<u>32,249,165</u>
Cash Flows from Capital and Related Financing Activities:		
Federal and Other Grant Assistance	8,176,755	4,644,234
Proceeds/Loss from Sale of Capital Assets	74,535	46,519
Proceeds from Bonds	-	-
Repayment of Long-Term Debt	(535,000)	(575,000)
Interest and Fiscal Charges	(474,567)	(431,529)
Purchase and Construction of Capital Assets	(32,644,740)	(7,178,953)
Net Cash Used for Capital and Related Financing Activities	<u>(25,403,017)</u>	<u>(3,494,729)</u>
Cash Flows from Investing Activities:		
Investment Income	215,296	82,348
Purchases of Investments	(8,965,625)	(27,632,664)
Maturities and Redemptions of Investments	25,728,000	17,520,235
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>16,977,671</u>	<u>(10,030,081)</u>
Net Decrease in Cash and Cash Equivalents	(4,118,869)	(3,938,218)
Cash and Cash Equivalents (Including Restricted Accounts, January 1)	<u>27,499,084</u>	<u>31,437,302</u>
Cash and Cash Equivalents (Including Restricted Accounts), December 31	<u>\$ 23,380,215</u>	<u>\$ 27,499,084</u>



Corpus Christi Regional Transportation Authority
Fiscal 2015 Comprehensive Annual Financial Report
Financial Section | Basic Financial Statements

	<u>2015</u>	<u>2014</u>
Reconciliation of Operating Loss to Net Cash		
Used by Operating Activities:		
Operating Loss	\$ (33,422,727)	\$ (30,647,185)
Adjustments to Reconcile Operating Loss to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	6,592,946	5,273,812
Changes in Assets, Deferred Outflows of Resources, and Liabilities:		
Other Receivables	158,891	(317,291)
Inventories	78,499	3,488
Prepaid Expenses	(39,453)	(3,667)
Deferred Outflow of Resources	(969,299)	-
Accounts Payable and Accrued Liabilities	(903,604)	3,028,270
Net Cash Used for Operating Activities	<u>\$ (28,504,747)</u>	<u>\$ (22,662,573)</u>
Non-Cash Investing, Capital and Financing Activities:		
Premiums/Discounts on Investments	\$ 76,548	\$ (27,891)
Acquisition of Assets Accrued But Not Paid	(64,983)	(2,438,691)
Change in:		
Interest Receivable	(13,605)	(187)
Sales and Use Tax Receivable	(580,547)	341,051
Receivable from Federal Government	7,673,080	(151,632)
Distribution to Regional Entities Payable	(1,107,604)	176,253
Retainage Payable	668,302	51,766
Accrued Interest Payable	(19,371)	37,174

See Notes to Financial Statements



CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Statement of Net Position
December 31, 2015 and 2014

	<u>2015</u>		<u>2014</u>
ASSETS			
Investments (Note 2)			
Money Market Funds	\$ 1,611,952	\$	1,432,682
Debt Mutual Funds	2,939,915		11,714,935
Equity Mutual Funds	<u>33,491,037</u>		<u>26,746,217</u>
TOTAL ASSETS	<u>38,042,904</u>		<u>39,893,834</u>
LIABILITIES			
	<u>-</u>		<u>-</u>
NET POSITION			
Restricted For Pension Benefits	\$ <u>38,042,904</u>	\$	<u>39,893,834</u>

See Notes to Financial Statements



CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Statement of Changes in Net Position
Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Additions:		
Investment Income (Loss)	\$ (421,639)	\$ 2,105,027
Employee Contributions	888,815	827,753
Employer Contributions (Note 5)	<u>985,175</u>	<u>1,178,498</u>
<i>Total Additions</i>	<u>1,452,351</u>	<u>4,111,278</u>
Deductions:		
Benefits Paid	3,185,750	1,960,395
Administrative Expenses	<u>117,531</u>	<u>112,819</u>
<i>Total Deductions</i>	<u>3,303,281</u>	<u>2,073,214</u>
Increase/(Decrease) in Net Position	(1,850,930)	2,038,064
Net Position, January 1	<u>39,893,834</u>	<u>37,855,770</u>
Net Position, December 31	<u>\$ 38,042,904</u>	<u>\$ 39,893,834</u>

See Notes to Financial Statements



(1) **Summary of Significant Accounting Policies**

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to the accounting principles generally accepted in the United States of America (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The Corpus Christi Regional Transportation Authority (Authority) was established by referendum on August 10, 1985, as a political subdivision of the State of Texas, to develop, maintain and operate a public mass transportation system, principally within Nueces County, Texas and certain neighboring communities. The Authority commenced operations on January 1, 1986.

Under state law, the Authority is authorized to levy ½-cent sales and use tax for transit purposes, including both capital improvement and operating expenses. The Authority is not authorized to levy property taxes. The Authority may issue bonds backed by operating revenues. Subject to referendum, the Authority may also issue bonds backed by sales taxes. The Authority is not subject to federal income taxes.

Reporting Entity: “The Financial Reporting Entity,” as defined in Section 2100 of GASB Codification of Governmental Accounting and Financial Reporting Standards, is comprised of the primary government and its component units. The primary government includes all departments and operations of the Authority that are not legally separate organizations. Component units are legally separate organizations that are fiscally dependent on the Authority or for which the Authority is financially accountable. An organization is fiscally dependent if it must receive the Authority’s approval for its budget, the levying of taxes or the issuance of debt. The Authority is financially responsible for an organization if it appoints a majority of the organization’s board and either (a) has the ability to impose its will on the organization or (b) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the Authority. The reporting entity of the Authority consists only of the primary government. There are no component units. The Authority is not included as part of another governmental reporting entity.

Measurement Focus, Basis of Accounting and Financial Statements: The accounts of the Authority are organized as a proprietary fund. Proprietary funds account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent is that costs of providing services to the general public on a continuing basis are financed or recovered through user charges. The Authority’s accounts are used for all Authority assets, liabilities, equities, revenues and expenses and are maintained on the accrual basis of accounting. Revenues from operations, investments and other sources are recorded when earned and expenses, including depreciation and amortization, of providing services to the public are accrued when incurred.



Operating revenues include charges for transportation services and related ancillary revenues. Operating expenses include costs of operating the Authority, including fixed route, purchased services, service planning, customer service, vehicle and facilities maintenance and administrative functions. All revenues and expenses that do not meet these definitions are classified as non-operating.

Non-operating revenues are non-exchange transactions, in which the Authority receives value without directly giving something of equal value in return, including sales taxes and grants. Sales tax is recognized when the taxable sales occur. Grants are recognized on a reimbursement basis when all grant requirements have been satisfied.

Budget: State law requires that an annual operating budget be adopted prior to the commencement of a fiscal year. Before the budget is adopted, the Authority's Board of Directors is required to conduct a public hearing and the proposed budget must be made available to the public at least 14 days prior to the hearing. The Authority may not incur operating expenses in excess of the total budgeted operating expenses unless the Board amends the budget by order after public notice and hearing. Monthly budget reports are prepared for budgetary control purposes.

Fiduciary Funds: Fiduciary funds are used to account for pension activities for which the Authority is financially accountable. Since these assets are being held for the benefit of other parties and cannot be used to finance the activities of the Authority, they are separately presented funds.

Cash and Cash Equivalents: The Authority considers all cash on hand, demand deposits and short-term investments with original maturities of less than 90 days to be cash and cash equivalents.

Investments: The Authority's investments are stated at fair value, except for money market funds and investments with a remaining maturity of one year or less when purchased and non-participating interest earning investment contracts, which are carried at cost. Fair value fluctuates with interest rates and increasing rates may cause the fair value to decline below cost. The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments. Net change in the fair value of investments is recognized and reported as investment income in the financial statements. The Authority's investment policy focuses on strategies that attain preservation of principal primarily and maximizing earnings secondarily.

Receivables: Receivables generally consist of amounts due from customers, grantor agencies, cost-sharing agreements, employees, warranties and similar activities.

Inventories and Prepaid Items: Parts inventories are stated at average cost. Fuel inventories are carried at cost using the first-in, first-out method. In accordance with industry practice, all inventories are classified as current assets regardless of whether the inventory will be utilized within one year.



Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets: The Authority defines capital assets as items with initial cost of at least \$5,000 for all items and an estimated life of at least two years. Capital assets, which include property, facilities, and equipment, are stated at historical cost. Donated assets are recorded at estimated market value as of the date of donation. Leasehold improvements are amortized over the shorter of the lease term or lives of related improvements. All costs of normal maintenance and repairs are expensed to operations as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Standard useful life estimates by asset types are as follows:

Asset Type	Years
Buildings	20-30
Transit Stations and Bus Pads	2-15
Improvements other than buildings	2-5
Building Equipment	2-12
Vehicles	3-12
Furniture & Equipment	2-12
Systems	2-5
Leasehold improvements	2-5

Upon disposal, the costs of assets, including accumulated depreciation, are removed with the resulting gain or loss being reflected as a non-operating revenue/expense in the statement of revenues, expenses, and changes in net position. A portion of the proceeds from sale of property and equipment acquired with federal grants must be remitted to the granting federal agency under certain circumstances.

Compensated Absences: Employees of the Authority are compensated for personal, holiday, and health leave and other qualifying absences. The number of days compensated for these absences is based generally on length of service. It is the Authority’s policy to permit employees to accumulate earned but unused personal leave. The amount of unused time that can be carried over to the next year is limited to 80 hours. Sick leave can be carried over indefinitely and up to 240 hours paid out if the employee retires from the Authority. Compensated absences are reflected in the financial statements when earned and available to the employee.

Deferred Outflows: Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenses) until that time. Deferred outflows related to pensions consist of amounts paid into the retirement system after the prescribed measurement date, the net difference between projected and actual earnings and the difference between actual and expected experience.

Pension Plans: It is the Authority’s policy to fund pension costs annually. For purposes of measuring the net pension asset, deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority’s



Defined Benefit and Defined Contributions Plan (Plans) and additions to/deductions from the Authority’s plans fiduciary net position have been determined on the same basis as they are reported by plans. For this purpose benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For more information on the Authority’s pension plans, see Note 5 of the Notes and Financial Statements.

Estimates: Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Recent Accounting Pronouncements: GASB 68, *Accounting and Financial Reporting for Pensions; an amendment for GASB Statement No. 27* – revises and establishes new financial reporting requirements for most state and local governments that provide their employees with pension benefits. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB 68 was implemented in the year ended December 31, 2015.

GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – amends GASB Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the net beginning net pension liability. The provisions of GASB 71 are required to be applied simultaneously with the provisions of GASB 68. GASB 68, as amended by GASB 71, was implemented in the year ended December 31, 2015.

Prior Period Restatements: As a result of implementing GASB Statement 68, as amended by GASB Statement 71, net position was restated at January 1, 2015 to record the Authority’s net pension liability. The effect of the change was to reduce beginning net position by the following amounts at January 1, 2015:

Beginning net position	\$	83,414,294
Prior Period adjustment-implementation of GASB 68:		
Net pension asset (measurement date of December 31, 2014)		600,167
Net pension asset previously recorded at December 31, 2014		(908,062)
Deferred outflows-contributions made by the Authority		
during the year ended December 31, 2014		1,178,498
Beginning net position as restated	\$	<u><u>84,284,897</u></u>



Future Accounting Pronouncements: GASB 72 – *Fair Value Measurement and Application*-addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The requirements of this statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement will also enhance the fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government’s financial position. GASB 72 is effective for financial statements for fiscal years beginning after June 15, 2015. The Authority will implement this statement in fiscal year 2016.

(2) Deposits and Investments

As of December 31, 2015 and 2014, the Authority had the following cash and investments

<u>Deposits and Investments by Type</u>	<u>2015</u>			<u>2014</u>		
	<u>Enterprise Fund</u>	<u>Fiduciary Funds</u>	<u>Weighted Average</u>	<u>Enterprise Fund</u>	<u>Fiduciary Funds</u>	<u>Weighted Average</u>
	<u>Fair Value</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Fair Value</u>	<u>Maturity</u>
Demand Deposits	\$ 12,086,139		1	\$ 16,223,759		1
Government Agencies	-		0	10,180,572		105
Government Treasury	4,999,548		322	909,557		134
Municipal Obligations	1,000,000		74	7,003,257		241
Certificates of Deposit	4,914,857		123	9,658,497		385
Money Market Funds	11,294,076	1,611,952	1	11,275,325	1,432,682	1
Debt Mutual Funds		2,939,915	1		11,714,935	1
Equity Mutual Funds		33,491,037	1		26,746,217	1
Total	34,294,621	38,042,904		55,250,967	39,893,834	
Included In Cash and Cash Equivalents	(23,380,215)	(1,611,952)		(27,499,084)	(1,432,682)	
Equity in Investments	\$ <u>10,914,406</u>	<u>36,042,904</u>		\$ <u>27,751,883</u>	<u>38,461,152</u>	

The Carrying Value of the Enterprise Fund Equity in Investments was \$10,929,003 and \$27,767,926 at December 31, 2015 and 2014, respectively.

The Authority’s deposits and investments are subject to various types of risks. The following disclosures are for the purpose of assessing the types of risks involved.



Interest Rate Risk: This is the risk that changes in the interest rates will negatively impact the fair value of the Authority's investments. As market interest rates rise, the fair value of an investment held decreases. By policy, the Authority's strategy for managing this risk is to limit the weighted average maturity for the portfolio to one year. The maximum maturity for any one investment is three years.

For the Enterprise Fund as of December 31, 2015,

- no holding in the portfolio had a maturity date beyond 322 days,
- holdings maturing beyond six months represented 1.90% of the total portfolio,
- the dollar weighted average maturity of the portfolio was 74 days.

For the Enterprise Fund as of December 31, 2014,

- no holding in the portfolio had a maturity date beyond 385 days,
- holdings maturing beyond six months represented 7.70% of the total portfolio,
- the dollar weighted average maturity of the portfolio was 98 days.

Credit Risk - Investments: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the Authority. The primary stated objective of the Authority's adopted Investment Policy is the safety of principal and the avoidance of principal loss. Credit risk within the Authority's portfolio among the authorized investments in the Policy is represented in time and demand deposits, repurchase agreements, state and local government obligations, local government pools, banker's acceptances, commercial paper and non-rated SEC registered money market mutual funds. All other investments are rated AAA, or equivalent, by at least one nationally recognized rating organization (NRSRO).

Certificates of deposit are limited to a stated maturity of two years and FDIC insurance is required. Brokered certificates of deposit must be FDIC insured and delivered versus payment to the Authority's depository. Maximum maturity is two years with 102% collateralization required. FDIC insurance must be verified before purchase and monitored thereafter. All investments requiring a rating must be monitored on an ongoing basis.

Concentration of Credit Risk: This is the risk of investing predominantly in any one type of investment or entity. The Authority recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The Authority's adopted investment policy establishes diversification as a major objective of the investment program and sets diversification limits for all authorized investment types which are monitored on a monthly basis. As of December 31, 2015 and 2014 the limits on the various types of authorized investments as a percent of the portfolio were:



<u>Investment Type</u>	<u>Allowable</u>	<u>Actual as of 12/31/2015</u>	<u>Actual as of 12/31/2014</u>
US Treasury Obligations	80.00%	16.17%	1.65%
US Agencies/Instrumentalities	80.00%	0.00%	18.43%
State Government Obligations	35.00%	0.00%	0.00%
Local Government Obligations	35.00%	3.24%	12.67%
Certificates of Deposit (Depository)	50.00%	15.90%	17.48%
Brokered Certificates of Deposit	30.00%	0.00%	0.00%
Repurchase Agreements	50.00%	0.00%	0.00%
Flex in CIP Funds	100.00%	0.00%	0.00%
Local Government Investment Pools	80.00%	0.00%	0.00%
Money Market Funds / Demand Deposits	100.00%	64.69%	49.77%
Commercial Paper	25.00%	0.00%	0.00%
Bankers Acceptances	20.00%	0.00%	0.00%

Custodial Credit Risk – Deposits and Investments: For deposits, this is the risk that if a bank fails, the Authority may not recover its deposits. The Authority contractually requires that all demand deposits held in the bank overnight and repurchase agreements be fully insured or collateralized at 102% under a written agreement. Collateral is held in safekeeping by an independent third party. At December 31, 2015 and 2014 bank funds on deposit in excess of FDIC insurance were collateralized at more than 102%.

For investments, this is the risk that if counterparty fails, the Authority may not recover the value of its investments held by an outside party. The Authority requires that all securities must be cleared on a delivery versus payment (DVP) basis and Authority ownership documented by original clearing confirmations and safekeeping receipts. At December 31, 2015 and 2014, all Authority’s securities were handled in this manner.

Fiduciary Funds: Funds in the Authority’s Defined Benefit and Defined Contribution plans are invested through trust plans managed by Wells Fargo. These funds are invested under separate investment policies which allow for investments in money market accounts, mutual funds, stocks and bonds. Through adherence to the plans’ investment policies, management attempts to limit or mitigate certain risks. The Authority is responsible for the Plans’ assets.

Defined Benefit Plan: The primary investment objective is to earn a rate of return sufficient to match or exceed the long-term growth of the Plan’s liabilities through a combination of income and capital appreciation in a manner consistent with the fiduciary standards of ERISA and with sound investment practices. Assets are invested to minimize the chance of suffering market value losses. Assets are diversified into different styles with a prudent number of individual issues within each style to mitigate concentration risk.



Defined Contribution Plan: The overall objective is to enable eligible employees to save for retirement by providing a tax-deferred savings plan and offering enough funds from distinct asset classes to accommodate a broad range of individual investment goals. The Plan provides multiple investment alternatives, each with different risk and return characteristics, so that each participant can choose the potential return and risk levels as well as attain diversification among the alternatives. The Authority employs certain qualitative and quantitative measures to evaluate potential investment alternatives.

(3) Capital Assets

The Authority's capital assets represent investments in land, buildings, transit stations, infrastructure improvements, bus stops, street pads, bus turn-ins, motor coaches, trolleys, paratransit vehicles, sedans, vans, cars and trucks, garage equipment, facilities maintenance equipment, office equipment and information technology needed to conduct the Authority's operations.

Capital asset activities for the year ended December 31, 2015 is as follows:

	Balance at 12/31/2014	Additions / Transfers	Retirements	Balance at 12/31/2015
Assets Not Being Depreciated:				
Land	\$ 3,658,054	-	-	3,658,054
Construction in Progress	11,926,400	12,051,572	-	23,977,972
	<u>15,584,454</u>	<u>12,051,572</u>		<u>26,636,026</u>
Assets Being Depreciated:				
Buildings	18,363,541	-	-	18,363,541
Transit Stations, Bus Stops, Street Pads & Other Improvements	24,462,906	1,132,581	-	25,595,487
Improvements other than Buildings	3,957,438	698,717	-	4,656,155
Vehicles, Furniture and Equipment	46,119,307	18,794,021	(3,708,151)	61,205,177
	<u>92,903,192</u>	<u>20,625,319</u>	<u>(3,708,151)</u>	<u>109,820,360</u>
Total Capital Assets	<u>108,487,646</u>	<u>32,676,891</u>	<u>(3,708,151)</u>	<u>137,456,386</u>
Less: Accumulated Depreciation:				
Buildings	10,157,157	606,652		10,763,809
Transit Stations, Bus Stops, Street Pads & Other Imp. Improvements other than Buildings	17,613,646	1,201,980	-	18,815,626
Vehicles, Furniture and Equipment	1,948,266	276,717		2,224,983
	<u>26,369,488</u>	<u>4,507,597</u>	<u>(3,633,616)</u>	<u>27,243,469</u>
Total Accumulated Depreciation	<u>56,088,557</u>	<u>6,592,946</u>	<u>(3,633,616)</u>	<u>59,047,887</u>
Total Capital Assets, Net	<u>\$ 52,399,089</u>	<u>26,083,945</u>	<u>(74,535)</u>	<u>78,408,499</u>



Capital asset activities for the year ended December 31, 2014 is as follows:

	Balance at 12/31/2013	Additions / Transfers	Retirements	Balance at 12/31/2014
Assets Not Being Depreciated:				
Land	\$ 3,658,054	-	-	3,658,054
Construction in Progress	3,315,735	8,610,665		11,926,400
	<u>6,973,789</u>	<u>8,610,665</u>	<u>-</u>	<u>15,584,454</u>
Assets Being Depreciated:				
Buildings	17,777,762	585,779	-	18,363,541
Transit Stations, Bus Stops, Street Pads & Other Improvements	24,462,906	-	-	24,462,906
Improvements other than Buildings	3,957,438	-	-	3,957,438
Vehicles, Furniture and Equipment	47,063,619	472,970	(1,417,282)	46,119,307
	<u>93,261,725</u>	<u>1,058,749</u>	<u>(1,417,282)</u>	<u>92,903,192</u>
Total Capital Assets	100,235,514	9,669,414	(1,417,282)	108,487,646
Less: Accumulated Depreciation:				
Buildings	9,523,622	633,535	-	10,157,157
Transit Stations, Bus Stops, Street Pads & Other Improvements	16,459,806	1,153,840	-	17,613,646
Improvements other than Buildings	1,844,511	103,755	-	1,948,266
Vehicles, Furniture and Equipment	24,404,084	3,382,686	(1,417,282)	26,369,488
Total Accumulated Depreciation	52,232,023	5,273,816	(1,417,282)	56,088,557
Total Capital Assets, Net	\$ 48,003,491	4,395,598	-	52,399,089

(4) **Long – Term Liabilities**

Changes in Long-Term Liabilities

2015	1/1/2015	Additions	Retirements	12/31/2015	Due Within One Year
Revenue Bonds	\$ 21,450,000	-	535,000	20,915,000	540,000
Net Pension Liability	-	2,072,706	1,339,731	732,975	-
Net OPEB Obligations	518,327	118,504	153,143	483,688	-
Compensated Absences	337,197	457,447	386,594	408,050	234,460
Total Long Term Liabilities	\$ 22,305,524	2,648,657	2,414,468	22,539,713	774,460

Note: The additions are net of prior period adjustment of \$600,167.

2014	1/1/2014	Additions	Retirements	12/31/2014	Due Within One Year
Revenue Bonds	\$ 22,025,000	-	575,000	21,450,000	535,000
Net OPEB Obligations	487,163	121,654	90,490	518,327	-
Compensated Absences	316,841	352,185	331,829	337,197	227,838
Total Long Term Liabilities	\$ 22,829,004	473,839	997,319	22,305,524	762,838

Long-Term Debt:

On November 20, 2013, the Authority issued revenue bonds, Series 2013 (AMT) in the amount of \$11,525,000, with proceeds from the sale to be used for (1) renovation of the existing Staples Street bus transfer station; (2) construct and equip a portion of a new multi-use building adjacent to the Staples Street bus transfer station; (3) construct a new parking lot to serve the Staples Street bus transfer station and the multi-use building, and (4) pay the costs of issuing the Tax-Exempt Bonds. The Authority also issued revenue bonds, Taxable Series 2013 in the amount of \$10,500,000 on November 20, 2013, with the proceeds from the sale to be used to (1) construct and equip a portion of a new multi-use building adjacent to the Staples Street bus transfer station and (2) pay the costs of issuing the Taxable Bonds. Both issues were capital related debt.

These bonds are first lien revenue bonds, and will be repaid from the pledged revenues of the Authority. Pledged revenues, as defined by the bond resolution include the net operating revenues, plus any additional revenues, income, receipts, or other revenues which are pledged by the Issuer.

Unspent proceeds for the bonds at December 31, 2015 and 2014 were \$ 9,404,308 and \$18,268,309, respectively.

Total interest cost for period ending December 31, 2015 was \$1,112,289 of which \$657,893 was capitalized. Total interest cost for period ending December 31, 2014 was \$991,610 of which \$552,907 was capitalized.



Total debt service requirements as of December 31, 2015 are as follows:

\$11,525,000 Series 2013 (AMT Bonds)			
Years Ending December 31,	Principal	Interest	Total Requirements
2016	\$ 285,000	\$ 528,223	\$ 813,223
2017	295,000	516,823	811,823
2018	310,000	505,023	815,023
2019	320,000	492,623	812,623
2020	335,000	479,823	814,823
2021-2025	1,870,000	2,206,206	4,076,206
2026-2030	2,340,000	1,730,881	4,070,881
2031-2035	2,985,000	1,081,413	4,066,413
2036-2038	2,205,000	241,337	2,446,337
	<u>\$ 10,945,000</u>	<u>\$ 7,782,352</u>	<u>\$ 18,727,352</u>

\$10,500,000 Series 2013, Taxable Bonds			
Years Ending December 31,	Principal	Interest	Total Requirements
2016	\$ 255,000	\$ 536,023	\$ 791,023
2017	260,000	531,203	791,203
2018	265,000	524,885	789,885
2019	275,000	517,147	792,147
2020	285,000	507,742	792,742
2021-2025	1,620,000	2,340,244	3,960,244
2026-2030	2,105,000	1,859,805	3,964,805
2031-2035	2,790,000	1,167,446	3,957,446
2035-2038	2,115,000	262,910	2,377,910
	<u>\$ 9,970,000</u>	<u>\$ 8,247,405</u>	<u>\$ 18,217,405</u>

Compensated Absences:

Authority employees are allowed to carry a maximum of 80 hours of accrued but unused personal leave as of December 31 into the next year. Unused personal leave in excess of 80 hours is forfeited. Sick leave can be carried over indefinitely and up to 240 hours can be paid to an employee retiring from the RTA.



(5) **Retirement Plans**

Defined Benefit Plan

For the year ended December 31, 2015, the Authority has implemented the provisions of GASB Statement 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and pension expense. The implementation is based on the actuarial date of December 31, 2014 and measurement date of December 31, 2014.

Plan Description: The *RTA Employees Defined Benefit Plan and Trust* (DB Plan) is a single-employer defined benefit pension plan administered by the Authority and established upon the applicable sections of the Internal Revenue Code. The Authority Board may periodically amend the DB Plan document. The current plan provisions were established by a plan and trust agreement adopted by the Board of Directors in July 1986, and amended in July 1994, February 2002, November 2010, December 2011, December 2012 and December 2014.

Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The DB Plan assets are maintained under a trust agreement with Wells Fargo Bank (Trustee). The trustee carries out an investment policy established by the Authority Board consistent with purposes of the plan and all applicable laws. Administration costs are paid by the plan.

All full time employees are included in the plan. Vesting begins at three years of service with full vesting at seven years. Employees who retire on or after age 62 are entitled to an annual retirement benefit equal to 2% of average compensation for the final three consecutive years of employment times their number of years of service for the Authority. Reduced retirement benefits are available at age 55 with ten years of service. In December 2014, the plan was amended to allow those eligible for early retirement during a specified window without incurring the normal reduction in benefits. The plan is not indexed for inflation. As of January 1, 2015 there were 525 participants in this plan as follows:

Retirees and beneficiaries currently receiving benefits	129
Terminated and entitled to, but not yet receiving benefits	164
Active employees	<u>232</u>
Total Participants	<u>525</u>

Funding Policy: The Authority is the only source of contributions which are determined annually based on actuarial studies as of the valuation date. The contributions consist of a normal annual pension cost and amortization of any unfunded actuarial accrued liability (UAAL). The actuarially determined rate for contributions as a percent of covered payroll for 2015 and 2014, respectively, was 11.2% and 9.6%.



Actuarial Assumptions: The actuarial assumptions that determined the total net pension asset as of December 31, 2014 are as follows:

<i>Valuation Date</i>	<i>January 31, 2015</i>
<i>Actuarial Cost Method</i>	<i>Entry-Age Normal Cost</i>
<i>Amortization Method</i>	<i>Level dollar amount over 15 years from January 1, 2009 (9 years remaining)</i>
<i>Asset Valuation Method</i>	<i>Market Value</i>
<i>Actuarial Assumptions:</i>	
<i>Investment rate of return</i>	<i>7.5%</i>
<i>Projected Salary Increase</i>	<i>3.5%</i>
<i>Mortality Rate</i>	<i>1984 Unisex Mortality Table</i>
<i>Normal Retirement</i>	<i>First of month after attaining age 62</i>

Discount Rate: The discount rate used to determine the total pension liability was 7.5%. Pursuant to Paragraph 43 of GASB No. 67, an alternative analysis is performed to compare the plan's net fiduciary position to projected benefit payments.

1. The Normal Cost represents the annual cost of benefit payments arising from future service increases for active employees.
2. The Unfunded Actuarial Accrued Liability represents the accumulated deficiency of the total cost of benefit payments which have already been earned over the current assets held by the plan's trust.
3. RTA's contribution policy is to make an annual payment equal to the Normal Cost plus the amortization payment of the Unfunded Actuarial Accrued Liability. The amortization payment is calculated as a level dollar amount over a period of 15 years from January 1, 2009.
4. A review of actual contributions over the past five years shows the RTA has made sufficient contributions to meet its funding policy.

On the basis of the above, the projected cash flows will be sufficient to provide the benefit payments to the plan participants. Thus, the Discount Rate is equal to the long-term expected rate of return of 7.5%.



Discount Rate Sensitivity Analysis: The following presents the net pension liability, calculated using a discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability	\$4,359,496	\$732,975	(\$2,566,523)

Net Pension Asset (Liability): The changes in net pension asset for the measurement date of December 31, 2014 based on the actuarial date of December 31, 2014 is reflected below:

Changes in Net Position Liability (Asset)	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Position Liability (Asset)
Balances as of December 31, 2013	\$ 29,016,953	\$ 29,617,120	\$ (600,167)
Changes for the Year:			
Service cost	695,517	--	695,517
Interest on total pension liability	2,254,995	--	2,254,995
Effect of plan change (Changes of benefit terms)	391,915	--	391,915
Difference between expected and actual experience	784,295	--	784,295
Benefit Payments	(1,248,266)	(1,248,266)	--
Contributions - employer	--	1,178,498	(1,178,498)
Net investment income	--	1,706,547	(1,706,547)
Administrative	--	(91,465)	91,465
Balances as of December 31, 2014	\$ <u>31,895,409</u>	\$ <u>31,162,434</u>	\$ <u>732,975</u>

For the year ended December 31, 2015, the Authority recognized pension expenses as follows:

Service cost	\$	695,517
Interest on total pension liability		2,254,995
Effect of plan change (Changes of benefit terms)		391,915
Administrative		91,465
Expected investment returns net of investment expenses (7.5% per Plan)		(2,424,548)
Recognition of deferred inflows/outflows of resources:		
Recognition of difference in investment gains or losses		143,600
Recognition of difference in change in experience		196,074
Pension expense	\$	<u>1,349,018</u>



For the year ended December 31, 2015, the Authority recorded deferred outflows of resources related to the pension as follows:

Difference between expected and actual experience	\$	588,221
Net difference between projected and actual earnings		574,401
Contributions made subsequent to measurement date		985,175
Deferred Outflows of Resources	\$	<u>2,147,797</u>

Amounts currently reported as deferred outflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:		
2016	\$	339,674
2017		339,674
2018		339,674
2019		143,600
Total	\$	<u>1,162,622</u>

Pension Plan Prior to Implementation of GASB 68, as amended by GASB 71: GASB Statement 68, as amended by GASB Statement 71 was implemented by the Authority for calendar year 2015. For comparative purposes, the following information is presented to reflect the pension plan information prior to the implementation of those statements.

Net Pension Asset: The following represents the components of the Annual Pension Cost (APC), contributions, interest and changes in the Net Pension Obligation (NPO) for the year ended December 31, 2014

		<u>2014</u>
Annual Required Contribution (ARC)	\$	695,517
Adjustment to ARC		61,319
Interest on Net Pension Asset		(33,935)
APC		722,901
Contribution Paid		(1,178,498)
Change in Net Pension Asset		455,597
Net Pension Asset-Beginning of Year		452,465
Net Pension Asset-End of Year		<u>908,062</u>



Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Such trend information as of January 1 for the end of the preceding fiscal years (actuarial valuation date) is as follows:

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Employer Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
2014	\$ 772,901	\$ 1,178,498	152%	\$ 908,062
2013	\$ 997,376	\$ 1,280,330	128%	\$ 452,465
2012	\$1,133,686	\$ 1,125,651	99%	\$ 169,511

Funded Status and Funding Progress: The funded status of the plan as of the most recent valuation date is as follows:

<u>January 1</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
2014	\$29,617,120	\$29,016,953	\$ (600,167)	102.1%	\$7,274,172	(8.3%)
2013	\$25,566,845	\$27,944,142	\$2,377,297	91.5%	\$7,474,445	31.8%
2012	\$21,791,159	\$25,576,425	\$3,785,266	85.2%	\$7,221,526	52.4%

A schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements, is intended to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities.

The Plan's assets are exposed to various risks such as interest rate, market, and credit risks. To meet the primary investment goal of a rate of return that will match or exceed the growth of the plan's liabilities, while limiting risk, the plan's assets are in high quality investments such as debt and equity mutual funds. The targeted mix to meet these objectives is 40% fixed income (debt) funds and 60% equity funds. At December 31, 2015, the Plan's net position was \$30,210,461, a decrease of 3.1% since December 31, 2014. As a result, the annual required contribution for 2016 is estimated to be \$951,973 in comparison to the \$983,696 required contribution for 2015.

Financial Statements: The DB Plan issues a separate stand-alone financial report which can be viewed on the CCRTA website at CCRTA.ORG, Financial Information.

Following are the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position for the years ended December 31, 2015 and 2014.



Statement of Fiduciary Net Position

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Money Market Funds	\$ 615,350	\$ 627,043
Mutual Funds - Debt	2,450,950	11,110,251
Mutual Funds - Equity	<u>27,144,161</u>	<u>19,425,140</u>
TOTAL ASSETS	<u>30,210,461</u>	<u>31,162,434</u>
LIABILITIES		
	<u>-</u>	<u>-</u>
NET POSITION		
Restricted For Pension Benefits	\$ <u>30,210,461</u>	\$ <u>31,162,434</u>

Statement of Changes in Fiduciary Net Position

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Additions:		
Investment Income/(Loss)	\$ (348,950)	1,706,633
Employer Contributions	<u>985,175</u>	<u>1,178,498</u>
Total Additions	<u>636,225</u>	<u>2,885,131</u>
Deductions:		
Benefits Paid	1,493,324	1,248,352
Administrative Expenses	<u>94,874</u>	<u>91,465</u>
Total Deductions	<u>1,588,198</u>	<u>1,339,817</u>
Increase (Decrease) in Net Position	(951,973)	1,545,314
Net Position, January 1	<u>31,162,434</u>	<u>29,617,120</u>
Net Position, December 31	<u>\$ 30,210,461</u>	<u>\$ 31,162,434</u>

Defined Contribution Plan

Plan Description: The *RTA Employees' Defined Contribution Plan* (DC Plan) covers all employees. This defined contribution plan has a plan document in compliance with the Internal Revenue Code and adopted by the Board, who may amend it.

Benefits depend on amounts contributed to the plan plus investment earnings. Employees are fully vested in their contributions. Employees direct their investments.

Funding Policy: Employees are required to contribute 7.51% of gross remuneration and may make additional contributions of up to 10%. The Authority may make



contributions, but has made none to date. Total covered payrolls were \$10,699,764 in 2015 and \$9,670,070 in 2014. Employee contributions were \$888,815 in 2015 and \$827,753 in 2014. Employees may make selections from money market, debt and equity mutual funds approved by the investment committee.

Financial Statements: The DC Plan does not issue a separate stand-alone financial report. Financial statements for the years ended 2015 and 2014 are as follows:

Statement of Fiduciary Net Position
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Money Market Funds	\$ 996,602	805,639
Mutual Funds - Debt	488,965	604,684
Mutual Funds - Equity	6,346,876	7,321,077
TOTAL ASSETS	<u>7,832,443</u>	<u>8,731,400</u>
LIABILITIES		
	<u>-</u>	<u>-</u>
NET ASSETS		
Held In Trust For Pension Benefits	\$ <u>7,832,443</u>	<u>8,731,400</u>

Statement of Changes in Fiduciary Net Position
Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Additions:		
Investment Income/(Loss)	\$ (72,689)	398,394
Employee Contributions	888,815	827,753
Total Additions	<u>816,126</u>	<u>1,226,147</u>
Deductions:		
Benefits Paid	1,692,426	712,043
Administrative Expenses	22,657	21,354
Total Deductions	<u>1,715,083</u>	<u>733,397</u>
Increase (Decrease) in Net Position	(898,957)	492,750
Net Position, January 1	<u>8,731,400</u>	<u>8,238,650</u>
Net Position, December 31	<u>\$ <u>7,832,443</u></u>	<u><u>8,731,400</u></u>



(6) Other Post-Employment Benefits (OPEB) Plan

GASB in Section P50 of the Codification of Governmental Accounting and Financial Reporting Standards established accounting standards for postretirement benefits other than pensions. This standard does not require funding of OPEB, but does require that any difference between the annual required contribution (ARC) and the amount funded during the year be recorded in the employer’s financial statements as an increase (or decrease) to the OPEB. The most recent actuarial valuation performed in accordance with the standard was dated January 1, 2016.

The 2016 valuation included changes in actuarial assumptions since the prior 2014 valuation. These changes are as follows:

- Medical Costs and Trend – The claims cost assumption was updated using the most recent experience available, and administrative fees and stop loss premiums were updated based on current rates. In setting the claims and stop loss premium assumption, the aging table from the prior actuary’s table was updated to the USI aging table. In addition, medical trend and stop loss premium trend was reset to 9% grading to 5.5% over 14 years. Previously, stop loss premiums were assumed to trend at 11% grading to 7.5% over 14 Years. These changes resulted in a 24% decrease in AAL.
- Mortality Rates – The mortality assumption was updated from RP-2000 Combines Health mortality table to 2014 to the RP-2014 Adjusted to 2006 with Projection under scale MP-2015. This resulted in a decrease in AAL of less than 1%.

Plan Description: The Authority administers a single-employer defined benefit healthcare plan that allows access to medical benefits by eligible retirees and their families until the retiree reaches age 65. The Authority Board establishes benefit provisions. The plan is not accounted for as a fiduciary fund as an irrevocable trust has not been established to fund the plan. The plan does not issue a financial report.

Funding Policy: The Authority requires retirees to pay a portion of the monthly “blended” rates that apply to the group as a whole. Since retiree health care costs are generally higher than active employee healthcare costs, there is an implicit subsidy higher than the stated subsidy of the Authority. For 2015, \$627.99 was the required monthly contribution for retiree family coverage and \$246.44 for retiree single coverage. The Authority’s contributions are on a pay-as-you-go basis. As of the most recent valuation membership is as follows:

Retirees	14
Active	<u>227</u>
Total	<u>241</u>



Annual OPEB Cost and Net OPEB Obligation: The Authority's annual other post-employment benefit (OPEB) expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The Authority's annual OPEB cost, the amounts actually contributed toward the plan and changes in the net OPEB obligation are as follows:

		2015		2014
Annual Required Contribution	\$	127,164	\$	129,256
Interest on OPEB Liability		20,733		19,487
Adjustment to the ARC		(29,393)		(27,089)
Annual OPEB Cost		118,504		121,654
Employer Contributions		(153,143)		(90,490)
Net Change in OPEB Liability		(34,639)		31,164
OPEB Liability at January 1		518,327		487,163
OPEB Liability at December 31	\$	483,688	\$	518,327

Trend Information: The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are as follows:

Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation At Year-End
2015	\$ 118,504	129.2%	\$ 483,688
2014	\$ 121,654	74.4%	\$ 518,327
2013	\$ 36,809	243.7%	\$ 478,163

Funded Status and Funding Progress: The funded status of the plan as of the most recent valuation dates is as follows:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Unit Cost	Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL As Percentage of Payroll
01/01/16	\$ -	\$ 1,427,656	\$ 1,427,656	\$ 8,685,563	16.4%
01/01/14	\$ -	\$ 1,645,605	\$ 1,645,605	\$ 6,838,718	24.1%
01/01/12	\$ -	\$ 377,934	\$ 377,934	\$ 6,436,310	5.9%



Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost inflation. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. A schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements, is intended to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time in relation to the actuarial accrued liability.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of cost-sharing between the Authority and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant assumptions used include the following:

<i>Valuation Date</i>	<i>01/01/16</i>	<i>01/01/14</i>
<i>Cost Method</i>	<i>Projected Unit Credit</i>	<i>Projected Unit Credit</i>
<i>Asset Valuation Method</i>	<i>Unfunded, Pay-as-you-go basis</i>	<i>Unfunded, Pay-as-you-go basis</i>
<i>Investment Rate of Return **</i>	<i>4.00%</i>	<i>4.00%</i>
<i>Annual Healthcare Cost Trend</i>	<i>9% initially, graded down to 5.5% over 14 years</i>	<i>9% initially, graded down to 5% in year 17</i>
<i>Inflation Rate</i>	<i>N/A</i>	<i>2.50%</i>
<i>Utilization</i>	<i>33% of eligible actives</i>	<i>33% of eligible actives</i>
<i>Amortization Period</i>	<i>30 Years</i>	<i>30 Years</i>
<i>Amortization Method</i>	<i>Level Dollar, Open</i>	<i>Level Dollar, Open</i>

*** Expected long term returns on Authority investments that will fund the benefits.*



(7) Risk Management and Insurance

The Authority is exposed to various risks of loss related to third party liability claims; theft of, damage to, and destruction of assets; errors and omissions and injuries to employees. The Authority has an inter-local agreement with the Texas Municipal League for the purpose of providing all-risk property coverage with various limits on property and equipment of the Authority.

As a governmental unit, the Authority's general and automobile liability are limited by the Texas Tort Claims Act to \$100,000 for each person and \$300,000 for each occurrence for bodily injury or death and \$100,000 for each occurrence for injury to or destruction of property.

The Authority operated a self-insurance program for workers' compensation claims until 2004, at which point the Authority became fully insured through the Texas Municipal League. There are no outstanding claims from self-insurance.

The Authority is self-funded for employee dental and healthcare benefits, which include medical, drug and vision. These benefits are provided through a contract with a third party administrator, Entrust, Inc. The coverage in force during 2015 includes specific deductibles for up to \$65,000 per individual claim and an annual aggregate estimated at \$1,600,000. Claims are normally paid within ninety days and considered current liabilities.

Claims or settlements have not exceeded coverage for each of the last three years.

Changes in liabilities for self-funded workers' compensation and health insurance liabilities for the years ended December 31, 2013, 2014 and 2015 are as follows:

	<u>Workers'</u> <u>Compensation</u>	<u>Health and</u> <u>Dental Benefits</u>
Balance at 12/31/12	\$ 8,014	\$ 100,560
Incurred Claims	-	1,089,312
Changes in Estimate	(8,014)	-
Claims Paid	-	(1,076,821)
Balance at 12/31/13	-	113,051
Incurred Claims	-	2,774,257
Changes in Estimate	-	-
Claims Paid	-	(2,724,001)
Balance at 12/31/14	-	163,307
Incurred Claims	-	2,756,477
Changes in Estimate	-	-
Claims Paid	-	(2,627,101)
Balance at 12/31/15	\$ -	\$ 292,683



(8) Commitments and Contingencies

Expenditures financed by Federal grants are subject to audit by the granting agencies. In the event of any such audits, management is of the opinion that no significant liability will arise.

As of December 31, 2015 the Authority is under Commitments for the purchase of eleven 40' Gillig Buses at a cost totaling \$5,284,664.

The Authority has commitments totaling \$1,400,000 in ADA Bus Stop improvements.

As of December 31, 2015 the Staples Street Customer Service Center was under construction with commitments totaling \$6,719,108.

9) Concentrations

During 2015, the Authority received \$15,849,835 for capital assistance and \$2,512,070 for other projects from the Federal Transportation Administration.

During 2014, the Authority received \$4,492,602 for capital assistance and \$125,900 for other projects from the Federal Transportation Administration.

Changes in the Authority's relationship with the FTA could ultimately affect the operating results of the Authority. The Single Audit Section provides further details on FTA and other federal grant funding received.

(10) Purchased Transportation Services

The Authority had an extended contract with MV Transportation, Inc. through 2013 to provide paratransit services for elderly and persons with disability and certain fixed route services. A new contract was executed January 6, 2014 establishing a term for these services from January 6, 2014 through December 31, 2018 with an option for the Authority to extend the contract for an additional two years. Expenses under the contract amounted to \$4,733,795 in 2015 and \$4,419,202 in 2014. All passenger fares related to these transit services are recorded by the Authority as operating revenue.





CORPUS CHRISTI REGIONAL
TRANSPORTATION AUTHORITY

Corpus Christi Regional Transportation Authority
Fiscal 2015 Comprehensive Annual Financial Report
Financial Section | Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION



SCHEDULE OF PENSION PLAN:

	Measurement Year 2014*
	<u>2014*</u>
<u>TOTAL PENSION LIABILITY</u>	
Service Cost	\$ 695,517
Interest on Total Pension Liability	2,254,995
Effect of Plan Changes	391,915
Difference between expected and actual experience	784,295
Benefit Payments	<u>(1,248,266)</u>
Net Change in Total Pension Liability	2,878,456
Total Pension Liability, Beginning	<u>29,016,953</u>
Total Pension Liability, Ending	<u>\$ 31,895,409</u>
<u>FIDUCIARY NET POSITION</u>	
Employer Contributions	\$ 1,178,498
Employee Contributions	-
Investment Income Net of Investment Expenses	1,706,547
Benefit Payments/Contributions Refunds	(1,248,266)
Administrative Expenses	<u>(91,465)</u>
Net Change in Fiduciary Net Position	\$ 1,545,314
Fiduciary Net Position, Beginning	<u>29,617,120</u>
Fiduciary Net Position, Ending	<u>\$ 31,162,434</u>
<i>Net Pension Liability (Asset)</i>	<u>\$ 732,975</u>
<i>Fiduciary Net Position as a Percentage of Total Pension Liability</i>	97.7%
<i>Annual Covered Payroll</i>	
<i>Net Pension Liability as a Percentage of Covered Payroll</i>	10.08%

*This schedule is required to present information for ten years, however, prior years information is not Available. Therefore, we have shown only the ear for GASB Statement 68, as amended by GASB Statement 71 was implemented.



CORPUS CHRISTI REGIONAL
 TRANSPORTATION AUTHORITY

DEFINED BENEFITS PENSION PLAN

SCHEDULE OF CONTRIBUTIONS

LAST 10 FISCAL YEARS

	2006	2007	2008	2009
Actuarially determined contribution	\$ 565,571	529,681	576,140	1,355,811
Contributions in relation to the				
actuarially determined contribution	<u>565,571</u>	<u>529,681</u>	<u>576,140</u>	<u>1,355,811</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 6,758,209	6,338,961	6,394,664	6,634,041
Contributions as a percentage of				
covered-employee payroll	8.4%	8.4%	9.0%	20.4%

Notes to Schedule

Valuation Date - Actuarially determined contribution rates are calculated as of January 1 for the respective year of contributions

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method - Entry Age Normal

Amortization Method - Closed-Level dollar amount over 15 years from January 1, 2009

Remaining Amortization Period 9 Years

Asset Valuation Method - Market Value

Inflation Rate -- NA

Salary Increases - 3.50% Annually

Investment Rate of Return - 7.50% Annually

Retirement Age - All participants were assumed to retire at age 62

Mortality Rates - RP 2000 Mortality Table



Corpus Christi Regional Transportation Authority
Fiscal 2015 Comprehensive Annual Financial Report
Financial Section | Required Supplementary Information

CORPUS CHRISTI REGIONAL
TRANSPORTATION AUTHORITY

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
1,168,423	886,742	1,125,651	988,534	695,517	983,696
<u>1,168,423</u>	<u>1,064,288</u>	<u>1,125,651</u>	<u>1,280,330</u>	<u>1,178,498</u>	<u>985,175</u>
<u>-</u>	<u>(177,546)</u>	<u>-</u>	<u>(291,796)</u>	<u>(482,981)</u>	<u>(1,479)</u>
7,246,596	7,073,120	7,221,526	7,474,445	7,274,172	8,818,232
16.1%	15.0%	15.6%	17.1%	16.2%	11.2%

Schedule of Funding Progress for Other Post-Employment Benefits (as of the most recent valuation dates):

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) - Unit Cost</u>	<u>Unfunded (Overfunded) Actuarial Liability (UAAL)</u>	<u>Annual Covered Payroll</u>	<u>UAAL As Percentage of Payroll</u>
January 1, 2016	\$ -	\$ 1,427,656	\$ 1,427,656	\$ 8,685,563	16.4%
January 1, 2014	\$ -	\$ 1,645,605	\$ 1,645,605	\$ 6,838,718	24.1%
January 1, 2012	\$ -	\$ 377,934	\$ 377,934	\$ 6,436,310	6%
January 1, 2010	\$ -	\$ 1,016,925	\$ 1,016,952	\$ 7,246,956	14%
January 1, 2008	\$ -	\$ 766,655	\$ 766,655	\$ 6,394,664	12%



SUPPLEMENTAL SCHEDULES





CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Schedule of Revenues and Expenses - Actual and Budget By Function
Year Ended December 31, 2015

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final Budget</u> <u>Versus Actual</u>
Operating Revenues:				
Passenger Service	\$ 1,962,602	1,962,602	1,853,246	(109,356)
Bus Advertising	102,000	102,000	106,055	4,055
Other Operating Revenues	93,500	93,500	324,346	230,846
<i>Total Operating Revenues</i>	<u>2,158,102</u>	<u>2,158,102</u>	<u>2,283,647</u>	<u>125,545</u>
Operating Expenses:				
Transportation	8,013,646	8,013,646	6,767,549	1,246,097
Customer Programs	310,861	310,861	222,913	87,948
Purchased Transportation	6,278,557	6,278,557	6,080,753	197,804
Program & Service Development	848,594	848,594	504,545	344,049
MIS	567,301	567,301	520,827	46,474
Vehicle Maintenance	7,025,827	7,025,827	5,605,328	1,420,499
Facilities Maintenance	1,638,121	1,638,121	1,583,046	55,075
Materials Management	127,781	127,781	132,309	(4,528)
Administrative and General	5,060,032	5,060,032	7,276,918	(2,216,886)
Marketing & Communications	628,355	628,355	419,240	209,115
Depreciation	5,163,424	5,163,424	6,592,946	(1,429,522)
<i>Total Operating Expenses</i>	<u>35,662,499</u>	<u>35,662,499</u>	<u>35,706,374</u>	<u>(43,875)</u>
Operating Loss	(33,504,397)	(33,504,397)	(33,422,727)	81,670
Non-Operating Revenues (Expenses):				
Sales and Use Tax Revenue	35,846,246	35,846,246	34,127,803	(1,718,443)
Federal and Other Grant Assistance	3,122,578	3,122,578	2,512,070	(610,508)
Investment Income	100,000	100,000	125,143	25,143
Gain (Loss) on Property Dispositions	50,000	50,000	(32,819)	(82,819)
Subrecipient Programs	-	-	(293,159)	(293,159)
Interest Expense and Fiscal Charges	(454,396)	(454,396)	(455,196)	(800)
Distributions to Regional Entities	(2,969,380)	(2,969,380)	(3,008,433)	(39,053)
Net Income Before Capital Grant Contributions	\$ <u>2,190,651</u>	<u>2,190,651</u>	<u>(447,318)</u>	<u>(2,637,969)</u>



CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Combining Statement of Net Position
December 31, 2015 With Comparative Totals for December 31, 2014

	2015			2014
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Total	
ASSETS				
Money Market Funds/Cash Sweeps	\$ 615,350	996,602	1,611,952	1,432,682
Mutual Funds - Debt	2,450,950	488,965	2,939,915	11,714,935
Investments	27,144,161	6,346,876	33,491,037	26,746,217
<i>TOTAL ASSETS</i>	<u>30,210,461</u>	<u>7,832,443</u>	<u>38,042,904</u>	<u>39,893,834</u>
LIABILITIES				
	-	-	-	-
NET POSITION				
Assets Held In Trust For Pension Benefits	\$ <u>30,210,461</u>	<u>7,832,443</u>	<u>38,042,904</u>	<u>39,893,834</u>



CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Combining Statement of Changes in Net Position
Year Ended December 31, 2015 With Comparative Totals for December 31, 2014

	2015			2014
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Total	
Additions:				
Investment Income (Loss)	\$ (348,950)	(72,689)	(421,639)	2,105,027
Employee Contributions	-	888,815	888,815	827,753
Employer Contributions	985,175	-	985,175	1,178,498
Total Additions	636,225	816,126	1,452,351	4,111,278
Deductions:				
Benefits Paid	1,493,324	1,692,426	3,185,750	1,960,395
Administrative Expenses	94,874	22,657	117,531	112,819
Total Deductions	1,588,198	1,715,083	3,303,281	2,073,214
Increase (Decrease) in Net Assets	(951,973)	(898,957)	(1,850,930)	2,038,064
Net Assets, January 1	31,162,434	8,731,400	39,893,834	37,855,770
Net Assets, December 31	\$ 30,210,461	7,832,443	38,042,904	39,893,834



CORPUS CHRISTI REGIONAL
 TRANSPORTATION AUTHORITY

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

Schedule of Long-Term Debt Amortization

Year Ended December 31, 2015

\$11,525,000 Series 2013 (AMT Bonds)			
Years Ending December 31,	Principal	Interest	Total Requirements
2016	\$ 285,000	\$ 528,223	\$ 813,223
2017	295,000	516,823	811,823
2018	310,000	505,023	815,023
2019	320,000	492,623	812,623
2020	335,000	479,823	814,823
2021-2025	1,870,000	2,206,206	4,076,206
2026-2030	2,340,000	1,730,881	4,070,881
2031-2035	2,985,000	1,081,413	4,066,413
2036-2038	2,205,000	241,337	2,446,337
	<u>\$ 10,945,000</u>	<u>\$ 7,782,352</u>	<u>\$ 18,727,352</u>

\$10,500,000 Series 2013, Taxable Bonds			
Years Ending December 31,	Principal	Interest	Total Requirements
2016	\$ 255,000	\$ 536,023	\$ 791,023
2017	260,000	531,203	791,203
2018	265,000	524,885	789,885
2019	275,000	517,147	792,147
2020	285,000	507,742	792,742
2021-2025	1,620,000	2,340,244	3,960,244
2026-2030	2,105,000	1,859,805	3,964,805
2031-2035	2,790,000	1,167,446	3,957,446
2035-2038	2,115,000	262,910	2,377,910
	<u>\$ 9,970,000</u>	<u>\$ 8,247,405</u>	<u>\$ 18,217,405</u>

2015

Statistical Section

Comprehensive Annual Financial Report





ABOUT THE AUTHORITY'S STATISTICAL TABLES

This section of the 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 government's overall financial situation.

<u>Contents</u>	<u>Page</u>
Financial Trends	62
<i>These schedules contain trend information to help the reader understand how the Authority's financial performance has changed over time.</i>	
Revenue Capacity	64
<i>These schedules contain information to help the reader assess the Authority's most significant revenue source, sales and use tax.</i>	
Debt Capacity	70
<i>These schedules present information to help the reader assess the affordability of the Authority's current level of outstanding debt.</i>	
Demographic & Economic Data	72
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.</i>	
Operating Information	76
<i>These schedules contain service data to help the reader understand how the information in the Authority's financial report relates to the services that 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.

Table 1

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Net Position
Last Ten Fiscal Years
(Unaudited)

		2006	2007	2008	2009
Net Investment in Capital Assets	\$	25,040,740	23,923,319	27,431,699	37,044,364
Restricted		-	-	-	-
Unrestricted		22,205,341	24,467,194	26,063,981	22,398,741
Total	\$	47,246,081	48,390,513	53,495,680	59,443,105

2010	2011	2012	2013	2014	2015
35,551,031	35,534,213	43,439,575	48,003,491	49,217,398	66,897,807
-			1,611,302	1,611,302	1,611,302
23,900,805	28,172,623	29,843,986	27,852,253	32,585,594	31,178,305
59,451,836	63,706,836	73,283,561	77,467,046	83,414,294	99,687,414

Table 2

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Changes in Net Position
Last Ten Years
(Unaudited)

	2006	2007	2008	2009
Operating Revenues:				
Passenger Service	\$ 1,380,241	1,602,328	1,707,930	1,577,232
Other Operating	78,147	105,656	111,106	81,443
Total Operating Revenues	<u>1,458,388</u>	<u>1,707,984</u>	<u>1,819,036</u>	<u>1,658,675</u>
Operating Expenses:				
Transportation	9,521,582	10,130,199	10,989,280	10,743,234
Vehicle/Facilities Maintenance	5,084,954	5,686,273	6,201,002	5,137,764
Program Development	873,695	937,440	936,894	702,690
General And Administrative	3,401,302	3,571,073	4,284,956	4,711,623
Depreciation	3,969,403	3,748,996	3,958,931	4,514,063
Total Operating Expenses	<u>22,850,936</u>	<u>24,073,981</u>	<u>26,371,063</u>	<u>25,809,374</u>
Operating Loss	(21,392,548)	(22,365,997)	(24,552,027)	(24,150,699)
Non-Operating Revenues (Expenses):				
Sales and Use Tax	20,115,282	21,328,966	24,254,132	20,821,573
Grant Assistance	213,829	276,340	496,631	805,664
Investment Income	959,788	1,121,785	723,930	81,807
Other Non-Operating Items	(499,721)	-	-	(433,539)
Distributions to Region Entities	(1,274,132)	(1,342,549)	(1,258,613)	(1,458,952)
Net Loss before Capital Grants	<u>(1,877,502)</u>	<u>(981,455)</u>	<u>(335,947)</u>	<u>(4,334,146)</u>
Capital Grants and Donations	1,202,948	2,125,887	5,441,114	10,281,571
Prior Period Adjustment	-	-	-	-
Total Change in Net Assets	<u>\$ (674,554)</u>	<u>1,144,432</u>	<u>5,105,167</u>	<u>5,947,425</u>



Corpus Christi Regional Transportation Authority
 Fiscal 2015 Comprehensive Annual Financial Report
 Statistical Section | Tables

2010	2011	2012	2013	2014	2015
1,537,772	1,660,782	1,706,528	1,750,624	1,844,604	1,853,246
88,525	152,881	144,710	124,796	335,192	430,401
1,626,297	1,813,663	1,851,238	1,875,420	2,179,796	2,283,647
10,619,566	11,764,029	12,718,200	13,146,112	12,430,929	12,848,302
5,886,849	6,519,067	6,523,062	6,302,512	7,545,219	7,320,683
701,064	1,073,506	1,075,444	764,359	893,233	1,146,698
4,983,114	4,444,485	4,923,154	4,627,406	6,683,788	7,797,745
5,203,248	5,878,720	5,523,334	5,772,221	5,273,812	6,592,946
27,393,841	29,679,807	30,763,194	30,612,610	32,826,981	35,706,374
(25,767,544)	(27,866,144)	(28,911,956)	(28,737,190)	(30,647,185)	(33,422,727)
22,891,712	26,235,525	31,571,834	32,064,316	35,188,390	34,127,803
995,526	2,527,017	3,226,061	1,416,988	125,900	2,512,070
100,071	27,860	51,173	62,160	110,052	125,143
8,012	1,733	1,086	(619,579)	(422,184)	(488,015)
(1,325,648)	(1,918,020)	(2,154,150)	(2,593,634)	(2,900,327)	(3,301,592)
(3,097,871)	(992,029)	3,784,048	1,593,061	1,454,646	(447,318))
3,106,602	5,247,029	5,792,677	2,590,424	4,492,602	15,849,835
-	-	-	-	-	870,603
8,731	4,255,000	9,576,725	4,183,485	5,947,248	16,273,120

Table 3

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Revenues By Source
Last Ten Years
(Unaudited)

Year	Operating Revenues (1)	Sales And Use Tax	Federal Operating Grants And Reimbursements	Investment Income	Other (2)	Total
2006	\$ 1,458,388	20,115,282	213,829	959,788	-	22,747,287
2007	\$ 1,707,984	21,328,966	276,340	1,121,785	-	24,435,075
2008	\$ 1,819,036	24,254,132	496,631	723,930	-	27,293,729
2009	\$ 1,658,675	20,821,573	805,664	81,807		23,367,719
2010	\$ 1,626,297	22,891,712	995,526	100,071	8,012	25,621,618
2011	\$ 1,813,663	26,235,525	2,527,017	27,860	1,733	30,605,798
2012	\$ 1,851,238	31,571,834	3,226,061	51,173	1,086	36,701,392
2013	\$ 1,875,420	32,064,316	1,416,988	62,160	225	35,419,109
2014	\$ 2,179,796	35,188,390	125,900	110,052	46,519	37,650,657
2015	\$ 2,283,647	34,127,803	2,512,070	125,143	-	39,048,663

(1) Fares, bus bench advertising, on-board advertising, and other ancillary revenues.

(2) Includes rental income from leasing office space at the former Six Points location and gain on sales of buses and other property.

Table 4

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Revenues And Operating Assistance - Comparison To Industry Trend Data
Last Ten Years
(Unaudited)

Year	Operating And Other Miscellaneous	Sales And Use Tax	Operating Grants And Reimbursements	Operating And Other Miscellaneous	Directly Generated Tax	Other Grants And Assistance
	Corpus Christi RTA			Transportation Industry (1)		
2006	10.7%	88.4%	0.9%	40.2%	8.3%	51.5%
2007	11.6%	87.3%	1.1%	37.9%	7.6%	54.5%
2008	9.3%	88.9%	1.8%	37.7%	6.4%	55.9%
2009	7.5%	89.1%	3.4%	37.4%	6.5%	56.1%
2010	6.7%	89.3%	4.0%	37.5%	6.5%	56.0%
2011	6.0%	85.7%	8.3%	37.8%	6.2%	56.0%
2012	5.2%	86.0%	8.8%	37.1%	6.5%	56.4%
2013	5.5%	90.5%	4.0%	36.3%	6.5%	57.3%
2014	6.2%	93.5%	0.3%	*	*	*
2015	6.2%	87.4%	6.4%	*	*	*

(1) Source: The American Public Transportation Association, 2014 Public Transportation Fact Book, Appendix A: Historical Tables, Table 85.

* Not Available

Table 5

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Passenger Fee Capacity
Last Ten Years
(Unaudited)

Year	Total Unlinked Trips	Passenger Revenues
2006	5,536,958	\$ 1,380,241
2007	5,175,983	1,602,328
2008	5,491,376	1,707,930
2009	5,283,174	1,577,232
2010	5,434,286	1,537,772
2011	6,011,114	1,660,782
2012	6,065,174	1,706,528
2013	6,016,379	1,750,624
2014	5,927,292	1,844,604
2015	5,764,797	1,853,246

Table 6

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Miscellaneous Revenue Information
(Unaudited)

Sales Tax:

The Authority's Sales and Use Tax rate has remained the same since it began in 1985. The overall local sales and use tax rate is limited to 8.25%. The local rate is currently at the maximum.

0.50%	Corpus Christi MTA 3178998 (Rate 1/2%) Eff: 01/01/86
	Aqua Dulce
	Bishop
	Corpus Christi
	Driscoll
	Gregory
	Unincorporated Nueces County (Excluding Petronila)
	Port Aransas
	Robstown
	San Patricio

Source: Texas Comptroller of Public Accounts

Farebox Recovery Ratio:

Definition: Ratio of passenger service revenues to transit operating costs, excluding depreciation.

Significance: Indicates how much of cost of service provision is supported by user fees.

2006	.....	7.31%
2007	.....	7.88%
2008	.....	7.62%
2009	.....	7.41%
2010	.....	6.93%
2011	.....	6.98%
2012	.....	6.76%
2013	.....	6.93%
2014	.....	6.70%
2015	.....	6.37%

Table 7

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

Ratio of Outstanding Debt

Last Ten Years

(Unaudited)

Year	Revenue Bonds	Per Capita Income	Percent of Personal Income
2006	\$ -	-	-
2007	\$ -	-	-
2008	\$ -	-	-
2009	\$ -	-	-
2010	\$ -	-	-
2011	\$ -	-	-
2012	\$ -	-	-
2013	\$ 22,025,000	42,151	0.19%
2014	\$ 21,450,000	44,108	0.21%
2015	\$ 20,915,000	46,102	0.22%

Table 8

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Revenue Bond Coverage
Last Ten Years
(Unaudited)

Year	Pledged Revenues (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2006	\$ -	-	-	-	-
2007	\$ -	-	-	-	-
2008	\$ -	-	-	-	-
2009	\$ -	-	-	-	-
2010	\$ -	-	-	-	-
2011	\$ -	-	-	-	-
2012	\$ -	-	-	-	-
2013	\$ -	-	-	-	-
2014	\$ 2,179,796	575,000	1,033,678	1,608,678	1.36
2015	\$ 2,283,647	535,000	1,073,364	1,608,364	1.42

(1) Pledged revenues (effective starting in 2014) represent all system revenues, which include passenger service, bus advertising, charter service, and other operating revenues.

Table 9

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Demographic Statistics
Last 10 Ten Years
(Unaudited)

Year	Population	Personal Income (in thousands)	Mean Per Capita Income	Public School Enrollment	Unemployment Rate
	(1)	(1)	(1)	(2)	(3)
2006	329,113	\$10,424,076	\$31,673	60,429	4.90%
2007	330,512	\$11,170,436	\$33,797	60,807	4.30%
2008	333,526	\$12,237,536	\$36,691	61,184	4.60%
2009	338,220	\$11,647,857	\$34,439	61,260	6.70%
2010	340,373	\$12,438,913	\$36,545	61,415	7.60%
2011	343,281	\$13,196,232	\$38,441	62,011	7.70%
2012	347,691	\$14,226,934	\$40,918	62,596	6.20%
2013	352,107	\$14,841,683	\$42,151	62,382	4.50%
2014	355,638	\$15,685,304	\$44,108	62,286	4.44%
2015*	359,154	\$16,555,402	\$46,102	62,469	4.43%

(1) Nueces County - Source: US Dept. of Commerce Bureau of Economic Analysis

(2) Nueces County - Source: Nueces County/Texas Education Agency/PEIMS
- 2015 and 2016 Enrollment figures include charter schools

(3) Nueces County - Source: U.S. Department of Labor-Bureau of Labor Statistics

* Estimated based on prior years.

Table 10

**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Top Ten Employers
By Size of Employment**

Rank	Business	Type of Product - Service	Employment 2015	% of Total Employment 2015	Employment 2006
1	Corpus Christi Army Depot	Helicopter Repair	5,800	2.23%	5,404
2	Corpus Christi ISD	School District	5,178	1.99%	5,500
3	CHRISTUS Spohn Health Systems	Hospital	5,144	1.98%	4,500
4	HEB Grocery Co.	Grocery Company	5,000	1.92%	2,200
5	City of Corpus Christi	City Government	3,171	1.22%	2,007
6	Naval Air Station Corpus Christi	Military	2,822	1.08%	2,654
7	Bay. Ltd.	Industrial Construction	2,100	0.81%	2,200
8	Driscoll Children's Hospital	Hospital	1,800	0.69%	-
9	Del Mar College	Junior College	1,542	0.59%	1,680
10	Corpus Christit Medical Center	Insurance	1,300	0.50%	-

Source: Corpus Christi Regional Economic Development Corp.
Corpus Christi, Employment provided by Bureau of Economic Analysis

Table 11

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Budgeted Full-Time Equivalent Positions
(Unaudited)

	2006	2007	2008	2009
Transportation				
Transportation - Directly Operated	114.50	116.50	117.00	117.00
Purchased Transportation*	1.00	2.00	2.00	1.00
	115.50	118.50	119.00	118.00
Maintenance				
Vehicle Maintenance	33.00	35.00	35.00	38.00
Facilities Maintenance	13.00	14.00	14.00	14.00
Materials Management	4.00	5.00	5.00	4.00
	50.00	54.00	54.00	56.00
Program Development				
Customer Programs	8.00	9.00	9.00	7.00
Service Development	4.00	4.00	4.00	3.00
Program Management	2.50	2.00	2.00	2.00
Marketing & Communications	-	-	-	2.00
	14.50	15.00	15.00	14.00
General Administrative:				
MIS	4.00	3.00	3.00	2.00
Contracts and Grants	3.00	2.00	2.00	3.00
CEO's Office	2.00	2.00	2.00	5.00
Finance and Accounting	5.50	5.75	5.75	5.80
Human Resources	5.00	3.00	3.00	3.00
General Administration	2.00	2.00	2.00	2.00
Safety and Security	-	-	-	-
TCN - Regional Coordinator	-	-	-	-
	21.50	17.75	17.75	20.80
Totals	201.50	205.25	205.75	208.80

* The Authority has about 100 additional contracted staff under various purchased transportation contracts



Corpus Christi Regional Transportation Authority
 Fiscal 2015 Comprehensive Annual Financial Report
 Statistical Section | Tables

2010	2011	2012	2013	2014	2015
117.00	122.00	131.00	131.00	160.00	169.00
1.00	1.00	1.00	3.00	3.00	3.00
118.00	123.00	132.00	134.00	163.00	172.00
38.00	38.00	36.00	36.00	38.00	41.00
14.00	14.00	14.00	15.00	15.00	15.00
4.00	4.00	4.00	4.00	3.00	3.00
56.00	56.00	54.00	55.00	56.00	59.00
7.00	6.00	8.00	4.00	4.80	4.80
3.00	4.00	4.00	4.00	3.00	3.00
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	3.00	3.00	3.00
14.00	14.00	16.00	13.00	12.80	12.80
2.00	1.00	1.00	2.00	3.00	3.00
3.00	2.00	3.00	3.00	5.00	5.00
5.00	3.00	3.00	1.00	1.00	1.00
5.80	5.80	5.80	5.55	5.55	5.55
3.00	2.00	2.00	3.00	3.00	3.00
2.00	2.00	3.00	8.00	5.00	5.00
-	-	-	1.00	1.00	2.00
1.00	1.00	-	-	-	-
21.80	16.80	17.80	23.55	23.55	24.55
209.80	209.80	219.80	225.55	255.35	268.35

Table 12
CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Operating Statistics and Assets Utilized
Last Ten Years
(Unaudited)

		2006	2007	2008	2009
System Ridership					
Motor Bus	a	5,315,568	4,976,009	5,251,514	5,064,696
Demand Response / Para-transit	b	192,775	190,774	196,991	196,617
Ferry Boat	b	21,477	-	21,705	11,683
Vanpool	c/f	7,138	9,200	21,166	10,178
System Hours					
Motor Bus	a	198,456	198,524	194,647	207,551
Demand Response / Para-transit	b	67,798	67,422	68,733	68,680
Ferry Boat	b	688	-	694	545
Vanpool	c/f	647	652	1,344	961
System Miles					
Motor Bus	a	2,750,228	2,787,318	2,778,104	2,785,415
Demand Response / Para-transit	b	1,277,414	1,253,448	1,320,766	1,348,943
Ferry Boat	b	1,719	-	2,529	1,860
Vanpool	c/f	19,021	16,898	34,785	25,525
Vehicles In Service					
Motor Bus	a	58	58	59	63
Demand Response / Para-transit	b	30	30	30	30
Ferry Boat	b	1	-	1	1
Vanpool	c/f	2	3	2	2
Uses of Capital Funds					
Vehicles	e	\$ 320	1,863,855	2,492,718	8,397,094
Communications & Information	e	\$ 605,551	63,707	103,658	738,184
Facilities and Stations	e	\$ 624,952	669,006	3,433,780	3,844,189
Other	e	\$ 283,709	697,679	1,437,155	1,417,030
Operating Expenses by Mode					
Motor Bus	a	\$ 14,116,321	15,504,328	17,099,983	16,519,155
Demand Response / Para-transit	b	\$ 4,376,009	4,630,521	4,913,357	4,425,076
Ferry Boat	b	\$ 209,129	-	219,212	182,925
Vanpool	c/f	\$ 65,075	67,501	65,878	69,857

a - Directly Operated (Transportation Department) and Purchased Transportation (oversees contractors)

b - Purchased Transportation (contractors overseen by the Purchased Transportation Department)

c - Directly Operated - Customer Programs Department oversees operation of vanpools (through 2011)

d - Excludes miles not spent in active transportation service (i.e. deadhead, maintenance miles driven, etc.)

e - May not agree with GAAP-basis financial statements due to differences in NTD accounting methodologies

f - Van Pool operations did not meet FTA guidelines from 2012 - 2014 and were not reported on the NTD

report, however in 2015 Van Pool operations qualified and are included

Source: National Transit Database



Corpus Christi Regional Transportation Authority
Fiscal 2015 Comprehensive Annual Financial Report
Statistical Section | Tables

2010	2011	2012	2013	2014	2015
5,238,131	5,749,312	5,764,790	5,728,793	5,650,677	5,472,836
190,745	199,368	202,974	194,394	192,580	198,652
-	52,951	86,676	93,192	84,035	76,870
5,410	-	-	-	-	16,439
225,073	226,999	237,320	225,151	243,732	259,377
71,558	74,728	79,413	70,328	74,236	78,850
-	881	1,135	1,185	750	805
965	-	-	-	-	7,686
3,232,691	3,256,971	3,387,397	3,021,215	3,053,596	3,414,445
1,599,595	1,556,289	1,425,691	1,225,323	1,252,615	1,349,727
-	2,179	2,660	2,625	1,756	1,886
29,710	-	-	-	-	181,220
58	56	59	60	75	66
26	26	26	26	38	28
-	1	2	2	1	1
4	-	-	6	3	5
526,506	2,707,772	4,864,974	5,142,277	-	17,996,141
562,545	425,524	439,364	66,065	99,046	196,394
471,546	1,022,722	7,228,414	2,729,941	7,337,105	1,273,498
2,189,577	1,708,706	1,061,601	2,270,946	1,165,647	1,159,287
17,410,873	18,262,737	19,150,089	18,984,978	21,324,898	20,495,063
4,568,425	4,976,669	5,351,413	5,585,657	5,556,262	5,278,853
-	435,411	617,831	607,748	626,005	766,082
78,084	-	-	-	-	152,825

Source: National Transit Database

Table 13
CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Miscellaneous Statistics
(Unaudited)

Date Authority Created	August 10, 1985
Date Authority Began Operations	January 1, 1986
Form of Government	Board of Directors, CEO
Board of Directors	11
Service Area Square Miles	838
Population In Service Area	359,154
Type of Tax Support	Sales and Use Tax
Sales Tax Rate	.50%
Base Fare	\$.75
Number of Routes *	45
Number of Transfer Stations *	5
Number of Bus Stops *	1,432

* Historical trend information is not available. See Table 12 for utilization and level of capital investment trends.

2015

Single Audit Section

Comprehensive Annual Financial Report



INDEPENDENT AUDITOR'S 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

July 31, 2016

The Board of Directors of the
Corpus Christi Regional Transportation Authority

We have audited, 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, the financial statements of the Corpus Christi Regional Transportation Authority as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 31, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 Authority's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Collier, Johnson & Woods

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

July 31, 2016

The Board of Directors of the
Corpus Christi Regional Transportation Authority

Report on Compliance for Each Major Federal Program

We have audited the Corpus Christi Regional Transportation Authority's 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 Authority's major federal programs for the year ended December 31, 2015. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority'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 Authority'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 on the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the Authority 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 Authority'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 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 Authority'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.

Collier, Johnson & Woods

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2015

I. Summary of Audit Results:

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Corpus Christi Regional Transportation Authority.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the "Independent Auditor's 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*."
3. No instances of noncompliance material to the financial statements of the Corpus Christi Regional Transportation Authority which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance."
5. The auditor's report on compliance for major Federal award programs for the Corpus Christi Regional Transportation Authority expresses an unmodified opinion on all major programs.
6. No audit findings that are required to be reported in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are reported in this schedule.
7. The programs tested as major programs included:

U.S. Department of Transportation, Federal Transportation Administration:
Federal Transit Cluster
 1. Federal Transit – Capital Investment Grants (CFDA – 20.500)
 2. Federal Transit – Formula Grants (CFDA – 20.507)
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The Authority was determined to be a low-risk auditee.

- II. Findings related to the financial statements – None
- III. Findings and questioned costs for Federal awards – None
- IV. Prior year audit findings requiring corrective action – None



Corpus Christi Regional Transportation Authority
Schedule of Expenditures of Federal Financial Awards
Year Ended December 31, 2015

<u>GRANTOR</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures, Indirect Costs, And Refunds</u>
<u>DEPARTMENT OF TRANSPORTATION</u>			
<i>Federal Transportation Administration (FTA):</i>			
Federal Transit Cluster			
Capital Investment Grant	20.500	TX04-0114	\$ 102,038
Capital Investment Grant	20.500	TX04-0116	14,000
			<u>116,038</u> *
Transit Formula Funds	20.507	TX90-0931	5,346
Transit Formula Funds	20.507	TX90-0978	8,611,291
Transit Formula Funds	20.507	TX90-0059	9,209,174
			<u>17,825,811</u> *
Total Federal Transit Cluster			<u>17,941,849</u>
Management Internship Program	20.514	TX26-7108	27,946
Seniors and Individuals with Disabilities	20.513	TX16-0018	252,175
Job Access and Reverse Commute	20.516	TX37-4038	52,481
Job Access and Reverse Commute	20.516	TX37-4097	52,751
Job Access and Reverse Commute	20.516	TX37-6058	2,565
			<u>107,797</u>
New Freedoms	20.521	TX57-0049	26,521
New Freedoms	20.521	TX57-4007	5,617
			<u>32,138</u>
Total Department of Transportation			\$ <u>18,361,905</u>

* Major Program

See Notes to Federal Financial Awards



Corpus Christi Regional Transportation Authority
Notes to Schedule of Expenditures of Federal Financial Awards
For the Year Ended December 31, 2015

(1) General

The accompanying Schedule of Expenditures of Federal Financial Awards presents the activity of all Federal financial assistance programs of the Authority. The Authority's organization is defined in Note 1 to the Authority's Basic Financial Statements.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Financial Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Authority's Basic Financial Statements.

(3) Relationship to Basic Financial Statements

Federal financial capital and operating assistance is reported in the Authority's basic financial statements as follows:

Federal Operating Grants	\$	2,512,070
Federal Capital Grants		<u>15,849,835</u>
Total Federal Grants	\$	<u>18,361,905</u>

(4) Relationship to Federal Financial Reports

Amounts reported in the Schedule of Expenditures of Federal Financial Awards may not agree with amounts reported in the related Federal financial reports filed with the grantor agency because of accruals which would be included in the next reports filed with the agencies.





602 N. Staples Street
Corpus Christi, Texas 78401-2802
www.ccrta.org