CORPUS CHRISTI REGIONAL
TRANSPORTATION AUTHORITY

Corpus Christi Regional Transportation Authority
Corpus Christi, Texas

Comprehensive Annual Financial Report
For the Year Ended December 31, 2011

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<u>Mission Statement</u>

The Regional Transportation Authority was created by the people to provide quality transportation in a responsible manner consistent with its financial resources and the diverse needs of the people. Secondarily, the Authority will also act responsibly to enhance the regional economy.

Prepared by the Accounting & Finance Department

2011
Introductory Section

Comprehensive Annual Financial Report

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

5658 Bear Lane **Corpus Christi, Texas 78405** **(361) 289-2712**

June 6, 2012

John Valls, 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, 2011. This CAFR is indicative of 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.

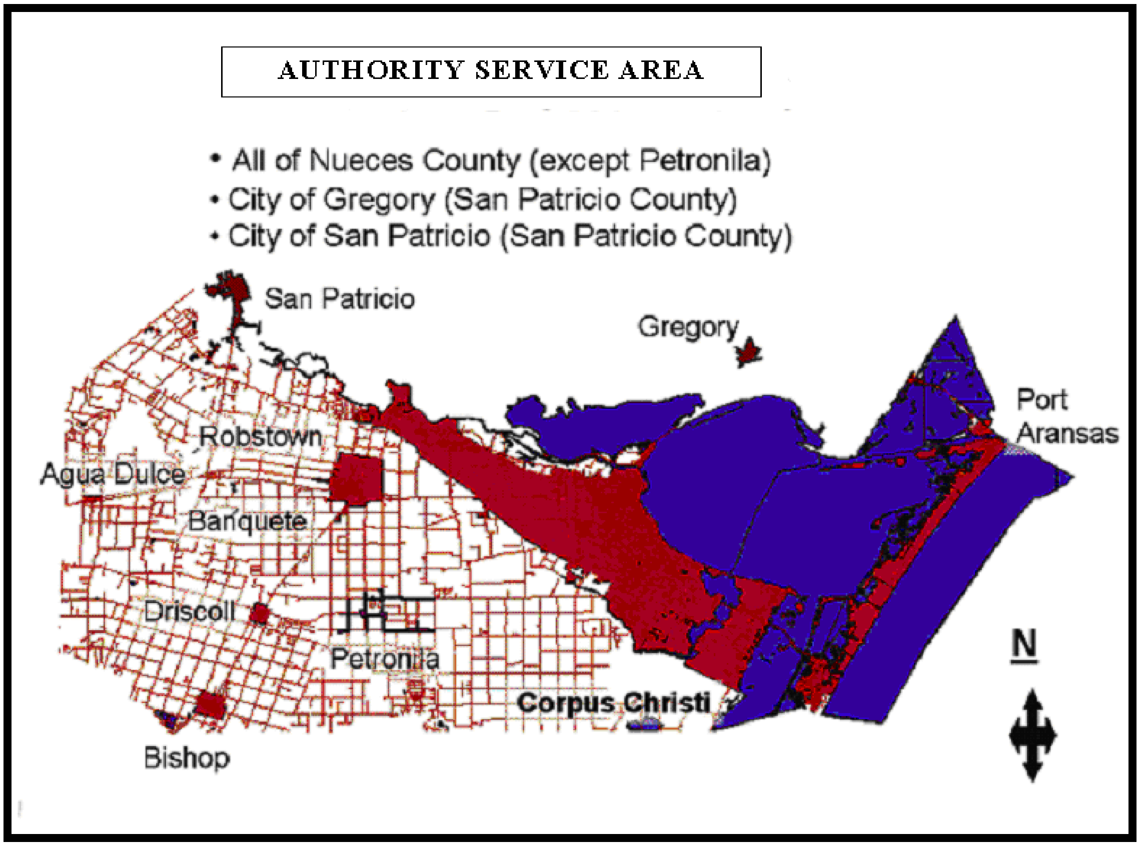
Pursuant to Section 451.451, Subchapter J, of the Texas Transportation Code, the financial statements and required supplementary information contained herein are required to be independently audited. The Authority is also required by federal regulations to undergo an audit related to its federal grants. The independent firm of Collier, Johnson & Woods, P.C., Certified Public Accountants, has issued an unqualified (clean) opinion on the Authority's financial statements and related information. 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 a population of 342,412 according to the 2010 Census. A schematic 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, para-transit, vanpool, specialized services, and ferryboat transportation. The Authority maintains 1,400 bus stops and shelters, four transfer stations, three park and ride lots and a fleet of 72 motorbus coaches and 38 smaller revenue vehicles. Certain commuter, para-transit and ferry services are provided through contractors specializing in these services. Table 10 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 Committee of Small City Mayors appoint members of 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 ix.

Executives

A Chief Executive Officer (CEO) is responsible for the daily operations of the Authority. The CEO supervises three major divisions including Administration, Program Development and Operations. These broad divisions are organized into numerous departments for operational efficiency. The Authority employs about 200 employees in addition to about 100 staff employed by various contractors. An organizational chart is shown on page x.

Budget

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 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. The Authority may not spend more than the approved operating budget. The Board 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.

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 has increased from 6.1% in 2002 to 7.4% in 2011. During this period, per capita income rose from $25,941 to an estimated $37,383.

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 5.1% over the past ten years compared to average growth in operating expenses, including depreciation, of 4.5% over the same period. The Authority continues to operate with its original transit tax rate of .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. Drilling activity in the Eagle Ford Shale was responsible for much of the increase in sales tax revenue over the past year.

In 2011, fuel prices were up sharply with the average diesel price for the year only slightly lower than the 2008 historic high and unleaded at the highest level in 10 years. In early 2012, prices have increased even more rapidly and are anticipated to set new record prices. Higher fuel prices at the pump tend to encourage higher utilization of public transportation by citizens. However, these same rising costs also dramatically 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 the Authority is in the process of converting its fleet to CNG.

Consistent with its mission statement, the Authority remains steadfast in its commitment to provide excellent public transportation to its riders while responsibly managing resources.

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 2011, the Authority replaced five buses, installed electronic fare-boxes on all fixed route buses, and made major upgrades to information technology. In 2012, the Authority is upgrading fueling facilities for CNG. The first 10 CNG buses are expected to be placed in service in the fall of 2012. Planned future projects include a new customer service center in downtown Corpus Christi and conversion of the entire fleet to CNG.

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, 2010. 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.

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.

Scott Neeley
Chief Executive Officer

Susan Vinson, CPA, MSM
Director of Finance

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, 2010

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

Linda C. Davidson

President

Jeffrey R. Esser

Executive Director

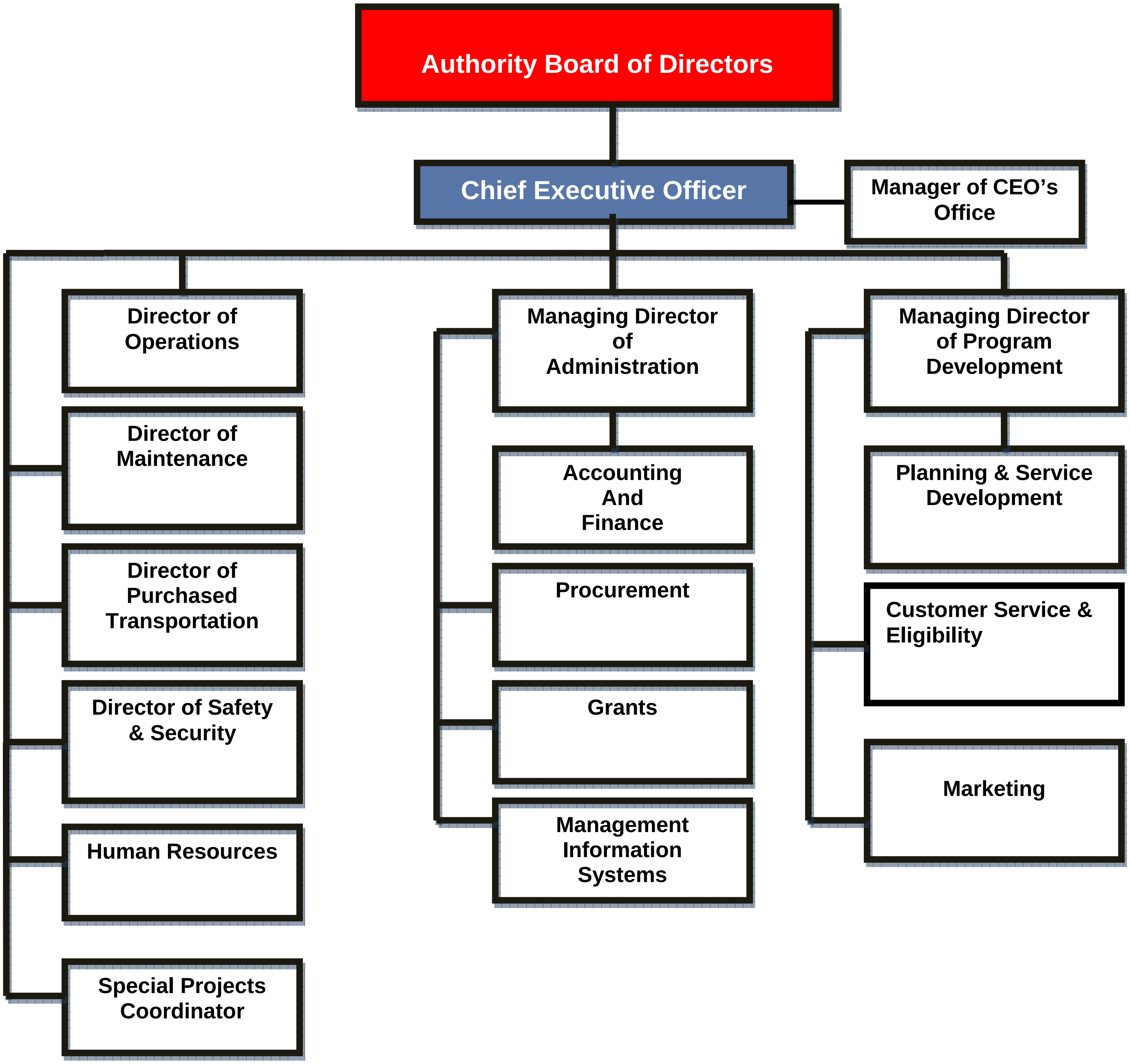
BOARD OF DIRECTORS AND ADMINISTRATION

BOARD OF DIRECTORS

Board Chair	**John Valls**
Board Vice-Chair	**Vangie Chapa**
Board Secretary	**Angie Flores Granado**
Members	**Tony Elizondo** **Robert Garcia** **Gil Hernandez** **Ray Hunt** **John Longoria** **Mary Saenz** **Lamont Taylor** **Judy Telge**
Advisory Board Member	**Crystal Lyons**

ADMINISTRATION

Chief Executive Officer	**Scott Neeley**
Managing Director of Administration	**Jorge Cruz-Aedo**
Managing Director of Program Development	**Sharon Montez**
Director of Operations	**Rosa Villarreal**
Director of Planning	**Carl Weckenmann**
Director of Finance	**Susan Vinson**
Director of Maintenance	**Jose Tovar**
Director of Procurement	**Robert Saldana**
Director of Purchased Transportation	**Terry Klinger**
Director of Safety & Security	**Mike Pefanis**
Director of Customer Programs	**Linda Fallwell-Stover**
Director of Communications & Marketing	**Karina Paris Carlisle**


Authority Board of Directors
Chief Executive Officer
Manager of CEO's Office
Director of Operations
Director of Maintenance
Director of Purchased Transportation
Director of Safety & Security
Human Resources
Special Projects Coordinator
Managing Director of Administration
Accounting And Finance
Procurement
Grants
Management Information Systems
Managing Director of Program Development
Planning & Service Development
Customer Service & Eligibility
Marketing

2011
Financial Section

Comprehensive Annual Financial Report

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COLLIER, JOHNSON & WOODS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

May 23, 2012

Board of Directors of the
Corpus Christi Regional Transportation Authority

We have audited the accompanying statements of net assets of the Corpus Christi Regional Transportation Authority as of December 31, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corpus Christi Regional Transportation Authority as of December 31, 2011 and 2010, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2012 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 that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16 and other required supplementary information on page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corpus Christi Regional Transportation Authority's financial statements as a whole. 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 financial statements. The accompanying schedule of expenditures of federal financial awards, pages 75 and 76, is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical section 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.

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, 2011 and 2010. We encourage readers to consider this information as part of a greater whole and read it in conjunction with the information provided in our transmittal letter in the introductory section and all other information presented in the notes to the financial statements and other sections.

FINANCIAL HIGHLIGHTS

- The Authority's net assets at December 31, 2011 total $63,706,836. Of this amount, $27,995,076 (43.9%) may be used to meet the Authority's ongoing obligations to citizens and creditors in accordance with its mission statement.

- The Authority's net assets increased by $4,255,000 (7.2%) during 2011 as a result of a loss of $992,029 offset by capital grants and donations of $5,247,029.

- As of December 31, 2011, the Authority had long term obligations of $565,916, composed of $490,898 of other post employment benefits and $75,018 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 Assets* presents information on all of the Authority's assets and liabilities; with the difference between them being reported as net assets. This is a measure of financial position, which can indicate improvement or deterioration from year to year. The presentation of net assets also distinguishes between those invested in capital assets and those that are unrestricted by external parties or legal requirements.

The *Statement of Revenues, Expenses and Changes in Net Assets* accounts for the change in net assets 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 *Notes to the Financial Statements* and *Required Supplementary Information* 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 also has fiduciary responsibility for two employee retirement funds and presents two financial statements related to them: (a) Fiduciary Funds - Statement of Net Assets and (b) Fiduciary Funds - Statement of Changes in Net Assets, 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 Authority's basic financial statements can be found beginning on page 17.

FINANCIAL ANALYSIS

Statement of Net Assets:

Net Assets: Increases in net assets indicate an improved financial position while decreases indicate deterioration of financial position. The Statement of Net Assets provides the necessary information on which to base this determination. These net assets are presented in two components: (1) those invested in capital assets and (2) those unrestricted and available for operations. Just over fifty-five percent of the Authority's total net assets are invested in capital assets consisting of buses, bus stops, shelters, stations, operating facilities and related land. There is no debt associated with these assets. The Authority uses these assets for the purpose of achieving its mission.

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

Table 1

CONDENSED SUMMARY OF NET ASSETS

		At December 31			At December 31		
		2011	**2010**	**Change**	**2010**	**2009**	**Change**
Current Assets	$	32,369,128	26,815,449	5,553,679	26,815,449	25,858,416	957,033
Capital Assets, Net of							
Accumulated Depreciation		35,534,213	35,551,031	(16,818)	35,551,031	37,044,364	(1,493,333)
Total Assets		67,903,341	62,366,480	5,536,861	62,366,480	62,902,780	(536,300)
Current Liabilities		3,630,589	2,461,986	1,168,6043	2,461,986	3,171,788	(709,802)
Long-Term Liabilities		565,916	452,658	113,258	452,658	287,887	164,771
Total Liabilities		4,196,505	2,914,644	1,281,861	2,914,644	3,459,675	(545,031)
Invested in Capital Assets		35,534,213	35,551,031	(16,818)	35,551,031	37,044,364	(1,493,333)
Unrestricted		28,172,623	23,900,805	4,094,272	23,900,805	22,398,741	1,502,064
Total Net Assets	$	63,706,836	59,451,836	4,255,000	59,451,836	59,443,105	8,731

The Authority's net assets at December 31, 2011 total $63,706,836. Of this amount, $35,534,213 (55.8%) represents the Authority's investment in capital assets (land, buildings, vehicles and other equipment). The remaining $28,172,623 was unrestricted. Net assets increased $4,255,000 in 2011 due to an overall increase in cash and receivables, offset by decreases in investments and capital assets (net of accumulated depreciation) and an increase in liabilities. It is important to understand that unrestricted net assets are not necessarily idle assets without a purpose attached to them. The Authority maintains financial projections that provide details of the planned uses of these resources which are needed to meet grant matching requirements and for capital projects financed with local funds.

The Authority's net assets at December 31, 2010 total $59,451,836. Of this amount, $35,551,031 (59.8%) represents the Authority's investment in capital assets. The remainder is unrestricted

Current Assets: At the end of 2011, the Authority's current and other assets had increased by $5,553,679 from the end of 2010. Cash was increased by a reduction in investments due to maturities. Receivables and the net pension asset were also higher than in 2010. The

Authority continues a strategy to maintain adequate resources for replacement, enhancement and expansion of capital assets and withstanding economic uncertainty.

During 2010, the Authority's current assets increased by $957,033. Cash was increased by a reduction in investments due to maturities. Prepaid expenses were also higher than in 2009, although inventories and receivables were lower.

Capital Assets: As of December 31, 2011, the Authority's overall investment in capital assets (net of accumulated depreciation) totals $35,534,213, a decrease of $16,818 from December 31, 2010. During the year, capital assets totaling $5,862,990 were added and depreciation totaling $5,878,720 decreased the carrying value. The Authority also retired capital assets with a historical cost of $583,066 and accumulated depreciation of $581,978. Significant 2011 capital additions include:

- Replacement of five motor coaches, and purchase of several smaller revenue and support vehicles
- Sidewalk improvements, bus pads, turnouts and curb cuts at bus stops and shelters
- Accessibility enhancements per the Authority's ADA Transition Plan
- Acquisition of additional land at the Staples Street and Port Ayers Stations
- Continuing upgrades to the Authority's fare collection and information systems including on board internet access

As of December 31, 2010, the Authority's overall investment in capital assets (net of accumulated depreciation) totaled $35,551,031, a decrease of $1,493,333 from December 31, 2009. During the year, capital assets totaling $3,750,174 were added and depreciation totaling $5,203,248 decreased the carrying value. The Authority also retired capital assets with a historical cost of $495,550 and accumulated depreciation of $455,291. Significant 2010 capital additions included:

- Replacement of five paratransit vehicles and four support vehicles
- Completion of the Master Plan Phase III Maintenance Facility renovation
- Sidewalk improvements, bus pads, turnouts and curb cuts at bus stops and shelters
- Accessibility enhancements per the Authority's ADA Transition Plan
- Acquisition of land near the Staples Street Station for a planned Customer Service Center
- A major upgrade to the Authority's fare collection and information systems
- Various maintenance equipment, furniture and computers

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 federal grants with a matching principle requiring that the Authority generally fund 20% of the total cost. Assets are then depreciated while maintaining the funding breakdown. The Schedule of Expenditures of Federal Awards in the Single Audit Section provides more details on federal grant activity during the year. The following shows the investment in the Authority's assets by funding source as of December 31, 2011 and 2010:

Table 2

		Federal and Other Funding	Local Funding	Total
At December 31, 2011:				
Capital Assets At Cost	$	67,967,834	18,035,620	86,003,454
Less Accumulated Depreciation		40,561,744	9,907,497	50,469,241
Capital Assets, Net	$	27,406,090	8,128,123	35,534,213
At December 31, 2010:				
Capital Assets At Cost	$	63,182,459	17,541,318	80,723,530
Less Accumulated Depreciation		36,286,160	8,886,339	45,172,499
Capital Assets, Net	$	26,895,989	8,655,042	35,551,031

Liabilities: The Authority's total liabilities as of December 31, 2011 are $4,196,505, of which $3,630,589 is current and customary to the Authority's business and $565,916 are non-current liabilities. Current liabilities increased due to increased amounts due to other governmental entities for street improvements and increased trade payables. As of December 31, 2010 the Authority's total liabilities were $2,914,644, of which $2,461,986 was current and $452,658 was non-current. Current liabilities decreased due to reduced payables to other governmental entities for street improvements and decreased trade payables, offset by increased amounts due for payroll related liabilities.

Statement of Revenues, Expenses and Changes in Net Assets:

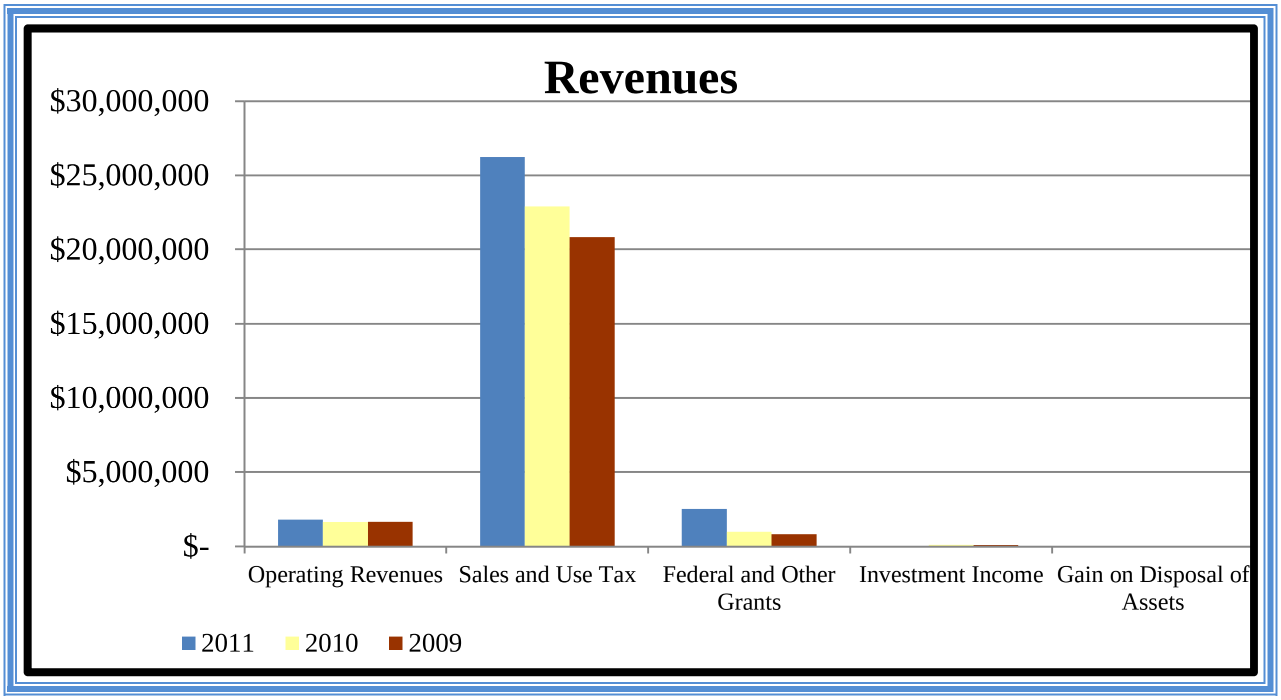
Change in Net Assets: While the Statement of Net Assets focuses on financial position at a point in time, the Statement of Revenues, Expenses, and Changes in Net Assets provides further details in to what specific activities took place during the year that led to the change in net assets shown on the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

Table 3

CONDENSED SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

		Year Ended December 31			Year Ended December 31		
		2011	2010	Change	2010	2009	Change
Revenues:							
Operating Revenues	$	1,813,663	1,626,297	187,366	1,626,297	1,658,675	(32,378)
Non-Operating Revenues							
Sales and Use Tax		26,235,525	22,891,712	3,343,813	22,891,712	20,821,573	2,070,139
Federal and Other Grants		2,527,017	995,526	1,531,491	995,526	805,664	189,862
Investment Income		27,860	100,071	(72,211)	100,071	81,807	18,264
Gain on Property Disposed		1,733	10,828	(9,095)	10,828	-	10,828
Total Revenues		30,605,798	25,624,434	4,981,364	25,624,434	23,367,719	2,256,715
Expenses:							
Operating Expenses		23,801,087	22,190,593	1,610,494	22,190,593	21,295,311	895,282
Depreciation		5,878,720	5,203,248	675,472	5,203,248	4,514,063	689,185
Distribution to Regional Entities		1,918,020	1,325,648	592,372	1,325,648	1,458,952	(133,304)
Loss on Property Disposed		-	-	-	-	223,022	(223,022)
Federal Interest in Disposed Property		-	2,816	(2,816)	2,816	210,517	(207,701)
Total Expenses		31,597,827	28,722,305	2,875,522	28,722,305	27,701,865	1,020,440
Net Loss Before Capital Grants and Donations		(992,029)	(3,097,871)	2,105,842	(3,097,871)	(4,334,146)	1.236,275
Capital Grants and Donations		5,247,029	3,106,602	2,140,427	3,106,602	10,281,571	(7,174,969)
Increase In Net Assets		4,255,000	8,731	4,246,269	8,731	5,947,425	(5,938,694)
Net Assets, January 1		59,451,836	59,443,105	8,731	59,443,105	53,495,680	5,947,425
Net Assets, December 31	$	63,706,836	59,451,836	4,255,000	59,451,836	59,443,105	8,731

Net assets increased $4,255,000 during 2011. The Authority's net assets increased because of $4,857,596 in Federal capital grants and $389,433 in private capital donations offset by a loss of $992,029. Net assets increased $8,731 during 2010 due to grant contributions for capital assets of $3,106,602 offset by a net loss of $3,097,871. The discussion on the following pages provides details of the more significant aspects of the Authority's operating activities that changed net assets.



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, earnings from investing activities, grants used for operating assistance and occasional gains from disposing of property owned by the Authority.

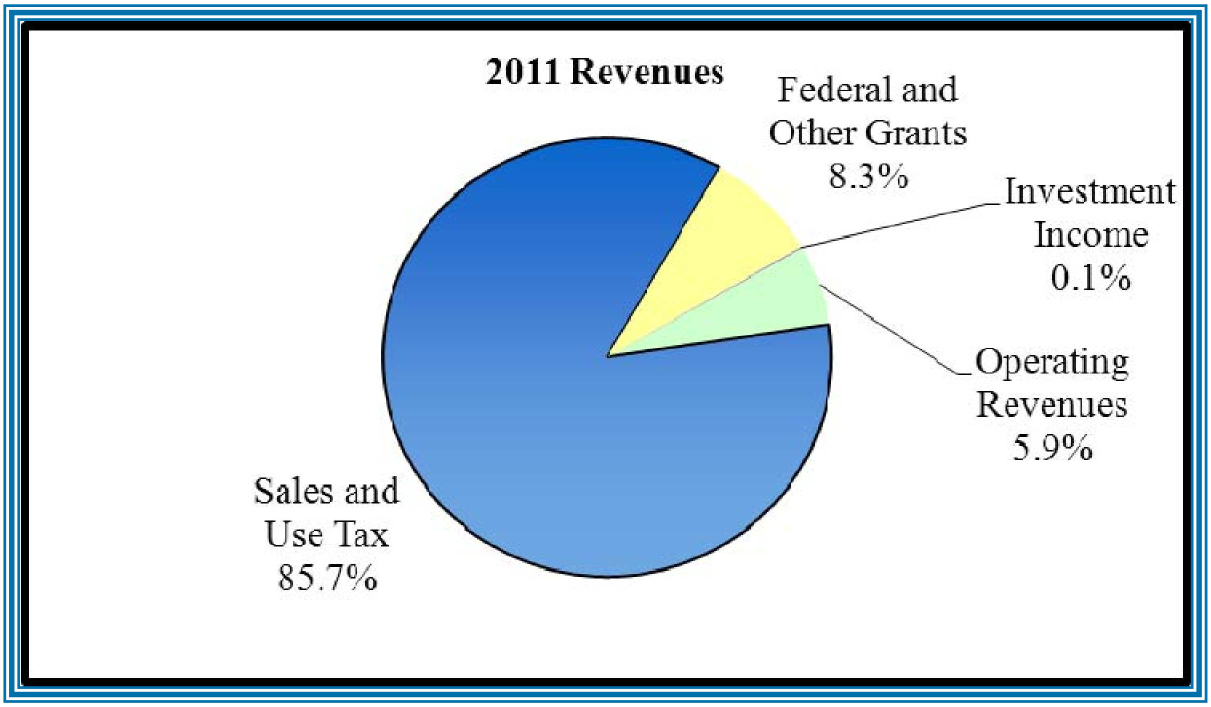
In 2011, the Authority's total revenues increased $4,981,364 (19.4%) from 2010. Sales taxes, grant revenues and operating revenues all increased from the prior year levels while investment income and gain on disposed property decreased. In 2010, revenues increased $2,256,715 (9.7%) from 2009. Sales taxes, grant revenues and investment income all increased from 2009 while operating revenues decreased. Details about the Authority's revenue activities are discussed in the following sections.

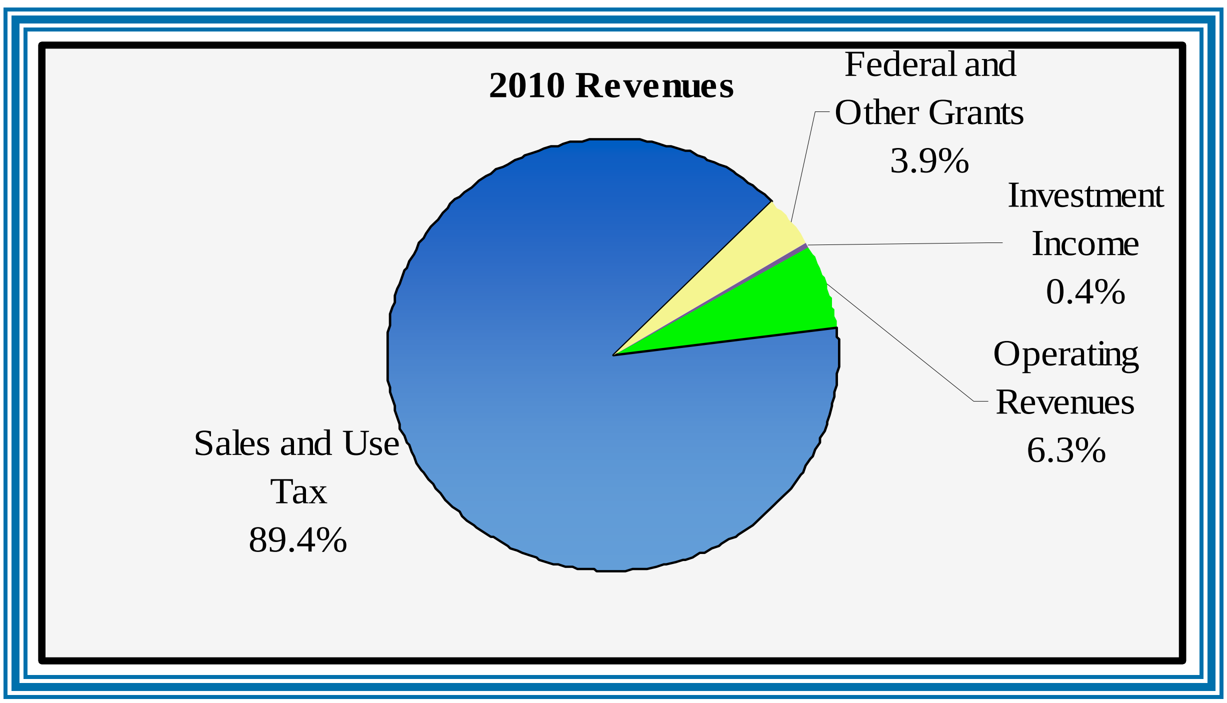
- Operating Revenues include user charges for transportation services, bus bench advertising, onboard advertising and other ancillary operating revenues. For 2011, operating revenues represent 5.9% of total revenues and are $187,366 more than in 2010. Overall rider-ship was up by 10.6% of which about 1.0% was due to operation of the Harbor Ferry which did not run in 2010. Ridership on fixed route bus services and demand response services increased by 10% or more. Ridership on fixed routes was up by 10% while demand response ridership was up by 4.7% due to increases in employment and improvement in the overall economy. Passenger revenues were up 8.0%, with revenues lagging increased ridership because the greatest increase was in lower fare services. In 2010, operating revenues represented 6.3% of total revenues and were $32,378 less than in 2009. While overall rider-ship was up by 2.0% passenger fares were down due to not operating the Harbor Ferry Service in 2010 and a decline in demand response rider-ship. Both demand response and the Harbor Ferry Service bring in higher per passenger fees than fixed route bus service.

- 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 2011, sales taxes represent 85.7% of total revenues and increased 14.6% from 2010. Continued improvements in the overall economy and increased economic activity related to the Eagle Ford Shale were responsible for the increase in sales tax collections. In 2010, sales taxes were 89.4% of total revenues and were 9.9% higher than 2009, as improvements in the economy directly impacted sales tax collections in the region.

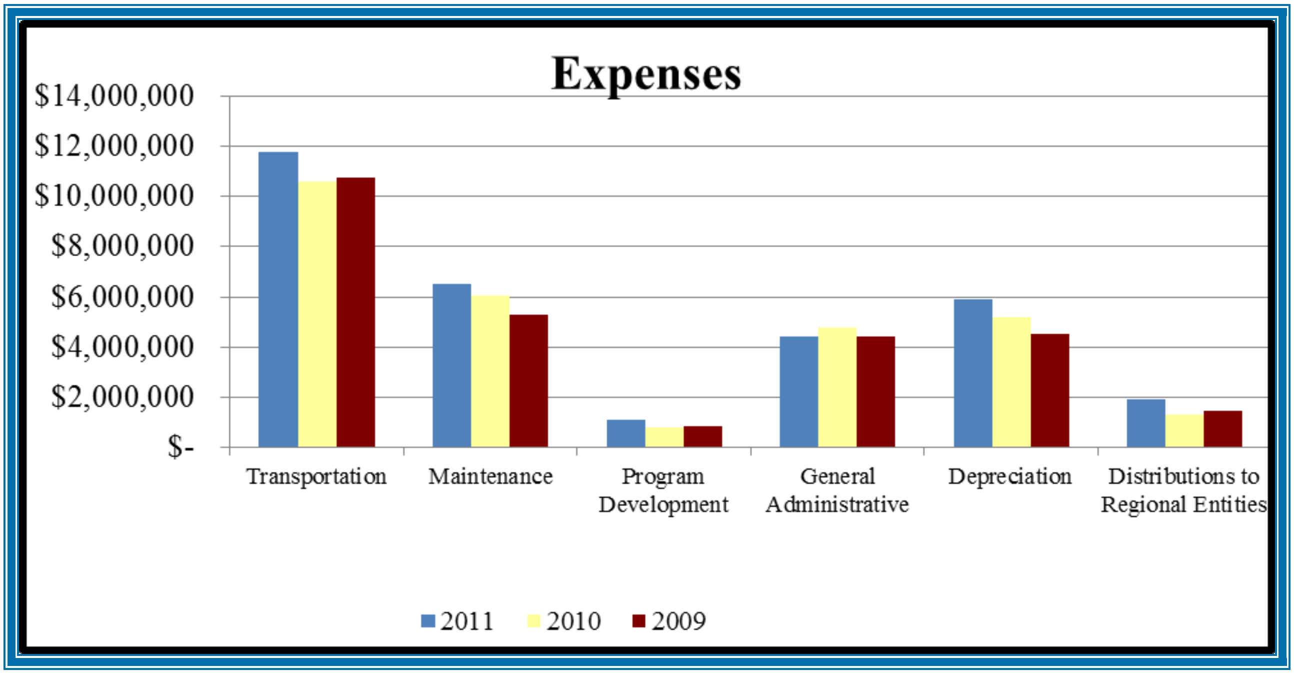
- Operating Grant Assistance represents reimbursements to the Authority for preventative maintenance activities, the cost of certain work-related routes and regional mobility coordination. The Authority has the option of utilizing its annual "Formula" grants provided by the Federal Transit Administration (FTA) for operating assistance or to fund capital asset acquisitions. In 2011, these grant revenues are made up primarily of reimbursements for preventive 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 2011, these grants represent 8.3% of total revenues compared to 3.9% in 2010, and 3.4% in 2009 as the Authority made greater use of preventive maintenance reimbursements. In 2010, these grant revenues were made up primarily of reimbursements for preventative maintenance activities. There were 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 related state grant reimbursements, FEMA reimbursement for costs incurred in a hurricane-related evacuation in a prior year, 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 Authority's portfolio decreased 72.2% from 2010. Although higher cash balances were available for investment, available yields were lower. In 2011, the average portfolio was $21,335,935 and yielded 0.13% compared to the 2010 average portfolio of $19,217,805 which yielded .52%. In 2010, these revenues increased 22.3% over 2009 due to higher available yields on lower cash balances. The average portfolio decreased to $19,217,805 from $21,417,683 in 2009 and the yields increased to .52% from .38% in 2009.


2011 Revenues
Federal and Other Grants 8.3%
Investment Income 0.1%
Operating Revenues 5.9%
Sales and Use Tax 85.7%


2010 Revenues
Federal and Other Grants 3.9%
Investment Income 0.4%
Operating Revenues 6.3%
Sales and Use Tax 89.4%

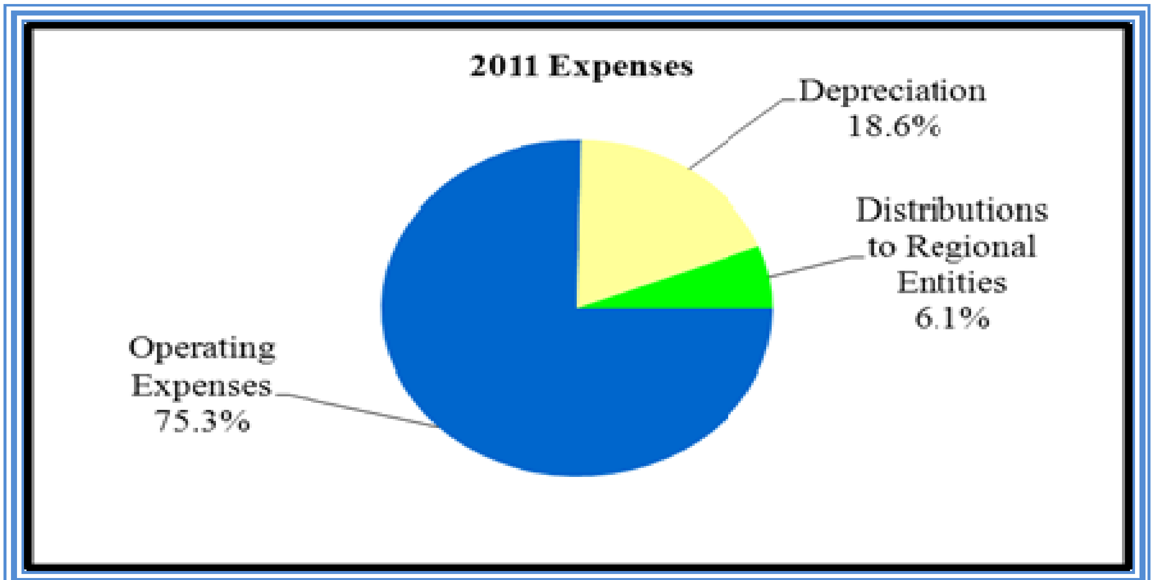
Expenses: The Authority's expenses are made of operating expenses (directly operated and purchased transportation services, maintenance, planning and program development, and general administrative costs), depreciation of capital assets, and distributions to regional entities for the Authority's street improvement program. In 2011, total expenses increased by $2,875,522 (10.0%) over 2010. In 2010, total expenses increased by $1,020,440 (3.7%) over 2009.

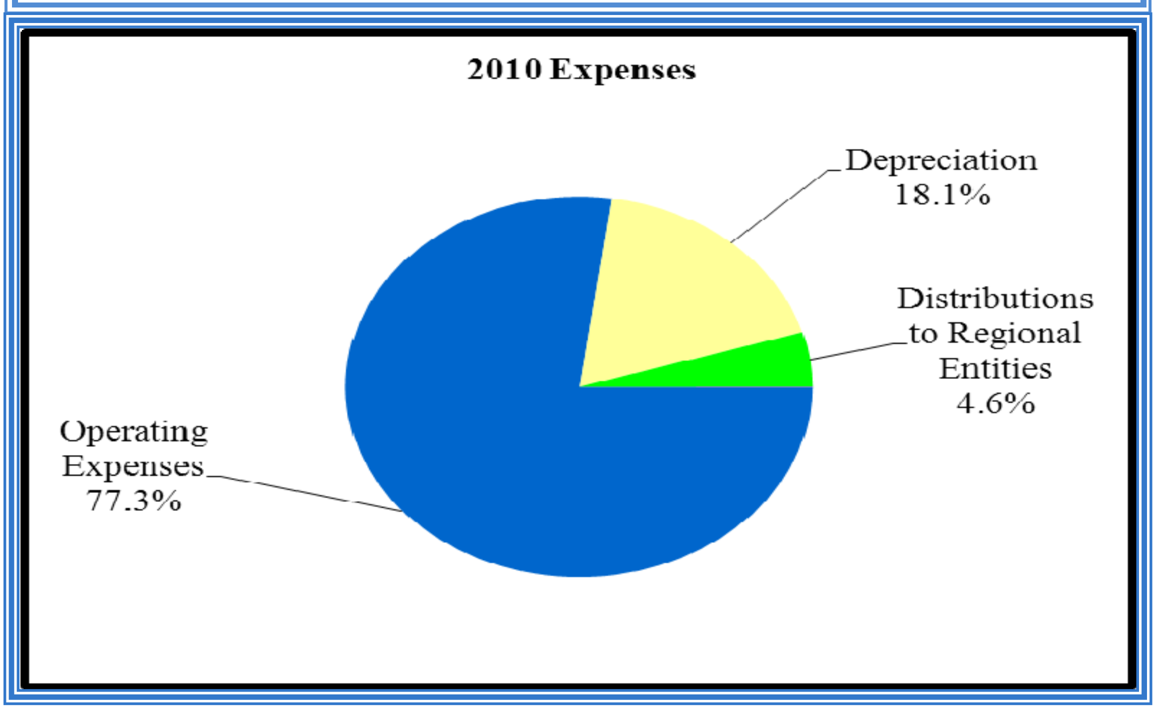


- **Operating Expenses:** The largest component of the Authority's total expenses is operating expenses. These expenses account for 75.3% and 77.3% of total expenses in 2011 and 2010, respectively.

  As shown on Table 3 above, operating expenses increased by $1,604,494 (7.3%) in 2011. Transportation costs which include both directly operated services and purchased transportation services increased $1,144,463 (10.8%). Purchased transportation services (including maintenance and fuel) increased $948,804 (16.8%) due to resumption of the Harbor Ferry Service, increases in demand response services, and higher fuel prices. Directly operated transportation costs increased by $195,000 (3.9%) primarily due to increased overtime costs resulting from staff vacancies and absences. Increased demand for drivers in the oil and gas fields made staffing operations more difficult. Maintenance costs for facilities and for directly operated revenue and support vehicles (including fuel) increased by $486,075 (8.1%) in 2011 primarily due to higher fuel prices. Costs for program development (including service development, customer service, marketing and program administration) increased by $299,622 (38.7%) as the Authority began the development of a new long range plan. The project will be completed in 2012. Administrative costs decreased $319,666 (6.7%) from 2010. The largest single factor was a decrease in the cost of funding the Authority's pension due to improved market conditions in 2010.

For 2010, operating expenses were 4.2% more than 2009. Maintenance costs were $755,586 (14.3%) higher than 2009 due to higher fuel prices and increased vehicle maintenance costs. Transportation costs decreased by $123,688 (1.2%) due to a reduction workers' compensation insurance premiums, offset by higher fuel prices for purchased transportation services. Administrative costs increased from 2009 primarily due to an increase in claims related to the Authority's self-funded health insurance plan.





Depreciation: Depreciation is $675,472 (13.0%) higher than 2010 as the Authority capitalizes and begins to depreciate new assets including replacements of fully depreciated assets. There is also additional depreciation for the costs of various investments in improvements to bus stops, shelters and other system improvements being capitalized. In 2010, depreciation was $689,185 (15.3%) higher than 2009 as the Authority began to depreciate the significant costs of replacing its maintenance facility, vehicles, and equipment that were at or past the end of their useful lives. There was also additional depreciation for the costs of various investments in improvements to bus stops, shelters and other system improvements.

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 2011, these costs increased $592,372 (44.7%) from 2010 due to an increase in budgeted sales tax. In 2010, the costs of the program decreased $133,304 (9.1%) from 2009 due to a decrease in budgeted sales tax.

Other Non-Operating Items: In 2011, the Authority had a gain on disposal of assets of $1,733. In 2010, the Authority had a gain on disposal of assets of $10,828. In addition there was a related expense for the federal interest in disposed property of $2,816 in 2010. Federal interest in disposed property occurs when property purchased with federal funds is disposed of before it is fully depreciated.

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 2011, a weak investment performance in the second quarter and third quarter consistent with overall stock and bond market trends resulted in a $671,013 (2.2%) decrease in value of the plans' assets since the end of 2010. This follows a gain of $4,736,209 (18.7%) in 2010. The Authority and its investment advisor continue to monitor market conditions which have shown a marked improvement in the first quarter of 2012. 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 2012 operating expenses including depreciation are budgeted at $32,205,630. This represents a 6% increase over the final 2011 budget. Sales tax, the Authority's largest revenue source, was budgeted at $26,760,575 an increase of 5.5% over what was budgeted in 2011. Sales tax is expected to cover 83.1% of operating expenses in 2012 as opposed to 88.4% in 2011.

The budget was formulated in the expectation that continued recovery from the deep recession of the past few years and continued expansion of operations at the Eagle Ford would result in an increase in sales tax revenue that would cover cost increases due to inflationary pressures. Eagle Ford a major shale field where oil and natural gas are being extracted using hydraulic fracturing has led to increased transportation and support activity in Nueces and five other counties that fall outside of the drilling area. A recent study released by the Center for Community and Business Research at the University of Texas at San Antonio Economic Institute for Economic Development estimates that in 2011, Eagle Ford related activity in Nueces County resulted in $4.9 billion in revenues, supported 3,880 jobs and provided $225 million in salaries and benefits. By 2021 Eagle Ford related revenues are expected to be $24.2 billion, employment 18,699 and payrolls in excess of $1.0 billion. The refineries and the Port of Corpus Christi will be particularly impacted and neighboring San Patricio County where the Authority also provides service will also benefit.

Other assumptions in the 2012 budget include minor service increases, maintaining the current fare structures, continued growth of fuel and health care costs. A 3.0 % COLA and an increase in starting compensation for operators were included in the 2012 budget. The budget also assumes increased reliance on preventive maintenance funding available on federal capital grants.

Sales tax revenue growth is expected to be at a slower rate than in 2011 as the economy stabilizes although revenues in the first quarter of 2012 were still increasing at double digit rates. Passenger fare revenues are up 2% for the first quarter of 2012 as both employment and fuel prices continue to rise. The increase in fuel prices in early 2012 have been greater than what was budgeted and a budget amendment is anticipated to address the increase. The Authority expects to cover the increased fuel cost through savings in other areas and through increased sales tax. On a long term basis the Authority expects to control fuel costs by going from diesel to compressed natural gas as the primary fuel for the fleet.

Several significant capital projects are planned for 2012. The cost will be funded with a combination of FTA and other federal grants, local funds and the use of state toll credits in place of matching funds. The projects include:

- Continued acquisition of real estate and plan design activity for a new Customer Service Center in downtown Corpus Christi. This project is expected to include space for other governmental entities.
- A new fueling station and other capital improvements needed for conversion to CNG

- Replacement of 10 buses and 26 smaller revenue vehicles. All of the buses and some of the smaller vehicles will be replaced with CNG fueled vehicles
- ADA Improvements, Shelters & Facilities throughout the system
- Improvements to Bus Stops, Streets and Park and Rides
- Continued improvements to information technology

During 2012, 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. Development of the long range system plan is a key part of this process.

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, Chief Executive Officer's office, Corpus Christi Regional Transportation Authority, 5658 Bear Lane, Corpus Christi, Texas 78405, (361) 289-2712. In addition this Comprehensive Annual Financial Report will be posted on the Authority's website: www.ccrta.org.

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statement of Net Assets
December 31, 2011 and 2010

		2011	2010
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 2)	$	24,335,431	11,710,519
Investments (Note 2)		100,000	8,304,453
Receivables:			
Sales and Use Taxes		5,201,820	4,442,162
Accrued Interest		16	46,458
Federal Government		1,385,047	1,155,387
Other		96,193	67,221
Inventories		571,406	573,797
Prepaid Expenses		501,669	515,452
Net Pension Asset		177,546	-
Total Current Assets		32,369,128	26,815,449
Capital Assets (Note 3):			
Land		2,166,370	1,928,997
Buildings		16,741,830	16,741,830
Transit Stations, Stops and Pads		19,665,478	17,370,114
Other Improvements		1,715,273	1,695,710
Vehicles and Equipment		43,654,372	40,831,599
Construction in Progress		2,060,131	2,155,280
Total Capital Assets		86,003,454	80,723,530
Less: Accumulated Depreciation		(50,469,241)	(45,172,499)
Capital Assets, Net		35,534,213	35,551,031
TOTAL ASSETS		**67,903,341**	**62,366,480**
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts Payable		1,245,715	691,549
Accrued Compensated Absences (Note 4)		207,174	201,115
Distributions to Regional Entities Payable		1,355,715	873,388
Other Accrued Liabilities		821,986	695,934
Total Current Liabilities		3,630,590	2,461,986
Non-Current Liabilities:			
Accrued Compensated Absences (Note 4)		75,017	68,902
Other Post-Employment Benefits (Note 6)		490,898	383,756
Total Non-Current Liabilities		565,915	452,658
TOTAL LIABILITIES		**4,196,505**	**2,914,644**
Net Assets:			
Invested In Capital Assets		35,534,213	35,551,031
Unrestricted		28,172,623	23,900,805
TOTAL NET ASSETS	$	**63,706,836**	**59,451,836**

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

Statement of Revenues, Expenses and Changes in Net Assets

Years Ended December 31, 2011 and 2010

		2011	2010
Operating Revenues:			
Passenger Service	$	1,660,782	1,537,772
Bus Advertising		40,000	30,000
Charter Service		-	3,000
Other Operating Revenues		112,881	55,525
Total Operating Revenues		1,813,663	1,626,297
Operating Expenses:			
Transportation		5,169,318	4,973,659
Customer Programs		317,752	358,206
Purchased Transportation		6,594,711	5,645,907
Program Development		350,661	196,715
MIS		248,423	249,656
Vehicle Maintenance		5,374,393	4,934,457
Facilities Maintenance		1,003,605	952,392
Materials Management		141,069	146,143
Administrative and General		4,313,482	4,514,495
Marketing and Communications		287,673	218,963
Depreciation		5,878,720	5,203,248
Total Operating Expenses		29,679,807	27,393,841
Operating Loss		**(27,866,144)**	**(25,767,544)**
Non-Operating Revenues (Expenses):			
Sales and Use Tax Revenue		26,235,525	22,891,712
Federal and Other Grant Assistance		2,527,017	995,526
Investment Income		27,860	100,071
Gain on Disposition of Property		1,733	10,828
Federal Interest in Disposed Property		-	(2,816)
Distributions to Regional Entities		(1,918,020)	(1,325,648)
Net Loss Before Capital Grants and Donations		(992,029)	(3,097,871)
Capital Grants and Donations		5,247,029	3,106,602
Change in Net Assets		4,255,000	8,731
Net Assets, January 1		59,451,836	59,443,105
Net Assets, December 31	$	63,706,836	59,451,836

See Notes to Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statement of Cash Flows
Years Ended December 31, 2011 and 2010

		2011	2010
Cash Flows From Operating Activities:			
Cash Received from Customers	$	1,660,782	1,537,772
Cash Received from Bus Advertising and Other Ancillary		123,909	84,200
Cash Payments to Suppliers for Goods and Services		(12,554,936)	(12,046,487)
Cash Payments to Employees for Services		(7,693,029)	(7,389,258)
Cash Payments for Employee Benefits		(2,904,055)	(3,074,202)
Net Cash Used by Operating Activities		(21,367,329)	(20,887,975)
Cash Flows from Non-Capital Financing Activities:			
Sales and Use Taxes Received		25,475,867	22,227,610
Grants and Other Reimbursements		2,527,017	995,526
Distributions to Regional Entities		(1,435,693)	(1,465,683)
Net Cash Provided by Non-Capital Financing Activities		26,567,191	21,757,453
Cash Flows from Capital and Related Financing Activities:			
Federal and Other Grant Assistance		5,026,197	3,455,908
Proceeds from Disposal of Capital Assets		2,820	10,827
Purchase and Construction of Capital Assets		(5,882,722)	(3,585,073)
Net Cash Used by Capital and Related Financing Activities		(853,705)	(118,338)
Cash Flows from Investing Activities:			
Investment Income		300,595	261,933
Purchases of Investments		(5,121,840)	(6,342,604)
Maturities and Redemptions of Investments		13,100,000	9,100,000
Net Cash Provided by Investing Activities		8,278,755	3,019,329
Net Increase (Decrease) in Cash and Cash Equivalents		12,624,912	3,770,469
Cash and Cash Equivalents, January 1		11,710,519	7,940,050
Cash and Cash Equivalents, December 31	$	24,335,431	11,710,519

(Continued)

		2011	2010
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating Loss	$	(27,866,144)	(25,767,544)
Adjustments to Reconcile Operating Loss to Net Cash			
Used by Operating Activities:			
Depreciation		5,878,720	5,203,248
Changes in Assets and Liabilities:			
Receivables		(28,972)	(4,325)
Inventories		2,391	107,595
Prepaid Expenses		13,783	(236,022)
Accounts Payable and Accrued Liabilities		632,893	(190,927)
Net Cash Used for Operating Activities	$	(21,367,329)	(20,887,975)
Non-Cash Investing, Capital and Financing Activities:			
Change in Fair Value of Investments	$	-	18,630

See Notes to Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Statement of Net Assets
December 31, 2011 and 2010

		2011	2010
ASSETS			
Investments (Note 2)			
Money Market Funds	$	1,865,667	1,658,757
Debt Mutual Funds		6,576,406	6,339,275
Equity Mutual Funds		20,954,733	22,069,787
Total Assets		29,396,806	30,067,819
LIABILITIES		-	-
NET ASSETS			
Held In Trust For Pension Benefits	$	29,396,806	30,067,819

See Notes to Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Statement of Changes in Net Assets
Years Ended December 31, 2011 and 2010

		2011	2010
Additions:			
Investment Income (Loss)	$	(754,878)	3,884,010
Employee Contributions		681,496	686,777
Employer Contributions (Note 5)		1,064,288	1,168,423
Total Additions		990,906	5,739,210
Deductions:			
Benefits Paid		1,575,477	966,384
Administrative Expenses		86,442	36,617
Total Deductions		1,661,919	1,003,001
Increase/(Decrease) in Net Assets		(671,013)	4,736,209
Net Assets, January 1		30,067,819	25,331,610
Net Assets, December 31	$	29,396,806	30,067,819

See Notes to Financial Statements

(1) Summary of Significant Accounting Practices

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 a 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. To date, neither of these options has been exercised. The Authority is not subject to federal income taxes.

Reporting Entity: "The Financial Reporting Entity," as defined by GASB Statement No. 14, 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.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, private sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed to the extent that those standards do not conflict with the guidance of the GASB. The Authority has elected not to follow subsequent private-sector guidance as it relates to its operations.

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 nonparticipating 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: 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.

Capital Assets: The Authority generally defines capital assets as items with an initial cost of at least $750 ($500 for IT equipment) and an estimated useful life in excess of one year. 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
Transit Stations and Bus Pads	15
Improvements other than buildings	5
Vehicles, furniture and equipment	3-12
Leasehold improvements	3-5

Upon disposal, the costs of assets, including accumulated depreciation, are removed with the resulting gain or loss being reflected as a non-operating expense in the statement of revenues, expenses, and changes in net assets. 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, health 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.

Pension Plans: It is the Authority's policy to fund pension costs annually. Pension costs are composed of normal service cost and amortization of unfunded actuarial accrued liability and prior service costs.

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: During 2010, the Authority implemented the requirements of Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets.* Statement 51 provides guidance on capitalization of intangible costs including information technology. Governmental Accounting Standards Board (GASB) Statement 53, *Accounting and Financial Reporting for Derivative Instruments* which requires the Authority to report derivatives at fair value and to disclose the effectiveness of any hedge transactions was also effective for 2010, but had no effect on the Authority which does not currently make use of derivative instruments.

(2) Deposits and Investments

As of December 31, 2011 and 2010, the Authority had the following cash and investments:

Deposits and Investments by Type		2011 Enterprise Fund Fair Value	2011 Fiduciary Funds Fair Value	2011 Weighted Average Maturity (Days)		2010 Enterprise Fund Fair Value	2010 Fiduciary Funds Fair Value	2010 Weighted Average Maturity (Days)
Demand Deposits	$	375,796	-	1	$	320,245	-	1
Government Agencies		-	-			8,203,280	-	210
Certificates of Deposit		100,000	-	178		100,000	-	177
Money Market Funds		23,958,485	1,865,667	1		11,386,624	1,658,757	1
Debt Mutual Funds		-	6,576,406	1		-	6,339,275	1
Equity Mutual Funds		-	20,954,733	1		-	22,069,787	1
Total		24,434,281	29,396,806			20,010,149	30,067,819	
Included In Cash and Cash Equivalents		(24,334,281)	(1,865,667)			(11,706,869)	(1,658,757)	
Equity in Investments	$	100,000	27,531,139		$	8,303,280	28,409,062	

The carrying value of the Enterprise Fund Equity in Investments was $100,000 and $8,304,453 at December 31, 2011 and 2010, 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.

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. Banks are contractually liable for continuously maintaining collateral at the required margin when balances exceed the amount covered by the Federal Deposit Insurance Corporation. At December 31, 2011 and 2010 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, 2011 and 2010, all Authority's securities were handled in this manner.

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 Authority's policy for managing this risk, in compliance with state law, allows the Authority to invest in obligations of United States and its agencies or instrumentalities, states, counties, cities and other political subdivisions of any state having a rating of not less than A or its equivalent; certificates of deposit; prime domestic banker's acceptances; certain commercial paper; certain mutual funds; fully collateralized repurchase agreements and public investment pools. As of December 31, 2011 and 2010, the Authority's investments consisted of such securities as outlined by law and its investment policy.

The Authority participated in several money market funds during these years including the Goldman Sachs Government Fund, Fidelity Institutional Money Market Portfolio Select and several funds managed by Wells Fargo. The funds are registered with the Securities and Exchange Commission. The funds were either rated AAA by Moody's and Standard & Poor's, or if unrated invested in US government securities, money market securities rated AAA by a nationally recognized rating service or if not rated, determined to be of equivalent quality and repurchase agreements. The underlying portfolio of the money market funds included U.S. Government obligations, foreign government obligations, commercial paper, time and certificates of deposit, repurchase agreements and municipal, corporate and floating rate bonds.

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 any investments to a maximum of three years. As of December 31, 2011 and 2010, all investments were in compliance with policy.

Concentration of Credit Risk: This is the risk of investing predominantly in any one type of investment or entity. The Authority's investment policy limits the amounts of such investments to various specified percentages of the total portfolio based on the type of investments. All investments are in compliance with policy as of December 31, 2011 and 2010.

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 so there is no significant 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 at least three 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, 2011 is as follows:

		Balance at 12/31/2010	Additions / Transfers	Retirements	Balance at 12/31/2011
Assets Not Being Depreciated:					
Land	$	1,928,997	237,373	-	2,166,370
Construction in Progress		2,155,280	(95,149)	-	2,060,131
		4,084,277	142,224	-	4,226,501
Assets Being Depreciated:					
Buildings		16,741,830	-	-	16,741,830
Transit Stations, Bus Stops, Street Pads & Other Improvements		17,370,114	2,295,364	-	19,665,478
Improvements other than Buildings		1,695,710	19,563	-	1,715,273
Vehicles, Furniture and Equipment		40,831,599	3,405,839	(583,066)	43,654,372
		76,639,253	5,720,766	(583,066)	81,776,953
Total Capital Assets		**80,723,530**	**5,862,990**	**(583,066)**	**86,003,454**
Less: Accumulated Depreciation:					
Buildings		7,706,327	702,876	-	8,409,203
Transit Stations, Bus Stops, Street Pads & Other Improvements		12,396,170	1,185,171	-	13,581,341
Improvements other than Buildings		1,421,430	128,457	-	1,549,887
Vehicles, Furniture and Equipment		23,648,572	3,862,216	(581,978)	26,928,810
Total Accumulated Depreciation		**45,172,499**	**5,878,720**	**(581,978)**	**50,469,241**
Total Capital Assets, Net	$	**35,551,031**	**(15,730)**	**(1,088)**	**35,534,213**

Capital asset activities for the year ended December 31, 2010 is as follows:

		Balance at 12/31/2009	Additions / Transfers	Retirements	Balance at 12/31/2010
Assets Not Being Depreciated:					
Land	$	1,722,307	206,690	-	1,928,997
Construction in Progress		8,332,048	(6,176,768)	-	2,155,280
		10,054,355	(5,970,078)	-	4,084,277
Assets Being Depreciated:					
Buildings		9,823,133	6,918,697	-	16,741,830
Transit Stations, Bus Stops, Street Pads & Other Improvements		16,871,482	498,632	-	17,370,114
Improvements other than Buildings		1,695,710	-	-	1,695,710
Vehicles, Furniture and Equipment		39,024,226	2,302,923	(495,550)	40,831,599
		67,414,551	9,720,252	(495,550)	76,639,253
Total Capital Assets		**77,468,906**	**3,750,174**	**(495,550)**	**80,723,530**
Less: Accumulated Depreciation:					
Buildings		7,107,884	598,443	-	7,706,327
Transit Stations, Bus Stops, Street Pads & Other Improvements		11,436,895	959,275	-	12,396,170
Improvements other than Buildings		1,280,642	140,788	-	1,421,430
Vehicles, Furniture and Equipment		20,599,121	3,504,742	(455,291)	23,648,572
Total Accumulated Depreciation		**40,424,542**	**5,203,248**	**(455,291)**	**45,172,499**
Total Capital Assets, Net	$	**37,044,364**	**(1,453,074)**	**(40,259)**	**35,551,031**

The operating information presented in the statistical section includes several indicators of the volume, usage and nature of the Authority's capital assets.

(4) Long – Term Liabilities

The Authority's long-term liabilities are limited to Other Post Employment Benefits and the non-current portion of 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. The following table shows the changes in long-term liabilities during 2011 and 2010:

Changes in Long Term Liabilities

2011		1/1/2011	Additions	Retirements	12/31/2011	Due Within One Year
Other Post Employment Benefits	$	383,756	166,482	(59,340)	490,898	-
Compensated Absences		270,017	352,100	(339,926)	282,191	207,174
Total Long Term Liabilities	$	653,773	518,582	(399,266)	773,089	207,174

2010		1/1/2010	Additions	Retirements	12/31/2010	Due Within One Year
Other Post Employment Benefits	$	217,505	169,206	(2,955)	383,756	-
Compensated Absences		262,254	320,421	(312,658)	270,017	201,115
Total Long Term Liabilities	$	479,759	489,627	(315,613)	653,773	201,115

(5) Retirement Plans

Defined Benefit Plan

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 and November 2010.

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. The plan is not indexed for inflation. There are currently 405 participants in this plan as follows:

Retirees and beneficiaries currently receiving benefits	75
Terminated and entitled to, but not yet receiving benefits	142
Active employees	188

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). Significant actuarial assumptions used in the valuations are as follows:

Valuation Date	*01/01/11*	*01/01/10*
Cost Method	*Entry Age Normal Cost*	*Entry Age Normal Cost*
Inflation Rate	*0.0%*	*0.0%*
Investment Rate of Return – Pre Retire	*7.50%*	*7.50%*
Investment Rate of Return – Post Retire	*7.50%*	*7.50%*
Projected Salary Increases	*3.50%*	*3.50%*
Amortization Method	*Level dollar amount over 15 years from 01/01/09*	*Level dollar amount over 15 years from 01/01/09*
Remaining Amortization Period	*13 Years*	*14 Years*
Asset Valuation Method	*Market Value*	*Market Value*
Normal Cost as a percent of covered payroll	*9.1%*	*9.1%*
Annual Required Contribution	$ 886,742	$1,168,423
Contribution Made	$1,064,288	$1,168,423

Annual Pension Cost and Net Pension Obligation: The following represents the components of the Annual Pension Cost (APC), contributions, interest and changes in the Net Pension Obligation (NPO) for the years ended December 31, 2011 and 2010:

	2011	2010
Annual Required Contribution (ARC)	$ 886,742	$ 1,168,423
Adjustment to ARC	-	-
Interest on Net Pension Asset	-	-
APC	886,742	1,168,423
Contributions	(1,064,288)	(1,168,423)
Change in Net Pension Asset	177,546	-
Net Pension Asset – Beginning of Year	-	-
Net Pension Asset – End of Year	$ 177,546	$ -

-

Trend Information: 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:

Year	Annual Pension Cost (APC)	Employer Contribution	Percentage of APC Contributed	Net Pension Asset
2011	$ 886,742	$ 1,064,288	120%	$ 177,546
2010	$ 1,168,423	$ 1,168,423	100%	$ -
2009	$ 1,355,811	$ 1,355,811	100%	$ -

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

January 1	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
2011	$ 21,547,899	$23,682,639	$ 2,134,740	91.0%	$ 7,073,120	30.18%
2010	$ 17,913,932	$22,390,777	$ 4,476,845	80.0%	$ 7,246,596	61.78%

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 plans liabilities, while limiting risk, the plan 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, 2011, the Plan's net assets were valued at approximately $21,791,159, a decrease of 1.1% since December 31, 2010. As a result, the annual required contribution for 2012 is estimated to be $1,038,106 in comparison to the $886,742 required contributed for 2011.

Financial Statements: The DB Plan does not issue a separate stand-alone financial report. Financial statements for the years ended 2011 and 2010 are as follows:

Statement of Fiduciary Net Assets
December 31, 2011 and 2010

		2011	2010
ASSETS			
Money Market Funds	$	632,414	331,658
Mutual Funds - Debt		5,830,618	5,618,943
Mutual Funds - Equity		15,328,127	15,597,298
TOTAL ASSETS		21,791,159	21,547,899
LIABILITIES		-	-
NET ASSETS			
Held In Trust For Pension Benefits	$	21,791,159	21,547,899

Statement of Changes in Fiduciary Net Assets
Years Ended December 31, 2011 and 2010

		2011	2010
Additions:			
Investment Income/(Loss)	$	(165,982)	2,975,080
Employer Contributions		1,064,288	1,168,423
Total Additions		898,306	4,143,503
Deductions:			
Benefits Paid		591,273	481,118
Administrative Expenses		63,773	28,418
Total Deductions		655,046	509,536
Increase in Net Assets		243,260	3,633,967
Net Assets, January 1		21,547,899	17,913,932
Net Assets, December 31	$	21,791,159	21,547,899

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 $7,990,096 in 2011 and $7,964,070 in 2010. Employee contributions were $681,496 in 2011 and $686,777 in 2010. 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 2011 and 2010 are as follows:

Statement of Fiduciary Net Assets
December 31, 2011 and 2010

		2011	2010
ASSETS			
Money Market Funds	$	1,233,253	1,327,099
Mutual Funds - Debt		745,788	720,332
Mutual Funds - Equity		5,626,606	6,472,489
Total Assets		7,605,647	8,519,920
LIABILITIES		-	-
NET ASSETS			
Held In Trust For Pension Benefits	$	7,605,647	8,519,920

Statement of Changes in Fiduciary Net Assets
Years Ended December 31, 2011 and 2010

		2011	2010
Additions:			
Investment Income (Loss)	$	(588,896)	908,930
Employee Contributions		681,496	686,777
Total Additions		92,600	1,595,707
Deductions:			
Benefits Paid		984,204	485,266
Administrative Expenses		22,699	8,199
Total Deductions		1,006,873	493,465
Increase/(Decrease) in Net Assets		(914,273)	1,102,242
Net Assets, January 1		8,519,920	7,417,678
Net Assets, December 31	$	7,605,647	8,519,920

(6) Other Post Employment Benefits (OPEB) Plan

GASB Statement No. 45 established new 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 effective date of GASB 45 implementation for the Authority was January 1, 2008. The most recent actuarial valuation performed in accordance with the standard was dated January 1, 2010.

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: Plan member contributions toward healthcare costs are established by the Authority. 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 2011, $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	3
Eligible, but not retired	33
Active Work Force	170
Total	206

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 Statement No. 45. 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:

	2011	2010
Annual Required Contribution	$ 172,772	$ 172,772
Interest on OPEB Liability	17,269	9,787
Adjustment to the ARC	(23,559)	(13,353)
Annual OPEB Cost	166,482	169,206
Employer Contributions	(59,340)	(2,955)
Net Change in OPEB Liability	107,142	166,251
OPEB Liability at January 1	383,756	217,505
OPEB Liability at December 31	$ 490,898	$ 383,756

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
2011	$166,482	35.6%	$490,898
2010	$169,206	1.7%	$383,756
2009	$ 115,899	5.8%	$217,505

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 Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL As Percentage of Payroll
	a	b	c = b - a	d	d / c
01/01/10	$ -	$ 1,016,925	$ 1,016,925	$ 7,246,956	14%
01/01/08	$ -	$ 766,655	$ 766,655	$ 6,394,664	12%

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:

Valuation Date	*01/01/10*	*01/01/08*
Cost Method	*Projected Unit Credit*	*Projected Unit Credit*
Asset Valuation Method	*Unfunded, Pay-as-you-go basis*	*Unfunded, Pay-as-you-go basis*
*Investment Rate of Return ***	*4.50%*	*4.50%*
Annual Healthcare Cost Trend	*9% initially, graded down to 5% in year 9*	*9% initially, graded down to 5% in year 9*
Inflation Rate	*2.50%*	*2.50%*
Utilization	*50% of eligible actives*	*50% of eligible actives*
Amortization Period	*30 Years*	*30 Years*
Amortization Method	*Level Dollar, Open*	*Level Dollar, Open*

*** 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, 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. In January 2007, the Authority changed carriers to Liberty Mutual with the same structure and in December 2009, the Authority changed carriers back to the Texas Municipal League. There is one continuing claim 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 2011 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 are 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, 2009, 2010 and 2011 are as follows:

	Workers' Compensation	Health and Dental Benefits
Balance at 12/31/08	$ 30,894	$ 87,125
Incurred Claims	-	797,391
Changes in Estimate	-	-
Claims Paid	(5,118)	(772,822)
Balance at 12/31/09	$ 25,776	$ 111,694
Incurred Claims	-	1,090,198
Changes in Estimate	-	-
Claims Paid	(7,421)	(1,009,844)
Balance at 12/31/10	$ 18,355	$ 192,048
Incurred Claims	-	1,269,900
Changes in Estimate	24,592	-
Claims Paid	(21,695)	(1,181,257)
Balance at 12/31/11	$ 21,252	$ 280,691

(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, 2011 the second phase of the Authority's American's with Disabilities Act Transition Plan was substantially complete and the Authority had commitments of about $1.3 million on additional projects to improve infrastructure and access at various stations and stops.

As of December 31, 2010 the Authority had commitments for about $230,000 on construction to improve access to bus stops. The construction was being funded by the American Recovery and Reinvestment Act of 2009, and is part of the Authority's American's with Disabilities Act Transition Plan. Engineering and design had begun on a second phase of the project budgeted at $1.3 million but no construction contracts had been entered into as of December 31, 2010.

(9) Concentrations

During 2011, the Authority received $4,857,596 for capital assistance and $2,527,017 for other projects from the Federal Transportation Administration.

During 2010, the Authority received $3,106,602 for capital assistance and $976,015 for other projects from the FTA.

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 has a contract with MV Transportation, Inc. to provide para-transit services for elderly and persons with disability and certain fixed route services. A contract executed December 1, 2008 established a term for these services from January 1, 2009 through December 31, 2011 with an option for the Authority to extend the contract for two additional one-year periods. The Authority exercised the first one-year extension which extends through December 31, 2012. Expenses under the contract amounted to $4,366,360 in 2011 and $4,179,253 in 2010. All passenger fares related to these transit services are recorded by the Authority as operating revenue.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress for Defined Benefit Pension Plan:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
January 1, 2011	$ 21,547,899	$ 23,682,639	$ 2,134,740	91.0%	$ 7,073,120	30.2%
January 1, 2010	$ 17,913,932	$ 22,390,777	$ 4,476,845	80.0%	$ 7,246,596	61.8%
January 1, 2009	$ 13,297,998	$ 20,416,886	$ 7,118,888	65.1%	$ 6,634,041	107.3%

Note: The Authority updated various assumptions as a result of policy changes. In 2009, the amortization method was changed from level percent of pay open over 8.3255 years, to level dollar amount over 15 years. Changes, which took effect on the 2008 actuarial valuation, are as follows:

1. Mortality table changed to more recent RP2000 from 1983 Group Annuity.
2. The pre-retirement interest rate changed to 7.5% from 8.0%.
3. The projected salary increase assumption was changed to 3.5% from 4.0%.

Schedule of Employer Contributions for Defined Benefit Pension Plan:

Year	Annual Required Contribution	Percentage Contributed
2011	$ 886,742	120 %
2010	$ 1,168,423	100 %
2009	$ 1,355,811	100 %

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

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Unit Cost	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL As Percentage of Payroll
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
Supplemental Schedule - Actual and Budget By Function
Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance Final Budget Versus Actual
Operating Revenues:				
Passenger Service	$ 1,571,692	1,571,692	1,660,782	89,090
Bus Advertising	40,000	40,000	40,000	-
Charter Service	3,000	3,000	-	(3,000)
Other Operating Revenues	50,450	50,450	112,881	62,431
Total Operating Revenues	1,665,142	1,665,142	1,813,663	148,521
Operating Expenses:				
Transportation	5,041,981	5,241,981	5,169,318	72,663
Customer Programs	399,777	379,777	317,752	62,025
Purchased Transportation	6,574,238	6,724,238	6,594,711	129,527
Program & Service Development	324,671	718,890	468,081	250,809
MIS	319,972	312,472	248,423	64,049
Vehicle Maintenance	5,362,059	5,637,059	5,374,393	262,666
Facilities Maintenance	991,686	1,011,686	1,003,605	8,081
Materials Management	142,421	147,421	141,069	6,352
Administrative and General	4,549,913	4,297,413	4,196,062	101,351
Marketing & Communications	360,482	360,482	287,673	72,809
Depreciation	5,500,000	5,500,000	5,878,720	(378,720)
Total Operating Expenses	29,567,200	30,331,419	29,679,807	651,612
Operating Loss	**(27,902,058)**	**(28,666,277)**	**(27,866,144)**	**800,133**
Non-Operating Revenues (Expenses):				
Sales and Use Tax Revenue	22,940,474	25,365,474	26,235,525	870,051
Federal and Other Grant Assistance	1,869,604	2,369,604	2,527,017	157,413
Investment Income	110,000	110,000	27,860	(82,140)
Gain on Property Dispositions	-	-	1,733	1,733
Distributions to Regional Entities	(1,418,020)	(1,918,020)	(1,918,020)	-
Net Loss Before Capital Grants and Donations	$ (4,400,000)	(2,739,219)	(992,029)	1,747,190

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

Fiduciary Funds - Combining Statement of Net Assets
December 31, 2011 With Comparative Totals for December 31, 2010

		2011			2010
		Defined Benefit Pension Plan	**Defined Contribution Pension Plan**	**Total**	
ASSETS					
Investments (Note 2)					
Money Market Funds	$	632,414	1,233,253	1,865,667	1,658,757
Mutual Funds – Debt		5,830,618	745,788	6,576,406	6,339,275
Investments		15,328,127	5,626,606	20,954,733	22,069,787
TOTAL ASSETS		21,791,159	7,605,647	29,396,806	30,067,819
LIABILITIES		-	-	-	-
NET ASSETS					
Held In Trust For Pension Benefits	$	21,791,159	7,605,647	29,396,806	30,067,819

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Combining Statement of Changes in Net Assets
Year Ended December 31, 2011 With Comparative Totals for December 31, 2010

		2011			2010
		Defined Benefit Pension Plan	**Defined Contribution Pension Plan**	**Total**	
Additions:					
Investment Income/(Loss)	$	(165,982)	(588,896)	(754,878)	3,884,010
Employee Contributions		-	681,496	681,496	686,777
Employer Contributions		1,064,288	-	1,064,288	1,168,423
Total Additions		898,306	92,600	990,906	5,739,210
Deductions:					
Benefits Paid		591,273	984,204	1,575,477	966,384
Administrative Expenses		63,773	22,669	86,442	36,617
Total Deductions		655,046	1,006,873	1,661,919	1,003,001
Increase/(Decrease) in Net Assets		243,260	(914,273)	(671,013)	4,736,209
Net Assets, January 1		21,547,899	8,519,920	30,067,819	25,331,610
Net Assets, December 31	$	21,791,159	7,605,647	29,396,806	30,067,819

2011
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.

Contents **Page**

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 Assets
Last Ten Fiscal Years
(Unaudited)

		2002	2003	2004	2005
Invested in Capital Assets, Net of Related Debt	$	23,779,240	28,376,996	31,705,996	27,995,330
Unrestricted		16,812,964	15,332,061	16,617,052	19,925,305
Total	$	40,592,204	43,709,057	48,323,048	47,920,635

2006	2007	2008	2009	2010	2011
25,040,740	23,923,319	27,431,699	37,044,364	35,551,031	35,534,213
22,205,341	24,467,194	26,063,981	22,398,741	23,900,805	28,172,623
47,246,081	48,390,513	53,495,680	59,443,105	59,451,836	63,706,836

Table 2

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

		2002	2003	2004	2005
Operating Revenues:					
Passenger Service	$	1,008,067	1,094,855	1,088,331	1,197,195
Other Operating		95,969	44,799	54,618	44,061
Total Operating Revenues		1,104,036	1,139,654	1,142,949	1,241,256
Operating Expenses:					
Transportation		8,329,369	8,715,881	8,667,813	9,029,595
Vehicle/Facilities Maintenance		3,968,553	4,019,978	4,454,404	4,821,933
Other Mission-Direct		805,627	874,254	790,347	894,035
General And Administrative		3,011,894	3,165,532	3,529,146	3,444,749
Depreciation		4,010,875	3,983,236	4,553,847	4,394,500
Total Operating Expenses		20,126,318	20,758,881	21,995,557	22,584,812
Operating Loss		(19,022,282)	(19,619,227)	(20,852,608)	(21,343,556)
Non Operating Revenues (Expenses):					
Sales and Use Tax		16,617,511	15,963,016	17,621,532	18,939,617
Grant Assistance		1,260,868	2,481,224	2,394,066	1,951,794
Investment Income		387,206	213,804	192,654	529,327
Other Non-Operating Items		(2,087,033)	(1,534,381)	(473,590)	12,648
Distributions to Region Entities		(1,211,255)	(1,223,085)	(1,168,404)	(1,168,404)
Net Loss before Capital Grants		(4,054,985)	(3,718,649)	(2,286,350)	(1,165,472)
Capital and Grants and Donations		5,052,939	6,835,502	6,715,810	763,059
Prior Period Adjustment		-	-	184,531	-
Total Change in Net Assets	$	997,954	3,116,853	4,613,991	(402,413)

2006	2007	2008	2009	2010	2011
1,380,241	1,602,328	1,707,930	1,577,232	1,537,772	1,660,782
78,147	105,656	111,106	81,443	88,525	152,881
1,458,388	1,707,984	1,819,036	1,658,675	1,626,297	1,813,663
9,521,582	10,130,199	10,989,280	10,743,234	10,619,566	11,764,029
5,084,954	5,686,273	6,201,002	5,137,764	5,886,849	6,519,067
873,695	937,440	936,894	702,690	701,064	1,073,506
3,401,302	3,571,073	4,284,956	4,711,623	4,983,114	4,444,485
3,969,403	3,748,996	3,958,931	4,514,063	5,203,248	5,878,720
22,850,936	24,073,981	26,371,063	25,809,374	27,393,841	29,679,807
(21,392,548)	(22,365,997)	(24,552,027)	(24,150,699)	(25,767,544)	(27,866,144)
20,115,282	21,328,966	24,254,132	20,821,573	22,891,712	26,235,525
213,829	276,340	496,631	805,664	995,526	2,527,017
959,788	1,121,785	723,930	81,807	100,071	27,860
(499,721)	-	-	(433,539)	8,012	1,733
(1,274,132)	(1,342,549)	(1,258,613)	(1,458,952)	(1,325,648)	(1,918,020)
(1,877,502)	(981,455)	(335,947)	(4,334,146)	(3,097,871)	(992,029)
1,202,948	2,125,887	5,441,114	10,281,571	3,106,602	5,247,029
-	-	-	-	-	-
(674,554)	1,144,432	5,105,167	5,947,425	8,731	4,255,000

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
2002	$	1,104,036	16,617,511	1,260,868	387,206	-	19,369,621
2003	$	1,139,654	15,963,016	2,481,224	213,804	-	19,797,698
2004	$	1,142,949	17,621,532	2,394,066	192,654	-	21,351,201
2005	$	1,241,256	18,939,617	1,951,794	529,327	12,648	22,674,642
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

(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)		
2002	7.7%	85.8%	6.5%	41.5%	8.3%	50.2%
2003	6.8%	80.6%	12.5%	41.6%	9.1%	49.3%
2004	6.3%	82.5%	11.3%	40.9%	8.7%	50.4%
2005	7.9%	83.5%	8.6%	39.6%	8.5%	51.9%
2006	10.6%	88.4%	0.9%	40.2%	8.3%	51.5%
2007	11.6%	87.3%	1.2%	37.9%	7.6%	54.5%
2008	9.3%	88.9%	1.8%	37.7%	6.4%	55.9%
2009	7.4%	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%	*	*	*

(1) Source: The American Public Transportation Association, 2012 Public Transportation Fact Book, Appendix A: Historical Tables, Table 63.

* Not Available

Table 5

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

Passenger Fee Capacity

Last Ten Years

(Unaudited)

Year	Total Unlinked Trips	Passenger Revenues
2002	5,683,364	1,008,068
2003	5,397,124	1,094,855
2004	5,570,887	1,088,331
2005	5,880,493	1,197,195
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	6,011,403	1,660,782

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.

2002	…………………	6.85%
2003	…………………	6.79%
2004	…………………	6.55%
2005	…………………	6.58%
2006	…………………	7.31%
2007	…………………	7.88%
2008	…………………	7.62%
2009	…………………	7.41%
2010	…………………	6.93%
2011	…………………	6.98%

Table 7

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

Year	Population (1)		Personal Income (in thousands) (1)		Mean Per Capita Income (1)		Public School Enrollment (2)	Unemployment Rate (3)	
2002	316,256		$8,203,882		$25,941		61,386	6.10%	
2003	317,632		$8,635,094		$27,186		60,852	6.50%	
2004	321,879		$9,083,456		$28,220		60,944	6.10%	
2005	325,515		$9,711,696		$29,835		60,666	5.40%	
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		$11,566,881		$34,199		61,260	6.70%	
2010	340,373		$12,201,077		$35,846		61,415	7.60%	
2011	343,281	*	$12,832,719	*	$37,383	*	62,011	7.40%	*

(1) Nueces County - Source: US Dept of Commerce Bureau of Economic Analysis
(2) Nueces County - Source: Nueces County/Texas Education Agency/PEIMS
- 2008 and 2009 Enrollment figures include charter schools
(3) Nueces County - Source: U.S. Department of Labor-Bureau of Labor Statistics
* Estimated

Table 8

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Major Employers
By Size of Employment

Rank	Business	Type of Product - Service	Employment 2011	% of Total Employment 2011	Employment 2001
1	Corpus Christi Army Depot	Helicopter Repair	5,800	3.8%	N/A
2	Corpus Christi ISD	School District	5,178	3.4%	N/A
3	CHRISTUS Spohn Health Systems	Hospital	5,144	3.3%	N/A
4	H.E.B.	Grocery Company	5,000	3.3%	N/A
5	City of Corpus Christi	City Government	3,171	2.1%	N/A
6	Corpus Christi Naval Air Station	Flight Training	2,822	1.8%	N/A
7	Bay, Ltd.	Industrial Construction	2,100	1.4%	N/A
8	Driscoll Children's Hospital	Hospital	1,800	1.2%	N/A
9	Del Mar College	Junior College	1,542	1.0%	N/A
10	Corpus Christi Medical Center	Hospital	1,300	0.8%	N/A

Source: Corpus Christi Regional Economic Development Corp.

N/A - information not available

Table 9

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

	2002	2003	2004	2005
Transportation				
Transportation - Directly Operated	120.50	120.50	120.50	119.50
Purchased Transportation*	1.00	1.00	1.00	1.00
	121.50	121.50	121.50	120.50
Maintenance				
Vehicle Maintenance	36.00	37.00	33.00	35.00
Facilities Maintenance	9.00	9.50	9.00	10.00
Materials Management	4.00	4.00	4.00	4.00
	49.00	50.50	46.00	49.00
Program Development				
Customer Programs	8.00	8.00	8.00	9.00
Service Development	4.00	4.00	4.00	3.00
Program Management	2.50	2.50	2.50	1.50
Marketing & Communications	-	-	-	-
	14.50	14.50	14.50	13.50
General Administrative:				
MIS	2.00	2.00	4.00	4.00
Contracts and Grants	3.00	3.00	3.00	2.00
CEO's Office	2.00	2.00	2.00	2.00
Finance and Accounting	7.50	6.50	5.50	5.50
Human Resources	4.00	4.00	4.00	6.00
General Administration	2.00	2.00	2.00	2.00
TCN - Regional Coordinator	-	-	-	-
	20.50	19.50	20.50	21.50
Totals	205.50	206.00	202.50	204.50

* In addition the Authority's has contracted staff of about 100 under various purchased transportation contracts

2006	2007	2008	2009	2010	2011
114.50	116.50	117.00	117.00	117.00	122.00
1.00	2.00	2.00	1.00	1.00	1.00
115.50	118.50	119.00	118.00	118.00	123.00
33.00	35.00	35.00	38.00	38.00	38.00
13.00	14.00	14.00	14.00	14.00	14.00
4.00	5.00	5.00	4.00	4.00	4.00
50.00	54.00	54.00	56.00	56.00	56.00
8.00	9.00	9.00	7.00	7.00	6.00
4.00	4.00	4.00	3.00	3.00	4.00
2.50	2.00	2.00	2.00	2.00	2.00
-	-	-	2.00	2.00	2.00
14.50	15.00	15.00	14.00	14.00	14.00
4.00	3.00	3.00	2.00	2.00	1.00
3.00	2.00	2.00	3.00	3.00	2.00
2.00	2.00	2.00	5.00	5.00	3.00
5.50	5.75	5.75	5.80	5.80	5.80
5.00	3.00	3.00	3.00	3.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00
-	-	-	-	1.00	1.00
21.50	17.75	17.75	20.80	21.80	16.80
201.50	205.25	205.75	208.80	209.80	209.80

Table 10

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

			2002	2003	2004	2005
System Ridership						
Motor Bus	a		5,466,690	5,190,678	5,368,866	5,664,053
Demand Response / Para-transit	b		168,949	172,669	172,248	185,415
Ferry Boat	b		47,725	33,777	29,773	31,025
Vanpool	c		-	-	-	-
System Hours						
Motor Bus	a		207,866	207,077	209,768	206,098
Demand Response / Para-transit	b		59,163	64,125	61,461	64,967
Ferry Boat	b		746	746	783	679
Vanpool	c		-	-	-	-
System Miles	e					
Motor Bus	a		2,970,224	2,962,548	2,989,787	2,931,365
Demand Response / Para-transit	b		1,140,181	1,313,140	1,256,950	1,160,493
Ferry Boat	b		47,725	1,865	1,989	1,725
Vanpool	c		-	-	-	-
Vehicles In Service						
Motor Bus			75	65	65	63
Demand Response / Para-transit			37	31	31	30
Ferry Boat			1	1	1	1
Vanpool			-	-	-	-
Uses of Capital Funds	e					
Vehicles		$	1,343,573	3,908,286	6,143,077	-
Communications & Information		$	694,863	1,080,831	1,087,300	176,480
Facilities and Stations		$	4,487,328	1,498,967	1,250,337	502,846
Other		$	200,320	372,146	-	61,101
Operating Expenses by Mode	e					
Motor Bus		$	13,063,019	13,659,888	14,295,509	14,018,276
Demand Response / Para-transit		$	2,800,393	2,895,927	2,883,097	3,836,669
Ferry Boat		$	167,379	164,995	178,060	230,761
Vanpool		$	-	-	-	-

a - Directly Operated (Transportation Department) and Purchased Transportation (oversees contractors).
b - Purchased Transportation (contractors overseen by the Purchased Transportation Department).
c - Directly Operated - The Customer Programs Department oversees customers who operate vanpools.
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 do not meet FTA guidelines as of 2012 and are not reported on the NTD report and are not included here

2006	2007	2008	2009	2010	2011
5,315,568	4,976,009	5,251,514	5,064,696	5,238,131	5,749,312
192,775	190,774	196,991	196,617	190,745	199,368
21,477	-	21,705	11,683	-	52,951
7,138	9,200	21,166	10,178	5,410	8,424
198,456	198,524	194,647	207,551	225,073	226,999
67,798	67,422	68,733	68,680	71,558	74,728
688	-	694	545	-	882
647	652	1,344	961	965	
2,750,228	2,787,318	2,778,104	2,785,415	3,232,691	3,256,971
1,277,414	1,253,448	1,320,766	1,348,943	1,599,595	1,556,289
1,719	-	2,529	1,860	-	2,179
19,021	16,898	34,785	25,525	29,710	
58	58	59	63	58	56
30	30	30	30	26	26
1	-	1	1	-	1
2	3	2	2	4	
320	1,863,855	2,492,718	8,397,094	526,506	2,707,772
605,551	63,707	103,658	738,184	562,545	425,524
624,952	669,006	3,433,780	3,844,189	471,546	1,022,722
283,709	697,679	1,437,155	1,417,030	2,189,577	1,708,706
14,116,321	15,504,328	17,099,983	16,519,155	17,410,873	18,262,737
4,376,009	4,630,521	4,913,357	4,425,076	4,568,425	4,976,669
209,129	-	219,212	182,925	-	435,411
65,075	67,501	65,878	69,857	78,084	

Source: National Transit Database

Table 11
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	342,412
Type of Tax Support	Sales and Use Tax
Sales Tax Rate	.50%
Base Fare	$.75
Number of Routes *	45
Number of Transfer Stations *	3
Number of Bus Stops *	1,400
Average Speed in Miles Per Hour	16

* Historical trend information is not available. See Table 9 for utilization and level of capital investment trends.

2011
Single Audit Section
Comprehensive Annual Financial Report

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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*

May 23, 2012

The Board of Directors of the
Corpus Christi Regional Transportation Authority

We have audited the basic financial statements of the Corpus Christi Regional Transportation Authority as of and for the year ended December 31, 2011, and have issued our report thereon dated May 23, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

May 23, 2012

The Board of Directors of the
Corpus Christi Regional Transportation Authority

Compliance

We have audited the Corpus Christi Regional Transportation Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

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, 2011.

Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

Collier, Johnson & Woods

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2011

I. Summary of Audit Results:

1. The auditor's report expresses an unqualified 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 with Requirements that Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133."

5. The auditor's report on compliance for major Federal award programs for the Corpus Christi Regional Transportation Authority expresses an unqualified opinion on all major programs.

6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 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 $300,000.

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, 2011

GRANTOR	Federal CFDA Number	Grant Number		Expenditures, Indirect Costs, And Refunds	
DEPARTMENT OF TRANSPORTATION					
Federal Transportation Administration (FTA):					
Federal Transit Cluster					
Capital Investment Grants	20.500	TX03-0189	$	11,428	
				11,428	*
Transit Formula Funds	20.507	TX90-0507		25,461	
Transit Formula Funds	20.507	TX90-0541		43,724	
Transit Formula Funds	20.507	TX90-0581		181,537	
Transit Formula Funds	20.507	TX90-0620		171,957	
Transit Formula Funds	20.507	TX90-0658		125,372	
Transit Formula Funds	20.507	TX90-0716		993,554	
Transit Formula Funds	20.507	TX90-0773		14,704	
Transit Formula Funds	20.507	TX90-0777		123,143	
Transit Formula Funds	20.507	TX90-0809		64,240	
Transit Formula Funds	20.507	TX90-0857		321,768	
Transit Formula Funds	20.507	TX90-0931		1,276,299	
Transit Formula Funds - American Recovery & Reinvestment Act	20.507	TX96-X019		3,727,993	
				7,069,752	*
Total Federal Transit Cluster				7,081,180	
Job Access and Reverse Commute	20.516	TX37-4038		179,435	
Job Access and Reverse Commute	20.516	TX37-4058		31,810	
				211,245	
New Freedoms	20.521	TX57-4007		5,189	
Federal Highway Administration (FHWA):					
Highway Planning and Construction	20.205	TX15-2007		86,999	
Total Department of Transportation				**7,384,613**	
Total Federal Financial Awards			$	**7,384,613**	

* 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, 2011

(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 and Other Grant Assistance	$	2,527,017
Capital Grant Contributions		4,857,596
Total Federal and State Contributions	$	7,384,613

(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.

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