COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

Corpus Christi, Texas

Corpus Christi Regional Transportation Authority
Corpus Christi, Texas

Comprehensive Annual Financial Report
For the Years Ended December 31, 2016 and 2015

Mission Statement

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

Prepared by the Finance Department

2016
Introductory Section

Comprehensive Annual Financial Report

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

602 N. Staples **Corpus Christi, Texas 78401** **(361) 289-2712**

June 28, 2017

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

Dear Board Chair, Board Members, and Citizens:

Management is pleased to submit to you this Comprehensive Annual Financial Report (CAFR) of the Corpus Christi Regional Transportation Authority (Authority) for its fiscal year ended December 31, 2016. This CAFR is indicative of the Authority management's continued commitment to provide high quality, complete, concise and reliable financial information about the Authority.

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

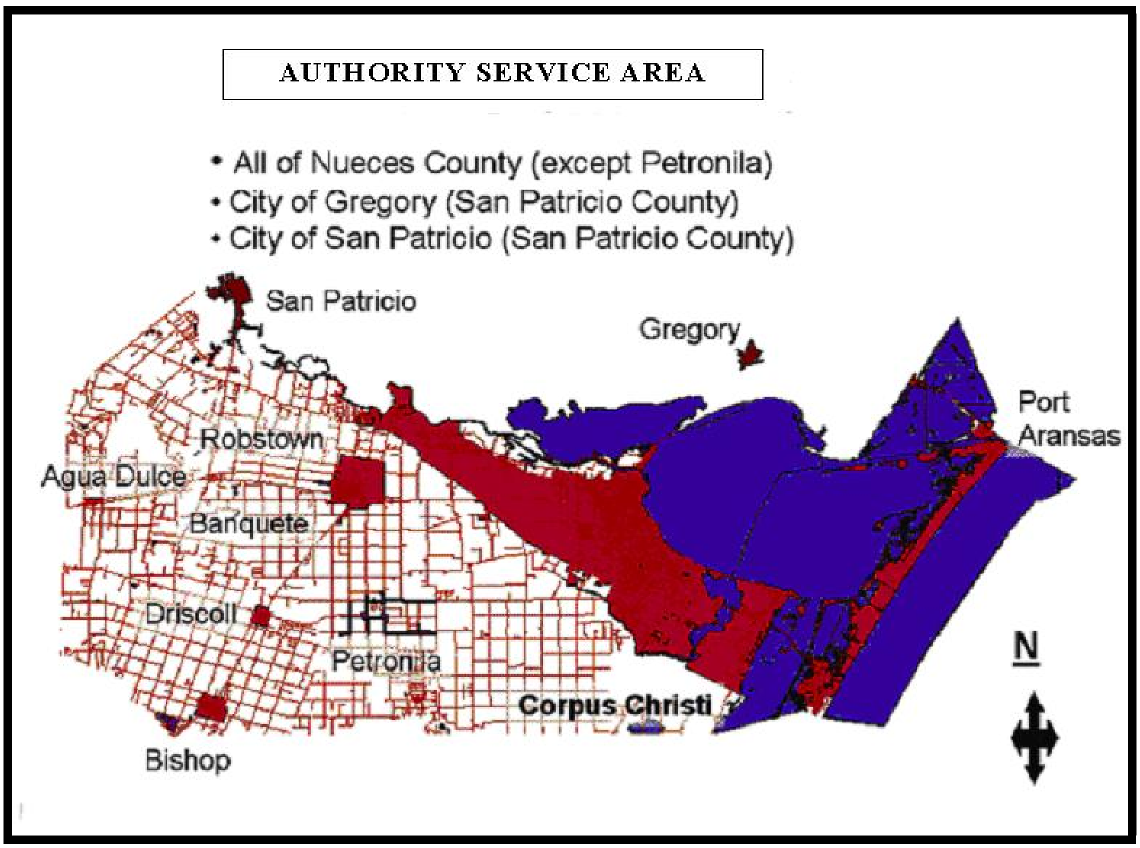
Pursuant to Section 451.451, Subchapter J, of the Texas Transportation Code, the financial statements contained herein are required to be independently audited. The Authority is also required by federal regulations to undergo an audit related to its federal grants. The independent firm of Collier, Johnson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

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

PROFILE OF THE AUTHORITY

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

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



Services and Service Delivery

Either directly or through contractors, the Authority provides virtually all public transportation services in this area. These services include fixed route, paratransit, vanpool, and specialized services. The Authority maintains 1,383 bus stops, five transfer stations, three park and ride lots and a fleet of 70 fixed route and 34 paratransit vehicles. Certain commuter and paratransit services are provided through contractors specializing in these services. Table 12 in the Statistical Section contains service delivery statistics for the past ten years.

Officials

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

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

Executives

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

Budget and Initiatives

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

Budgetary initiatives for the 2016 Operating Budget include a 5% step increase for bus operators and a 2% cost of living adjustment (COLA) increase for non-bus operators. $345,908 was reserved for these potential adjustments. Health care costs are budgeted to increase 20.56%, and interest payments totaling $1,064,245 for bonds issued to fund the construction of the Staples Street Center (completed May 2016), which houses Administrative and Executive staff, Customer Services, and our Mobility Management department are included in the 2016 budget.

The major focus of the 2016 Capital Budget is to complete the Staples Street Center. Additional capital projects include adding more CNG vehicles to the fleet, funding for Bus Stop Improvements, continued improvements to bus stops to benefit ADA riders, installation of a trip-end bike facility, and a software application for the tracking of State of Good Repair. Most of these projects were started in 2016 and will be completed in 2017.

LOCAL ECONOMY

The regional economy is diversified and includes naval air training, shipping, fishing, tourism, petrochemical refining, construction, agriculture, health care, government services and higher education. The region has a varied base that adds to the relative stability of employment. The estimated unemployment rate in Nueces County was 5.1% in 2016 compared to 4.2% in 2007. Per capita income rose from $33,797 in 2007 to $46,102 in 2016.

The Authorityȇs 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 4.91% over the past ten years compared to average growth in operating expenses, including depreciation, of 5.49% over the same period. The Authority continues to operate with its original transit tax rate of ½-cent. The current overall sales and use tax rate for the Corpus Christi area is 8.25%, which is the maximum allowed by current law. As activity in the Eagle Ford Shale and its ancillary business activities slowed down, sales tax revenue declined, with a decrease of 9% from 2015 to 2016. Sales taxes have begun to stabilize in the first half of 2017, as there is optimism in the area with renewed activity in the Eagle Ford Shale, along with the announcement of the construction of a petroleum cracker plant in the Gregory community.

In 2016, the average fuel prices for both diesel and unleaded fuel dropped $0.28 and $0.38, respectively, from 2015 prices. However, over the past ten years both diesel and unleaded prices have increased by over 70% and 60%, respectively. Over time, higher fuel costs impact the Authorityȇs ability to afford fuel needed to provide services. Rising fuel costs also impact the cost of maintenance materials for the Authorityȇs fleet and energy prices associated with the Authorityȇs customer amenities. In response to these high costs, in 2012, the Authority began the conversion of its fleet to CNG, and continues replacement with CNG vehicles to maximize cost savings. At the end of 2016, nearly 69% of the Authorityǿs fleet was operating on CNG. The pricing for CNG at the end of 2016 was $0.76 per gallon equivalent, which compared to diesel prices, continues to create cost savings.

Long-Range Financial Planning

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

Capital projects that were completed in 2016 include the Staples Street Center, primarily funded by a combination of taxable and non-taxable bonds issued in late 2013, in May, the installation of an interactive wall for veteransô information for approximately $153,000, and various improvements to bus amenities such as Wi-Fi and bus stops and . In 2017, the Authority expects to continue with its improvements in bus stops in order to expand on ADA services provided to riders.

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, 2015. 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 Programǿs 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.

Jorge Cruz-Aedo
Chief Executive Officer

Robert M. Saldaña
Managing Director, Administration

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Corpus Christi

Regional Transportation Authority

Texas

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2015

Jeffrey R. Emer

Executive Director/CEO

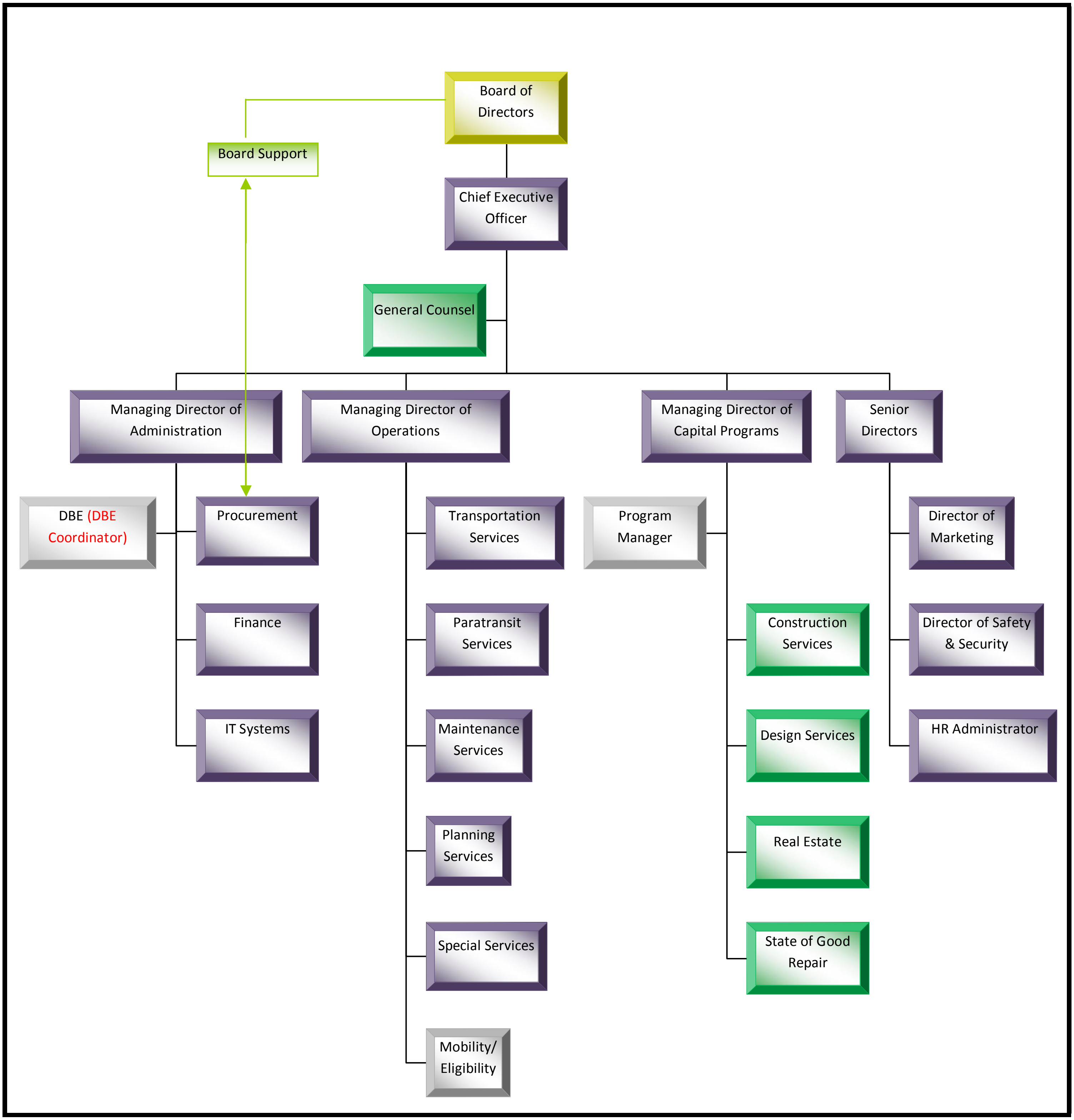
BOARD OF DIRECTORS AND ADMINISTRATION

BOARD OF DIRECTORS

Board Chair	**Curtis Rock**
Board Vice-Chair	**Mike Reeves**
Members	**Abel Alonzo** **George Clower** **A.R. Escobedo** **Angie Flores-Granado** **Scott Harris** **Glenn Martin** **Eddie Martinez** **Tom Niskala** **Larry D. Young Sr.**
Advisory Board Member	**Vangie Chapa**

ADMINISTRATION

Chief Executive Officer	**Jorge Cruz-Aedo**
Managing Director of Administration	**Robert Saldaña**
Managing Director of Capital Programs	**Sharon Montez**
Director of Human Resources	**Angelina Gaitan**
Director of Information Technology	**David Chapa**
Director of Maintenance	**Bryan Garner**
Director of Marketing	**Kelly Coughlin**
Director of Planning	**Gordon Robinson**
Director of Procurement	**Annie Hinojosa**
Director of Safety and Security	**Mike Rendon**
Director of Transportation	**Derrick Majchszak**
DBE/EEO Compliance Officer	**Christina Perez**


Board of Directors
Board Support
Chief Executive Officer
General Counsel
Managing Director of Administration
Managing Director of Operations
Managing Director of Capital Programs
Senior Directors
DBE (DBE Coordinator)
Procurement
Finance
IT Systems
Transportation Services
Paratransit Services
Maintenance Services
Planning Services
Special Services
Mobility/ Eligibility
Program Manager
Construction Services
Design Services
Real Estate
State of Good Repair
Director of Marketing
Director of Safety & Security
HR Administrator

2016
Financial Section

Comprehensive Annual Financial Report

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

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Board of Directors of the
Corpus Christi Regional Transportation Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Corpus Christi Regional Transportation Authority as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corpus Christi Regional Transportation Authority as of December 31, 2016 and 2015, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the Authority restated federal government receivables and net position at December 31, 2015 related to the correction of an error in the previously issued financial statements. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the managementôs discussion and analysis on pages 5 through 18 and other required supplementary information on pages 53 through 56 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 managementôs responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corpus Christi Regional Transportation Authorityôs basic financial statements. The introductory section, supplemental schedules, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal financial awards, pages 89 and 90 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2017, on our consideration of the Authorityøs internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authorityøs internal control over financial reporting and compliance.

Collier, Johnson & Woods

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Corpus Christi Regional Transportation Authority (Authority) offers to readers of its financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended December 31, 2016 and 2015. We encourage readers to consider this information in conjunction with the information provided in our transmittal letter found in the introductory section of this report and all other information presented in the notes to the financial statements and other sections.

FINANCIAL HIGHLIGHTS

- The Authority's net position at December 31, 2016 was $87,299,898. Of this amount, $25,605,598 (29.3%) may be used to meet the Authority's ongoing obligations to citizens and creditors in accordance with its mission statement. The total decrease of $6,301,204 from 2015 is a result of depreciation expenses $1,954,276 higher than 2015, sales tax receipts $2,740,605 less than 2015, and additional costs related to pensions.

- As of December 31, 2016, the Authority had long term obligations of $23,761,056, comprised of $19,820,000 in long-term debt, net of current maturities, a $3,320,409 net pension liability, a $435,418 net OPEB obligation and $185,229 in accrued compensated absences.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

The *Statement of Revenues, Expenses and Changes in Net Position* accounts for the change in net position by showing the activities that caused the change. This statement measures the Authorityφs 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 Authorityφs sources of, uses of and the change in cash over a fiscal year. This information is categorized into operating, non-capital financing, capital and related financing and investing activities.

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

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

The Authorityφs basic financial statements can be found beginning on page 21.

FINANCIAL ANALYSIS

Statement of Net Position:

Net Position: Increases in net position indicate an improved financial position while decreases indicate deterioration of financial position. The Statement of Net Position provides the necessary information on which to base this determination. The net position is presented in three components: (1) the net invested in capital assets, (2) the restricted by bond covenants, and (3) the unrestricted and available for operations. 68.82% of the Authorityφs net position is the net invested in capital assets consisting of buses, equipment, bus stops, shelters, stations, operating facilities and related land net of related debt. The Authority uses these assets for the purpose of achieving its mission. The Authority issued $22,025,000 in debt to fund a new customer service center along with the renovation of an adjacent transit station in November of 2013. At the end of 2016, $110,863 of debt proceeds remained unspent.

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

Table 1
CONDENSED SUMMARY OF NET POSITION

		At December 31			At December 31		
		2016	**2015**	**Change**	**2015**	**2014**	**Change**
Current Assets	$	31,558,243	32,100,544	(542,301)	32,100,544	43,399,652	(11,299,108)
Restricted Assets		1,728,452	11,015,610	(9,287,158)	11,015,610	19,879,611	(8,864,001)
Capital Assets		80,340,848	78,408,499	1,932,349	78,408,499	52,399,089	26,009,410
Other Assets		-	-	-	-	908,062	(908,062)
Total Assets		113,627,543	121,524,653	(7,897,110)	121,524,653	116,586,414	4,938,239
Deferred Outflows of Resources		4,550,803	2,147,797	2,403,006	2,147,797	-	2,147,797
Total Assets and Deferred Outflows		118,178,346	123,672,450	(5,494,104)	123,672,451	116,586,414	7,086,037
Current Liabilities		6,922,358	8,306,096	(1,383,738)	8,306,096	11,629,434	(3,323,338)
Long-Term Liabilities		23,761,056	21,765,252	1,995,804	21,765,252	20,672,083	1,093,169
Total Liabilities		30,683,414	30,071,348	612,066	30,071,348	32,301,517	(2,230,169)
Deferred Inflows of Resources		195,034	-	195,034	-	-	-
Total Liabilities and Deferred Inflows		30,878,448	30,071,348	807,100	30,071,348	32,301,517	(2,230,169)
Invested in Capital Assets		60,082,998	66,897,808	(6,814,810)	66,897,808	49,217,398	17,680,409
Restricted for Debt Service		1,611,302	1,611,302	-	1,611,302	1,611,302	-
Unrestricted		25,605,598	25,091,992	513,606	25,091,992	32,585,594	(7,493,602)
Total Net Position	$	87,299,898	93,601,102	(6,301,204)	93,601,102	84,284,897	9,316,205

The Authority’s net position at December 31, 2016 was $87,299,898. Of this amount, $60,082,998 (68.82%) represents the Authority’s net investment in capital assets, $1,611,302 was restricted for debt service and the remaining $25,605,598 was unrestricted. Net position decreased $6,301,204 in 2016 primarily due to a decrease in sales tax receipts, and increases in depreciation expense and expenses related to employee pensions. It is the intent of the Board to assure that the Authority maintains adequate resources for operations and capital projects.

The Authority’s restated net position at December 31, 2015 totaled $93,601,102. Of this amount, $66,897,807 (71.47%) represents the Authority’s net investment in capital assets, $1,611,302 was restricted for Debt Service, and the remaining $25,091,992 was unrestricted. Net position increased $9,316,205 due to an overall increase in federal grant receivables and capital assets (net of accumulated depreciation), a decrease in receivables and prepaid expenses, combined with a decrease in liabilities.

Current Assets: At the end of 2016, the Authority’s current assets had decreased by $542,301 from the end of 2015. Investments decreased by $1,926,493 with cash increasing by $3,362,823, along with a decrease in receivables of $2,113,468. Prepaid expenses were higher in 2016 by $100,689 while inventories increased by $110,242. The Authority continues a strategy to maintain adequate resources for replacement, enhancement and expansion of capital assets and withstanding economic uncertainty.

During 2015, the Authority’s current assets decreased by $11,299,108. Investments decreased by $6,053,952 while cash decreased by $6,039,839. Receivables and prepaid expenses were higher than 2014 by $873,181 while inventories decreased by $78,498.

Restricted Assets: At the end of 2016, the Authority’s restricted assets totaled $1,728,359, which were unspent proceeds from the issuance of bonds and reserves required by bond covenants. Restricted assets decreased as the result of spending $9,287,158 in bond proceeds.

Capital Assets: As of December 31, 2016, the Authority’s overall investment in capital assets (net of accumulated depreciation) totaled $80,430,848, an increase of $1,932,349 from December 31, 2015. During the year, capital assets totaling $10,479,571 were added and depreciation totaling $8,547,219 decreased the carrying value. Significant 2016 capital additions include:

- Completion of the Staples Street Center
- Completion of a bus lift
- Installation of an interactive wall for veterans at the Staples Street Center

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

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

Additional details about the Authority’s capital asset activities are presented in Note 3 of the notes to the financial statements.

Table 2

		Federal and Other Funding	Local Funding	Total
At December 31, 2016:				
Capital Assets At Cost	$	79,918,767	68,017,192	147,935,959
Less Accumulated Depreciation		50,618,261	16,976,850	67,595,111
Capital Assets, Net	$	29,300,506	51,040,342	80,340,848
At December 31, 2015:				
Capital Assets At Cost	$	78,629,190	58,827,196	137,456,386
Less Accumulated Depreciation		46,121,810	12,926,077	59,047,887
Capital Assets, Net	$	32,507,380	45,901,119	78,408,499

Liabilities: The Authorityøs total liabilities as of December 31, 2016 are $30,683,414, of which $6,922,358 is current and customary to the Authorityøs business and $ 23,761,056 are non-current liabilities. Current liabilities decreased mainly due to decreased accounts payable related to construction costs and offset by increased amounts due to other governmental entities for street improvements. Non-current liabilities, other than debt, increased by $2,883,890 related to an increase of $2,587,434 in net pension liability, an increase in compensated absences of $11,640, and a decrease in net OPEB obligation of $48,270. As of December 31, 2015 the Authorityøs total liabilities were $30,071,348, of which $8,306,096 was current and $21,765,252 was non-current. Current liabilities decreased due to decreased amounts due to other governmental entities for street improvements and decreased accounts payable and non-current liabilities increased due to the inclusion of net pension liability in accordance with the implementation of GASB Statements No. 68 and 71.

Long-Term Debt: On November 20, 2013, the Authority issued revenue bonds, Series 2013 (AMT) in the amount of $11,525,000, with proceeds from the sale to be used for (1) renovation of the existing Staples Street bus transfer station; (2) construct and equip a portion of a new multi-use building adjacent to the Staples Street bus transfer station; (3) construct a new parking lot to serve the Staples Street bus transfer station and the multi-use building, and (4) pay the costs of issuing the Tax-Exempt Bonds. The Authority also issued revenue bonds, Taxable Series 2013 in the amount of $10,500,000 on November 20, 2013, with the proceeds from the sale to be used to (1) construct and equip a portion of a new multiuse building adjacent to the Staples Street bus transfer station and (2) pay the costs of issuing the Taxable Bonds. Debt payment of $540,000 and $535,000 were made in December 31, 2016 and 2015 respectively. Additional information regarding the Authorityøs long-term debt can be found in Note 4 to the financial statements.

Statement of Revenues, Expenses and Changes in Net Position:

Change in Net position: While the Statement of Net Position focuses on financial position at a point in time, the Statement of Revenues, Expenses, and Changes in Net Position provides

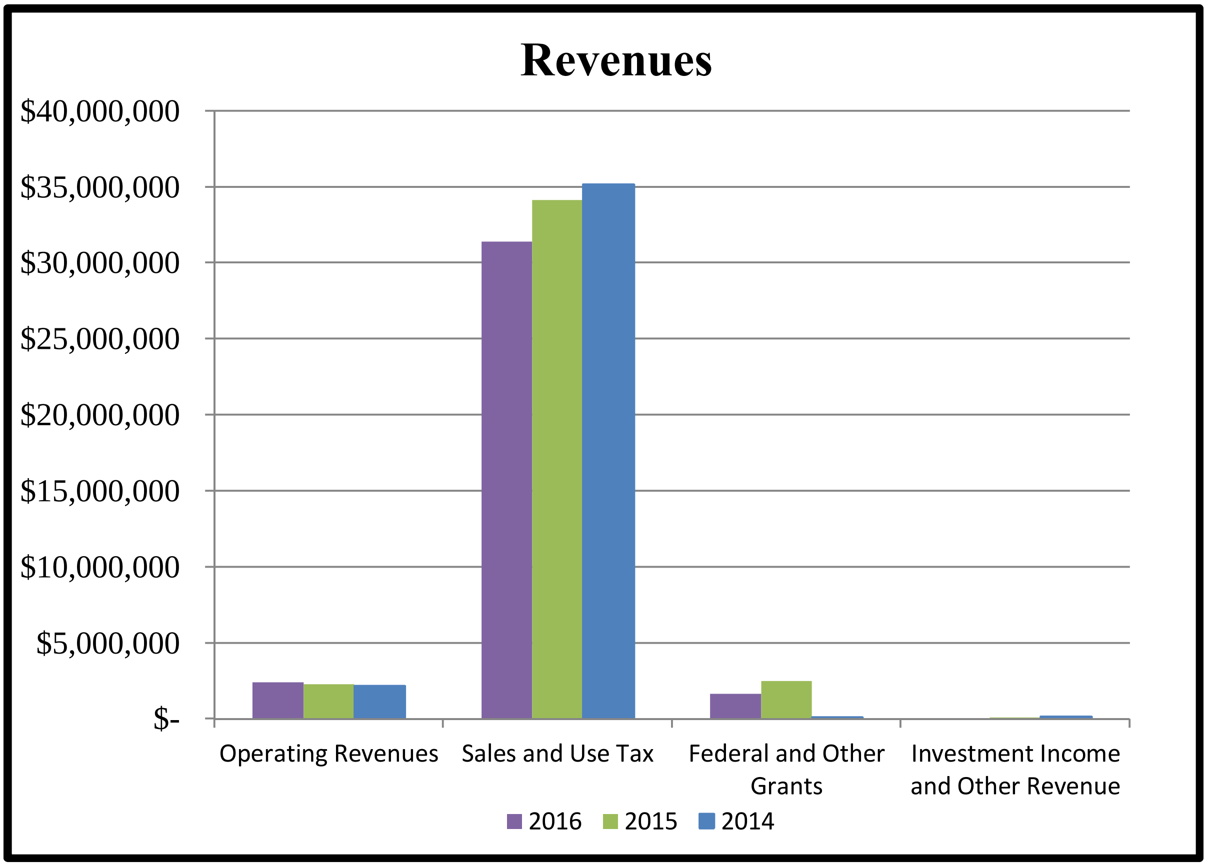
further details as to what specific activities took place during the year that led to the changes shown on the Statement of Net Position. The Authority's activities are presented in Table 3.

Table 3

CONDENSED SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

		Year Ended December 31			Year Ended December 31		
		2016	**2015**	**Change**	**2015**	**2014**	**Change**
Revenues:							
Passenger Service	$	1,735,001	1,853,246	(118,245)	1,853,246	1,844,604	8,642
Bus Advertising		159,662	167,362	(7,700)	167,362	194,286	(26,924)
Other Operating Revenues		505,781	263,038	242,743	263,038	140,906	122,132
Non-Operating Revenues							
Sales and Use Tax		31,387,198	34,127,803	(2,740,605)	34,127,803	35,188,390	(1,060,587)
Federal and Other Grants		1,185,650	2,512,070	(1,326,420)	2,512,070	125,900	2,386,170
Investment Income		69,049	91,511	(22,462)	91,511	110,052	(18,541)
Gain/Loss on Property Disposed		32,007	(32,819)	64,826	(32,819)	46,519	(79,338)
Total Revenues		35,074,348	38,982,211	(3,907,863)	38,982,211	37,650,657	1,331,554
Expenses:							
Operating Expenses		30,238,713	29,079,796	1,518,917	29,079,796	27,553,169	1,560,259
Depreciation		8,547,223	6,592,946	1,954,277	6,592,946	5,273,812	1,319,134
Distribution - Regional Entities/Subrecipients		3,241,573	3,301,592	(60,019)	3,301,592	3,301,592	401,265
Interest in Fiscal Charges		637,621	455,196	182,425	455,196	468,703	(13,507)
Total Expenses		42,665,130	39,429,530	3,235,600	39,429,530	36,196,011	3,267,151
Net Income/(Loss) Before Capital Grants and Donations		(7,590,780)	(447,318)	(7,143,462)	(447,318)	1,454,646	(1,901,964)
Capital Grants and Donations		1,289,577	9,763,523	(8,473,946)	9,763,523	4,492,602	5,270,921
Change In Net Position		(6,301,204)	9,316,205	(15,617,409)	9,316,205	5,947,248	3,368,957
Net Position, Beginning of Year, as Restated		93,601,102	84,284,897	9,316,205	84,284,897	84,284,897	6,817,851
Net Position, End of Year	$	87,299,898	93,601,102	(6,301,204)	93,601,102	83,414,294	10,186,808

Net position decreased by $6,301,204 during 2016. The decrease is the result of a net loss of $7,590,781 offset by federal capital grants of $1,289,577. Net position increased by $9,316,205 during 2015 due to $9,763,523 in federal capital grants offset by a net loss of $447,318. The discussion on the following pages provides details of the more significant aspects of the Authority's operating activities that changed net position.



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

In 2016, the Authority's total revenues decreased $3,991,246 from 2015, mainly from a decrease in sales tax of $2,740,605 from 2015, a decrease in federal grant revenue of $1,326,420 from 2015, and offset by increased operating revenues. In 2015, the Authority's total revenues increased $1,375,187 (3.7%) from 2014. The driving force behind the increase in revenues was higher federal grants related to preventative maintenance that were unavailable in 2014. These grant reimbursements helped to offset $1,060,587 less in sales tax revenue from 2014 to 2015. 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 2016, operating revenues represent 6.8% of total revenues and are $116,798 more than in 2015. Overall ridership, however, is down from 2015 by 5.1% with ridership on fixed routes down by 4.0%, paratransit ridership increased by 2.9% and ridership on the Harbor ferry is down by 100% compared to 2015 as the service was put on hiatus. Passenger revenues were down 6.4%, or $118,245, compared to 2015, mainly due to the contractual agreements the Authority has with the local university and college.

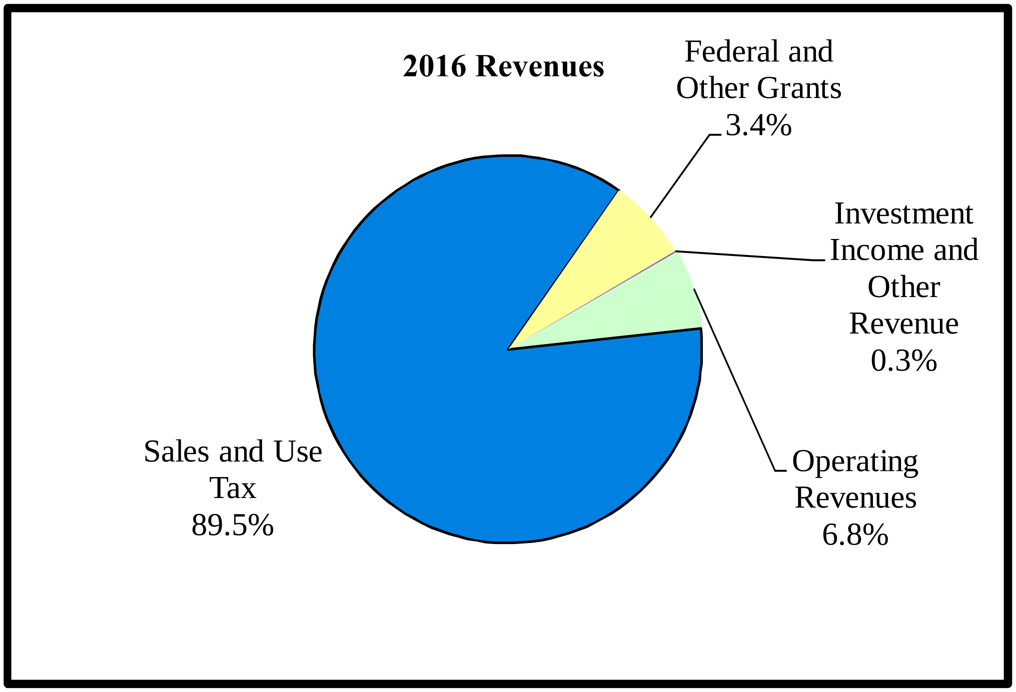
In 2015, operating revenues represented 5.9% of total revenues and were $103,851 more than in 2014. Overall rider-ship was down by 2.7%. Ridership on fixed routes was down by 3.1% while paratransit ridership decreased by 3.2%. Ridership on the Harbor Ferry was down by 8.5% from 2014.

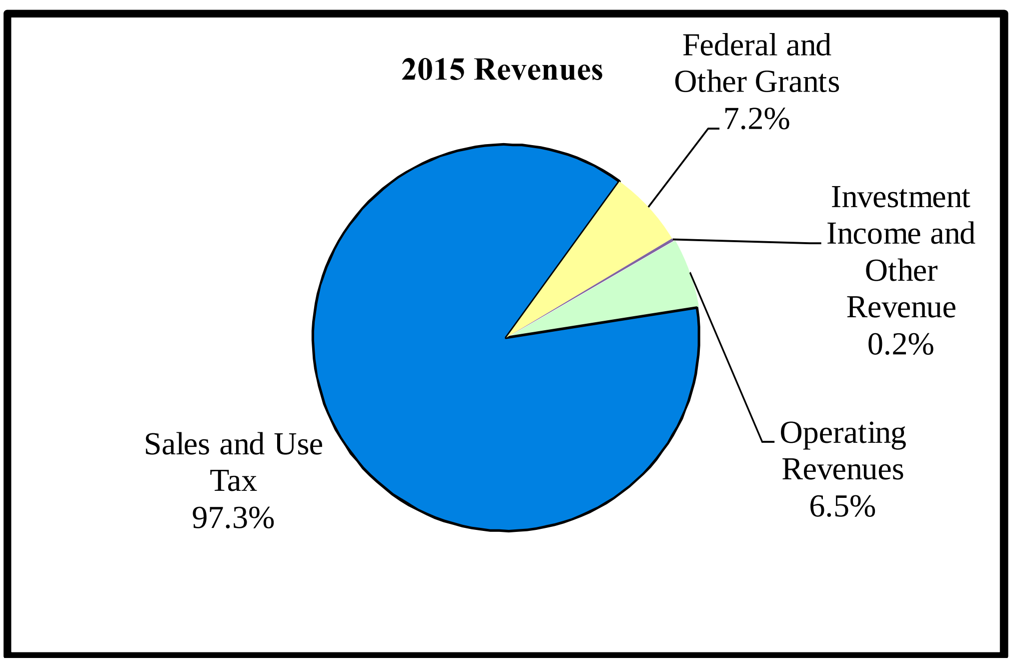
- Sales and Use Tax is a dedicated ½ cent sales and use tax levied on certain goods and services sold within the region which provides the primary funding for the Authorityos operating budget. For 2016, sales taxes represent 88.5% of total revenues and decreased 8.0% from 2015, reflecting a slight dip in the overall economy. The boom of the Eagle Ford Shale oil deposits over the past few years has been affected by the decline in oil prices. In 2015, sales taxes were 87.5% of total revenues and were 3.0% lower than in 2014, mainly related to the slowdown of Eagle Ford Shale activities.

- 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 ñFormulaò grants provided by the Federal Transit Administration (FTA) for operating assistance or to fund capital asset acquisitions. In 2016, these grant revenues were primarily made up of reimbursements for operating assistance for ADA paratransit services, FTA Job Access and Reverse Commute used to help pay for the cost of certain work related routes and regional mobility coordination, and a small amount from a New Freedom Grant for travel training. In 2016 the Authority provided pass through grants to nonprofit agencies which allowed for higher grant revenues. In 2016, these grants represent 4.6% of total revenues compared to 6.4% in 2015, and 0.33% in 2014. In 2015, these grant revenues are made up primarily of reimbursements for operating assistance for preventative maintenance activities. There are also revenues from FTA Job Access and Reverse Commute used to help pay for the cost of certain work related routes and regional mobility coordination, and a small amount from a New Freedom Grant for travel training.

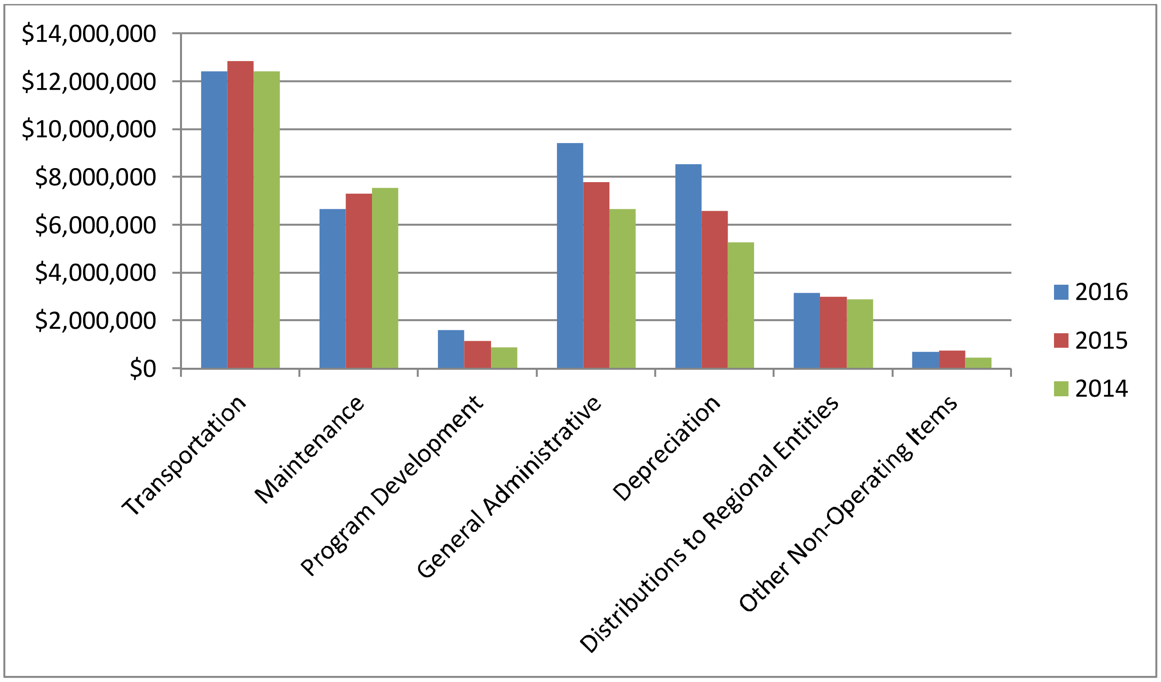
- Investment Income is income earned from the Authorityos investing activities. Income generated from the portfolio decreased $22,462 from 2015. This increase was primarily due to the use of bond proceeds during the construction of the Staples Street Center.

In 2016, sales or disposals of assets resulted in a gain of $32,007 compared to a loss of $32,819 in 2015, and a gain of $46,519 in 2014. Other revenues have been included with interest income on the revenue charts below.





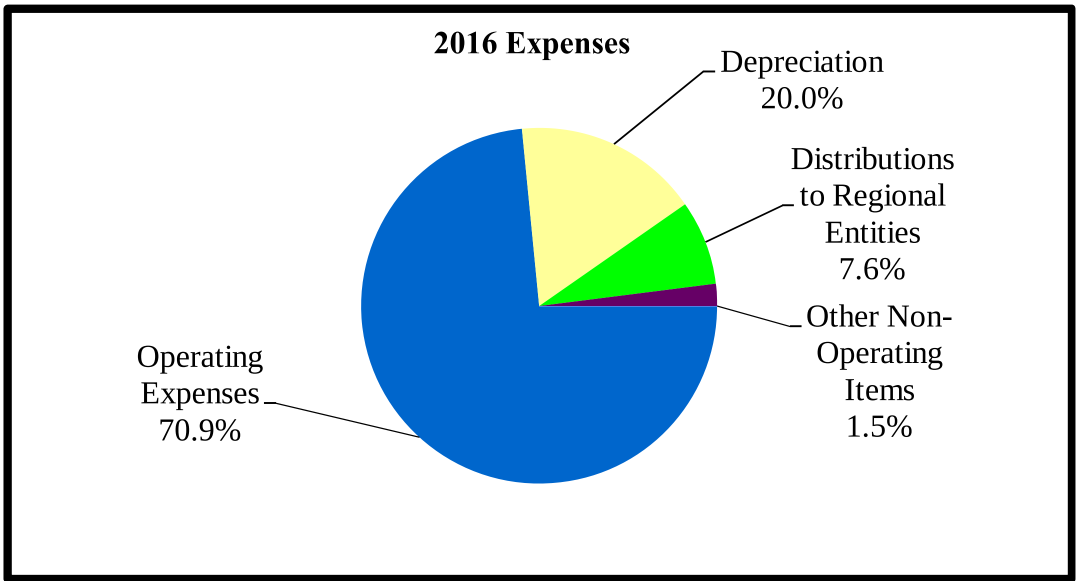
Expenses: The Authority's expenses consist of operating expenses (directly operated and purchased transportation services, maintenance, planning and program development, and general administrative costs), depreciation of capital assets, and distributions to regional entities for the Authority's street improvement program. In 2016, total expenses increased by $3,235,600 (8.2%) over 2015. In 2015, total expenses increased by $2,879,393 (8.7%) over 2014.

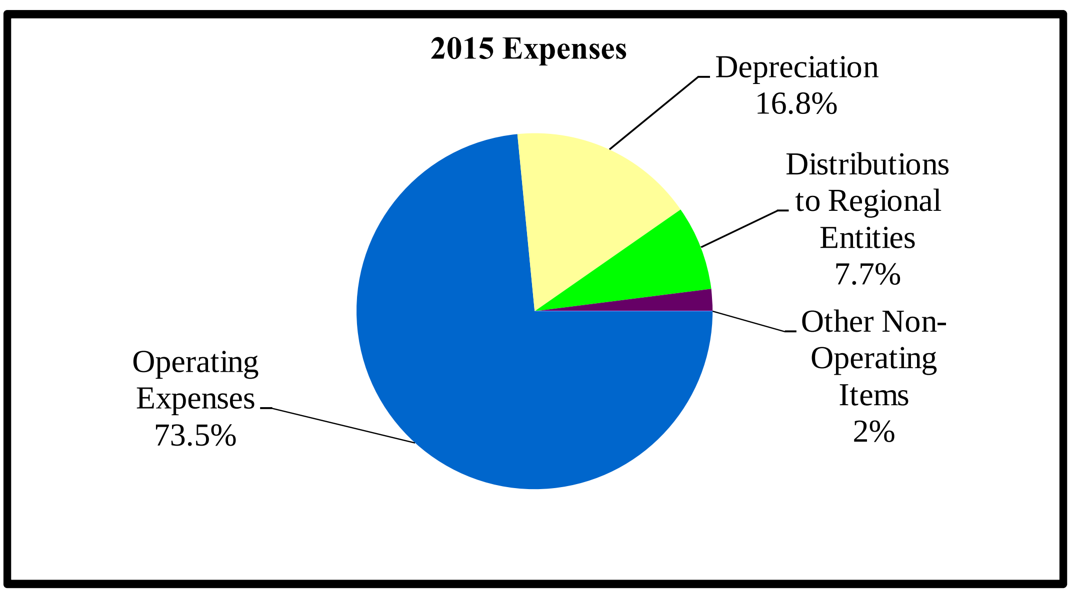


- **Operating Expenses:** The largest component of the Authority's total expenses is operating expenses. These expenses account for 70.8% and 73.8% of total expenses in 2016 and 2015, respectively.

  As shown in Table 3, operating expenses increased by $1,075,536 (3.7%) in 2016. Transportation costs which include both directly operated services and purchased transportation services decreased $422,303 (3.3%) mainly due to decreased personnel costs associated with a shortage of bus operators. Maintenance costs for facilities, directly operated revenue and support vehicles decreased by $644,441 (8.8 %) in 2016, mainly due to savings on fuel for contracted services. Costs for program development (including service development, customer programs, and marketing) increased by $458,023 (39.9%) with much of the costs related to maintaining and enhancing the RTA website, and additional customer service staff coinciding with the opening of the Staples Street Center. Administrative costs increased $1,657,913 (21.3%) from 2015 mainly attributable to costs associated with the employee pension plan and opening of the Staples Street Center.

For 2015, operating expenses were 5.7% more than 2014. Transportation costs increased by $41,737 (3.4%) mainly due to increased personnel costs associated with increased service improvements, and maintenance costs decreased by $224,536 (3.0%) in 2015, mainly due to savings on fuel for contracted services. Costs for program development (service development, customer programs, and marketing) increased by $253,465 (28%) with much of the cost related to the development of new and enhanced customer programs and the RTA website. Administrative costs increased $1,059,317 (17%) from 2014, mainly attributable to increased salary costs and higher employee benefit cost.





Depreciation: Depreciation is $1,954,277 (29.6%) higher in 2016 than 2015 due to depreciation on buses acquired in 2015 as well as the completed Staples Street Center. In 2015, depreciation was $1,319,134 (25%) higher than 2014 due to an increase in newly purchased fleet vehicle additions.

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 2016, these costs increased $161,580 (5.4%) from 2015 due to an increase in budgeted sales tax revenue. Likewise, in 2015, the costs of the program increased $108,106 (3.7%) from 2014 due to an increase in budgeted sales tax revenue.

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 2016, strong performance in the fixed income markets resulted in a $2,995,191 (7.87%) net increase in value of the plans' assets since the end of 2015. During 2015, wide fluctuations in the fixed income markets resulted in a $1,850,930 (4.6%) net decrease in value of the plans' assets since the end of 2014. 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 2017, operating expenses including depreciation are budgeted at $41,285,138. This represents a 6.10% decrease over the final 2016 budget. Sales tax, the Authority's largest revenue source, was budgeted at $34,086,571, a decrease of 7.23% less than what was budgeted in 2016. Sales tax is expected to equal 82.6% of operating expenses in 2017 as opposed to 83.6% in the 2016 budget. Sales tax collections have leveled off during the first quarter of 2017 and there is optimism about the local economy thanks to new projects such as the replacement of the Harbor Bridge and the pending construction of the world's largest ethylene cracker plant in nearby Gregory.

Similar to the 2016 budget, the 2017 budget is formulated in the expectation that Eagle Ford Shale activity will continue to rebound and result in an increase in sales tax revenue that will cover inflationary pressures on expenses. CCRTA took a conservative approach in its sales tax estimate for 2017, with a decrease of 7.23% less than budgeted in 2016. Fare revenues are budgeted at a 21.3% increase, while one source of revenue, the Harbor Ferry service, was suspended for 2017 until it is determined whether to continue the service.

Due to continued flat economic growth in the first quarter of 2017, sales tax revenue is down 11% from year-to-date budget estimates and 3% down from 2016 collections, comparatively. This revenue will be monitored closely throughout 2017.

Other assumptions in the 2017 budget include the continuation of improvements to our services which experienced major service enhancements in 2016 to provide more direct service and more frequent and faster service. In 2017, enhanced passenger amenities will be a focus, and the Authority will continue the CNG conversion of the fleet. The current fare structures will be maintained, pension costs are projected to increase by 49.7% and continued growth of health care costs is expected. A 5% step increase for bus operators and a 2% COLA increase for employees not eligible for the 5% step increase will be provided to all employees. A COLA increase of up to 2% will be offered to retirees in 2017. The budget also includes funding for increased technological enhancements and preventive maintenance, which is available through federal grants.

Passenger fare revenues were 0.35% higher for the first quarter of 2017 than for the same period in 2016. With lower gas prices, some of our riders are able to utilize alternative transportation. Operating expenses for the first quarter of 2017 are 5.6% over budget due to higher estimated depreciations expenses and 13.1% higher than expenses for the first quarter of 2016 due to higher estimated depreciation and health insurance expenses.

Several significant capital projects are planned for 2017. The costs will be funded with a combination of FTA and other federal grants and local funds.

During 2017, the Authority is continuing to carefully assess factors in the local economy and ways to increase revenues or decrease costs in order to live within the means available. The Authority also continues to look for ways to partner with others to enhance the local economy and transportation options.

REQUEST FOR INFORMATION

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

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statement of Net Position
Years Ended December 31, 2016 and 2015

	2016	2015
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 2)	$ 15,727,428	$ 12,364,605
Investments (Note 2)	9,002,510	10,929,003
Receivables:		
Sales and Use Taxes	5,439,760	5,761,555
Accrued Interest	54,719	53,448
Federal Government	406,078	2,009,604
Other	36,938	226,356
Inventories	610,376	576,228
Prepaid Expenses	280,434	179,745
Total Current Assets	31,558,243	32,100,544
Non-Current Assets:		
Restricted Cash and Cash Equivalents (Note 2)	1,728,452	11,015,610
Capital Assets (Note 3):		
Land	3,658,054	3,658,054
Buildings	49,958,064	18,363,541
Transit Stations, Stops and Pads	25,799,089	25,595,487
Other Improvements	4,706,675	4,656,155
Vehicles, Furniture and Equipment	63,604,886	61,205,177
Construction in Progress	209,190	23,977,972
Total Capital Assets	147,935,958	137,456,386
Less: Accumulated Depreciation	(67,595,109)	(59,047,887)
Net Capital Assets	80,340,848	78,408,499
Total Non-Current Assets	82,069,300	89,424,109
TOTAL ASSETS	113,627,543	121,524,653
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pensions (Note 5)	4,550,803	2,147,797
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**118,178,346**	**123,672,450**
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts Payable	843,276	3,890,382
Contractors Retainage Payable	1,293,190	911,034
Current Portion of Long-Term Liabilities (Note 4):		
Long-Term Debt	555,000	540,000
Compensated Absences	275,328	234,460
Distributions to Regional Entities Payable	3,329,846	2,291,546
Other Accrued Liabilities	625,718	438,674
Total Current Liabilities	6,922,358	8,306,096
Non-Current Liabilities:		
Long-Term Liabilities, Net of Current Portion (Note 4):		
Long-Term Debt	19,820,000	20,375,000
Compensated Absences	185,229	173,589
Net Pension Liability (Note 5)	3,320,409	732,975
Net OPEB Obligation (Note 6)	435,418	483,688
Total Non-Current Liabilities	23,761,056	21,765,252
TOTAL LIABLILITES	**30,683,414**	**30,071,348**
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pensions (Note 5)	195,034	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**30,878,448**	**30,071,348**
Net Position:		
Net Invested in Capital Assets	60,082,998	66,897,808
Restricted for Debt Service	1,611,302	1,611,302
Unrestricted	25,605,598	25,091,993
TOTAL NET POSITION	$ **87,299,898**	$ **93,601,102**

See Notes to Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2016 and 2015

	2016	2015
Operating Revenues:		
Passenger Service	$ 1,735,001	$ 1,853,246
Bus Advertising	159,662	167,362
Other Operating Revenues	505,782	263,038
Total Operating Revenues	2,400,445	2,283,647
Operating Expenses:		
Transportation	6,818,813	6,767,549
Customer Programs	319,570	222,913
Purchased Transportation	5,607,186	6,080,753
Service Development	610,752	504,545
MIS	690,138	520,827
Vehicle Maintenance	4,893,149	5,605,328
Facilities Maintenance	1,697,497	1,583,046
Materials Management	161,690	132,309
Administrative and General	8,765,519	7,243,286
Marketing & Communications	674,399	419,240
Depreciation	8,547,223	6,592,946
Total Operating Expenses	38,785,936	35,672,742
Operating Loss	**(36,385,492)**	**(33,389,095)**
Non-Operating Revenues (Expenses):		
Sales and Use Tax Revenue	31,387,198	34,127,803
Federal and Other Grant Assistance	1,185,650	2,512,070
Investment Income	69,049	91,511
Gain (Loss) on Disposition of Property	32,007	(32,819)
Subrecipient Programs	(71,560)	(293,159)
Interest Expense and Fiscal Charges	(637,621)	(455,196)
Distributions to Regional Entities	(3,170,013)	(3,008,433)
Net Non-Operating Revenues (Expenses)	28,794,710	32,941,777
Net (Loss) Before Capital Grants & Donations	(7,590,781)	(447,318)
Capital Grants & Donations	1,289,577	9,763,523
Change in Net Position	(6,301,204)	9,316,205
Total Net Position, Beginning of Year	93,601,102	84,284,897
Net Position, End of Year	$ **87,299,898**	$ **93,601,102**

See Notes to Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statement of Cash Flows
Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows From Operating Activities:		
Cash Received from Customers	$ 1,828,375	$ 1,864,333
Cash Received from Bus Advertising and Other Ancillary	734,056	589,290
Cash Payments to Suppliers for Goods and Services	(17,636,701)	(18,503,620)
Cash Payments to Employees for Services	(10,937,155)	(10,647,439)
Cash Payments for Employee Benefits	(1,893,015)	(2,381,180)
Net Cash Used for Operating Activities	(27,904,440)	(29,078,616)
Cash Flows from Non-Capital Financing Activities:		
Sales and Use Taxes Received	31,708,993	34,708,350
Grants and Other Reimbursements	1,973,736	1,684,143
Distributions to Subrecipient Programs	(71,560)	(293,159)
Distributions to Region Entities	(2,131,713)	(4,116,037)
Net Cash Provided by Non-Capital Financing Activities	31,479,456	31,983,297
Cash Flows from Capital and Related Financing Activities:		
Federal and Other Grant Assistance	2,105,017	9,004,682
Proceeds from Sale of Capital Assets	32,007	41,707
Proceeds from Bonds	-	-
Repayment of Long-Term Debt	(540,000)	(535,000)
Interest and Fiscal Charges	(606,907)	(418,022)
Purchase and Construction of Capital Assets	(12,483,740)	(32,060,955)
Net Cash Used for Capital and Related Financing Activities	(11,493,623)	(23,967,588)
Cash Flows from Investing Activities:		
Investment Income	62,957	195,590
Purchases of Investments	(10,724,686)	(8,979,552)
Maturities and Redemptions of Investments	12,656,000	25,728,000
Net Cash Provided by Non-Capital Financing Activities	1,994,271	16,944,038
Net Decrease in Cash and Cash Equivalents	(5,924,336)	(4,118,869)
Cash and Cash Equivalents (Including Restricted Accounts, January 1	23,380,215	27,499,084
Cash and Cash Equivalents (Including Restricted Accounts), December 31	$ 17,455,880	$ 23,380,215

	2016	2015
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	$ (36,385,492)	$ (33,389,095)
Adjustments to Reconcile Operating Loss to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	8,547,222	6,592,946
Changes in Assets, Deferred Outflows of Resources, and Liabilities:		
Other Receivables	189,417	158,891
Inventories	(34,148)	78,499
Prepaid Expenses	(100,690)	(39,453)
Accounts Payable and Accrued Liabilities	(500,211)	(2,844,247)
Deferred Inflows of Resources	195,034	-
Deferred Outflows of Resources	(2,403,006)	(969,299)
Net Pension Liability	2,587,434	1,333,142
Net Cash Used for Operating Activities	$ (27,904,440)	$ (29,078,616)
Non-Cash Investing, Capital and Financing Activities:		
Premiums/Discounts on Investments	$ 941	$ 85,240
Fair Value of Investments	5,762	(5,234)
Acquisition of Assets Accrued But Not Paid	(2,004,169)	(615,935)
Change in:		
Gain (Loss) on Sale of Assets	(32,007)	(32,819)
Interest Receivable	1,271	(13,605)
Sales and Use Tax Receivable	(321,795)	(580,547)
Receivable from Federal Government	(1,603,526)	7,673,080
Distribution to Regional Entities Payable	1,038,300	(1,107,604)
Accrued Interest Payable	50,085	(19,371)

See Notes to Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Statement of Net Position
December 31, 2016 and 2015

		2016		2015
ASSETS				
Investments (Note 2)				
Money Market Funds	$	1,962,206	$	1,611,952
Debt Mutual Funds		3,039,689		2,939,915
Equity Mutual Funds		36,036,200		33,491,037
TOTAL ASSETS		41,038,095		38,042,904
LIABILITIES		-		-
NET POSITION				
Restricted For Pension Benefits	$	41,038,095	$	38,042,904

See Notes to Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Statement of Changes in Net Position
Years Ended December 31, 2016 and 2015

	2016	2015
Additions:		
Investment Income (Loss)	$ 3,165,454	$ (421,639)
Employee Contributions	951,132	888,815
Employer Contributions (Note 5)	1,503,736	985,175
Total Additions	5,620,322	1,452,351
Deductions:		
Benefits Paid	2,515,677	3,185,750
Administrative Expenses	109,454	117,531
Total Deductions	2,625,131	3,303,281
Increase/(Decrease) in Net Position	2,995,191	(1,850,930)
Net Position, January 1	38,042,904	39,893,834
Net Position, December 31	$ 41,038,095	$ 38,042,904

See Notes to Financial Statements

(1) Summary of Significant Accounting Policies

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

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

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

Reporting Entity: ñThe Financial Reporting Entity,ò as defined in Section 2100 of GASB <u>Codification of Governmental Accounting and Financial Reporting Standards</u>, 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 Authorityôs 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 organizationôs 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 Authorityôs accounts are used for all Authority assets, liabilities, equities, revenues and expenses and are maintained on the accrual basis of accounting. Revenues from operations, investments and other sources are recorded when earned and expenses, including depreciation and amortization, of providing services to the public are accrued when incurred.

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

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

Budget: State law requires that an annual operating budget be adopted prior to the commencement of a fiscal year. Before the budget is adopted, the Authorityʼs 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 Authorityʼs investments are stated at fair value, except for money market funds and investments with a remaining maturity of one year or less when purchased and non-participating interest earning investment contracts, which are carried at cost. Fair value fluctuates with interest rates and increasing rates may cause the fair value to decline below cost. The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments. Net change in the fair value of investments is recognized and reported as investment income in the financial statements. The Authorityʼs investment policy focuses on strategies that attain preservation of principal primarily and maximizing earnings secondarily.

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

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

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

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

Asset Type	Years
Buildings	20-50
Transit Stations and Bus Pads	2-15
Improvements other than buildings	2-5
Building Equipment	2-12
Vehicles	3-12
Furniture & Equipment	2-12
Systems	2-5
Leasehold improvements	2-5

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

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

Deferred Inflows/Outflows: Deferred inflows represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Governments are permitted only to report inflows in circumstances specifically authorized by the GASB. Deferred inflows related to pensions consist of the difference between expected and actual experience. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenses) until that time. Deferred outflows related to pensions consist of amounts paid into the retirement system after the prescribed measurement date, the net difference between projected and actual earnings and the difference between actual and expected experience.

Pension Plans: It is the Authorityǿs policy to fund pension costs annually. For purposes of measuring the net pension asset, deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authorityǿs Defined Benefit and Defined Contributions Plan (Plans) and additions to/deductions from the Authorityǿs plans fiduciary net position have been determined on the same basis as they are reported by plans. For this purpose benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For more information on the Authorityǿs pension plans, see Note 5 of the Notes and Financial Statements.

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

Recent Accounting Pronouncements: GASB 72 ï *Fair Value Measurement and Application*-addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The requirements of this statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement will also enhance the fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a governmentǿs financial position. GASB 72 is effective for financial statements for fiscal years beginning after June 15, 2015. The Authority implemented this statement in the year ended December 31, 2016.

Prior Period Restatements: During the course of the review of the Authorityǿs financial activity, it was determined that federal capital grant funds previously recognized as revenue during the year ended December 31, 2015, however the grant application had not been submitted. As a result, a large receivable recorded at December 31, 2015 was not collected on during the year ended December 31, 2016. At the time of this report, the grant application had been completed and submitted to the FTA for approval. Once accepted, the grant awarded will be recognized as revenue for the year ended December 31, 2017. For purposes of this report, however, it was determined necessary to record a prior period adjustment in the amount of federal funds not yet collected.

Beginning net position	$	99,687,414
Adjustment made for Federal Grants Receivable during the year ended December 31, 2015		(6,086,312)
Beginning net position as restated	$	93,601,102

Future Accounting Pronouncements: GASB 74 ï *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* – replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.* It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans and the decision-usefulness of the financial reports of those OPEB plans. The Authority will implement GASB No. 74 in the year ending December 31, 2017.

(2) Cash, Cash Equivalents, and Investments

As of December 31, 2016 and 2015, the Authority had the following cash, cash equivalents and investments:

		2016				2015		
Deposits and Investments by Type		Enterprise Fund Fair Value	Fiduciary Funds Fair Value	Weighted Average Maturity		Enterprise Fund Fair Value	Fiduciary Funds Fair Value	Weighted Average Maturity
Demand Deposits	$	15,696,376	-	1	$	12,086,139	-	1
Government Agencies		1,804,398	-	270		-	-	0
Government Treasury		2,700,529	-	39		4,999,548	-	322
Municipal Obligations		-	-	0		1,000,000	-	74
Certificates of Deposit		3,502,593	-	182		4,914,857	-	123
Commercial Paper		999,958	-	2		-	-	0
Money Market Funds		1,759,504	1,962,206	1		11,294,076	1,611,952	1
Debt Mutal Funds		-	3,039,689	1		-	2,939,915	1
Equity Mutual Funds		-	36,036,200	1		-	33,491,037	1
Total		26,463,358	41,038,095			34,294,621	38,042,904	
Included in Cash and Cash Equivalents		(17,455,880)	(1,962,206)			(23,380,215)	(1,611,952)	
Equity in Investments	$	9,007,479	39,075,889		$	10,914,406	36,430,952	

The Carrying Value of the Enterprise Fund Equity in Investments was $9,002,510 and $10,929,003 at December 31, 2016 and 2015, respectively.

Fair Value Measurements – During the fiscal year ending December 31, 2016, the Authority adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for determining a fair value measurement for financial reporting purposes. The Authority categories its investments measured at fair value within the hierarchy established by generally accepted accounting principles. Investments valued at fair value are categorized based on inputs to valuation techniques as follows:

Level 1 input ï Quotes prices for identical assets or liabilities in an active market that an entity has the ability to access.

Level 2 input ï Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 input ï Inputs that are unobservable for the asset or liability which are typically based upon the Authorityõs own assumptions as there is little, if any, related market activity.

Because the investments are restricted by Board policy and state law to active secondary market, the *market approach* is being used for valuation. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities.

The *exit* or fair market prices used for these fair market valuations of the portfolio are all Level 1 and represent unadjusted quoted prices in active markets for identical assets and liabilities that have been accessed at the measurement date.

As of December 31, 2016 and 2015, the securities to be priced in the portfolio were as follows:

	Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1) December 31,			
	2016		2015	
	Enterprise Fund	Fiduciary Fund	Enterprise Fund	Fiduciary Fund
US Treasury Obligations	$ 2,700,529	$ -	$ 4,999,548	$ -
US Gov't Agencies	1,804,398	-	-	-
Municipal Notes	-	-	1,000,000	-
Certificates of Deposit	3,502,593	-	4,914,857	-
Commercial Paper	999,958	-	-	-
Money Market Funds	1,759,505	1,962,206	11,294,076	1,611,952
Debt Mutual Funds	-	3,039,689	-	2,939,915
Equity Mutual Funds	-	36,036,200	-	33,491,037
Total	**$ 10,766,984**	**$ 41,038,095**	**$ 22,208,481**	**$ 38,042,904**

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

For the Enterprise Fund as of December 31, 2016,

- no holding in the portfolio had a maturity date beyond 343 days,
- holdings maturing beyond six months represented 13.33% of the total portfolio,
- the dollar weighted average maturity of the portfolio was 49 days.

For the Enterprise Fund as of December 31, 2015,

- no holding in the portfolio had a maturity date beyond 344 days,
- holdings maturing beyond six months represented 1.90% of the total portfolio,
- the dollar weighted average maturity of the portfolio was 74 days.

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

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

Concentration of Credit Risk: This is the risk of investing predominantly in any one type of investment or entity. The Authority recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The Authorityôs adopted investment policy establishes diversification as a major objective of the investment program and sets diversification limits for all authorized investment types which are monitored on a monthly basis. As of December 31, 2016 and 2015 the limits on the various types of authorized investments as a percent of the portfolio were:

Investment Type	Allowable	Actual as of 12/31/2016	Actual as of 12/31/2015
US Treasury Obligations	80.00%	10.92%	16.17%
US Agencies/Instrumentalities	80.00%	7.29%	0.00%
State Government Obligations	35.00%	0.00%	0.00%
Local Government Obligations	35.00%	0.00%	3.24%
Certificates of Deposit (Depository)	50.00%	14.16%	15.90%
Brokered Certificates of Deposit	30.00%	0.00%	0.00%
Repurchase Agreements	50.00%	0.00%	0.00%
Flex in CIP Funds	100.00%	0.00%	0.00%
Local Government Investment Pools	80.00%	0.00%	0.00%
Money Market Funds / Demand Deposits	100.00%	63.59%	64.69%
Commercial Paper	25.00%	4.04%	0.00%
Bankers Acceptances	20.00%	0.00%	0.00%

Custodial Credit Risk – Deposits and Investments: For deposits, this is the risk that if a bank fails, the Authority may not recover its deposits. The Authority contractually requires that all demand deposits held in the bank overnight and repurchase agreements be fully insured or collateralized at 102% under a written agreement. Collateral is held in safekeeping by an independent third party. At December 31, 2016 and 2015 bank funds on deposit in excess of FDIC insurance were collateralized at more than 102%.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority may not recover the value of its investments or collateral securities that are in the possession on 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, 2016 and 2015, all Authorityǿs securities were handled in this manner.

Fiduciary Funds: Funds in the Authorityǿs 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 plansô investment policies, management attempts to limit or mitigate certain risks. The Authority is responsible for the Plansô 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 Planǿs liabilities through a combination of income and capital appreciation in a manner consistent with the fiduciary standards of ERISA and with sound investment practices. Assets are invested to minimize the chance of suffering market value losses. Assets are diversified into different styles with a prudent number of individual issues within each style to mitigate concentration risk.

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

(3) Capital Assets

The Authorityẃs 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 Authorityẃs operations.

Capital asset activities for the year ended December 31, 2016 is as follows:

		Balance at 12/31/2015	Additions / Transfers	Retirements	Balance at 12/31/2016
Assets Not Being Depreciated:					
Land	$	3,658,054	-	-	3,658,054
Construction in Progress		23,977,972	(23,768,782)	-	209,190
		27,636,026	(23,768,782)		3,867,244
Assets Being Depreciated:					
Buildings		18,363,541	31,594,523	-	49,958,064
Transit Stations, Bus Stops, Street Pads & Other Improvements		25,595,487	203,602	-	25,799,089
Improvements other than Buildings		4,656,155	50,520	-	4,706,675
Vehicles, Furniture and Equipment		61,205,177	2,399,709	-	63,604,886
		109,820,360	34,248,354	-	144,068,714
Total Capital Assets		**137,456,386**	**10,479,572**	-	**147,935,958**
Less: Accumulated Depreciation:					
Buildings		10,763,809	1,091,310	-	11,855,119
Transit Stations, Bus Stops, Street Pads & Other Imp.		18,815,626	1,175,011	-	19,990,637
Improvements other than Buildings		2,224,983	347,034	-	2,572,017
Vehicles, Furniture and Equipment		27,243,469	5,933,867	-	33,177,336
Total Accumulated Depreciation		**59,047,887**	**8,547,223**	**-**	**67,595,110**
Total Capital Assets, Net	$	**78,408,499**	**1,932,349**	**-**	**80,340,848**

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

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

(4) Long – Term Liabilities

Changes in Long-Term Liabilities

2016		1/1/2016	Additions	Retirements	12/31/2016	Due Within One Year
Revenue Bonds	$	20,915,000	-	540,000	20,375,000	555,000
Net Pension Liability		732,975	3,765,932	1,178,498	3,320,409	-
Net OPEB Obligations		483,688	118,272	166,543	435,418	-
Compensated Absences		408,050	721,504	668,995	460,557	275,328
Total Long Term Liabilities	$	22,539,713	4,605,708	2,554,035	24,591,385	830,328

2015		1/1/2015	Additions	Retirements	12/31/2015	Due Within One Year
Revenue Bonds	$	21,450,000	-	535,000	20,915,000	540,000
Net Pension Liability		-	1,718,150	985,175	732,975	-
Net OPEB Obligations		518,327	118,504	153,143	483,688	-
Compensated Absences		337,197	457,447	386,595	408,049	234,460
Total Long Term Liabilities	$	22,305,524	2,294,101	2,059,912	22,539,713	774,460

Long-Term Debt:

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

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

Unspent proceeds for the bonds at December 31, 2016 and 2015 were $110,863 and $9,404,308, respectively.

Total interest cost for period ending December 31, 2016 was $1,114,330 of which $477,510 was capitalized. Total interest cost for period ending December 31, 2015 was $1,112,289 of which $657,893 was capitalized.

Total debt service requirements as of December 31, 2016 are as follows:

$11,525,000 Series 2013 (AMT Bonds)

Years Ending December 31,	Principal		Interest		Total Requirements	
2017	$	295,000	$	516,823	$	811,823
2018		310,000		505,023		815,023
2019		320,000		492,623		812,623
2020		335,000		479,823		814,823
2021-2025		1,870,000		2,206,206		4,076,206
2026-2030		2,340,000		1,730,881		4,070,881
2031-2035		2,985,000		1,081,413		4,066,413
2036-2038		2,205,000		241,337		2,446,337
	$	10,660,000	$	7,254,129	$	17,914,129

$10,500,000 Series 2013, Taxable Bonds

Years Ending December 31,	Principal		Interest		Total Requirements	
2017	$	260,000	$	531,203	$	791,203
2018		265,000		524,885		789,885
2019		275,000		517,147		792,147
2020		285,000		507,742		792,742
2021-2025		1,620,000		2,340,244		3,960,244
2026-2030		2,105,000		1,859,805		3,964,805
2031-2035		2,790,000		1,167,446		3,957,446
2035-2038		2,115,000		262,910		2,377,910
	$	9,715,000	$	7,711,382	$	17,426,382

Compensated Absences:

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

(5) Retirement Plans

Defined Benefit Plan

For the year ended December 31, 2016, the Authorityǿs Net Pension Liability was measured as of December 31, 2015, and the Total Pension Liability was determined by an actuarial valuation as of that date.

For the year ended December 31, 2015, the Authorityǿs Net Pension Liability was measured as of December 31, 2014, and the Total Pension Liability was determined by an actuarial valuation as of that date.

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

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

All full time employees are included in the plan. Vesting begins at three years of service with full vesting at seven years. Employees who retire on or after age 62 are entitled to an annual retirement benefit equal to 2% of average compensation for the final three consecutive years of employment times their number of years of service for the Authority. Reduced retirement benefits are available at age 55 with ten years of service. In December 2014, the plan was amended to allow those eligible for early retirement during a specified window without incurring the normal reduction in benefits. The plan is not indexed for inflation. As of January 1, 2016 there were 538 participants in this plan as follows:

	December 31, 2015	December 31, 2014
Retirees or beneficiaries currently receiving benefits	140	129
Inactive employees entitled to but not yet receiving benefits	175	164
Active employees	223	232
Total Participants	538	525

Funding Policy: The Authority is the only source of contributions which are determined annually based on actuarial studies as of the valuation date. The contributions consist of a normal annual pension cost and amortization of any unfunded actuarial accrued liability (UAAL). The actuarially determined rate for contributions as a percent of covered payroll for 2016 and 2015 respectively, was 16.0% and 11.2%.

Actuarial Assumptions: The actuarial assumptions that determined the total net pension liability as of December 31, 2015 and December 31, 2014 are as follows:

Valuation Date	*December 31, 2015 & December 31, 2014*
Actuarial Cost Method	*Entry-Age Normal Cost*
Amortization Method	*Level dollar amount over 15 years from January 1, 2009*
Asset Valuation Method	*Market Value*
Actuarial Assumptions:	
Investment rate of return	*7.5%*
Projected Salary Increase	*3.5%*
Mortality Rate	*1984 Unisex Mortality Table*
Normal Retirement	*First of month after attaining age 62*

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

1. The Normal Cost represents the annual cost of benefit payments arising from future service increases for active employees.

2. The Unfunded Actuarial Accrued Liability represents the accumulated deficiency of the total cost of benefit payments which have already been earned over the current assets held by the planâs trust.

3. RTAâs contribution policy is to make an annual payment equal to the Normal Cost plus the amortization payment of the Unfunded Actuarial Accrued Liability. The amortization payment is calculated as a level dollar amount over a period of 15 years from January 1, 2009.

4. A review of actual contributions over the past five years shows the RTA has made sufficient contributions to meet its funding policy.

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

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

	1% Decrease (6.5%)	**Current Discount Rate** (7.5%)	**1% Increase** (8.5%)
December 31, 2015			
Net pension liability	$7,338,602	$3,320,409	($57,330)
December 31, 2014			
Net pension liability	$4,359,496	$732,975	($2,566,523)

Net Pension Liability: The changes in net pension liability for the measurement date of December 31, 2015 based on the actuarial date of December 31, 2015 are reflected below:

Change in Net Pension Liability	**Increase (Decrease)** Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Changes for the Year:			
Service cost	876,806	--	876,806
Interest on total pension liability	2,396,547	--	2,396,547
Effect of plan change (Changes of benefit terms)	115,478	--	115,478
Difference between expected and actual experience	(260,046)	--	(260,046)
Benefit Payments	(1,493,324)	(1,493,324)	--
Contributions - employer	--	985,175	(985,175)
Net investment income	--	(348,950)	348,950
Administrative Expenses	--	(94,874)	94,874
Balances as of December 31, 2015	$ 33,530,870	$ 30,210,461	$ 3,320,409

The changes in net pension liability for the measurement date of December 31, 2014 based on the actuarial date of December 31, 2014, are reflected below:

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

For the year ended December 31, 2016, the Authority recognized pension expenses:

Service cost	$	876,806
Interest on total pension liability		2,396,547
Effect of plan change (Changes of benefit terms)		115,478
Administrative		94,874
Expected investment returns net of investment expenses (7.5% per Plan)		(2,431,199)
Recognition of deferred inflows/outflows of resources:		
Recognition of difference in investment gains or losses		699,630
Recognition of difference in change in experience		154,775
Pension expense	$	1,906,911

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

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

For the year ended December 31, 2016, the Authority recorded deferred outflows of resources related to the pension as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 392,147	$ 195,034
Net difference between projected and actual earnings on pension plan investments	2,654,920	-
Contributions made subsequent to measurement date	1,503,736	
Deferred Outflows and Inflows of Resources	**$ 4,550,803**	**$ 195,034**

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

		Deferred Outflows of Resources		Deferred Inflows of Resources
Year ended 12/31				
2017	$	895,704	$	65,012
2018		895,704		65,012
2019		699,631		65,010
2020		556,029		-
Total	**$**	**3,047,067**	**$**	**195,034**

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

		Deferred Outflows of Resources
Difference between expected and actual experience	$	588,221
on pension plan investments		574,401
Contributions made subsequent to measurement date		985,175
Deferred Outflows and Inflows of Resources	**$**	**2,147,797**

Financial Statements: The DB Plan issues a separate stand-alone financial report which can be viewed on the CCRTA website at www.ccrta.org/financial-transparency.

Following are the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position for the years ended December 31, 2016 and 2015.

Statement of Fiduciary Net Position
December 31, 2016 and 2015

		2016		2015
ASSETS				
Money Market Funds	$	994,230	$	615,350
Mutual Funds - Debt		2,622,584		2,450,950
Mutual Funds - Equity		28,966,263		27,144,161
TOTAL ASSETS		32,583,077		30,210,461
LIABILITIES		-		-
NET POSITION				
Restricted For Pension Benefits	$	32,583,077	$	30,210,461

Statement of Changes in Fiduciary Net Position
Years Ended December 31, 2016 and 2015

		2016	2015
Additions:			
Investment Income/(Loss)	$	2,523,596	(348,950)
Employer Contributions		1,503,736	985,175
Total Additions		4,027,332	636,225
Deductions:			
Benefits Paid		1,561,905	1,493,324
Administrative Expenses		92,810	94,874
Total Deductions		1,654,715	1,588,198
Increase (Decrease) in Net Position		2,372,617	(951,973)
Net Position, January 1		30,210,461	31,162,434
Net Position, December 31	$	32,583,077	30,210,461

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 $11,002,471 in 2016 and $10,699,764 in 2015. Employee contributions were $938,773 in 2016 and $888,815 in 2015. 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 2016 and 2015 are as follows:

Statement of Fiduciary Net Position
December 31, 2016 and 2015

		2016	2015
ASSETS			
Money Market Funds	$	967,976	996,602
Mutual Funds - Debt		417,105	488,965
Mutual Funds - Equity		7,069,937	6,346,876
TOTAL ASSETS		8,455,018	7,832,443
LIABILITIES		-	-
NET ASSETS			
Held In Trust For Pension Benefits	$	8,455,018	7,832,443

Statement of Changes in Fiduciary Net Position
Years Ended December 31, 2016 and 2015

		2016	2015
Additions:			
Investment Income/(Loss)	$	641,858	(72,689)
Rollover Contributions		12,359	
Employer Contributions		938,773	888,815
Total Additions		1,592,990	816,126
Deductions:			
Benefits Paid		953,771	1,692,426
Administrative Expenses		16,644	22,657
Total Deductions		970,415	1,715,083
Increase (Decrease) in Net Position		622,575	(898,957)
Net Position, January 1		7,832,443	8,731,400
Net Position, December 31	$	8,455,018	7,832,443

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

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

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

- Medical Costs and Trend ï The claims cost assumption was updated using the most recent experience available, and administrative fees and stop loss premiums were updated based on current rates. In setting the claims and stop loss premium assumption, the aging table from the prior actuaryøs table was updated to the USI aging table. In addition, medical trend and stop loss premium trend was reset to 9% grading to 5.5% over 14 years. Previously, stop loss premiums were assumed to trend at 11% grading to 7.5% over 14 Years. These changes resulted in a 24% decrease in AAL.

- Mortality Rates ï The mortality assumption was updated from RP-2000 Combines Health mortality table to the RP-2014 Adjusted to 2006 with Projection under scale MP-2015. This resulted in a decrease in AAL of less than 1%.

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

Funding Policy: The Authority requires retirees to pay a portion of the monthly ñblendedò 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 2016, $627.99 was the required monthly contribution for retiree family coverage and $246.44 for retiree single coverage. The Authorityøs contributions are on a pay-as-you-go basis. As of the most recent valuation membership is as follows:

Retirees	14
Active	227
Total	241

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

		2016		2015
Annual Required Contribution	$	126,353	$	127,164
Interest on OPEB Liability		19,348		20,733
Adjustment to the ARC		(27,428)		(29,393)
Annual OPEB Cost		118,273		118,504
Employer Contributions		(166,543)		(153,143)
Net Change in OPEB Liability		(48,270)		(34,639)
OPEB Liability at January 1		483,688		518,327
OPEB Liability at December 31	$	435,418	$	483,688

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
2016	$ 118,273	140.8%	$ 435,417
2015	$ 118,504	129.2%	$ 483,688
2014	$ 121,654	74.4%	$ 518,327

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

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

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

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

Valuation Date	*01/01/16*
Cost Method	*Projected Unit Credit*
Asset Valuation Method	*Unfunded, Pay-as-you-go basis*
*Investment Rate of Return ***	*4.00%*
Annual Healthcare Cost Trend	*9% initially, graded down to 5.5% over 14 years*
Inflation Rate	*N/A*
Utilization	*33% of eligible actives*
Amortization Period	*30 Years*
Amortization Method	*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, the Authorityǿs general and automobile liability is 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 workersô compensation claims until 2004, at which point the Authority became fully insured through the Texas Municipal League. There are no outstanding claims from self-insurance.

The Authority is self-funded for employee dental and healthcare benefits, which include medical, drug and vision. These benefits are provided through a contract with a third party administrator, Entrust, Inc. The coverage in force during 2016 includes specific deductibles for up to $65,000 per individual claim and an annual aggregate estimated at $1,600,000. Claims are normally paid within ninety days and considered current liabilities.

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

Changes in liabilities for self-funded health insurance liabilities for the years ended December 31, 2014, 2015 and 2016 are as follows:

		Health and Dental Benefits
Balance at 12/31/13	$	113,051
Incurred Claims		2,774,257
Changes in Estimate		-
Claims Paid		(2,724,001)
Balance at 12/31/14		163,307
Incurred Claims		2,756,477
Changes in Estimate		-
Claims Paid		(2,627,101)
Balance at 12/31/15		292,683
Incurred Claims		2,229,577
Changes in Estimate		-
Claims Paid		(2,160,534)
Balance at 12/31/16	$	361,726

(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, 2016 the Authority is under Commitments for the purchase of eleven 40ô Gillig Buses at a cost totaling $5,284,664, along with seven Arboc buses at a total cost of $1,627,850.

The Authority has commitments totaling $1,070,000 in ADA Bus Stop improvements.

9) Concentrations

During 2016, the Authority received $1,185,650 for capital assistance and $1,289,577 for other projects from the Federal Transportation Administration.

During 2015, the Authority received $9,763,523 for capital assistance and $2,512,070 for other projects from the Federal Transportation Administration.

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

(10) Purchased Transportation Services

The Authority had an extended contract with MV Transportation, Inc. through 2013 to provide paratransit services for elderly and persons with disability and certain fixed route services. A new contract was executed January 6, 2014 establishing a term for these services from January 6, 2014 through December 31, 2018 with an option for the Authority to extend the contract for an additional two years. Expenses under the contract amounted to $5,078,937 in 2016 and $4,733,795 in 2015. All passenger fares related to these transit services are recorded by the Authority as operating revenue.

(11) Property Leased to Others

The Authority leases office space under operating leases expiring through Fiscal Year 2026.

The minimum future rental payments to be collected from tenants under signed lease agreements at the Staples Street Center are as follows:

Year ended 12/31		
2017	$	357,859
2018		458,013
2019		482,729
2020		490,550
2021		392,290
Thereafter		1,492,358
Total	**$**	**3,673,799**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PENSION PLAN:

	Measurement Year 2015	Measurement Year 2014
TOTAL PENSION LIABILITY		
Service Cost	$ 876,806	$ 695,517
Interest on Total Pension Liability	2,396,547	2,254,995
Effect of Plan Changes	115,478	391,915
Difference between expected and actual experience	(260,046)	784,295
Benefit Payments	(1,493,324)	(1,248,266)
Net Change in Total Pension Liability	1,635,461	2,878,456
Total Pension Liability, Beginning	31,895,409	29,016,953
Total Pension Liability, Ending	$ 33,530,870	$ 31,895,409
FIDUCIARY NET POSITION		
Employer Contributions	$ 985,175	$ 1,178,498
Employee Contributions	-	-
Investment Income Net of Investment Expenses	(348,950)	1,706,547
Benefit Payments/Contributions Refunds	(1,493,324)	(1,248,266)
Administrative Expenses	(94,874)	(91,465)
Net Change in Fiduciary Net Position	$ (951,973)	$ 1,545,314
Fiduciary Net Position, Beginning	31,162,434	29,617,120
Fiduciary Net Position, Ending	$ 30,210,461	$ 31,162,434
Net Pension Liability	$ 3,320,409	$ 732,975
Fiduciary Net Position as a Percentage of Total Pension Liability	90.1%	97.7%
Annual Covered Payroll	$ 8,818,232	$ 7,274,172
Net Pension Liability as a Percentage of Covered Payroll	37.65%	10.08%

*This schedule is required to present information for ten years, however, prior years information is not available. Therefore, we have shown only the year in which GASB Statement 68, as amended by GASB Statement 71, was implemented, as well as the subsequent year.

DEFINED BENEFITS PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

		2007	2008	2009	2010
Actuarially determined contribution	$	529,681	576,140	1,355,811	1,168,423
Contributions in relation to the actuarially determined contribution		529,681	576,140	1,355,811	1,168,423
Contribution deficiency (excess)	$	-	-	-	-
Covered-employee payroll	$	6,338,961	6,394,664	6,634,041	7,246,596
Contributions as a percentage of covered-employee payroll		8.4%	9.0%	9.0%	16.1%

Notes to Schedule
Valuation Date - Actuarially determined contribution rates are calculated as of January 1 for the respective year of contributions
Methods and Assumptions Used to Determine Contribution Rates:
Actuarial Cost Method - Entry Age Normal
Amortization Method - Closed-Level dollar amount over 15 years from January 1, 2009
Remaining Amortization Period 9 Years
Asset Valuation Method - Market Value
Inflation Rate -- NA
Salary Increases - 3.50% Annually
Investment Rate of Return - 7.50% Annually
Retirement Age - All participants were assumed to retire at age 62
Mortality Rates - RP 2000 Mortality Table

2011	2012	2013	2014	2015	2016
886,742	1,125,651	988,534	695,517	983,696	1,468,804
1,064,288	1,125,651	1,280,330	1,178,498	985,175	1,503,736
(177,546)	-	(291,796)	(482,981)	(1,479)	(34,932)
7,073,120	7,221,526	7,474,445	7,274,172	8,818,232	9,178,411
15.0%	15.6%	17.1%	16.2%	11.2%	16.4%

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 (Overfunded) Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL As Percentage of Payroll
January 1, 2016	$ -	$ 1,427,656	$ 1,427,656	$ 8,685,563	16.4%
January 1, 2014	$ -	$ 1,645,605	$ 1,645,605	$ 6,838,718	24.1%
January 1, 2012	$ -	$ 377,934	$ 377,934	$ 6,436,310	6%
January 1, 2010	$ -	$ 1,016,925	$ 1,016,952	$ 7,246,956	14%
January 1, 2008	$ -	$ 766,655	$ 766,655	$ 6,394,664	12%

SUPPLEMENTAL SCHEDULES

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Schedule of Revenues and Expenses - Actual and Budget By Function
Year Ended December 31, 2016

		Original Budget	Final Budget	Actual	Variance Final Budget Versus Actual
Operating Revenues:					
Passenger Service	$	1,979,354	1,979,354	1,735,001	(244,353)
Bus Advertising		167,000	167,000	159,662	(7,338)
Other Operating Revenues		193,986	193,986	434,860	240,874
Total Operating Revenues		2,340,340	2,340,340	2,329,524	(10,817)
Operating Expenses:					
Transportation		7,153,341	7,153,341	6,818,813	334,528
Customer Programs		254,498	254,498	319,570	(65,072)
Purchased Transportation		5,589,214	5,589,214	5,607,186	(17,972)
Program & Service Development		633,180	633,180	610,752	22,428
MIS		600,643	600,643	690,138	(89,495)
Vehicle Maintenance		5,214,775	5,214,775	4,893,149	321,626
Facilities Maintenance		2,125,185	2,125,185	1,697,497	427,688
Materials Management		125,005	125,005	161,690	(36,685)
Administrative and General		8,162,949	8,162,949	8,765,519	(602,570)
Marketing & Communications		630,904	630,904	674,399	(43,495)
Depreciation		7,964,971	7,964,971	8,547,223	(582,252)
Total Operating Expenses		38,454,665	38,454,665	38,785,936	(331,271)
Operating Loss		**(36,114,325)**	**(36,114,325)**	**(36,385,492)**	**(342,088)**
Non-Operating Revenues (Expenses):					
Sales and Use Tax Revenue		36,741,402	36,741,402	31,387,198	(5,354,204)
Federal and Other Grant Assistance		3,122,578	3,122,578	1,185,650	(1,936,928)
Investment Income		120,000	120,000	69,049	(50,951)
Gain (Loss) on Property Dispositions		55,000	55,000	32,007	(22,993)
Subrecipient Programs		-	-	(71,560)	(71,560)
Interest Expense and Fiscal Charges		(1,065,045)	(1,065,045)	(637,621)	427,424
Transfer Out to Other Funds		(528,568)	(528,568)	-	528,568
Staples Street Center		874,534	874,534	70,921	(803,613)
Distributions to Regional Entities		(3,080,190)	(3,080,190)	(3,170,013)	(89,823)
Net Income/(Loss) Before Capital Grant Contributions	$	125,386	125,386	(7,590,781)	(7,716,167)

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Combining Statement of Net Position
December 31, 2016 With Comparative Totals for December 31, 2015

		2016			2015
		Defined Benefit Pension Plan	Defined Contribution Pension Plan	Total	
ASSETS					
Money Market Funds/Cash Sweeps	$	994,230	967,976	1,962,206	1,611,952
Mutual Funds - Debt		2,622,584	417,105	3,039,689	2,939,915
Investments		28,966,263	7,069,937	36,036,200	33,491,037
TOTAL ASSETS		32,583,077	8,455,018	41,038,095	38,042,904
LIABILITIES		-	-	-	-
NET POSITION					
Assets Held In Trust For Pension Benefits	$	32,583,077	8,455,018	41,038,095	38,042,904

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Combining Statement of Changes in Net Position
Year Ended December 31, 2016 With Comparative Totals for December 31, 2015

		2016			2015
		Defined Benefit Pension Plan	Defined Contribution Pension Plan	Total	
Additions:					
Investment Income (Loss)	$	2,523,596	641,857	3,165,454	(421,639)
Employee Contributions		-	951,132	951,132	888,815
Employer Contributions		1,503,736	-	1,503,736	985,175
Total Additions		4,027,332	1,592,989	5,620,322	1,452,351
Deductions:					
Benefits Paid		1,561,905	953,772	2,515,677	3,185,750
Administrative Expenses		92,810	16,643	109,454	117,531
Total Deductions		1,654,715	970,416	2,625,131	3,303,281
Increase (Decrease) in Net Assets		2,372,617	622,575	2,995,191	(1,850,930)
Net Assets, January 1		30,210,461	7,832,443	38,042,904	39,893,834
Net Assets, December 31	$	32,583,077	8,455,018	41,038,095	38,042,904

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Schedule of Long-Term Debt Amortization
Year Ended December 31, 2016

$11,525,000 Series 2013 (AMT Bonds)			
Years Ending December 31,	Principal	Interest	Total Requirements
2017	$ 295,000	$ 516,823	$ 811,823
2018	310,000	505,023	815,023
2019	320,000	492,623	812,623
2020	335,000	479,823	814,823
2021-2025	1,870,000	2,206,206	4,076,206
2026-2030	2,340,000	1,730,881	4,070,881
2031-2035	2,985,000	1,081,413	4,066,413
2036-2038	2,205,000	241,337	2,446,337
	$ 10,660,000	$ 7,254,129	$ 17,914,129

$10,500,000 Series 2013, Taxable Bonds			
Years Ending December 31,	Principal	Interest	Total Requirements
2017	$ 260,000	$ 531,203	$ 791,203
2018	265,000	524,885	789,885
2019	275,000	517,147	792,147
2020	285,000	507,742	792,742
2021-2025	1,620,000	2,340,244	3,960,244
2026-2030	2,105,000	1,859,805	3,964,805
2031-2035	2,790,000	1,167,446	3,957,446
2035-2038	2,115,000	262,910	2,377,910
	$ 9,715,000	$ 7,709,382	$ 17,424,382

2016
Statistical Section

Comprehensive Annual Financial Report

ABOUT THE AUTHORITY'S STATISTICAL TABLES

This section of the Authorityøs 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 governmentøs 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 Position
Last Ten Fiscal Years
(Unaudited)

		2007	2008	2009	2010
Net Investment in Capital Assets	$	23,923,319	27,431,699	37,044,364	35,551,031
Restricted		-	-	-	-
Unrestricted		24,467,194	26,063,981	22,398,741	23,900,805
Total	$	48,390,513	53,495,680	59,443,105	59,451,836

2011	2012	2013	2014	2015	2016
35,534,213	43,439,575	48,003,491	49,217,398	66,897,807	60,082,998
		1,611,302	1,611,302	1,611,302	1,611,302
28,172,623	29,843,986	27,852,253	32,585,594	25,091,993	25,605,598
63,706,836	73,283,561	77,467,046	83,414,294	93,601,102	87,299,898

.

Table 2

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

		2007	2008	2009	2010
Operating Revenues:					
Passenger Service	$	1,602,328	1,707,930	1,577,232	1,537,772
Other Operating		105,656	111,106	81,443	88,525
Total Operating Revenues		1,707,984	1,819,036	1,658,675	1,626,297
Operating Expenses:					
Transportation		10,130,199	10,989,280	10,743,234	10,619,566
Vehicle,/Facilities Maintenance		5,686,273	6,201,002	5,137,764	5,886,849
Program Development		937,440	936,894	702,690	701,064
Administrative and General		3,571,073	4,284,956	4,711,623	4,983,114
Depreciation		3,748,996	3,958,931	4,514,063	5,203,248
Total Operating Expenses		24,073,981	26,371,063	25,809,374	27,393,841
Operating Loss		(22,365,997)	(24,552,027)	(24,150,699)	(25,767,544)
Non-Operating Revenues (Expenses):					
Sales and Use Tax		21,328,966	24,254,132	20,821,573	22,891,712
Grant Assistance		276,340	496,631	805,664	995,526
Investment Income		1,121,785	723,930	81,807	100,071
Other Non-Operating Items		-	-	(433,539)	8,012
Distributions to Region Entities		(1,342,549)	(1,258,613)	(1,458,952)	(1,325,648)
Net Loss before Capital Grants		(981,455)	(335,947)	(4,334,146)	(3,097,871)
Capital Grants and Donations		2,125,887	5,441,114	10,281,571	3,106,602
Change in Accounting Principle		-	-	-	-
Total Change in Net Assets	$	1,144,432	5,105,167	5,947,425	8,731

2011	2012	2013	2014	2015	2016
1,660,782	1,706,528	1,750,624	1,844,604	1,853,246	1,735,001
152,881	144,710	124,796	335,192	430,401	665,443
1,813,663	1,851,238	1,875,420	2,179,796	2,283,647	2,400,445
11,764,029	12,718,200	13,146,112	12,430,929	12,848,302	12,425,999
6,519,067	6,523,062	6,302,512	7,545,219	7,320,683	6,752,337
1,073,506	1,075,444	764,359	893,233	1,146,698	1,604,721
4,444,485	4,923,154	4,627,406	6,683,788	7,797,745	9,455,657
5,878,720	5,523,334	5,772,221	5,273,812	6,592,946	8,547,223
29,679,807	30,763,194	30,612,610	32,826,981	35,706,374	38,785,936
(27,866,144)	(28,911,956)	(28,737,190)	(30,647,185)	(33,422,727)	(36,385,492)
26,235,525	31,571,834	32,064,316	35,188,390	34,127,803	31,387,198
2,527,017	3,226,061	1,416,988	125,900	2,512,070	1,185,650
27,860	51,173	62,160	110,052	125,143	69,049
1,733	1,086	(619,579)	(422,184)	(488,015)	(677,173)
(1,918,020)	(2,154,150)	(2,593,634)	(2,900,327)	(3,301,592)	(3,170,013)
(992,029)	3,784,048	1,593,061	1,454,646	(447,318)	(7,590,781)
5,247,029	5,792,677	2,590,424	4,492,602	9,763,523	1,289,577
-	-	-	-	870,603	-
4,255,000	9,576,725	4,183,485	5,947,248	10,186,808	(6,301,204)

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
2007	$	1,707,984	21,328,966	276,340	1,121,785	-	24,435,075
2008	$	1,819,036	24,254,132	496,631	723,930	-	27,293,729
2009	$	1,658,675	20,821,573	805,664	81,807		23,367,719
2010	$	1,626,297	22,891,712	995,526	100,071	8,012	25,621,618
2011	$	1,813,663	26,235,525	2,527,017	27,860	1,733	30,605,798
2012	$	1,851,238	31,571,834	3,226,061	51,173	1,086	36,701,392
2013	$	1,875,420	32,064,316	1,416,988	62,160	225	35,419,109
2014	$	2,179,796	35,188,390	125,900	110,052	46,519	37,650,657
2015	$	2,283,647	34,127,803	2,512,070	125,143	-	39,048,663
2016	$	2,400,445	31,387,198	1,185,650	19,299	32,007	35,024,599

(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)		
2007	11.6%	87.3%	1.1%	37.9%	7.6%	54.5%
2008	9.3%	88.9%	1.8%	37.7%	6.4%	55.9%
2009	7.5%	89.1%	3.4%	37.4%	6.5%	56.1%
2010	6.7%	89.3%	4.0%	37.5%	6.5%	56.0%
2011	6.0%	85.7%	8.3%	37.8%	6.2%	56.0%
2012	5.2%	86.0%	8.8%	37.1%	6.5%	56.4%
2013	5.5%	90.5%	4.0%	36.3%	6.5%	57.3%
2014	6.2%	93.5%	0.3%	35.9%	6.9%	57.2%
2015	6.2%	87.4%	6.4%	*	*	*
2016	6.8%	86.4%	6.8%	*	*	*

(1) Source: The American Public Transportation Association, 2016 Public Transportation Fact Book, Appendix A: Historical Tables, Table 87, *Operating Funding Sources*.

* Not Available

Table 5

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

Year	Total Unlinked Trips	Passenger Revenues
2007	5,175,983	1,602,328
2008	5,491,376	1,707,930
2009	5,283,174	1,577,232
2010	5,434,286	1,537,772
2011	6,011,114	1,660,782
2012	6,065,174	1,706,528
2013	6,016,379	1,750,624
2014	5,927,292	1,844,604
2015	5,764,797	1,853,246
2016	5,469,160	1,735,001

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.

2007	é é é é é é	7.88%
2008	é é é é é é	7.62%
2009	é é é é é é	7.41%
2010	é é é é é é	6.93%
2011	é é é é é é	6.98%
2012	é é é é é é	6.76%
2013	é é é é é é	6.93%
2014	é é é é é é	6.70%
2015	é é é é é é	6.37%
2016	é é é é é é	5.75%

Table 7

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

Ratio of Outstanding Debt

Last Ten Years

(Unaudited)

Year		Revenue Bonds	Per Capita Income	Percent of Personal Income
2007	$	-	-	-
2008	$	-	-	-
2009	$	-	-	-
2010	$	-	-	-
2011	$	-	-	-
2012	$	-	-	-
2013	$	22,025,000	42,151	0.19%
2014	$	21,450,000	44,108	0.21%
2015	$	20,915,000	42,859	0.20%
2016*	$	20,375,000	46,102	0.23%

* Estimated based on prior years.

Table 8

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

Year		Pledged Revenues (1)	Debt Service Requirements: Principal	Debt Service Requirements: Interest	Debt Service Requirements: Total	Coverage
2007	$	-	-	-		-
2008	$	-	-	-		-
2009	$	-	-	-		-
2010	$	-	-	-		-
2011	$	-	-	-		-
2012	$	-	-	-		-
2013	$	-	-	-		-
2014	$	2,179,796	575,000	1,033,678	1,608,678	1.36
2015	$	2,283,647	535,000	1,073,365	1,608,365	1.42
2016	$	2,400,445	540,000	1,064,246	1,604,246	1.50

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

Table 9

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

Year	Population (1)	Personal Income (in thousands) (1)	Mean Per Capita Income (1)	Public School Enrollment (2)	Unemployment Rate (3)
2007	330,512	$11,170,436	$33,797	60,807	4.30%
2008	333,526	$12,237,536	$36,691	61,184	4.60%
2009	338,220	$11,647,857	$34,439	61,260	6.70%
2010	340,373	$12,438,913	$36,545	61,415	7.60%
2011	343,281	$13,196,232	$38,441	62,011	7.70%
2012	347,691	$14,226,934	$40,918	62,596	6.20%
2013	352,107	$14,841,683	$42,151	62,382	4.50%
2014	355,638	$15,685,304	$44,108	62,286	4.44%
2015	359,715	$15,416,870	$42,859	62,382	4.43%
2016*	361,350	$16,658,958	$46,102	58,785	5.10%

(1) Nueces County - Source: US Dept. of Commerce Bureau of Economic Analysis
(2) Nueces County - Source: Nueces County/Texas Education Agency/PEIMS
- 2015 and 2016 Enrollment figures include charter schools
(3) Nueces County - Source: U.S. Department of Labor-Bureau of Labor Statistics

* Estimated based on prior years.

Table 10

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Top Ten Employers
By Size of Employment
(Unaudited)

Rank	Business	Type of Product - Service	Employment 2016	% of Total Employment 2016	Employment 2007
1	Corpus Christi Army Depot	Helicopter Repair	5,800	2.23%	5,404
2	Corpus Christi ISD	School District	5,178	1.99%	5,500
3	CHRISTUS Spohn Health Systems	Hospital	5,144	1.98%	4,500
4	HEB Grocery Co.	Grocery Company	5,000	1.92%	2,200
5	City of Corpus Christi	City Government	3,171	1.22%	2,007
6	Naval Air Station Corpus Christi	Military	2,822	1.08%	2,654
7	Bay. Ltd.	Industrial Construction	2,100	0.81%	2,200
8	Driscoll Children's Hospital	Hospital	1,800	0.69%	-
9	Del Mar College	Junior College	1,542	0.59%	1,680
10	Corpus Christi Medical Center	Insurance	1,300	0.50%	-

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

Table 11

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

	2007	2008	2009	2010
Transportation				
Transportation - Directly Operated	116.50	117.00	117.00	117.00
Purchased Transportation*	2.00	2.00	1.00	1.00
	118.50	119.00	118.00	118.00
Maintenance				
Vehicle Maintenance	35.00	35.00	38.00	38.00
Facilities Maintenance	14.00	14.00	14.00	14.00
Materials Management	5.00	5.00	4.00	4.00
	54.00	54.00	56.00	56.00
Program Development				
Customer Programs	9.00	9.00	7.00	7.00
Service Development	4.00	4.00	3.00	3.00
Program Management	2.00	2.00	2.00	2.00
Marketing & Communications	-	-	2.00	2.00
	15.00	15.00	14.00	14.00
General Administrative:				
MIS	3.00	3.00	2.00	2.00
Contracts and Grants	2.00	2.00	3.00	3.00
CEO's Office	2.00	2.00	5.00	5.00
Finance and Accounting	5.75	5.75	5.80	5.80
Human Resources	3.00	3.00	3.00	3.00
General Administration	2.00	2.00	2.00	2.00
Safety and Security	-	-	-	-
Staples Street Center	-	-	-	-
TCN - Regional Coordinator	-	-	-	1.00
	17.75	17.75	20.80	21.80
Totals	205.25	205.75	208.80	209.80

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

**Effective 2016, the Authority reported actual FTE positions as of year-end. Prior years reported budgeted positions. This change is in accordance with GASB Statement 44, *Economic Condition Reporting: The Statistical Section-An Amendment of NCGA Statement 1.*

2011	2012	2013	2014	2015	2016
122.00	131.00	131.00	160.00	169.00	154.50
1.00	1.00	3.00	3.00	3.00	2.00
123.00	132.00	134.00	163.00	172.00	156.50,
38.00	36.00	36.00	38.00	41.00	36.00
14.00	14.00	15.00	15.00	15.00	12.50
4.00	4.00	4.00	3.00	3.00	4.00
56.00	54.00	55.00	56.00	59.00	52.50
6.00	8.00	4.00	4.80	4.80	5.50
4.00	4.00	4.00	3.00	3.00	4.00
2.00	2.00	2.00	2.00	2.00	3.00
2.00	2.00	3.00	3.00	3.00	2.50
14.00	16.00	13.00	12.80	12.80	15.00
1.00	1.00	2.00	3.00	3.00	6.00
2.00	3.00	3.00	5.00	5.00	1.00
3.00	3.00	1.00	1.00	1.00	2.00
5.80	5.80	5.55	5.55	5.55	6.55
2.00	2.00	3.00	3.00	3.00	3.00
2.00	3.00	8.00	5.00	5.00	5.00
-	-	1.00	1.00	2.00	2.50
-	-	-	-	-	3.50
1.00	-	-	-	-	-
16.80	17.80	23.55	23.55	24.55	29.55
209.80	219.80	225.55	255.35	268.35	253.55

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

			2007	2008	2009	2010
System Ridership						
Motor Bus	a		4,976,009	5,251,514	5,064,696	5,238,131
Demand Response / Para-transit	b		190,774	196,991	196,617	190,745
Ferry Boat	b		-	21,705	11,683	-
Vanpool	c/f		9,200	21,166	10,178	5,410
System Hours						
Motor Bus	a		198,524	194,647	207,551	225,073
Demand Response / Para-transit	b		67,422	68,733	68,680	71,558
Ferry Boat	b		-	694	545	-
Vanpool	c/f		652	1,344	961	965
System Miles						
Motor Bus	a		2,787,318	2,778,104	2,785,415	3,232,691
Demand Response / Para-transit	b		1,253,448	1,320,766	1,348,943	1,599,595
Ferry Boat	b		-	2,529	1,860	-
Vanpool	c/f		16,898	34,785	25,525	29,710
Vehicles In Service						
Motor Bus	a		58	59	63	58
Demand Response / Para-transit	b		30	30	30	26
Ferry Boat	b		-	1	1	-
Vanpool	c/f		3	2	2	4
Uses of Capital Funds	e					
Vehicles		$	1,863,855	2,492,718	8,397,094	526,506
Communications & Information		$	63,707	103,658	738,184	562,545
Facilities and Stations		$	669,006	3,433,780	3,844,189	471,546
Other		$	697,679	1,437,155	1,417,030	2,189,577
Operating Expenses by Mode	e					
Motor Bus	a	$	15,504,328	17,099,983	16,519,155	17,410,873
Demand Response / Para-transit	b	$	4,630,521	4,913,357	4,425,076	4,568,425
Ferry Boat	b	$	-	219,212	182,925	-
Vanpool	c/f	$	67,501	65,878	69,857	78,084

a - Directly Operated (Transportation Department) and Purchased Transportation (oversees contractors)
b - Purchased Transportation (contractors overseen by the Purchased Transportation Department)
c - Directly Operated - Customer Programs Department oversees operation of vanpools (through 2011)
d - Excludes miles not spent in active transportation service (i.e. deadhead, maintenance miles driven, etc.)
e - May not agree with GAAP-basis financial statements due to differences in NTD accounting methodologies
f - Van Pool operations did not meet FTA guidelines from 2012 - 2014 and were not reported on the NTD report , however in 2015 Van Pool operations qualified and are included
Source: National Transit Database

2011	2012	2013	2014	2015	2016
5,749,312	5,764,790	5,728,793	5,650,677	5,472,836	5,252,466
199,368	202,974	194,394	192,580	198,652	204,459
52,951	86,676	93,192	84,035	76,870	-
-	-	-	-	16,439	15,417
226,999	237,320	225,151	243,732	259,377	269,711
74,728	79,413	70,328	74,236	78,850	81,258
881	1,135	1,185	750	805	-
-	-	-	-	7,686	9,027
3,256,971	3,387,397	3,021,215	3,053,596	3,414,445	3,546,503
1,556,289	1,425,691	1,225,323	1,252,615	1,349,727	1,401,147
2,179	2,660	2,625	1,756	1,886	-
-	-	-	-	181,220	184,532
56	59	60	75	66	67
26	26	26	38	28	28
1	2	2	1	1	-
-	-	6	3	5	6
2,707,772	4,864,974	5,142,277	-	17,996,141	139,358
425,524	439,364	66,065	99,046	196,394	906,221
1,022,722	7,228,414	2,729,941	7,337,105	1,273,498	8,680,069
1,708,706	1,061,601	2,270,946	1,165,647	1,159,287	276,415
18,262,737	19,150,089	18,984,978	21,324,898	20,495,063	24,357,254
4,976,669	5,351,413	5,585,657	5,556,262	5,278,853	5,353,867
435,411	617,831	607,748	626,005	766,082	-
-	-	-	-	152,825	163,054

Source: National Transit Database

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

Date Authority Created	August 10, 1985
Date Authority Began Operations	January 1, 1986
Form of Government	Board of Directors, CEO
Board of Directors	11
Service Area Square Miles[1]	841
Population in Service Area[1]	348,892
Type of Tax Support	Sales and Use Tax
Sales Tax Rate	.50%
Base Fare	$0.75
Number of Routes [2]	45
Number of Transfer Stations [2]	5
Number of Bus Stops [2]	1,383

[1] Source: 2016 NTD Report
[2] Historical trend information is not available. See Table 12 for utilization and level of capital investment trends.

2016
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*

June 28, 2017

The Board of Directors of the
Corpus Christi Regional Transportation Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Corpus Christi Regional Transportation Authority as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 28, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2016-001 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authorityǿs 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*.

We noted certain matters that we reported to management of the Corpus Christi Regional Transportation Authority in a separate letter dated June 28, 2017.

Corpus Christi Regional Transportation Authority's Response to Finding

Corpus Christi Regional Transportation Authorityǿs response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Corpus Christi Regional Transportation Authorityǿs response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Collier, Johnson & Woods

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

June 28, 2017

The Board of Directors of the
Corpus Christi Regional Transportation Authority

Report on Compliance for Each Major Federal Program

We have audited the Corpus Christi Regional Transportation Authority’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority’s major federal programs for the year ended December 31, 2016. The Authority’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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

Collier, Johnson & Woods

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2016

I. Summary of Audit Results:

1. The auditorøs report expresses an unmodified opinion on the basic financial statements of the Corpus Christi Regional Transportation Authority.

2. One material weakness relating to the audit of the financial statements are reported in the ñIndependent Auditorøs 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*.ò No significant deficiencies are reported.

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 ñIndependent Auditorøs Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.ò

5. The auditorøs report on compliance for major Federal award programs for the Corpus Christi Regional Transportation Authority expresses an unmodified opinion on all major programs.

6. No audit findings that are required to be reported in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are reported in this schedule.

7. The programs tested as major programs included:

   U.S. Department of Transportation, Federal Transportation Administration:
   Federal Transit Cluster

   1. Federal Transit ï Capital Investment Grants (CFDA ï 20.500)
   2. Federal Transit ï Formula Grants (CFDA ï 20.507)

8. The dollar threshold used to distinguish between Type A and Type B programs was $750,000.

9. The Authority was determined to be a low-risk auditee.

II. Findings related to the financial statements:

MATERIAL WEAKNESS

2016-001 Federal Grant Reimbursement Receivable

Condition: A capital contribution for the purchase of 15 buses in the amount of $6,086,312 to be funded by a federal grant was recorded as receivable at December 31, 2015. However, the criteria for recognizing the capital contribution as receivable had not been met.

Criteria: For a grant receivable to be recognized, all eligibility requirements for reimbursement under the grant contract should be met. One of the eligibility requirements to receive a reimbursement is to communicate a request for reimbursement. In this case, a specific request to the Federal Transit Administration for the reimbursement of the purchase of the 15 buses had not been made by December 31, 2015.

Cause: The original purchase order issued for procurement of the buses stipulated a federal grant as the source of funding. However, the grant did not have sufficient unspent funds available to fund the purchase. Thus, request for reimbursement was delayed until available funding could be identified.

Effect: Since reimbursement had not been requested, grant reimbursements receivable from the federal government and capital contributions from grants were overstated by $6,086,312 at December 31, 2015.

Recommendation: The Authority needs to change procedures to enhance the ability to recognize available grant funding at a point in time so that allocated funding and reimbursement requests can be timely filed.

Views of Responsible Officials and Planned Corrective Actions: The Authority agrees with the finding and revised procedures will be implemented during 2017. The process for requesting reimbursement of the $6,086,312 referred to above was initiated in February 2017.

III. Findings and questioned costs for Federal awards ï None

IV. Prior year audit findings requiring corrective action ï None

Corpus Christi Regional Transportation Authority
Schedule of Expenditures of Federal Financial Awards
Year Ended December 31, 2016

GRANTOR	Federal CFDA Number	Grant Number	Passed through to Subrecipients	Expenditures, Indirect Costs, And Refunds
DEPARTMENT OF TRANSPORTATION				
Federal Transportation Administration (FTA):				
Federal Transit Cluster				
Capital Investment Grant	20.500	TX04-0114	$ -	$ 486,340
Capital Investment Grant	20.500	TX90-0857	-	338,428
Capital Investment Grant	20.500	TX90-0978		4,424
			-	829,192
Transit Formula Funds	20.507	TX90-0978	-	755,540
Transit Formula Funds	20.507	TX90-0059	-	430,110
			-	1,185,650
Total Federal Transit Cluster			-	2,014,842
Management Internship Program	20.514	TX26-7108	-	36,818
Seniors and Individuals with Disabilities	20.513	TX16-0018	29,193	29,573
			29,193	66,391
Job Access and Reverse Commute	20.516	TX37-4038	-	113,458
Job Access and Reverse Commute	20.516	TX37-4097	-	204,208
Job Access and Reverse Commute	20.516	TX37-6058	-	7,616
			-	325,282
New Freedoms	20.521	TX57-0049	42,360	56,437
New Freedoms	20.521	TX57-4007	-	12,275
			42,360	68,712
Total Department of Transportation			**$ 71,553**	**$ 2,475,227**

Corpus Christi Regional Transportation Authority
Notes to Schedule of Expenditures of Federal Financial Awards
For the Year Ended December 31, 2016

(1) General

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

(2) Basis of Accounting

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

(3) Relationship to Basic Financial Statements

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

Federal Operating Grants	$	1,185,650
Federal Capital Grants		1,289,577
Total Federal Grants	$	2,475,227

(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.

(5) Indirect Costs

The Authority has not elected to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

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