CORPUS CHRISTI REGIONAL
TRANSPORTATION AUTHORITY

Corpus Christi Regional Transportation Authority
Corpus Christi, Texas

Comprehensive Annual Financial Report
December 31, 2017

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<u>Mission Statement</u>

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

2017
Introductory Section

Comprehensive Annual Financial Report

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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**

August 16, 2018

Eddie Martinez, 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, 2017. 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.

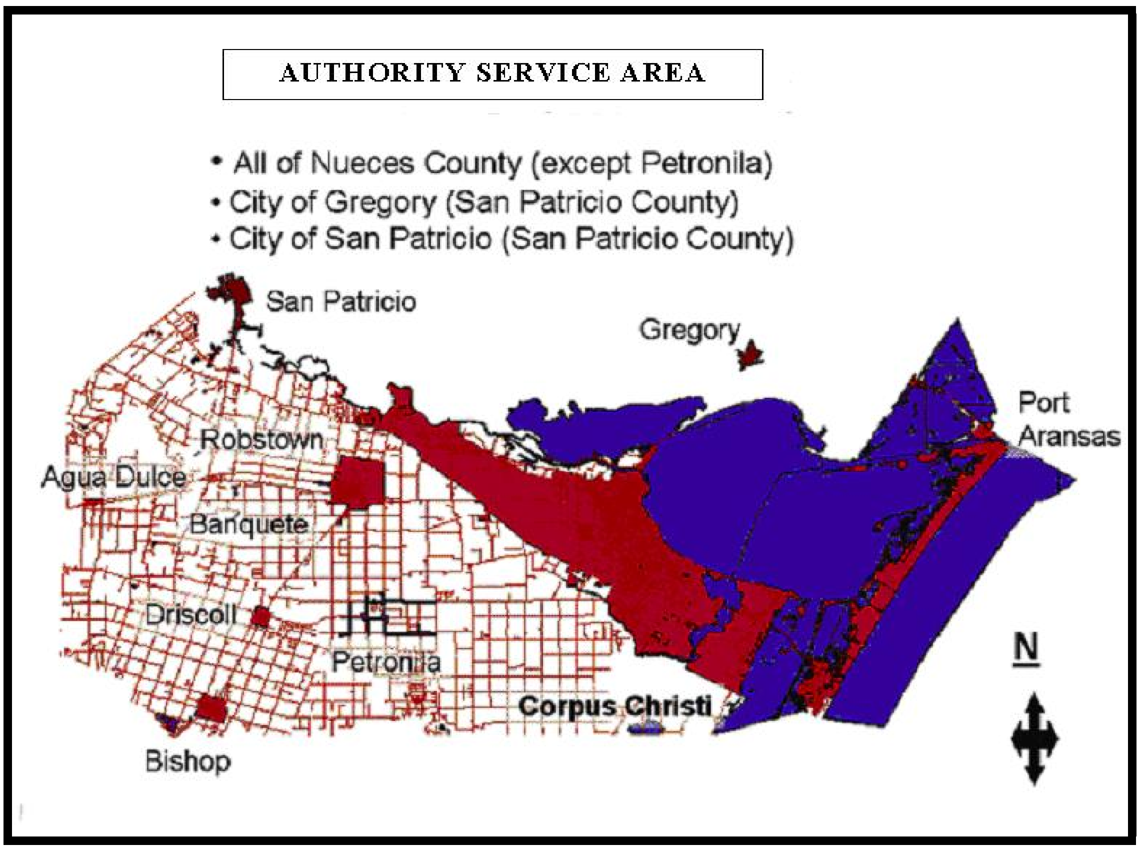
Pursuant to Section 451.451, Subchapter J, of the Texas Transportation Code, the financial statements contained herein are required to be independently audited. The Authority is also required by federal regulations to undergo an audit related to its federal grants. The independent firm of Collier, Johnson & 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 362,579. 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 operates separate facilities for transit operations and vehicle maintenance and for administration, planning and customer service. The Authority maintains 1,426 bus stops, four transfer stations, three park and ride lots and a fleet of 82 fixed route and 51 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 246 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.

During the development of the 2017 Operating Budget, it was estimated that sales tax revenues would see a decline of 7.23% compared to 2016. For passenger service, it was assumed that ridership would remain flat as a result of minimal changes to the service area and service levels. There was no significant change in staffing levels, with the addition of only 2 FTE's in 2017. For employee compensation, it was assumed that qualifying bus operators would receive a 5% step increase, while administrative staff and non-qualifying bus operators would receive a 2% pay increase. Retirees meanwhile were assumed to receive up to a 2% increase.

The major focus of the 2017 Capital Budget is to complete the buildout of tenant space at the Staples Street Center. As of the date of this report, all leasable space is under contract and tenants have moved in or are in the process of doing so. Additional capital projects include adding eleven (11) 35-foot Gillig buses and seven (7) 25-foot Arboc buses to the fleet, along with 13 operator relief sedans and 11 pickup trucks for use by the maintenance department. The buses and sedans are fueled by CNG and electricity, respectively. Land near the Port Ayers transfer station was also purchased to ensure availability for future growth and development.

LOCAL ECONOMY

The regional economy is diversified and includes naval air training, shipping, fishing, tourism, petrochemical refining, construction, agriculture, health care, government services and higher education. The region has a varied base that adds to the relative stability of employment. The estimated unemployment rate in Nueces County was 4.8% in 2017 compared to 4.6% in 2008. Per capita income rose from $36,691 in 2007 to $42,024 in 2017.

The Authority's ability to fund its operations is heavily dependent on a ½-cent sales and use tax generated from its regional economy. Sales tax revenues have grown at an annual average of 3.86% over the past ten years compared to average growth in operating expenses, including depreciation, of 4.45% 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. Sales taxes grew 3.77% in 2017 and continue to do so in the first half of 2018, as there is optimism in the area with renewed activity in the Eagle Ford Shale, along with the construction of the new Harbor Bridge in process and the announcement of a petroleum cracker plant in the Gregory community.

In 2017, the average fuel price per gallon for both diesel and unleaded fuel increased $0.30 and $0.28, respectively, from 2015 prices. However, over the past ten years both diesel and unleaded prices have decreased by over 45% and 34%, respectively. Over time, higher fuel costs impact the Authority's ability to afford fuel needed to provide services. Rising fuel costs also impact the cost of maintenance materials for the Authority's fleet and energy prices associated with the Authority's customer amenities.

In response to these high costs, in 2012, the Authority began the conversion of its fleet to CNG, and continues replacement with CNG vehicles to maximize cost savings. At the end of 2017, 77% of the Authority's fleet was operating on CNG. The pricing for CNG at the end of 2017 was $1.17 per gallon equivalent, which compared to diesel prices, continues to create cost savings.

Long-Range Financial Planning

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

Capital projects that were completed in 2017 include the tenant buildout at the Staples Street Center, the installation and implementation of a new fuel management system, and various street improvements in conjunction with the City of Corpus Christi. In 2018, 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, 2016. This marked the 13th consecutive year receiving the award for the agency, and the 20th award received since operations commenced in 1986.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Jorge Cruz-Aedo
Chief Executive Officer

Robert M. Saldaña
Managing Director, Administration

Marie S. Roddel
Director of Finance

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, 2016

Christopher P. Morrill

Executive Director/CEO

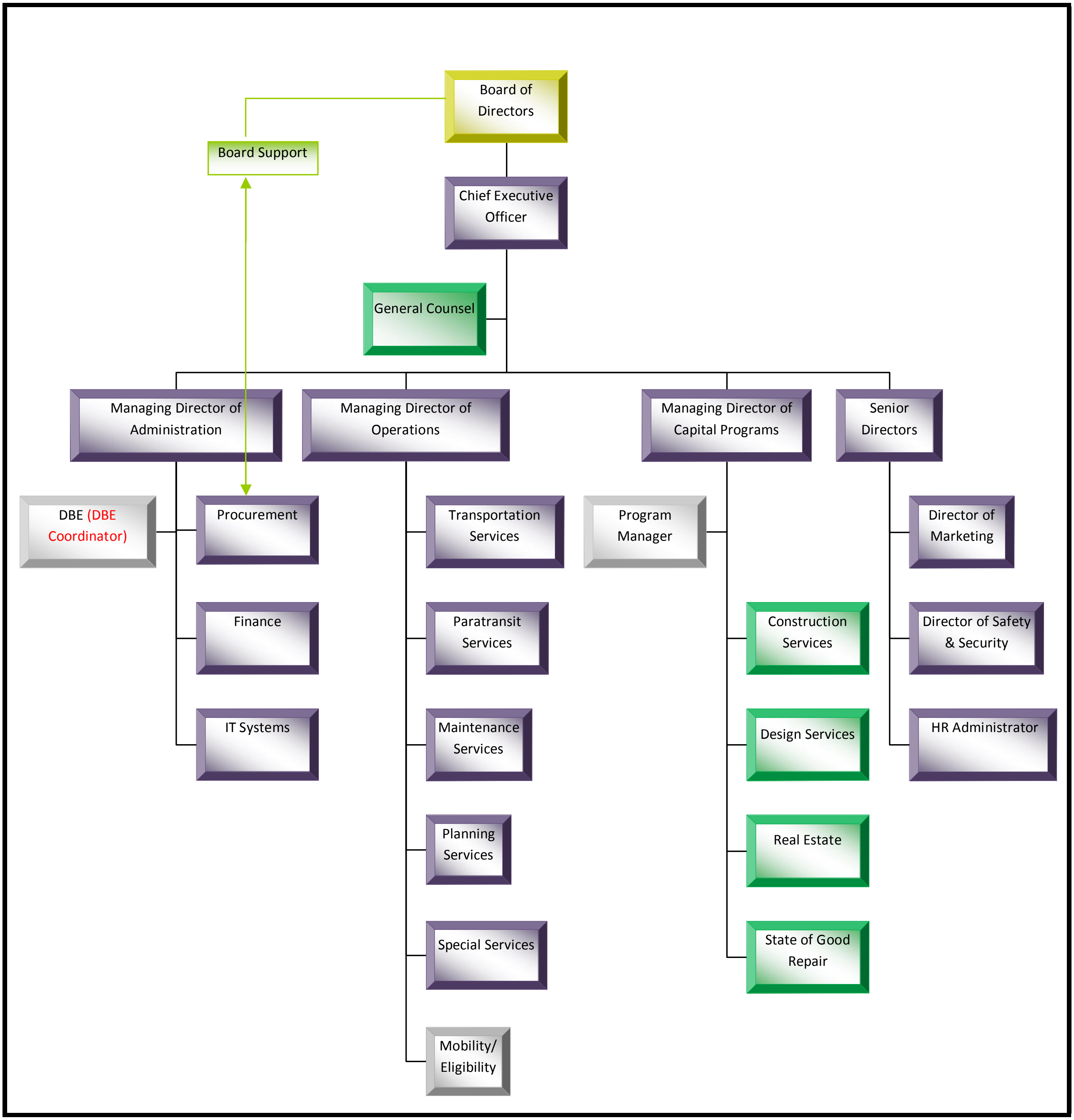
BOARD OF DIRECTORS AND ADMINISTRATION

BOARD OF DIRECTORS

Board Chair	**Eddie Martinez**
Board Vice-Chair	**Mike Reeves**
Members	**Anne Bauman**
	George Clower
	Patricia Dominguez
	Scott Harris
	Dan Leyendecker
	Glenn Martin
	Tom Niskala
	Philip Skrobarczyk
	Larry D. Young Sr.
Advisory Board Member	**Curtis Rock**

ADMINISTRATION

Chief Executive Officer	**Jorge Cruz-Aedo**
Managing Director of Administration	**Robert M. Saldaña**
Managing Director of Capital Programs	**Sharon Montez**
Managing Director of Operations	**Jennifer Fehribach**
Director of Finance	**Marie S. Roddel**
Director of Human Resources	**Angelina Gaitan**
Director of Information Technology	**David Chapa**
Director of Maintenance	**Bryan Garner**
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**
Comptroller	**Daniel Benavidez**


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

2017
Financial Section

Comprehensive Annual Financial Report

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

555 N. Carancahua Suite 1000
Corpus Christi, Texas 78401-0839
361-884-9347 • Fax 361-884-9422
www.cjw-cpa.com

INDEPENDENT AUDITOR'S REPORT

August 16, 2018

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 (the "Authority") as of and for the years ended December 31, 2017 and 2016, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2017 and 2016, and the changes in its financial position, and its 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 accumulated depreciation and depreciation expense 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 management's 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 management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corpus Christi Regional Transportation Authority's basic financial statements. The introductory section, supplemental schedules, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal financial awards, pages 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 August 16, 2018, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Collier, Johnson & Woods

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Corpus Christi Regional Transportation Authority (Authority) offers to readers of its financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended December 31, 2017 and 2016. 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, 2017 was $95,174,911. Of this amount, $27,299,129 (28.7%) may be used to meet the Authority's ongoing obligations to citizens and creditors in accordance with its reserve policy and mission statement. The total increase in net position as of December 31, 2017 of $8,653,292 is a result of federal operating grant assistance $3,433,081 greater than 2016, sales tax receipts $1,183,157 greater than 2016, and over $11.1 million in capital grants and donations greater than 2016. These instances of positive variance offset higher operating expenses related to employee health insurance and pension benefits.

- As of December 31, 2017, the Authority had long-term obligations of $22,195,204, comprised of $19,245,000 in long-term debt, net of current maturities, a $2,383,237 net pension liability, a $371,757 net OPEB obligation and $195,210 in accrued compensated absences.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

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

FINANCIAL ANALYSIS

Statement of Net Position:

Net Position: Increases in net position indicate an improved financial position while decreases indicate deterioration of financial position. The Statement of Net Position provides the necessary information on which to base this determination. The net position is presented in three components: (1) the net invested in capital assets, (2) the restricted by bond covenants, and (3) the unrestricted and available for operations. Of the Authority's net position, 69.62% 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.

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

Table 1
CONDENSED SUMMARY OF NET POSITION

	At December 31			At December 31		
	2017	**2016**	**Change**	**2016**	**2015**	**Change**
Current Assets	$ 34,285,098	31,558,243	2,726,855	$ 31,558,243	32,100,544	(542,301)
Restricted Assets	1,611,302	1,728,452	(117,150)	1,728,452	11,015,610	(9,287,158)
Capital Assets	86,084,480	79,562,570	6,521,910	79,562,570	76,624,910	2,937,660
Total Assets	121,980,880	112,849,265	9,131,615	112,849,265	119,741,064	(6,891,799)
Deferred Outflows of Resources	3,411,606	4,550,803	(1,139,197)	4,550,803	2,147,797	2,403,006
Total Assets and Deferred Outflows	125,392,486	117,400,068	7,992,418	117,400,068	121,888,861	(4,488,793)
Current Liabilities	7,543,197	6,922,359	620,838	6,922,359	8,306,096	(1,383,737)
Long-Term Liabilities	22,195,204	23,761,056	(1,565,852)	23,761,056	21,765,252	1,995,804
Total Liabilities	29,738,401	30,683,415	(945,014)	30,683,415	30,071,348	612,067
Deferred Inflows of Resources	479,174	195,034	284,140	195,034	-	195,034
Total Liabilities and Deferred Inflows	30,217,575	30,878,449	(660,874)	30,878,449	30,071,348	807,101
Net Invested in Capital Assets	66,264,480	59,298,433	6,966,047	59,298,433	66,725,519	(7,427,086)
Restricted for Debt Service	1,611,302	1,611,302	-	1,611,302	1,611,302	-
Unrestricted	27,299,129	25,611,884	1,687,245	25,611,884	23,480,692	2,131,192
Total Net Position	$ 95,174,911	86,521,619	8,653,292	$ 86,521,619	91,817,513	(5,295,894)

The Authority's net position at December 31, 2017 was $95,174,911. Of this amount, $66,264,480 (69.62%) represents the Authority's net investment in capital assets, $1,611,302 was restricted for debt service and the remaining $27,299,129 was unrestricted. Net position increased $8,653,292 in 2017 from 2016. Total assets and deferred outflows provided a net increase of $7,992,418. This increase was primarily composed of an increase in current assets of $2,726,855 and an increase in capital assets of $6,521,910. The Authority's total liabilities decreased by $945,014 in comparison to 2016, while the deferred inflows increased by $284,140, producing a combined decrease of $660,874. Factors contributing to the decrease in total liabilities of $945,014 include a $620,838 increase in current liabilities and a $1,565,852 decrease in long-term liabilities that is primarily due to the net pension liability.

The Authority's net position at December 31, 2016 totaled $86,521,619. Of this amount, $59,298,433 (68.54%) represents the Authority's net investment in capital assets, $1,611,302 was restricted for debt service, and the remaining $25,611,884 was unrestricted. Net position decreased $5,295,894 from 2015 due to a decrease of $9,287,158 in restricted assets associated with the Staples Street Center project, an increase in capital assets of $2,937,660, and an increase in long-term liabilities of 1,995,804.

Current Assets: At the end of 2017, the Authority's current assets had increased by $2,726,855 from the end of 2016. Investments decreased by $3,976,514 with cash and cash equivalents increasing by $5,000,882, along with an increase in receivables of $1,680,434. The reallocation to cash and cash equivalents from investments is the result of a change in the investment strategy to participate in the local government investment pool (LGIP). Prepaid expenses were higher in 2017 by $82,295 while inventories decreased by $60,242. The Authority continues a strategy to maintain adequate resources for replacement, enhancement and expansion of capital assets and withstanding economic uncertainty.

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.

Restricted Assets: At the end of 2017, the Authority's restricted assets totaled $1,611,302, a reduction of $117,500 from 2016. These funds were held in reserve in accordance to bond debt covenants.

Capital Assets: As of December 31, 2017, the Authority's overall investment in capital assets (net of accumulated depreciation) totaled $86,084,480, an increase of $6,521,910, from December 31, 2016. During the year, capital assets totaling $15,099,094 were acquired, retirements net of depreciation totaled $305,219, and depreciation totaling $8,271,963 increased the carrying value. Significant 2017 capital additions include:

- Completion of tenant buildout at the Staples Street Center
- The purchase of eleven (11) 35-foot, CNG-fueled Gillig buses for fixed route service
- The purchase of seven (7) 25-foot, CNG-fueled Arboc buses for paratransit service
- The purchase of land near the Port Ayers station for potential future expansion
- The implementation of a mass notification system for emergency communications
- The purchase of thirteen (13) electric operator relief vehicles and a charging station
- The purchase of eleven (11) maintenance support pickup trucks
- Completion of a bus lift
- Installation of an interactive multimedia wall for veterans at the Staples Street Center

As of December 31, 2016, the Authority's overall investment in capital assets (net of accumulated depreciation) totaled $79,562,570, an increase of $2,937,660 from December 31, 2015. During the year, capital assets totaling $10,479,572 were added and depreciation totaling $7,541,912 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

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, 2017:				
Capital Assets At Cost	$	75,987,545	72,074,437	148,061,982
Less Accumulated Depreciation		46,647,604	15,329,898	61,977,502
Capital Assets, Net	$	29,333,941	56,744,539	86,084,480
At December 31, 2016:				
Capital Assets At Cost	$	80,022,196	68,035,444	148,057,640
Less Accumulated Depreciation		50,789,022	17,706,048	68,495,070
Capital Assets, Net	$	29,233,174	50,329,396	79,562,570

Liabilities: The Authority's total liabilities as of December 31, 2017 are $29,738,401, a decrease of $945,013 from 2016. Of the balance for total liabilities, $7,543,197 is current and customary to the Authority's business and $22,195,204 are long-term liabilities. Current liabilities increased by $620,838 mainly due to increased accounts payable related to capital assets and offset by decreased amounts due to other governmental entities for street improvements and retained amounts payable to contractors. Meanwhile, long-term liabilities decreased by $1,565,852 in 2017. The decrease is mostly attributable to a decrease in net pension liability of $937,172.

As of December 31, 2016, the Authority's total liabilities were $30,683,415, an increase of $612,067 from 2015. Of the balance for total liabilities, $6,922,359 was current and customary to the Authority's business and $23,761,056 were long-term 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. Long-term liabilities increased by $1,995,804 in 2016. The increase is mostly 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.

Statement of Revenues, Expenses and Changes in Net Position:

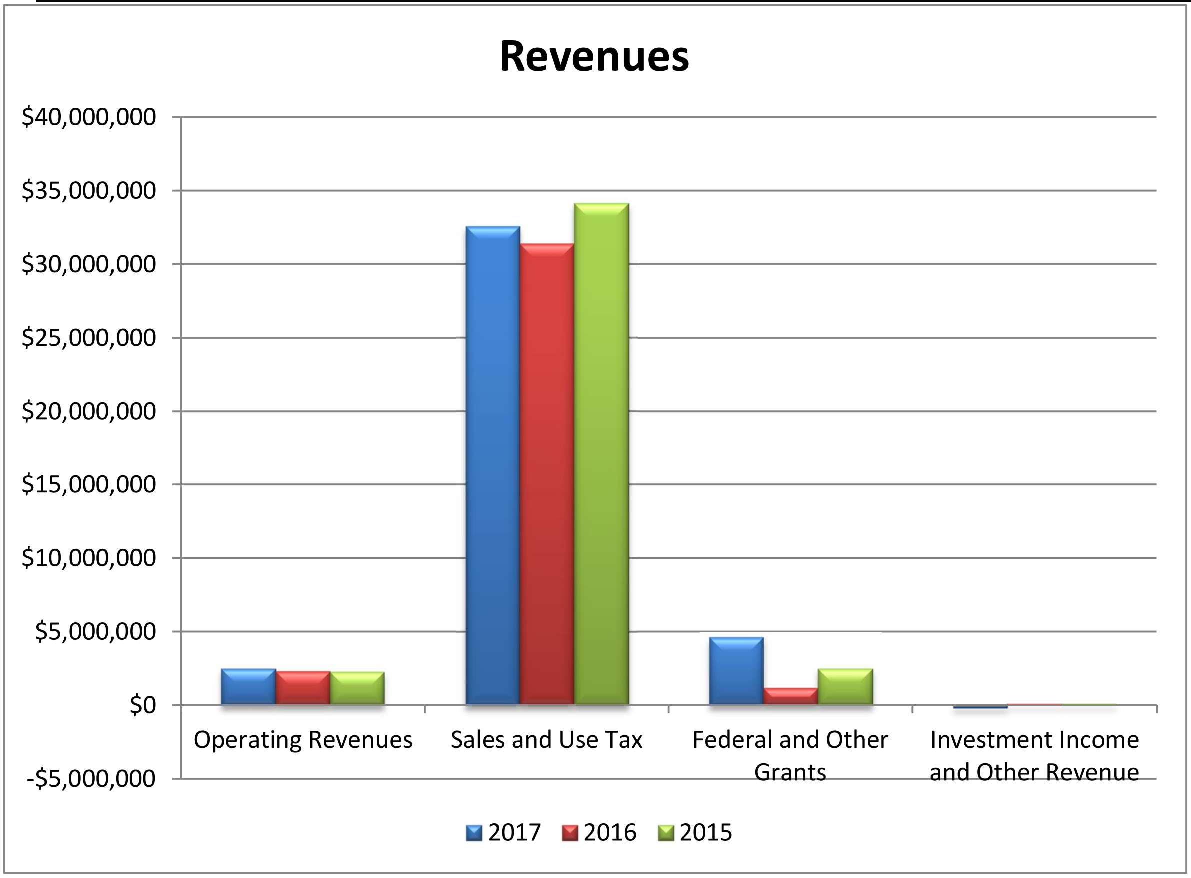
Change in Net position: While the Statement of Net Position focuses on financial position at a point in time, the Statement of Revenues, Expenses, and Changes in Net Position provides further details as to what specific activities took place during the year that led to the changes shown on the Statement 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		
		2017	2016	Change		2016	2015	Change
Revenues:								
Passenger Service	$	1,696,742	1,735,001	(38,259)	$	1,735,001	1,853,246	(118,245)
Bus Advertising		146,452	159,662	(13,210)		159,662	167,362	(7,700)
Other Operating Revenues		659,228	434,860	224,368		434,860	263,038	171,822
Non-Operating Revenues								
Sales and Use Tax		32,570,355	31,387,198	1,183,157		31,387,198	34,127,803	(2,740,605)
Federal and Other Grants		4,618,731	1,185,650	3,433,081		1,185,650	2,512,070	(1,326,420)
Investment Income		85,535,	69,049	16,486		69,049	91,511	(22,462)
Gain/Loss on Property Disposed		(269,101)	32,007	(301,108)		32,007	(32,819)	64,826
Total Revenues		39,507,942	35,003,427	4,504,515		35,003,427	38,982,211	(3,978,784)
Expenses:								
Operating Expenses (net of lease revenue)		30,836,739	30,167,792	668,947		30,167,792	29,079,796	1,087,996
Depreciation		8,271,963	7,541,912	730,051		7,541,912	8,376,535	(834,623)
Distribution - Regional Entities		3,003,298	3,170,013	(166,715)		3,170,013	3,008,433	161,580
Subrecipients		99,479	71,560	27,919		71,560	293,159	(221,599)
Interest in Fiscal Charges		1,047,287	637,621	409,666		637,621	455,196	182,425
Total Expenses		43,258,766	41,588,898	1,669,868		41,588,898	41,213,119	375,779
Net Income/(Loss) Before Capital Grants and Donations		(3,750,824)	(6,585,471)	2,834,647		(6,585,471)	(2,230,908)	(4,354,563)
Capital Grants and Donations		12,404,116	1,289,577	11,114,539		1,289,577	9,763,523	(8,473,946)
Change In Net Position		8,653,292	(5,295,894)	13,949,186		(5,295,894)	7,532,615	(12,828,509)
Net Position, Beginning of Year, as Restated		86,521,619	91,817,513	(5,295,894)		91,817,513	91,817,513	7,532,615
Net Position, End of Year	$	95,174,911	86,521,619	8,653,292	$	86,521,619	91,817,513	(5,295,894)

Net position increased by $8,653,292 during 2017. The increase is the result of a net loss of $3,750,824 offset by federal capital grants of $12,404,116. Net position decreased by $5,295,894 during 2016 due to a net loss of $6,585,471 offset by $1,289,577 in federal capital grants. 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 2017, the Authority's total revenues increased $4,504,515 from 2016, mainly from an increase in sales tax of $1,183,157 from 2016, and an increase in federal grant revenue of $3,433,081 from 2016. Operating revenues for 2017 were $172,899 higher than 2016 and non-operating revenue including investment income declined $284,622 due to a loss taken on the disposal of capital assets.

In 2016, the Authority's total revenues decreased $3,978,784 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.

◆ Operating Revenues include user charges for transportation services, bus bench advertising, onboard advertising and other ancillary operating revenues. For 2017, operating revenues of $2,502,422 represent 6.3% of total revenues and are $172,889 greater than in 2016. However, passenger revenues were down 2.2%, or $38,259 compared to 2016 and represents a decrease in ridership. Overall ridership is down from 2016 by 1.7% with ridership on fixed routes down by 1.6% while paratransit ridership decreased by 4.6%.

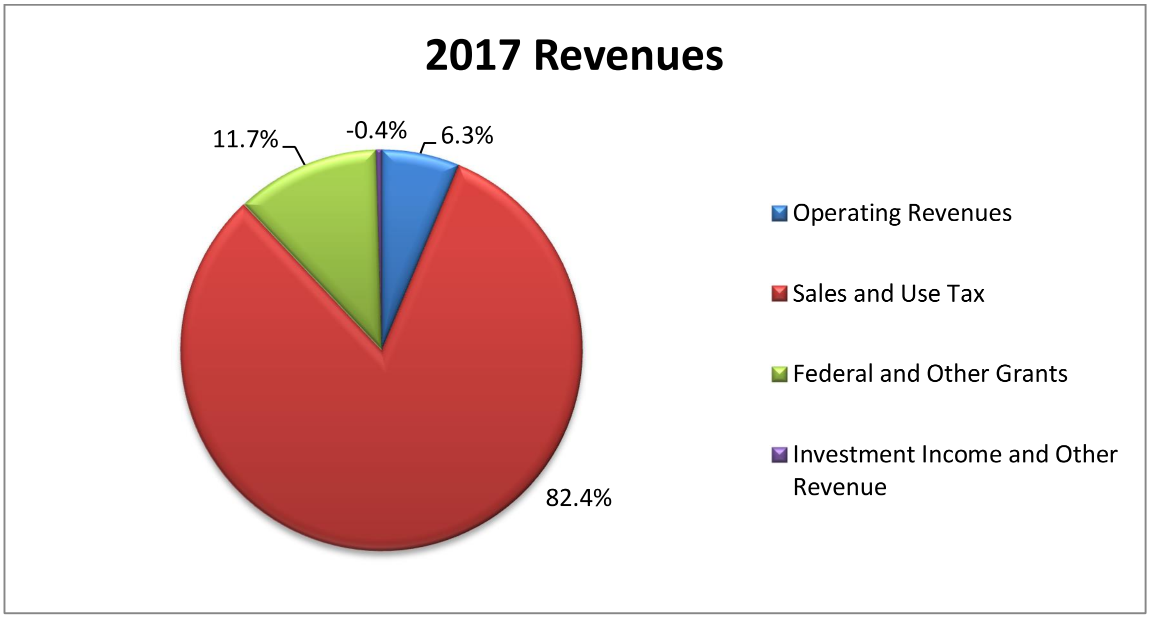
In 2016, operating revenues represented $2,329,523 represent 6.7% of total revenues and were $45,876 more than in 2015. Overall ridership was down by 5.1%. Ridership on fixed routes was down by 4.0% while paratransit ridership increased by 2.9%.

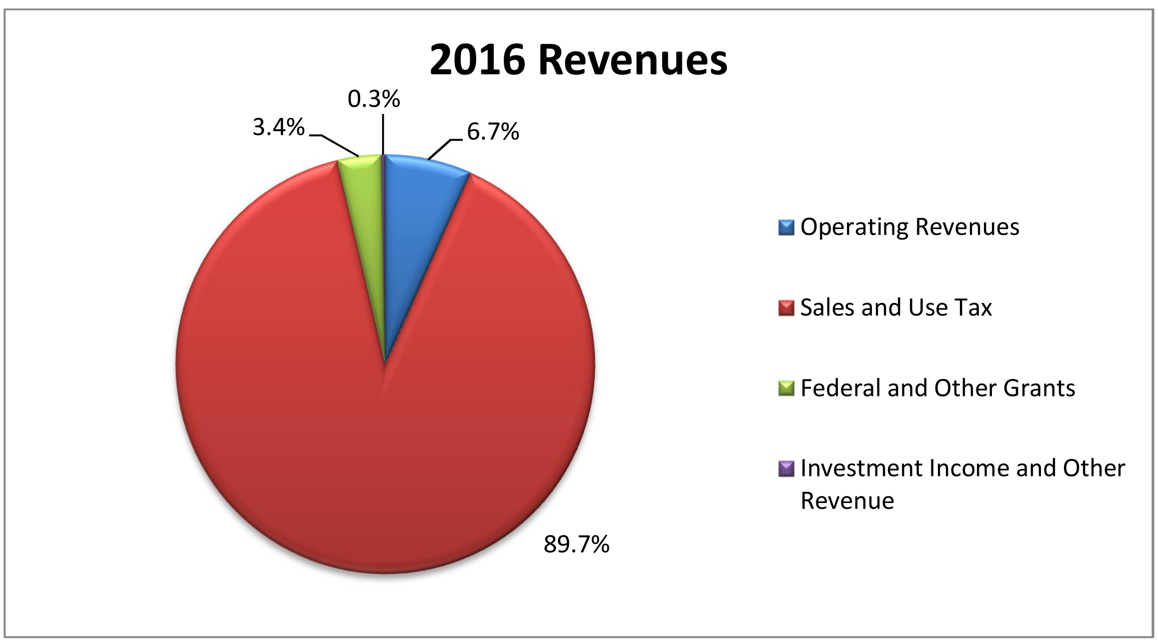
◆ Sales and Use Tax is a dedicated ½ cent sales and use tax levied on certain goods and services sold within the region which provides the primary funding for the Authority's operating budget. For 2017, sales taxes represent 82.4% of total revenues and increased 4.0% from 2016, indicating a strengthening of the regional economy. Significant construction projects such as the new Harbor Bridge, as well as capital investment in the Gregory area have invigorated the local economy. These projects, coupled with consumer and commercial spending related to the region's recovery in the aftermath of Hurricane Harvey, continue to generate strong sales tax collections. In 2016, sales taxes were 89.5% of total revenues and were 8.0% lower than in 2015, 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, in addition to the FEMA reimbursement related to the Hurricane Harvey. The Authority has the option of utilizing its annual "Formula" grants provided by the Federal Transit Administration (FTA) for operating assistance or to fund capital asset acquisitions. In 2017, these grant revenues were primarily made up of reimbursements for operating assistance for preventive maintenance on revenue vehicles, 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 2017, these grants represent 11.7% of total revenues compared to 3.4% in 2016, and 6.4% in 2015.

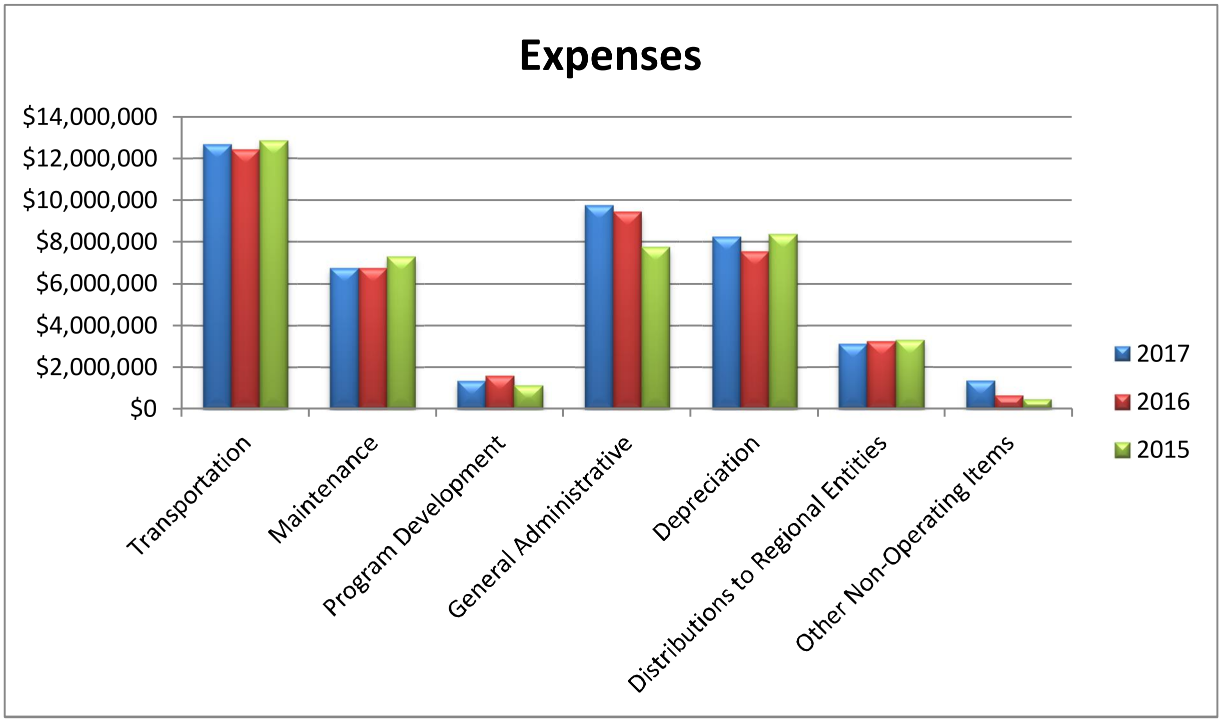
◆ Investment Income is income earned from the Authority's investing activities. Income generated from the portfolio increased $16,486 from 2016. This increase was primarily due to the Agency shifting cash deposits earning little to no yield to TexPool which yielded 1.47% as of December 31, 2017, and has continued to grow on account of actions taken by the Federal Reserve.

In 2017, sales or disposals of assets resulted in a loss of $269,101 compared to a gain of $32,007 in 2016, and a loss of $32,819 in 2015. Other revenues have been included with interest income on the revenue charts below.





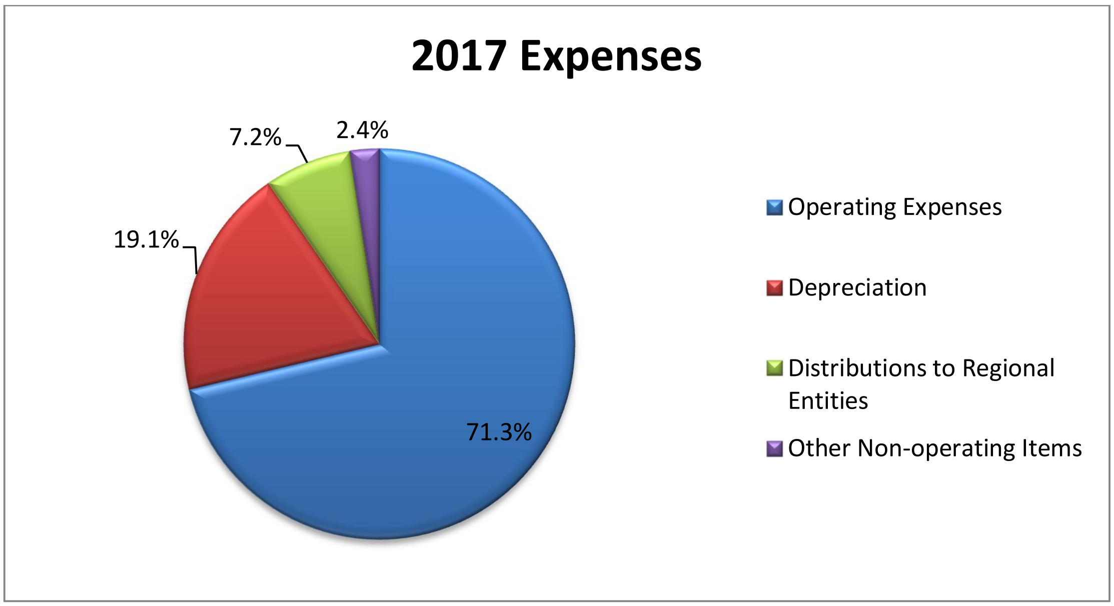
Expenses: The Authority's expenses consist of operating expenses (directly operated and purchased transportation services, maintenance (net of lease revenue), planning and program development, and general administrative costs), depreciation of capital assets, and distributions to regional entities for the Authority's street improvement program. In 2017, total expenses were $43,258,766, an increase of $1,669,869 (4.0%) over 2016. In 2016, total expenses were $41,588,898, an increase of $375,778 (0.9%) over 2015.

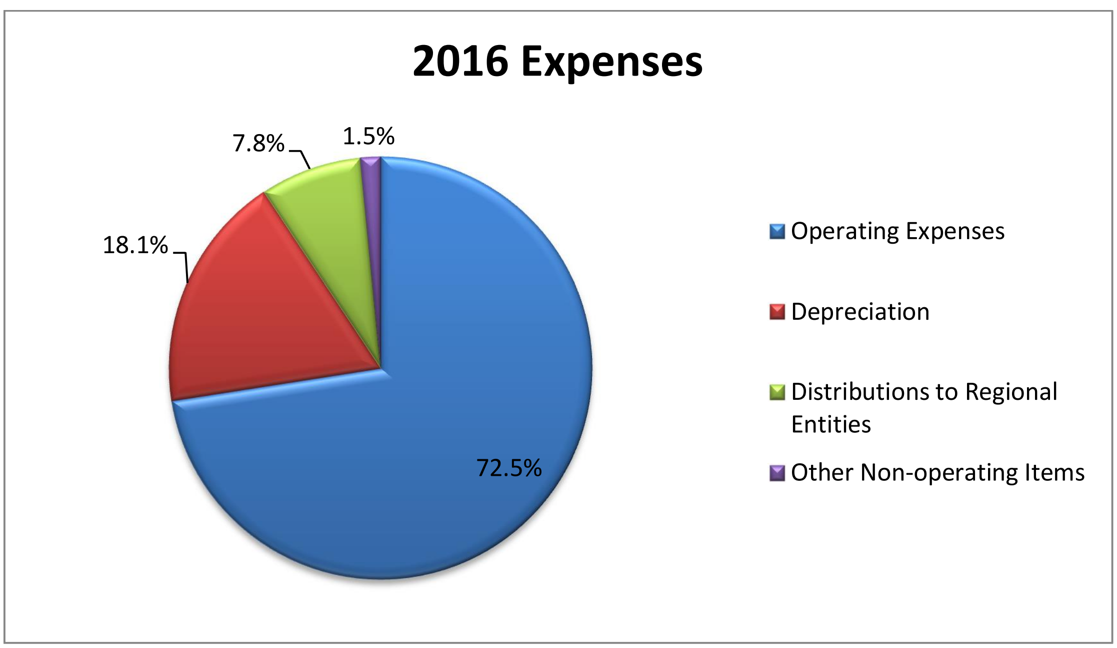


- **Operating Expenses:** The largest component of the Authority's total expenses is operating expenses. These expenses account for 71.3% and 72.5% of total expenses in 2017 and 2016, respectively.

  As shown in Table 3, operating expenses increased by $668,947 (2.2%) in 2017. Transportation costs which include both directly operated services and purchased transportation services increased $253,009 (2.0%) mainly due to higher wages for bus operators. Maintenance costs (including vehicle maintenance, facilities management net of lease revenue, and materials management) increased by $32,055 (0.5%) in 2017. Costs for program development (including service development, customer programs, and marketing) decreased by $257,427 (16.0%). Administrative costs, including management information systems (MIS), increased $641,310 (7.0%) from 2016 mainly attributable to costs associated with employee health insurance.

For 2016, operating expenses were 3.7% more than 2015. Transportation costs decreased by $426,536 (3.3%) mainly due to a shortage of bus operators. Maintenance costs (including vehicle maintenance, facilities maintenance net of lease revenue, and materials management) decreased by $290,604 (4.0%) in 2016, mainly due to savings on fuel for contracted services. Costs for program development (service development, customer programs, and marketing) increased by $458,023 (39.9%) with much of the cost related to the development of new and enhanced customer programs and the RTA website. Administrative costs, including management information systems (MIS), increased $1,347,113 (17.4%) from 2015, mainly attributable to increased salary costs and higher employee benefit cost.





Depreciation: Depreciation is $730,051 (9.7%) higher in 2017 than 2016 due to depreciation on buses acquired in 2015 as well as the completed Staples Street Center. In 2016, depreciation was $834,623 (10.0%) lower than 2015.

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 2017, these costs decreased $166,715 (5.3%) from 2016 due to a decrease in budgeted sales tax revenue. In 2016, the costs of the program increased $161,580 (5.4%) from 2015 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 2017, strong performance in the fixed income markets resulted in a $3,916,389 (9.5%) net increase in value of the plans' assets since the end of 2016. During 2016, strong performance in the fixed income markets resulted in a $1,491,455 (3.9%) net increase in value of the plans' assets since the end of 2015. 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 2018, operating expenses including depreciation are budgeted at $37,729,028. This represents a 3.8% decrease over the final 2017 budget. Sales tax, the Authority's largest revenue source, was budgeted at $32,205,606, a decrease of 5.5% less than what was budgeted in 2017. Sales tax is expected to equal 81.1% of operating expenses in 2018 as opposed to 82.6% in the 2017 budget. Sales tax collections in the first quarter of 2018 continue the upward trend that began in 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.

The 2018 budget is formulated with cautious optimism that sales tax collections would continue the upward trend that began in 2017. CCRTA took a conservative approach in its sales tax estimate for 2018, with a decrease of 5.5% less than budgeted in 2017. While the

2018 budget was less than the 2017 budget, it is important to note that 2017 actual collections were greater than 2016, and were used as the basis for the development of the 2018 budget. Thanks to improved economic growth in the first quarter of 2018, sales tax revenue is up 9% from year-to-date budget estimates and 9.4% up from 2017 collections, comparatively.

Fare revenues for 2018 are budgeted at an 11.6% decrease over 2017, while one source of revenue, the Harbor Ferry service, continues to be suspended for 2018 until it is determined whether to continue the service. Passenger fare revenues were 5.2% lower for the first quarter of 2018 than for the same period in 2017. With lower gas prices, some of our riders are able to utilize alternative transportation.

Operating expenses for the first quarter of 2018 are 0.01% over budget due to higher employee health insurance expenses and 10% lower than expenses for the first quarter of 2017 due to lower estimated depreciation offset by higher employee health insurance expenses.

Other assumptions in the 2018 budget include the continuation of improvements to our services which experienced major service enhancements in 2017 to provide more direct service and more frequent and faster service. The partnership with MV Transportation has been expanded to include more of the contractor's operators providing fixed route services utilizing the smaller Arboc buses previously used primarily for paratransit services. Other notable factors include 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 2018. The budget also includes funding for increased technological enhancements and preventive maintenance, which is available through federal grants.

Several significant capital projects are planned for 2018. The costs will be funded with a combination of FTA and other federal grants and local funds.

During 2018, 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: Monica Jasso, 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
2017 and 2016

	2017	2016
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 2)	$ 20,728,310	$ 15,727,428
Investments (Note 2)	5,025,996	9,002,510
Receivables:		
Sales and Use Taxes	5,753,658	5,439,760
Accrued Interest	20,473	54,719
Federal Government	1,663,575	406,078
Other	180,223	36,938
Inventories	550,134	610,376
Prepaid Expenses	362,729	280,434
Total Current Assets	34,285,098	31,558,243
Non-Current Assets:		
Restricted Cash and Cash Equivalents (Note 2)	1,611,302	1,728,452
Capital Assets (Note 3):		
Land	5,381,969	3,658,054
Buildings	53,615,679	49,958,064
Transit Stations, Stops and Pads	23,407,608	25,799,089
Other Improvements	5,442,159	4,706,675
Vehicles, Furniture and Equipment	56,807,561	63,726,568
Construction in Progress	3,407,006	209,190
Total Capital Assets	148,061,982	148,057,640
Less: Accumulated Depreciation	(61,977,502)	(68,495,070)
Net Capital Assets	86,084,480	79,562,570
Total Non-Current Assets	87,695,782	81,291,022
TOTAL ASSETS	121,980,880	112,849,265
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pensions (Note 5)	3,411,606	4,550,803
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**125,392,486**	**117,400,068**

Continued on next page

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statement of Net Position (continuation)
2017 and 2016

	2017	2016
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts Payable	2,854,439	843,277
Contractors Retainage Payable	-	1,293,190
Current Portion of Long-Term Liabilities (Note 4):		
Long-Term Debt	575,000	555,000
Compensated Absences	354,908	275,328
Distributions to Regional Entities Payable	3,068,313	3,329,846
Other Accrued Liabilities	690,537	625,718
Total Current Liabilities	7,543,197	6,922,359
Long-Term Liabilities, Net of Current Portion (Note 4):		
Long-Term Debt	19,245,000	19,820,000
Compensated Absences	195,210	185,229
Net Pension Liability (Note 5)	2,383,237	3,320,409
Net OPEB Obligation (Note 6)	371,757	435,418
Total Long-Term Liabilities	22,195,204	23,761,056
TOTAL LIABLILITES	**29,738,401**	**30,683,415**
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pensions (Note 5)	479,174	195,034
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**30,217,575**	**30,878,449**
Net Position:		
Net Invested in Capital Assets	66,264,480	59,298,433
Restricted for Debt Service	1,611,302	1,611,302
Unrestricted	27,299,129	25,611,884
TOTAL NET POSITION	$ **95,174,911**	$ **86,521,619**

See Notes to Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2017 and 2016

	2017	2016
Operating Revenues:		
Passenger Service	$ 1,696,742	$ 1,735,001
Bus Advertising	146,452	159,662
Other Operating Revenues	659,228	434,860
Total Operating Revenues	2,502,422	2,329,523
Operating Expenses:		
Transportation	7,103,882	6,818,813
Customer Programs	347,627	319,570
Purchased Transportation	5,575,126	5,607,186
Service Development	380,030	610,752
MIS	845,098	690,138
Vehicle Maintenance	4,812,029	4,893,149
Facilities Maintenance (net of lease revenue of $339,945 and $70,922 in 2017 and 2016)	2,075,956	1,975,240
Materials Management	174,149	161,690
Administrative and General	8,903,205	8,416,855
Marketing & Communications	619,637	674,399
Depreciation	8,271,963	7,541,912
Total Operating Expenses	39,108,702	37,709,704
Operating Loss	**(36,606,280)**	**(35,380,181)**
Non-Operating Revenues (Expenses):		
Sales and Use Tax Revenue	32,570,355	31,387,198
Federal and Other Grant Assistance	4,618,731	1,185,650
Investment Income	85,535	69,049
Gain (Loss) on Disposition of Property	(269,101)	32,007
Subrecipient Programs	(99,479)	(71,560)
Interest Expense and Fiscal Charges	(1,047,287)	(637,621)
Distributions to Regional Entities	(3,003,298)	(3,170,013)
Net Non-Operating Revenues (Expenses)	32,855,456	28,794,710
Net (Loss) Before Capital Grants & Donations	(3,750,824)	(6,585,471)
Capital Grants & Donations	12,404,116	1,289,577
Change in Net Position	8,653,292	(5,295,894)
Total Net Position, Beginning of Year	86,521,619	91,817,513
Net Position, End of Year	$ **95,174,911**	$ **86,521,619**

See Notes to Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statement of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows From Operating Activities:		
Cash Received from Customers	$ 1,696,741	$ 1,735,001
Cash Received from Bus Advertising and Other Ancillary	1,002,337	854,860
Cash Payments to Suppliers for Goods and Services	(17,013,618)	(17,499,407)
Cash Payments to Employees for Services	(11,764,611)	(10,949,962)
Cash Payments for Employee Benefits	(1,977,171)	(2,044,931)
Net Cash Used for Operating Activities	(28,056,322)	(27,904,439)
Cash Flows from Non-Capital Financing Activities:		
Sales and Use Taxes Received	32,256,457	31,708,993
Grants and Other Reimbursements	4,807,510	2,394,149
Distributions to Subrecipient Programs	(99,479)	(71,560)
Distributions to Region Entities	(3,264,830)	(2,131,713)
Net Cash Provided by Non-Capital Financing Activities	33,699,658	31,899,869
Cash Flows from Capital and Related Financing Activities:		
Federal and Other Grant Assistance	10,957,840	1,684,604
Proceeds from Sale of Capital Assets	36,118	32,007
Repayment of Long-Term Debt	(555,000)	(540,000)
Interest and Fiscal Charges	(1,048,825)	(606,907)
Purchase and Construction of Capital Assets	(14,246,032)	(12,483,740)
Net Cash Used for Capital and Related Financing Activities	(4,855,899)	(11,914,036)
Cash Flows from Investing Activities:		
Investment Income	119,781	62,957
Purchases of Investments	(5,025,996)	(10,724,686)
Maturities and Redemptions of Investments	9,002,510	12,656,000
Net Cash Provided by Non-Capital Financing Activities	4,096,295	1,994,271
Net Increase (Decrease) in Cash and Cash Equivalents	4,883,732	(5,924,335)
Cash and Cash Equivalents (Including Restricted Accounts, January 1	17,455,880	23,380,215
Cash and Cash Equivalents (Including Restricted Accounts), December 31	$ 22,339,612	$ 17,455,880

Continued on next page

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statement of Cash Flows (continuation)
Years Ended December 31, 2017 and 2016

	2017	2016
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	$ (36,606,280)	$ (35,380,181)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Depreciation	8,271,963	7,541,912
Changes in Assets, Deferred Outflows of Resources, and Liabilities:		
Other Receivables	(143,285)	189,417
Inventories	60,242	(34,148)
Prepaid Expenses	(82,295)	(100,690)
Accounts Payable and Accrued Liabilities	(68,733)	(504,447)
Compensated Absences	89,561	52,508
Net OPEB Obligation	(63,660)	(48,271)
Deferred Inflows of Resources	284,140	195,034
Deferred Outflows of Resources	1,139,197	(2,403,006)
Net Pension Liability	(937,172)	2,587,434
Net Cash Used for Operating Activities	$ (28,056,322)	$ (27,904,439)
Non-Cash Investing, Capital and Financing Activities:		
Premiums/Discounts on Investments	$ -	$ 941
Fair Value of Investments	-	5,762
Change in Accounts Payable for Acquisitions of Capital Assets	853,061	(2,004,169)
Gain (Loss) on Sale of Assets	269,101	(32,007)
Change in:		
Interest Receivable	(34,246)	1,271
Sales and Use Tax Receivable	313,898	(321,795)
Receivable from Federal Government Capital	1,446,276	(395,027)
Receivable from Federal Government Operating	(188,779)	(1,208,499)
Distribution to Regional Entities Payable	(261,533)	1,038,300
Accrued Interest Payable	1,538	(30,714)

See Notes to Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Statement of Net Position
December 31, 2017 and 2016

		2017		2016
ASSETS				
Investments (Note 2)				
Money Market Funds	$	1,815,350	$	1,962,206
Debt Mutual Funds		3,277,109		3,039,689
Equity Mutual Funds		41,246.015		36,036,200
TOTAL ASSETS		46,338,474		41,038,095
LIABILITIES		-		-
NET POSITION				
Restricted For Pension Benefits	$	46,338,474	$	41,038,095

See Notes to Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Statement of Changes in Net Position
Years Ended December 31, 2017 and 2016

	2017	2016
Additions:		
Investment Income	$ 5,595,372	$ 3,165,454
Employee Contributions	1,001,703	951,132
Employer Contributions	1,383,969	1,503,736
Total Additions	7,981,044	5,620,322
Deductions:		
Benefits Paid	2,563,499	2,515,677
Administrative Expenses	117,166	109,454
Total Deductions	2,680,665	2,625,131
Increase in Net Position	5,300,379	2,995,191
Net Position, January 1	41,038,095	38,042,904
Net Position, December 31	$ 46,338,474	$ 41,038,095

See Notes to Financial Statements

(1) Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

Investments: The Authority's investments are stated at fair value, except for money market funds and investments with a remaining maturity of one year or less when purchased and non-participating interest earning investment contracts, which are carried at cost. Fair value fluctuates with interest rates and increasing rates may cause the fair value to decline below cost. The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments. Net change in the fair value of investments is recognized and reported as investment income in the financial statements. The Authority's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants.* The Authority's investment policy focuses on strategies that attain preservation of principal primarily and maximizing earnings secondarily.

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

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

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

Capital Assets: The Authority defines capital assets as items with initial cost of at least $5,000 for all items and an estimated life of at least two years. Capital assets, which include property, facilities, and equipment, are stated at historical cost. Donated assets are reported at acquisition value rather than fair value. 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 Authority's policy to permit employees to accumulate earned but unused personal leave. The amount of unused time that can be carried over to the next year is limited to 80 hours. Sick leave can be carried over indefinitely and up to 240 hours paid out if the employee retires from the Authority. Compensated absences are reflected in the financial statements when earned and available to the employee.

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

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

Recent Accounting Pronouncements: No new pronouncements were implemented during fiscal 2017.

Prior Period Restatements: During the course of the review of the Authority's financial activity, it was determined that capital asset depreciation had not properly been recognized for fiscal years dating back to 2015. As a result, the financial statements were misstated. To correct this, a prior period restatement is expressed in the basic financial statements and affects the beginning net position for fiscal 2016.

Net Position as of December 31, 2015 As Previously Stated	$	93,601,102
Accumulated Adjustment		(1,783,589)
Net Position as of December 31, 2015 Restated		91,817,513
Change in Net Position As Previously Stated		(6,301,204)
Adjustment to 2016 Net Change		1,005,310
Net Change in Position for Year Ended December 31, 2016 Restated		(5,295,894)
Net Position as of December 31, 2016, Restated	$	86,521,619

Future Accounting Pronouncements: GASB 74 – *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, 2018.

(2) Cash, Cash Equivalents, and Investments

As of December 31, 2017, the majority of the current assets totaling $22,339,612 were held in bank deposits or in the TexPool local government investment pool (LGIP), while investments held in certificates of deposit totaled $5,025,996.

Type	2017	Weighted Average Maturity (Years)	2016	Weighted Average Maturity (Years)
Investments measured at fair value:				
Government Agencies	-	-	$ 1,804,398	0.74
Government Treasury	-	-	2,700,529	0.11
Commercial Paper	-	-	999,958	0.01
Total Investments measured at fair value	-		5,504,885	
Investment measured at amortized cost:				
Certificates of Deposit	$ 5,025,996	0.90	3,502,593	0.67
Total Investments	5,025,996		9,002,510	
Portfolio weighted average maturity		0.90		0.34
Cash and Cash Equivalents				
Deposits in Bank	11,419,753		15,695,225	
TexPool Local Government Investment Pool - Overnight	10,912,384		-	
Cash funds	1,150		1,150	
Money market funds	6,325		1,759,505	
Total Cash and Cash Equivalents	22,339,612		17,455,880	
Total Cash, Cash Equivalents, and Investments	$ 27,365,608		$ 26,458,390	

Fair Value Measurements – GASB Statement No. 72, *Fair Value Measurement and Application*, provides guidance for determining a fair value measurement for financial reporting purposes. The Authority categorizes 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 – Quotes prices for identical assets or liabilities in an active market that an entity has the ability to access.

Level 2 input – 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 – Inputs that are unobservable for the asset or liability which are typically based upon the Authority's 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, 2017 and 2016, 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,			
	2017		2016	
	Enterprise Fund	**Fiduciary Fund**	**Enterprise Fund**	**Fiduciary Fund**
US Treasury Obligations	$ -	$ -	$ 2,700,529	$ -
US Gov't Agencies	-	-	1,804,398	-
Commercial Paper	-	-	999,958	-
Debt Mutual Funds	-	3,277,109	-	3,039,689
Equity Mutual Funds	-	41,246,015	-	36,036,200
Total	**$ -**	**$ 44,523,124**	**$ 5,504,885**	**$ 39,075,889**

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

For the Enterprise Fund as of December 31, 2017,

- no holding in the portfolio had a maturity date beyond 312 days,
- holdings maturing beyond six months represented 18.44% of the total portfolio,
- the dollar weighted average maturity of the portfolio was 40 days.

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.

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

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

Concentration of Credit Risk: This is the risk of investing predominantly in any one type of investment or entity. The Authority recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The Authority's adopted investment policy establishes diversification as a major objective of the investment program and sets diversification limits for all authorized investment types which are monitored on a monthly basis. As of December 31, 2017 and 2016 the limits on the various types of authorized investments as a percent of the portfolio were:

Investment Type	Allowable	Actual as of 12/31/2017	Actual as of 12/31/2016
US Treasury Obligation	80.00%	0.00%	10.92%
US Agencies/Instrumentalities	80.00%	0.00%	7.29%
State Government Obligations	35.00%	0.00%	0.00%
Local Government Obligations	35.00%	0.00%	0.00%
Certificates of Deposit (Depository)	50.00%	18.37%	14.16%
Brokered Certificates of Deposit	30.00%	0.00%	0.00%
Repurchase Agreements	50.00%	0.00%	0.00%
Flexin CIP Funds	100.00%	0.00%	0.00%
Local Government Investment Pools	80.00%	39.88%	0.00%
Money Market Funds / Demand Deposits	100.00%	41.76%	63.59%
Commercial Paper	25.00%	0.00%	4.04%
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, 2017 and 2016 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, 2017 and 2016, all Authority's securities were handled in this manner.

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

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

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

(3) Capital Assets

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

Capital asset activities for the year ended December 31, 2017 is as follows:

		Balance at 12/31/2016	Additions / Transfers	Retirements	Balance at 12/31/2017
Assets Not Being Depreciated:					
Land	$	3,658,054	1,723,915	-	5,381,969
Construction in Progress		209,190	3,197,816	-	3,407,006
		3,867,244	4,921,731	-	8,788,975
Assets Being Depreciated:					
Buildings		49,958,064	3,657,615	-	53,615,679
Transit Stations, Bus Stops, Street Pads & Other Improvements		25,799,089	184,418	(2,575,899)	23,407,608
Improvements other than Buildings		4,706,675	760,517	(25,033)	5,442,159
Vehicles, Furniture and Equipment		63,726,568	5,574,812	(12,493,819)	56,807,561
		144,190,396	10,177,362	(15,094,751)	139,273,007
Total Capital Assets		**148,057,640**	**15,099,094**	**(15,094,751)**	**148,061,982**
Less: Accumulated Depreciation:					
Buildings		11,676,311	1,242,906	-	12,919,217
Transit Stations, Bus Stops, Street Pads & Other Imp.		20,086,961	1,062,315	(2,493,422)	18,655,854
Improvements other than Buildings		2,599,679	350,752	(25,033)	2,925,398
Vehicles, Furniture and Equipment		34,132,119	5,615,990	(12,271,077)	27,477,033
Total Accumulated Depreciation		**68,495,070**	**8,271,963**	**(14,789,532)**	**61,977,502**
Total Capital Assets, Net	$	**79,562,570**	**6,827,131**	**(305,219)**	**86,084,480**

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		61,326,859	2,399,709	-	63,726,568
		109,942,042	34,248,354	-	144,190,396
Total Capital Assets		**137,578,068**	**10,479,572**	-	**148,057,640**
Less: Accumulated Depreciation:					
Buildings		10,966,439	709,872	-	11,676,311
Transit Stations, Bus Stops, Street Pads & Other Imp.		18,880,013	1,206,948	-	20,086,961
Improvements other than Buildings		2,263,745	335,934	-	2,599,679
Vehicles, Furniture and Equipment		28,842,961	5,289,158	-	34,132,119
Total Accumulated Depreciation		**60,953,158**	**7,541,912**	**-**	**68,495,070**
Total Capital Assets, Net	$	**76,624,910**	**2,937,660**	**-**	**79,562,570**

(4) Long – Term Liabilities

Changes in Long-Term Liabilities

2017		1/1/2017	Additions	Retirements	12/31/2017	Due Within One Year
Revenue Bonds	$	20,375,000	-	555,000	19,820,000	575,000
Net Pension Liability		3,320,409	1,261,111	2,198,283	2,383,237	-
Net OPEB Obligations		435,418	117,871	181,532	371,757	-
Compensated Absences		460,557	861,591	772,031	550,118	354,908
Total Long Term Liabilities	$	24,591,385	2,240,573	3,706,846	23,125,112	929,908

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

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 were $110,863.

Total interest cost for period ending December 31, 2017 was $1,047,287 of which none was capitalized. Total interest cost for period ending December 31, 2016 was $1,114,330 of which $477,510 was capitalized.

Total debt service requirements as of December 31, 2017 are as follows:

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

Years Ending December 31,	Principal	Interest	Total Requirements
2018	$ 310,000	$ 505,023	$ 815,023
2019	320,000	492,623	812,623
2020	335,000	479,823	814,823
2021	345,000	469,773	814,773
2022-2026	1,950,000	2,124,884	4,074,884
2027-2031	2,455,000	1,617,146	4,072,146
2032-2036	3,140,000	925,220	4,065,220
2037-2038	1,510,000	122,819	1,632,819
	$ 10,365,000	$ 6,737,311	$ 17,102,311

$10,500,000 Series 2013, Taxable Bonds

Years Ending December 31,	Principal	Interest	Total Requirements
2018	$ 265,000	$ 524,885	$ 789,885
2019	275,000	517,147	792,147
2020	285,000	507,742	792,742
2021	295,000	496,570	791,570
2022-2026	1,700,000	2,262,084	3,962,084
2027-2031	2,225,000	1,736,664	3,961,664
2032-2036	2,960,000	1,001,193	3,961,193
2037-2038	1,450,000	133,895	1,583,895
	$ 9,455,000	$ 7,180,180	$ 16,635,180

Combined Debt Service, All Bonds

Years Ending December 31,	Principal	Interest	Total Requirements
2018	$ 575,000	$ 1,029,908	$ 1,604,908
2019	595,000	1,009,770	1,604,770
2020	620,000	987,565	1,607,365
2021	640,000	966,343	1,606,343
2022-2026	3,650,000	4,386,968	8,036,968
2027-2031	4,680,000	3,353,810	8,033,810
2032-2036	6,100,000	1,926,413	8,026,413
2037-2038	2,960,000	256,714	3,216,714
	$ 19,820,000	$ 13,917,491	$ 33,737,491

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. For the year ended December 31, 2017, employees were allowed to carry forward an additional 40 hours of unused, accrued personal leave into fiscal year 2018. Leave carried forward in this fashion was required to be utilized by no later than June 30, 2018. 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, 2017, the Authority's Net Pension Liability was measured as of December 31, 2016, and the Total Pension Liability was determined by an actuarial valuation as of that date.

For the year ended December 31, 2016, the Authority's 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.

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, 2017 there were 569 participants in this plan as follows:

	December 31, 2016	December 31, 2015
Retirees or beneficiaries currently receiving benefits	154	140
Inactive employees entitled to but not yet receiving benefits	169	175
Active employees	246	223
Total Participants	569	538

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 2017 and 2016 respectively, was 16.0% and 11.2%.

Actuarial Assumptions: The actuarial assumptions that determined the total net pension liability as of December 31, 2016 and December 31, 2015 are as follows:

Valuation Date	*December 31, 2016 & December 31, 2015*
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 plan's net fiduciary position to projected benefit payments.

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

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

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

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

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
December 31, 2016			
Net pension liability	$6,487,148	$2,383,237	($1,072,544)
December 31, 2015			
Net pension liability	$7,338,602	$3,320,409	($57,330)

Net Pension Liability: The net change in pension liability for the measurement date of December 31, 2017 based on the actuarial date of December 31, 2016 is reflected below:

Change in Net Pension Liability	Increase (Decrease) Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances as of December 31, 2015	$ 33,530,870	$ 30,210,461	$ 3,320,409
Changes for the Year:			
Service cost	941,470	--	941,470
Interest on total pension liability	2,521,413	--	2,521,413
Effect of plan change (Changes of benefit terms)	--	--	--
Difference between expected and actual experience	(465,534)	--	(465,534)
Benefit Payments	(1,561,905)	(1,561,905)	--
Contributions - employer	--	1,503,736	(1,503,736)
Net investment income	--	2,523,595	(2,523,595)
Administrative Expenses	--	(92,810)	92,810
Balances as of December 31, 2016	$ 34,966,314	$ 32,583,077	$ 2,383,237

The net change in pension liability for the measurement date of December 31, 2016 based on the actuarial date of December 31, 2015 is reflected below:

Change in Net Pension Liability	Increase (Decrease) Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances as of December 31, 2014	$ 31,895,409	$ 31,162,434	$ 732,975
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

For the year ended December 31, 2017, the Authority recognized pension expenses:

Service cost	$ 941,470
Interest on total pension liability	2,521,413
Effect of plan change (Changes of benefit terms)	--
Administrative	92,810
Expected investment returns net of investment expenses (7.5% per Plan)	(2,368,936)
Recognition of deferred inflows/outflows of resources:	
Recognition of difference in investment gains or losses	668,699
Recognition of difference in change in experience	14,678
Pension Expense	$ 1,870,134

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, 2017, 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	$ 196,073	$ 479,174
Net difference between projected and actual earnings on pension plan investments	1,831,564	-
Contributions made subsequent to measurement date	1,383,969	-
Deferred Outflows and Inflows of Resources	**$ 3,411,606**	**$ 479,174**

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:

	Pension Expense
Year ended 12/31	
2018	$ 683,377
2019	487,305
2020	408,714
2021	(30,931)
Total	**$ 1,548,465**

For the year ended December 31, 2017, 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
Changes in benefit terms	-	-
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**

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, 2017 and 2016.

Statement of Fiduciary Net Position
December 31, 2017 and 2016

		2017		2016
ASSETS				
Money Market Funds	$	1,106,130	$	994,230
Mutual Funds - Debt		3,869,138		2,622,584
Mutual Funds - Equity		31,465,056		28,966,263
TOTAL ASSETS		36,440,324		32,583,077
LIABILITIES		-		-
NET POSITION				
Restricted For Pension Benefits	$	36,440,324	$	32,583,077

Statement of Changes in Fiduciary Net Position
Years Ended December 31, 2017 and 2016

		2017		2016
Additions:				
Investment Income	$	4,409,015	$	2,523,595
Employer Contributions		1,383,969		1,503,736
Total Additions		5,792,984		4,027,331
Deductions:				
Benefits Paid		1,833,509		1,561,905
Administrative Expenses		102,228		92,810
Total Deductions		1,935,737		1,654,715
Increase in Net Position		3,857,247		2,372,616
Net Position, January 1		32,583,077		30,210,461
Net Position, December 31	$	36,440,324	$	32,583,077

Defined Contribution Plan

Plan Description: The *RTA Employees' Defined Contribution Plan* (DC Plan) covers all employees. This defined contribution plan has a plan document in compliance with the Internal Revenue Code and adopted by the Board, who may amend it. Benefits depend on amounts contributed to the plan plus investment earnings. Employees are fully vested in their contributions. Employees direct their investments.

Funding Policy: Employees are required to contribute 7.51% of gross remuneration and may make additional contributions of up to 10%. The Authority may make contributions, but has made none to date. Total covered payrolls were $10,677,430 in 2017 and $9,773,977 in 2016. Employee contributions were $1,001,703 in 2017 and $938,773 in 2016. 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 2017 and 2016 are as follows:

Statement of Fiduciary Net Position
December 31, 2017 and 2016

		2017		2016
ASSETS				
Money Market Funds	$	709,220	$	967,976
Mutual Funds - Debt		450,771		417,105
Mutual Funds - Equity		8,738,159		7,069,937
TOTAL ASSETS		9,898,150		8,455,018
LIABILITIES		-		-
NET ASSETS				
Held In Trust For Pension Benefits	$	9,898,150	$	8,455,018

Statement of Changes in Fiduciary Net Position
Years Ended December 31, 2017 and 2016

		2017		2016
Additions:				
Investment Income/(Loss)	$	1,186,357	$	641,858
Rollover Contributions		-		12,359
Employee Contributions		1,001,703		938,773
Total Additions		2,188,060		1,592,990
Deductions:				
Benefits Paid		729,990		953,772
Administrative Expenses		14,938		16,643
Total Deductions		744,928		970,415
Increase (Decrease) in Net Position		1,443,132		622,575
Net Position, January 1		8,455,018		7,832,443
Net Position, December 31	$	9,898,150	$	8,455,018

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

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

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

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

- Mortality Rates – 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 actuarial accrued liability of less than 1%.

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

Funding Policy: The Authority requires retirees to pay a portion of the monthly "blended" rates that apply to the group as a whole. Since retiree health care costs are generally higher than active employee healthcare costs, there is an implicit subsidy higher than the stated subsidy of the Authority. For 2017, $763.63 was the required monthly contribution for retiree family coverage and $293.55 for retiree single coverage. The Authority's contributions are on a pay-as-you-go basis. As of the most recent valuation membership is as follows:

Retirees	14
Active	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:

	2017	2016
Annual Required Contribution	$ 125,145	$ 126,353
Interest on OPEB Liability	17,417	19,348
Adjustment to the ARC	(24,691)	(27,428)
Annual OPEB Cost	117,872	118,273
Employer Contributions	(181,532)	(166,543)
Net Change in OPEB Liability	(63,661)	(48,270)
OPEB Liability at January 1	435,418	483,688
OPEB Liability at December 31	$ 371,757	$ 435,418

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
2017	$ 117,872	154.0%	$ 371,758
2016	$ 118,273	140.8%	$ 435,418
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 Authority's 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 workers' compensation claims until 2004, at which point the Authority became fully insured through the Texas Municipal League. There are no outstanding claims from self-insurance.

The Authority is self-funded for employee dental and healthcare benefits, which include medical, drug and vision. These benefits are provided through a contract with a third party administrator, Entrust, Inc. The coverage in force during 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, 2015, 2016 and 2017 are as follows:

		Health and Dental Benefits
Balance at 12/31/14	$	163,307
Incurred Claims		2,756,477
Claims Paid		(2,627,101)
Balance at 12/31/15		292,683
Incurred Claims		2,229,577
Claims Paid		(2,160,534)
Balance at 12/31/16		361,726
Incurred Claims		3,494,451
Claims Paid		(3,469,313)
Balance at 12/31/17	$	386,864

(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.

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

9) Concentrations

During 2017, the Authority received $12,404,116 for capital assistance and $4,618,731 for other projects from the Federal Transportation Administration.

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

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

(10) Purchased Transportation Services

The Authority had a contract with MV Transportation, Inc. through 2018 to provide paratransit services for elderly and persons with disability and certain fixed route services. Expenses under the contract amounted to $5,079,070 in 2017 and $5,078,937 in 2016. 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		
2018	$	454,976
2019		493,014
2020		517,087
2021		436,104
2022		448,320
Thereafter		1,286,945
Total	**$**	**3,636,446**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PENSION PLAN:

	Measurement Year		
	2014	**2015**	**2016**
TOTAL PENSION LIABILITY			
Service Cost	$ 695,517	$ 876,806	$ 941,470
Interest on Total Pension Liability	2,254,995	2,396,547	2,521,413
Effect of Plan Changes	391,915	115,478	-
Difference between expected and actual experience	784,295	(260,046)	(465,534)
Benefit Payments	(1,248,266)	(1,493,324)	(1,561,905)
Net Change in Total Pension Liability	2,878,456	1,635,461	1,435,444
Total Pension Liability, Beginning	29,016,953	31,895,409	33,530,870
Total Pension Liability, Ending	$ 31,895,409	$ 33,530,870	$ 34,966,314
FIDUCIARY NET POSITION			
Employer Contributions	$ 1,178,498	$ 985,175	$ 1,503,736
Employee Contributions	-	-	-
Investment Income Net of Investment Expenses	1,706,547	(348,950)	2,523,595
Benefit Payments/Contributions Refunds	(1,248,266)	(1,493,324)	(1,561,905)
Administrative Expenses	(91,465)	(94,874)	(92,810)
Net Change in Fiduciary Net Position	$ 1,545,314	$ (951,973)	$ 2,372,616
Fiduciary Net Position, Beginning	29,617,120	31,162,434	30,210,461
Fiduciary Net Position, Ending	$ 31,162,434	$ 30,210,461	$ 32,583,077
Net Pension Liability	$ 732,975	$ 3,320,409	$ 2,383,237
Fiduciary Net Position as a Percentage of Total Pension Liability	97.7%	90.1%	93.18%
Annual Covered Payroll	$ 7,274,172	$ 8,818,232	$ 9,178,411
Net Pension Liability as a Percentage of Covered Payroll	10.08%	37.65%	24.38%

*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

		2008	2009	2010	2011
Actuarially determined contribution	$	576,140	1,355,811	1,168,423	886,742
Contributions in relation to the actuarially determined contribution		576,140	1,355,811	1,168,423	1,064,288
Contribution deficiency (excess)	$	-	-	-	(177,546)
Covered-employee payroll	$	6,394,664	6,634,041	7,246,596	7,073,120
Contributions as a percentage of covered-employee payroll		9.0%	9.0%	16.1%	15.0%

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

2012	2013	2014	2015	2016	2017
1,125,651	988,534	695,517	983,696	1,468,804	1,399,307
1,125,651	1,280,330	1,178,498	985,175	1,503,736	1,383,969
-	(291,796)	(482,981)	(1,479)	(34,932)	15,338
7,221,526	7,474,445	7,274,172	8,818,232	9,178,411	9,773,977
15.6%	17.1%	16.2%	11.2%	16.4%	14.2%

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	5.9%
January 1, 2010	$ -	$ 1,016,925	$ 1,016,952	$ 7,246,956	14.0%
January 1, 2008	$ -	$ 766,655	$ 766,655	$ 6,394,664	11.9%

SUPPLEMENTAL SCHEDULES

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Schedule of Revenues and Expenses - Actual and Budget By Function
Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Final Budget Versus Actual
Operating Revenues:				
Passenger Service	$ 2,401,362	2,401,362	1,696,742	(704,620)
Bus Advertising	219,219	219,219	146,452	(72,767)
Other Operating Revenues	405,000	405,000	659,228	254,228
Total Operating Revenues	3,025,581	3,025,581	2,502,422	(523,159)
Operating Expenses:				
Transportation	6,925,851	6,925,851	7,103,882	(178,031)
Customer Programs	449,167	449,167	347,627	101,540
Purchased Transportation	5,754,040	5,754,040	5,575,126	178,914
Program & Service Development	425,411	425,411	380,030	45,381
MIS	858,668	858,668	845,098	13,570
Vehicle Maintenance	4,926,383	4,926,383	4,812,029	114,354
Facilities Maintenance (net of lease revenue)	2,287,451	2,287,451	2,075,956	211,495
Materials Management	165,419	165,419	174,149	(8,730)
Administrative and General	8,667,217	8,667,217	8,903,205	(235,988)
Marketing & Communications	561,857	561,857	619,637	(57,780)
Depreciation	4,680,801	4,680,801	8,271,963	(3,591,162)
Total Operating Expenses	35,702,265	35,702,265	39,108,702	(3,406,437)
Operating Loss	**(32,676,684)**	**(32,676,684)**	**(36,606,280)**	**(3,929,596)**
Non-Operating Revenues (Expenses):				
Sales and Use Tax Revenue	34,086,571	34,086,571	32,570,355	(1,516,216)
Federal and Other Grant Assistance	2,240,000	2,240,000	4,618,731	2,378,731
Investment Income	98,000	98,000	85,535	(12,465)
Gain (Loss) on Property Dispositions	55,000	55,000	(269,101)	(324,101)
Subrecipient Programs	-	-	(99,479)	(99,479)
Interest Expense and Fiscal Charges	(1,048,826)	(1,048,826)	(1,047,287)	1,539
Distributions to Regional Entities	(2,749,000)	(2,749,000)	(3,003,298)	(254,298)
Net Income/(Loss) Before Capital Grant Contributions	$ 5,061	5,061	(3,750,824)	(3,755,885)

Note: The *Schedule of Revenues and Expenses – Actual and Budget by Function*, included as part of the supplemental schedules, is presented to agree to the groupings featured in the *Statement of Revenues, Expenses, and Changes in Net Position* in the basic financial statements. This reclassification includes the grouping of lease revenue and operating expenses associated with the Staples Street Center with Facilities Maintenance. For development and approval of the Authority's annual operating budget, these revenues and expenses are expressed separate of Facilities Maintenance.

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Combining Statement of Net Position
December 31, 2017 With Comparative Totals for December 31, 2016

		2017			2016
		Defined Benefit Pension Plan	Defined Contribution Pension Plan	Total	
ASSETS					
Money Market Funds/Cash Sweeps	$	1,106,130	709,220	1,815,350	1,962,206
Mutual Funds - Debt		3,277,109	-	3,277,109	3,039,689
Investments		32,057,085	9,188,930	41,246,015	36,036,200
TOTAL ASSETS		36,440,324	9,898,150	46,338,474	41,038,095
LIABILITIES		-	-	-	-
NET POSITION					
Assets Held In Trust For Pension Benefits	$	36,440,324	9,898,150	46,338,474	41,038,095

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Combining Statement of Changes in Net Position
Year Ended December 31, 2017 With Comparative Totals for December 31, 2016

		2017			2016
		Defined Benefit Pension Plan	Defined Contribution Pension Plan	Total	
Additions:					
Investment Income (Loss)	$	4,409,015	1,186,357	5,595,372	3,165,454
Employee Contributions		-	1,001,703	1,001,703	951,132
Employer Contributions		1,383,969	-	1,383,969	1,503,736
Total Additions		5,792,984	2,188,060	7,981,044	5,620,322
Deductions:					
Benefits Paid		1,833,509	729,990	2,563,499	2,515,677
Administrative Expenses		102,228	14,938	117,166	109,454
Total Deductions		1,935,737	744,928	2,680,665	2,625,131
Increase (Decrease) in Net Assets		3,857,247	1,443,132	5,300,379	2,995,191
Net Assets, January 1		32,583,077	8,455,018	41,038,095	38,042,904
Net Assets, December 31	$	36,440,324	9,898,150	46,338,474	41,038,095

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Schedule of Long-Term Debt Amortization
Year Ended December 31, 2017

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

Years Ending December 31,	Principal	Interest	Total Requirements
2018	310,000	505,023	815,023
2019	320,000	492,623	812,623
2020	335,000	479,823	814,823
2021	345,000	469,773	814,773
2022-2026	1,950,000	2,124,884	4,074,884
2027-2031	2,455,000	1,617,146	4,072,146
2032-2036	3,140,000	925,220	4,065,220
2037-2038	1,510,000	122,819	1,632,819
	$ 10,365,000	$ 6,737,311	$ 17,102,311

$10,500,000 Series 2013, Taxable Bonds

Years Ending December 31,	Principal	Interest	Total Requirements
2018	$ 265,000	$ 524,885	$ 789,885
2019	275,000	517,147	792,147
2020	285,000	507,742	792,742
2021	295,000	496,570	791,570
2022-2026	1,700,000	2,262,084	3,962,084
2027-2031	2,225,000	1,736,664	3,961,664
2032-2036	2,960,000	1,001,193	3,961,193
2037-2038	1,450,000	133,895	1,583,895
	$ 9,455,000	$ 7,180,180	$ 16,635,180

Combined Debt Service, All Bonds

Years Ending December 31,	Principal	Interest	Total Requirements
2018	$ 575,000	$ 1,029,908	$ 1,604,908
2019	595,000	1,009,770	1,604,770
2020	620,000	987,565	1,607,365
2021	640,000	966,343	1,606,343
2022-2026	3,650,000	4,386,968	8,036,968
2027-2031	4,680,000	3,353,810	8,033,810
2032-2036	6,100,000	1,926,413	8,026,413
2037-2038	2,960,000	256,714	3,216,714
	$ 19,820,000	$ 13,917,491	$ 33,737,491

2017
Statistical Section

Comprehensive Annual Financial Report

β

ABOUT THE AUTHORITY'S STATISTICAL TABLES

This section of the Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial situation.

Contents **Page**

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Table 1

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

		2008	2009	2010	2011
Net Investment in Capital Assets	$	27,431,699	37,044,364	35,551,031	35,534,213
Restricted		-	-	-	
Unrestricted		26,063,981	22,398,741	23,900,805	28,172,623
Total	$	53,495,680	59,443,105	59,451,836	63,706,836

2012	2013	2014	2015	2016	2017
43,439,575	48,003,491	49,217,398	66,725,519	59,298,433	66,264,480
-	1,611,302	1,611,302	1,611,302	1,611,302	1,611,302
29,843,986	27,852,253	32,585,594	23,480,692	25,611,884	27,299,129
73,283,561	77,467,046	83,414,294	91,817,513	86,521,619	95,174,911

.

Table 2

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

		2008	2009	2010	2011
Operating Revenues:					
Passenger Service	$	1,707,930	1,577,232	1,537,772	1,660,782
Other Operating		111,106	81,443	88,525	152,881
Total Operating Revenues		1,819,036	1,658,675	1,626,297	1,813,663
Operating Expenses:					
Transportation		10,989,280	10,743,234	10,619,566	11,764,029
Vehicle,/Facilities Maintenance (net of SSC leases)		6,201,002	5,137,764	5,886,849	6,519,067
Program Development		936,894	702,690	701,064	1,073,506
Administrative and General		4,284,956	4,711,623	4,983,114	4,444,485
Depreciation		3,958,931	4,514,063	5,203,248	5,878,720
Total Operating Expenses		26,371,063	25,809,374	27,393,841	29,679,807
Operating Loss		(24,552,027)	(24,150,699)	(25,767,544)	(27,866,144)
Non-Operating Revenues (Expenses):					
Sales and Use Tax		24,254,132	20,821,573	22,891,712	26,235,525
Grant Assistance		496,631	805,664	995,526	2,527,017
Investment Income		723,930	81,807	100,071	27,860
Other Non-Operating Items		-	(433,539)	8,012	1,733
Distributions to Region Entities		(1,258,613)	(1,458,952)	(1,325,648)	(1,918,020)
Net Loss before Capital Grants		(335,947)	(4,334,146)	(3,097,871)	(992,029)
Capital Grants and Donations		5,441,114	10,281,571	3,106,602	5,247,029
Change in Accounting Principle		-	-	-	-
Total Change in Net Assets	$	5,105,167	5,947,425	8,731	4,255,000

2012	**2013**	**2014**	**2015**	**2016**	**2017**
1,706,528	1,750,624	1,844,604	1,853,246	1,735,001	1,696,742
144,710	124,796	335,192	430,401	665,443	805,680
1,851,238	1,875,420	2,179,796	2,283,647	2,400,445	2,502,422
12,718,200	13,146,112	12,430,929	12,848,302	12,425,999	12,679,008
6,523,062	6,302,512	7,545,219	7,320,683	6,752,337	7,062,134
1,075,444	764,359	893,233	1,146,698	1,604,721	1,347,294
4,923,154	4,627,406	6,683,788	7,797,745	9,455,657	9,748,303
5,523,334	5,772,221	5,273,812	6,592,946	7,541,912	8,271,963
30,763,194	30,612,610	32,826,981	35,706,374	37,780,626	39,108,702
(28,911,956)	(28,737,190)	(30,647,185)	(33,422,727)	(35,380,181)	(36,606,280)
31,571,834	32,064,316	35,188,390	34,127,803	31,387,198	32,570,355
3,226,061	1,416,988	125,900	2,512,070	1,185,650	4,618,731
51,173	62,160	110,052	125,143	69,049	85,535
1,086	(619,579)	(422,184)	(488,015)	(677,173)	(1,415,867)
(2,154,150)	(2,593,634)	(2,900,327)	(3,301,592)	(3,170,013)	(3,003,298)
3,784,048	1,593,061	1,454,646	(447,318)	(6,585,471)	(3,750,824)
5,792,677	2,590,424	4,492,602	9,763,523	1,289,577	12,404,116
-	-	-	870,603	-	-
9,576,725	4,183,485	5,947,248	10,186,808	(5,295,894)	8,653,292

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
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	69,049	32,007	35,024,599
2017	$	2,502,422	32,570,355	4,618,731	85,535	(269,101)	39,507,942

(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)		
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%	37.4%	6.7%	55.9%
2016	6.8%	86.4%	6.8%	*	*	*
2017	6.3%	82.4%	11.3%	*	*	*

(1) Source: The American Public Transportation Association, 2017 Public Transportation Fact Book, Appendix A: Historical Tables, Table 87, *Operating Funding Sources*.
http://www.apta.com/resources/statistics/Pages/transitstats.aspx

* Not Available

Table 5

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

Year	Total Unlinked Trips	Passenger Revenues
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
2017	5,373,324	1,696,742

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.

2008	....	7.62%
2009	....	7.41%
2010	....	6.93%
2011	....	6.98%
2012	....	6.76%
2013	....	6.93%
2014	....	6.70%
2015	....	6.37%
2016	....	5.75%
2017	....	5.50%

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
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	40,800	0.20%
2017*	$	19,820,000	42,024	0.20%

* 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	Interest	Total	Coverage
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
2017	$	2,842,367	555,000	1,048,026	1,603,026	1.77

(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)
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	$14,743,237	$40,800	62,298	5.90%
2017*	362,579	$15,237,020	$42,024	62,159	4.80%

(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 2017	% of Total Employment 2017	Employment 2008
1	Corpus Christi ISD	School District	5,944	2.72%	5,178
2	Naval Air Station Corpus Christi	Military	4,500	2.06%	1,630
3	H.E.B. Stores & Bakery	Grocery Company	3,840	1.76%	5,000
4	CHRISTUS Spohn Health Systems	Hospital	3,400	1.56%	5,400
5	Corpus Christi Army Depot	Helicopter Repair	3,400	1.56%	4,876
6	City of Corpus Christi	City Government	3,202	1.47%	3.171
7	Driscoll Children’s Hospital	Hospital	2,136	0.98%	1,500
8	Corpus Christi Medical Center	Hospital	1,885	0.86%	-
9	Kiewit Offshore Services	Fabrication	1,750	0.80%	-
10	Bay Ltd.	Construction	1,700	0.78%	2,100

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)

	2008	2009	2010	2011
Transportation				
Transportation - Directly Operated	117.00	117.00	117.00	122.00
Purchased Transportation*	2.00	1.00	1.00	1.00
	119.00	118.00	118.00	123.00
Maintenance				
Vehicle Maintenance	35.00	38.00	38.00	38.00
Facilities Maintenance	14.00	14.00	14.00	14.00
Materials Management	5.00	4.00	4.00	4.00
	54.00	56.00	56.00	56.00
Program Development				
Customer Programs	9.00	7.00	7.00	6.00
Service Development	4.00	3.00	3.00	4.00
Program Management	2.00	2.00	2.00	2.00
Marketing & Communications	-	2.00	2.00	2.00
	15.00	14.00	14.00	14.00
General Administrative:				
MIS	3.00	2.00	2.00	1.00
Contracts and Grants	2.00	3.00	3.00	2.00
CEO's Office	2.00	5.00	5.00	3.00
Finance and Accounting	5.75	5.80	5.80	5.80
Human Resources	3.00	3.00	3.00	2.00
General Administration	2.00	2.00	2.00	2.00
Safety and Security	-	-	-	-
Staples Street Center	-	-	-	-
TCN - Regional Coordinator	-	-	1.00	1.00
	17.75	20.80	21.80	16.80
Totals	205.75	208.80	209.80	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*.

2012	2013	2014	2015	2016	2017
131.00	131.00	160.00	169.00	154.50	145.00
1.00	3.00	3.00	3.00	2.00	0.00
132.00	134.00	163.00	172.00	156.50	145.00
36.00	36.00	38.00	41.00	36.00	37.00
14.00	15.00	15.00	15.00	12.50	14.50
4.00	4.00	3.00	3.00	4.00	3.00
54.00	55.00	56.00	59.00	52.50	54.50
8.00	4.00	4.80	4.80	5.50	6.00
4.00	4.00	3.00	3.00	4.00	4.00
2.00	2.00	2.00	2.00	3.00	3.00
2.00	3.00	3.00	3.00	2.50	3.00
16.00	13.00	12.80	12.80	15.00	16.00
1.00	2.00	3.00	3.00	6.00	6.00
3.00	3.00	5.00	5.00	1.00	3.00
3.00	1.00	1.00	1.00	2.00	1.00
5.80	5.55	5.55	5.55	6.55	5.50
2.00	3.00	3.00	3.00	3.00	3.00
3.00	8.00	5.00	5.00	5.00	6.00
-	1.00	1.00	2.00	2.50	2.50
-	-	-	-	3.50	4.00
-	-	-	-	-	-
17.80	23.55	23.55	24.55	29.55	31.00
219.80	225.55	255.35	268.35	253.55	246.50

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

			2008	2009	2010	2011
System Ridership						
Motor Bus	a		5,251,514	5,064,696	5,238,131	5,749,312
Demand Response / Para-transit	b		196,991	196,617	190,745	199,368
Ferry Boat	b		21,705	11,683	-	52,951
Vanpool	c/f		21,166	10,178	5,410	-
System Hours						
Motor Bus	a		194,647	207,551	225,073	226,999
Demand Response / Para-transit	b		68,733	68,680	71,558	74,728
Ferry Boat	b		694	545	-	881
Vanpool	c/f		1,344	961	965	-
System Miles						
Motor Bus	a		2,778,104	2,785,415	3,232,691	3,256,971
Demand Response / Para-transit	b		1,320,766	1,348,943	1,599,595	1,556,289
Ferry Boat	b		2,529	1,860	-	2,179
Vanpool	c/f		34,785	25,525	29,710	-
Vehicles In Service						
Motor Bus	a		59	63	58	56
Demand Response / Para-transit	b		30	30	26	26
Ferry Boat	b		1	1	-	1
Vanpool	c/f		2	2	4	-
Uses of Capital Funds	e					
Vehicles		$	2,492,718	8,397,094	526,506	2,707,772
Communications & Information		$	103,658	738,184	562,545	425,524
Facilities and Stations		$	3,433,780	3,844,189	471,546	1,022,722
Other		$	1,437,155	1,417,030	2,189,577	1,708,706
Operating Expenses by Mode	e					
Motor Bus	a	$	17,099,983	16,519,155	17,410,873	18,262,737
Demand Response / Para-transit	b	$	4,913,357	4,425,076	4,568,425	4,976,669
Ferry Boat	b	$	219,212	182,925	-	435,411
Vanpool	c/f	$	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

2012	2013	2014	2015	2016	2017
5,764,790	5,728,793	5,650,677	5,472,836	5,252,466	5,168,421
202,974	194,394	192,580	198,652	204,459	195,101
86,676	93,192	84,035	76,870	-	-
-	-	-	16,439	15,417	9,802
237,320	225,151	243,732	259,377	269,711	267,036
79,413	70,328	74,236	78,850	81,258	77,501
1,135	1,185	750	805	-	-
-	-	-	7,686	9,027	3,457
3,387,397	3,021,215	3,053,596	3,414,445	3,546,503	3,864,934
1,425,691	1,225,323	1,252,615	1,349,727	1,401,147	1,332,822
2,660	2,625	1,756	1,886	-	-
-	-	-	181,220	184,532	75,406
59	60	75	66	67	92
26	26	38	28	28	41
2	2	1	1	-	-
-	6	3	5	6	5
4,864,974	5,142,277	-	17,996,141	139,358	8,119,989
439,364	66,065	99,046	196,394	906,221	477,613
7,228,414	2,729,941	7,337,105	1,273,498	8,680,069	5,718,703
1,061,601	2,270,946	1,165,647	1,159,287	276,415	827,638
19,150,089	18,984,978	21,324,898	20,495,063	24,357,254	25,939,360
5,351,413	5,585,657	5,556,262	5,278,853	5,353,867	4,954,285
617,831	607,748	626,005	766,082	-	-
-	-	-	152,825	163,054	102,522

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.

2017
Single Audit Section
Comprehensive Annual Financial Report

β

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

555 N. Carancahua Suite 1000
Corpus Christi, Texas 78401-0839
361-884-9347 • Fax 361-884-9422
www.cjw-cpa.com

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*

August 16, 2018

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 (the "Authority") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 16, 2018.

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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as finding 2017-001, that we consider to be a material weakness and finding 2017-002 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's 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 or other matters 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 August 16, 2018.

Corpus Christi Regional Transportation Authority's Response to Finding

Corpus Christi Regional Transportation Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Corpus Christi Regional Transportation Authority's 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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Collier, Johnson & Woods

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CERTIFIED PUBLIC ACCOUNTANTS

555 N. Carancahua Suite 1000
Corpus Christi, Texas 78401-0839
361-884-9347 • Fax 361-884-9422
www.cjw-cpa.com

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

August 16, 2018

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 (the "Authority") 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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017...

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, 2017

I. Summary of Audit Results:

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

2. One material weakness and one significant deficiency relating to the audit of the financial statements are reported in the "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."

3. No instances of noncompliance material to the financial statements of the Corpus Christi Regional Transportation Authority which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.

4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance."

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

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

7. The programs tested as major programs included:

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

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

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

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

II. Findings related to the financial statements:

MATERIAL WEAKNESS

2017-001

Condition: Calculation of accumulated depreciation and depreciation expense were reported were incorrect.

Criteria: Depreciation should be calculated in accordance with generally accepted accounting principles.

Cause: The Authority computerized its depreciation system from spreadsheets. During the conversion, errors in the previous calculations of $778,279 were discovered. The financial statements were restated to correct these errors.

Effect: These errors resulted in $1,005,310 related to an overstatement of depreciation for the year ended December 31,2016 and a $1,783,589 cumulative understatement in prior year.

Recommendation: There is no recommendation because the financial statements were restated for the errors and the replacement of the erroneous spreadsheet with the computerized system eliminated the problem.

SIGNIFICANT DEFICIENCY

2017-002 Actuarial Data

Condition: The Authority failed to send complete and accurate data to the actuary.

Criteria: To ensure the Net Pension Obligation is correctly calculated, the Authority is required to send a complete and accurate payroll report to the actuary.

Cause: The information sent to the actuary was not agreed to the payroll report prior to being provided to the actuary.

Effect: Since incomplete information had been sent to the actuary, a potential misstatement of the Net Pension Obligation could have been made.

Recommendation: The Authority needs to change procedures to ensure complete and accurate data is sent to the actuary.

Views of Responsible Officials and Planned Corrective Actions: The Authority agrees with the finding and revised procedures will be implemented during 2018.

III. Findings and questioned costs for Federal awards – None

IV. Prior year audit findings requiring corrective action.

2016-001 Federal Grant Reimbursement Receivable (Material Weakness)

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.

Required Corrective Action: Authority received reimbursement for the federally-funded buses on July 3, 2017. Internal controls have been reviewed and implemented to ensure federally-funded capital projects have adequate grant funding and have satisfied all project deliverables to be recorded as federal receivables.

Corpus Christi Regional Transportation Authority
Schedule of Expenditures of Federal Financial Awards
Year Ended December 31, 2017

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	$	$ 65,219
Capital Investment Grant	20.500	TX17-0034		10,203,944
Capital Investment Grant	20.500	TX16-0066		2,128,879
Capital Investment Grant	20.500	TX90-Y059		6,074
			-	12,404,116
Transit Formula Funds	20.507	TX17-0076		2,496,992
Transit Formula Funds	20.507	TX90-0978		223,310
Transit Formula Funds	20.507	TX90-8059		1,100,558
			-	3,820,860
Total Federal Transit Cluster			-	16,224,976
Management Internship Program	20.514	TX26-7108		6,956
Seniors and Individuals with Disabilities	20.513	TX16-0018	45,825	45,825
Seniors and Individuals with Disabilities	20.513	TX16-0083	52,607	52,607
			98,432	105,388
Job Access and Reverse Commute	20.516	TX37-4038		358,154
Job Access and Reverse Commute	20.516	TX37-6058		9,445
Job Access and Reverse Commute	20.516	TX37-8058		199,589
			-	567,188
New Freedoms	20.521	TX57-4007	-	6,803
			-	6,803
Total Department of Transportation			**$ 98,432**	**16,904,355**

Corpus Christi Regional Transportation Authority
Notes to Schedule of Expenditures of Federal Financial Awards
For the Year Ended December 31, 2017

(1) General

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

(2) Basis of Accounting

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

(3) Relationship to Basic Financial Statements

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

Federal and Other Grant Assistance	$	4,618,731
Less: State & Local Grants		(118,492)
Capital Grants & Donations		12,404,116
Total Federal Grants	$	16,904,355

(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.

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