

RTA Employees Defined Benefit Plan and Trust

FINANCIAL STATEMENTS
(AND REQUIRED SUPPLEMENTARY INFORMATION)

December 31, 2019 and 2018



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RTA Employees Defined Benefit Plan and Trust
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December 31, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Corpus Christi Regional Transportation Authority
Employees Defined Benefit Plan and Trust
Corpus Christi, Texas

We have audited the accompanying financial statements of the RTA Employees Defined Benefit Plan and Trust (the "Plan"), which comprise the statements of fiduciary net position as of December 31, 2019 and 2018, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan'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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 auditors' 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 auditors consider 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 fiduciary net position of the RTA Employees Defined Benefit Plan and Trust as of December 31, 2019 and 2018, and the changes in fiduciary net position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary plan information, as listed in the table of contents, 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.

Caru, Riggs & Ingram, L.L.C.

Corpus Christi, Texas
November 19, 2020

RTA Employees Defined Benefit Plan and Trust Management's Discussion and Analysis

The Management's Discussion and Analysis ("MDA") on the financial performance of RTA Employees Defined Benefit Plan and Trust (the "Plan") provides an overview of the Plan's financial activities for the fiscal year ended December 31, 2019. Please read this section in conjunction with the financial statements, which begin on page 5.

FINANCIAL HIGHLIGHTS

The following highlights are explained in greater detail later in this discussion.

Financial Highlights for the Year Ended December 31, 2019

- The fiduciary net position held in trust for the Plan increased by \$8,269,871 during the 2019 fiscal year and totaled \$42,170,049 as of December 31, 2019.
- Retirement benefits paid during 2019 increased \$118,351 to total \$1,927,249.
- Total Contributions to the Plan increased \$2,265,554 during 2019 to total \$3,691,087.
- Net appreciation in the fair market value of investments increased by \$8,269,675 during 2019 for a total appreciation of \$6,412,947 compared to depreciation of (\$2,256,960) for the prior fiscal year.
- Administrative expenses increased \$1,285 to total \$111,885.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Plan's basic financial statements include the following:

1. Statements of fiduciary net position,
2. Statements of changes in fiduciary net position, and
3. Notes to the financial statements.

The statement of fiduciary net position reports the Plan's assets, liabilities, and resultant net position restricted for pension benefits. It discloses the financial position of the Plan as of December 31, 2019.

The statement of changes in fiduciary net position reports the results of the Plan's operations during the year disclosing the additions to and deductions from the net position. It supports the change that has occurred to the prior year's net position value on the statements of fiduciary net position.

The notes to the financial statements provide additional information and insight that are essential to gaining a full understanding of the data provided in the statements of fiduciary net position and statements of changes in the fiduciary net position. The notes to the financial statements are followed by required supplementary information that further explains and supports the information in the financial statements.

RTA Employees Defined Benefit Plan and Trust Management's Discussion and Analysis

For 2020, the recommended employer contribution is 11.91% of total annual payroll, 0.4% more than the 2019 recommended contribution of 11.51%.

FINANCIAL ANALYSIS

The fiduciary net position held in trust for the Plan increased by \$8,269,871 during the 2019 fiscal year and totaled \$42,170,049 as of December 31, 2019. The increase is attributed primarily to the \$8,269,675 fair market value appreciation of plan investments in 2019.

Condensed Financial Information					
	December			Change	
	2019	2018	2017	2019-2018	2018-2017
Assets					
Investments at fair value	\$ 42,168,639	\$ 33,898,964	\$ 36,439,133	\$ 8,269,675	\$ (2,540,169)
Accrued interest receivable	1,410	1,214	1,191	196	23
Total Plan Assets	42,170,049	33,900,178	36,440,324	8,269,871	(2,540,146)
Liabilities					
Net position restricted for pension benefits	\$ 42,170,049	\$ 33,900,178	\$ 36,440,324	\$ 8,269,871	\$ (2,540,146)
Year Ended December					
	Year Ended December			Change	
	2019	2018	2017	2019-2018	2018-2017
Additions					
Net investment (loss) income	\$ 6,617,918	\$ (2,046,181)	\$ 4,409,016	\$ 8,664,099	\$ (6,455,197)
Employer contributions	3,691,087	1,425,533	1,383,969	2,265,554	41,564
Total additions (deductions)	10,309,005	(620,648)	5,792,985	10,929,653	(6,413,633)
Deductions					
Benefits paid to participants	1,927,249	1,808,898	1,833,510	118,351	(24,612)
Administrative expenses	111,885	110,600	102,228	1,285	8,372
Total deductions	2,039,134	1,919,498	1,935,738	119,636	(16,240)
Net increase (decrease) in net position	\$ 8,269,871	\$ (2,540,146)	\$ 3,857,247	\$ 10,810,017	\$ (6,397,393)

REQUESTS FOR INFORMATION

Questions concerning any of the information provided or requests for additional financial information should be addressed to Corpus Christi Regional Transportation Authority, Finance Department, 602 N. Staples St., Corpus Christi, Texas 78401, (361) 883-2287. In addition, this Employee Defined Benefit Plan and Trust Financial Report for 2019 will be posted on the Authority's website: www.ccrta.org under the category "Financial Transparency" – Pension Information.

**RTA Employees Defined Benefit Plan and Trust
Statements of Fiduciary Net Position**

<i>As of December 31,</i>	2019	2018
ASSETS		
Investments at fair value:		
Money market funds	\$ 905,128	\$ 1,039,372
Mutual funds	8,870,103	7,061,842
Collective investments funds	32,393,408	25,797,750
Total investments, at fair value	42,168,639	33,898,964
Receivables:		
Accrued interest receivable	1,410	1,214
Total assets	\$ 42,170,049	\$ 33,900,178
FIDUCIARY NET POSITION		
Net position - restricted for pension benefits	\$ 42,170,049	\$ 33,900,178

The accompanying notes are an integral part of these financial statements.

RTA Employees Defined Benefit Plan and Trust Statements of Changes in Fiduciary Net Position

<i>For the years ended December 31,</i>	2019	2018
ADDITIONS		
Contributions		
Employer contributions	\$ 3,691,087	\$ 1,425,533
Investment income (loss)		
Net appreciation (depreciation) in fair value of investments	6,412,947	(2,250,960)
Interest	25,103	11,278
Dividends	173,464	188,814
Mutual/ Common trust fund earnings	6,404	4,687
Total investment income (loss), net	6,617,918	(2,046,181)
Total additions (deductions)	10,309,005	(620,648)
DEDUCTIONS		
Benefits paid to participants	1,927,249	1,808,898
Administrative expenses	111,885	110,600
Total deductions	2,039,134	1,919,498
Net increase (decrease) in fiduciary net position	8,269,871	(2,540,146)
Fiduciary net position, beginning of year	33,900,178	36,440,324
Fiduciary net position, end of year	\$ 42,170,049	\$ 33,900,178

The accompanying notes are an integral part of these financial statements

RTA Employees Defined Benefit Plan and Trust Notes to Financial Statements

Note 1: DESCRIPTION OF THE PLAN

The following description of the RTA Employees Defined Benefit Plan and Trust (the “Plan”) provides only general information. Refer to Plan documents for a more complete description of Plan provisions.

General

The Plan is a single-employer defined benefit pension plan administered by the Corpus Christi Regional Transportation Authority (“Authority”) and established upon the applicable sections of the Internal Revenue Code. The Authority Board may periodically amend the 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 January 2015.

Plan Administrator

The Plan has engaged third parties to provide actuarial services, consulting services, investment services and to assist with certain administrative functions of the Plan.

Benefits

Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The 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.

Eligibility Requirements

All employees shall be eligible to participate in the Plan on the date of the commencement of a full-time employment or reemployment. For purposes of this section, a full-time employee shall be defined as an employee who receives compensation from the employer on the basis on an average of at least 40 hours of employment per week. Once an employee has become a participant, he will continue to be a participant as long as he continues to be an employee without a break in service and thereafter as long as he or his beneficiary retains any right to benefits under the Plan.

RTA Employees Defined Benefit Plan and Trust Notes to Financial Statements

Note 1: DESCRIPTION OF THE PLAN (Continued)

Retirement Benefits

Plan participants are eligible for their pension benefit after terminating employment with vested rights. Participants are eligible for normal retirement on his normal retirement date (first day of the calendar month immediately following the date he attains age 62). A participant who has both attained his 55th birthday and has completed at least ten (10) years of service may retire at any time by giving at least 120 days prior written notice to the employer, but at a benefit reduced by 5% for each year preceding his normal retirement date. Participants should refer to the Plan Document for a more complete description of the Plan reduction factors. Normal retirement benefits shall be an amount equal to 2% of his final average compensation multiplied by his years of service (converted to a monthly retirement benefit by dividing by twelve).

Vesting

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 January 2015, the Plan was amended to allow those eligible for early retirement during a specific window without incurring the normal reduction in benefits. The Plan is not indexed for inflation. As of December 31, 2019 and December 31, 2018, there were 596 and 583 participants in the Plan, respectively, as follows:

	2019	2018
Retirees and beneficiaries currently receiving benefits	185	172
Terminated and entitled to, but not yet receiving benefits	196	184
Active employees	215	227
Total participants	596	583

Death Benefits

If the employment of a Participant is terminated by reason of his death prior to the completion of three (3) years of service, no death benefits shall be payable under the Plan. If the employment of a participant is terminated by reason of his death, while in the employment of the Authority after the completion of three (3) years of service or after having terminated with at least three (3) years of service, then a death benefit shall be payable to the participant's surviving spouse equal to the "Pre-Retirement Survivor Annuity". The "Pre-Retirement Survivor's Annuity" means a survivor annuity for the life of the deceased participant's spouse which provides payments to the surviving spouse that are equal to the amounts that would have been paid to the surviving spouse (details provided in Plan Document). If the participant does not have a surviving spouse, no death benefits shall be payable.

RTA Employees Defined Benefit Plan and Trust Notes to Financial Statements

Note 1: DESCRIPTION OF THE PLAN (Continued)

Disability Benefits

Employees determined to be disabled under terms of the Authority's long-term disability program as of June 1, 1999 shall be entitled to benefits under this Plan to the extent the Plan provisions in place on June 1, 1999 provided for such benefits.

Contributions

The Authority shall contribute to the fund from time to time amounts based upon the recommendations of the Plan's actuary, in order to fund the costs of the Plan on an acceptable basis. All employer contributions when made to fund and all property and funds of the fund, including income from investments and from all other sources, shall be retained for the exclusive benefit of participants and their beneficiaries, and shall be used to pay retirement income provided hereunder or to pay expenses of administration of the Plan and the fund.

No contributions shall be required of or permitted by any participants under this plan.

Plan Termination

The Authority, has the right under the Plan to discontinue its contributions at any time and to terminate the Plan.

Tax Qualifications

The Plan is a tax qualified plan under IRS Code Section 401(a).

Funding Policy

The employer shall establish a funding policy and method consistent with the Plan objectives in order that the long range and short range financial needs of the Plan may be determined and communicated to the Board.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. 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.

RTA Employees Defined Benefit Plan and Trust Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Method Used to Value Investments

The assets of the Plan are invested in various fixed income, equity and short-term money market funds managed by a trustee. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Plan. Investments are reported at their fair market value as determined by the trustee. Investments in mutual funds are valued based on most recent quoted market prices.

Investment Income

Dividend income is recognized based on the dividend date and interest income is recognized on the accrual basis as earned. Fair value changes are recorded as investment income or loss. Purchases and sales of investments are recorded as of the trade date.

Investment Valuation and Income Recognition

The Plan's investments are stated at market value, unless otherwise indicated. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for further information and related disclosures regarding the Plan's investments. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) in the fair value of investments includes realized gains or losses and unrealized appreciation or depreciation on investments bought and sold as well as held during the year. Gains and losses on the sale of investments in registered investment company funds are computed using the weighted average cost method.

Risk and Uncertainties

The Plan may invest in various types of investment securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of fiduciary net position.

RTA Employees Defined Benefit Plan and Trust Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions processes, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Payment of Benefits

Benefit payments are recognized as expenses when due and payable in accordance with the terms of the Plan.

Administrative Expenses

The employer may pay all expenses incurred in the administration of the Plan, including expenses and fees of the Trustee, but it shall not be obligated to do so; except that any such expenses and fees not paid by the employer shall be paid from the Plan. All expenses not paid by the employer and all other proper charges and disbursements of the Trustee, including taxes of any kind which may be levied or assessed under existing or future laws upon or in respect to the Fund or the Trust created hereby, shall be paid by the Trustee out of, and shall constitute a first charge upon, the Fund. In addition, certain investment related expenses are included in the net appreciation of fair value of investments presented in the accompanying *Statement of Changes in Fiduciary Net Position*.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 19, 2020. See Note 8 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 3: CHANGES OF ASSUMPTIONS

The assumed interest (or discount) rate was decreased from 7.40% to 7.30% per annum. The mortality basis was changed from the RP-2017 Blue Collar Generational Mortality table with Improvement Scale MP-2018 to the RP-2014 Blue Collar Generational Mortality table with Improvement Sale MP-2019.

RTA Employees Defined Benefit Plan and Trust Notes to Financial Statements

Note 4: INVESTMENTS

Investments at December 31, 2019 and 2018 consist of the following mutual funds, which are stated at fair value:

	2019	2018
Money market fund:		
Wells Fargo Short Term Investment Fund F	\$ 905,128	\$ 1,039,372
Total money market fund	905,128	1,039,372
Mutual funds:		
Fixed income:		
Metropolitan West Total Return Bond Fund Class I	3,267,295	2,701,425
Total fixed income	3,267,295	2,701,425
International equity:		
Acadian Emerging Markets Portfolio Class Inst	873,054	666,821
American Funds Europacific Growth	1,758,498	1,361,263
Invesco Oppenheimer Developing	884,955	-
Oppenheimer Developing Markets Fund Class I	-	678,564
Total international equity	3,516,507	2,706,648
Commodity:		
Alps/Corecommodity Mgmt Complete Comm Strat Fund CI I	1,091,871	836,556
Total commodity	1,091,871	836,556
Real Estate:		
Vanguard REIT ETF	994,430	817,213
Total real estate	994,430	817,213
Total mutual funds	8,870,103	7,061,842
Collective investment funds:		
Domestic equity:		
Wells Fargo Multi-Manager Small Cap CIT F	3,904,687	3,069,349
Wells Fargo Blackrock S&P Midcap Index CIT F	4,331,665	3,400,961
Wells Fargo Blackrock S&P 500 Index CIT F	4,407,935	3,392,146
Wells Fargo MFS Value CIT F	1,310,502	1,017,448
Wells Fargo T Rowe Price Instit Equity Income Managed CIT F	873,304	677,674
Wells Fargo T Rowe Price Instit Large-Cap Growth Managed CIT F	1,350,986	1,018,995
Wells Fargo Voya Large Cap Growth CIT F	892,523	679,054
Total domestic equity	17,071,602	13,255,627
Fixed income:		
Wells Fargo Core Bond Fund	6,128,610	5,076,577
Wells Fargo Dodge & Cox Intermediate Bond CIT F	2,873,258	2,366,531
Wells Fargo Federated Total Return Bond CIT F	3,286,199	2,707,096
Total fixed income	12,288,067	10,150,204
International equity:		
Wells Fargo Causeway International Value CIT F	1,752,958	1,366,754
Wells Fargo Lazard International Equity CIT F	1,280,781	1,025,165
Total international equity	3,033,739	2,391,919
Total collective investment funds	32,393,408	25,797,750
Total investments	\$ 42,168,639	\$ 33,898,964

RTA Employees Defined Benefit Plan and Trust Notes to Financial Statements

Note 4: INVESTMENTS (Continued)

Fair Value Measurements

GASB 72, Fair Value Measurements and Application, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 inputs to the valuation methodology is unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 inputs to the valuation methodology are inputs that are unobservable and significant to the fair value measurement.

Valuation Methodology

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019.

Level 1 Fair Value Measurements

The fair value of mutual funds is based on quoted net asset values of the shares held by the Plan at the end of the year. Accounts are based on available quoted market prices.

Level 2 Fair Value Measurements

The fair value of certain units of Collective Investment Funds is based on significant other observable inputs. Underlying investments include securities, government and agency obligations, and fixed income securities. Securities traded on security exchanges are valued at closing market prices on the valuation date. Securities traded in the over-the-counter market are valued at the last sale on the valuation date, if any, otherwise at the last reported bid price. Government and agency obligations are valued based upon the most recent bid quotation for identical or similar obligations.

RTA Employees Defined Benefit Plan and Trust Notes to Financial Statements

Note 4: INVESTMENTS (Continued)

Fixed income securities are valued based upon the most recent bid quotation obtained from major market makers or security exchanges. The fair value of the collective trust fund is the respective net asset values reported by the fund daily.

The preceding valuation methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following presents the Plan's fair value measurements at December 31, 2019 and 2018 reported by level, within the fair value hierarchy and segregated by entity size or investment objective.

Fair Value Measurements			
	Fair value	Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)
December 31, 2019			
Money market fund	\$ 905,128	\$ 905,128	\$ -
Mutual funds	8,870,103	8,870,103	-
Common/ Collective trust funds	32,393,408	-	32,393,408
Total	\$ 42,168,639	\$ 9,775,231	\$ 32,393,408
December 31, 2018			
Money market fund	\$ 1,039,372	\$ 1,039,372	\$ -
Mutual funds	7,061,842	7,061,842	-
Common/ Collective trust funds	25,797,750	-	25,797,750
Total	\$ 33,898,964	\$ 8,101,214	\$ 25,797,750

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. As market interest rates rise, the fair value of an investment held decreased. The Plan's current Investment Policy does not specifically address interest rate risk. The Plan does, however, monitor exposure using the "Segmented Time Distribution" method.

RTA Employees Defined Benefit Plan and Trust Notes to Financial Statements

Note 4: INVESTMENTS (Continued)

The following is a list of fixed income investments and related maturity schedule (in years) as of December 31, 2019 and 2018. The Maturity schedule is based on the average maturity of the fund as noted by the fund manager.

Investment Type	Fair Value	Less than			
		1 year	1 - 5 years	5- 10 years	10 + years
December 31, 2019					
Collective Investment Funds:					
Fixed Income					
WF Core Bond Fund	\$ 6,128,610	\$ 61,286	\$ 3,861,024	\$ 1,225,722	\$ 980,578
WF Dodge & Cox Intermediate Bond Fund	2,873,258	86,198	1,494,094	689,582	603,384
WF Federated Total Return Bond Fund	3,286,199	131,448	690,102	98,586	1,413,066
Total	\$ 12,288,067	\$ 278,932	\$ 6,045,220	\$ 2,013,890	\$ 2,997,027

December 31, 2018					
Collective Investment Funds:					
Fixed Income					
WF Core Bond Fund	\$ 5,076,577	\$ 50,766	\$ 2,182,928	\$ 2,233,694	\$ 609,189
WF Dodge & Cox Intermediate Bond Fund	2,366,531	23,665	757,290	1,230,596	354,980
WF Federated Total Return Bond Fund	2,707,096	81,213	568,490	81,213	1,055,767
Total	\$ 10,150,204	\$ 155,644	\$ 3,508,708	\$ 3,545,503	\$ 2,019,936

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Plan. The Plan's investment policy addresses general provisions relating to common stocks where limits are established on percentage of investing in a particular stock. The policy also stresses high quality and reasonable diversification of fixed income investments with portfolio holdings concentrated in securities rated A or better, limiting 10% of holdings invested in issues rated below BBB, only with management approval.

RTA Employees Defined Benefit Plan and Trust Notes to Financial Statements

Note 4: INVESTMENTS (Continued)

Custodial Credit Risk

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by counterparty, or counterparty's trust department or agent but not in the government's name. This is the risk that in the event of bank or investment failure, the Plan's deposits or investments may not be returned. The Plan's investment policy does not specifically address custodial credit risk; however, all of Defined Benefits' deposits and investments are in the name of the Plan and Trust. As of December 31, 2019 and 2018, the Plan's deposits or investments exposed to custodial credit risk are minimal.

Concentration of Credit Risk

This is the risk of investing predominately in any one type of investment or entity. The Plan recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The Plan's adopted investment policy established 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. Per the policy, no equity holding may exceed 5% of the outstanding voting shares of the issuing corporation. Likewise, regarding fixed income investments, not more than 5% of the market value of the total portfolio may be invested in the debt securities of any one company. As of December 31, 2019 and 2018 there were no exceptions to these policy limits.

The following is the Plan's adopted asset allocation ranges as of December 31, 2019:

	Target %	Maximum %	Minimum %	Benchmark
Cash	2%	3%	0%	Treasury Bill Equivalent
Equities	60%	70%	50%	S & P 500
Fixed Income	38%	50%	27%	Barclays Capital Aggregate

Rate of Return

The portfolio is expected to produce a compounded annual absolute return over a market cycle of at least 7.5%. For the year ended December 31, 2019 and 2018, the annual dollar-weighted rate of return on the Plan's investments, net of pension plan investment income, was 18.98 and -5.40 percent, respectively. The dollar-weighted rate of return demonstrates that the present value of future cash flows plus the final market value of investments equal the current market price of investment.

RTA Employees Defined Benefit Plan and Trust Notes to Financial Statements

Note 4: INVESTMENTS (Continued)

The Plan's fixed income investments are rated based on the average quality of the fixed income investments as noted below:

	WF Core Bond Fund CIT F	WF Dodge & Cox Intermed Bond CIT F	WF Federated Total Return Bond CIT F	Total
December 31, 2019				
Cash	\$ -	\$ 28,733	\$ 32,862	\$ 61,595
U.S. Treasury	-	201,128	-	201,128
U.S. Agency	-	1,235,501	-	1,235,501
AAA	4,167,455	172,395	1,643,100	5,982,950
AA	122,572	57,465	98,586	278,623
A	735,433	201,128	427,206	1,363,767
BBB	980,578	747,047	722,964	2,450,588
BB and Below	122,572	229,861	361,482	713,915
Total	\$ 6,128,610	\$ 2,873,258	\$ 3,286,199	\$ 12,288,067
December 31, 2018				
Cash	\$ -	\$ 23,665	\$ 27,071	\$ 50,736
U.S. Treasury	-	236,653	-	236,653
U.S. Agency	-	899,282	-	899,282
AAA	3,756,667	141,992	1,272,335	5,170,994
AA	152,297	23,665	54,142	230,104
A	304,595	141,992	297,780	744,367
BBB	812,252	733,625	649,703	2,195,580
BB and Below	50,766	165,657	297,781	514,204
Other	-	-	108,284	108,284
Total	\$ 5,076,577	\$ 2,366,531	\$ 2,707,096	\$ 10,150,204

RTA Employees Defined Benefit Plan and Trust Notes to Financial Statements

Note 5: NET PENSION LIABILITY

The Net Pension Liability is measured as the Total Pension Liability, less the amount of the Plan's Fiduciary Net Position. In actuarial terms, this will be the accrued liability less the market value of assets. The components of the Plan's Net Pension Liability as of December 31, 2019 and 2018 are as follows:

	2019	2018
Total pension liability	\$ 44,625,498	\$ 40,368,820
Plan fiduciary net position	42,170,049	33,900,178
Net pension liability	\$ 2,455,449	\$ 6,468,642

Plan fiduciary net position as a percentage of the total pension liability	94.50%	83.98%
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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial cost method	Entry age normal
Inflation	2.25%
Salary increases	3.50%
Mortality	RP-2014 Blue Collar Generational Mortality table with Improvement Scale MP-2019
Ad hoc post- employment benefits	Not applicable

Long-Term Expected Rate of Plan Returns

The long-term expected rate of return on Plan investments was determined considering historical performance and using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

RTA Employees Defined Benefit Plan and Trust Notes to Financial Statements

Note 5: NET PENSION LIABILITY (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity - Large Cap	20%	5.20%
Domestic Equity - Mid Cap	10%	6.00%
Domestic Equity - Small Cap	10%	6.30%
International Equity	15%	5.20%
Fixed Income	38%	1.30%
Domestic Real Estate	2.5%	4.30%
Commodities	2.5%	2.20%
Cash	2%	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.3%. Pursuant to Paragraph 43 of GASB No. 67, an alternative analysis was performed to compare the Plan's net fiduciary position to projected benefit payments.

1. The Normal Cost represents the annual cost of providing an additional year of pension benefits for active participants.
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. The Authority'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 that the Authority 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 7.3%.

RTA Employees Defined Benefit Plan and Trust Notes to Financial Statements

Note 5: NET PENSION LIABILITY (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the Plan, calculated using the discount rate of 7.3%, as well as what the Plan's Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.3%) or 1-percentage point higher (8.3%) than the current rate:

	1% Decrease 6.30%	Current Discount Rate 7.30%	1% Increase 8.30%
Net pension liability	\$ 7,723,454	\$ 2,455,449	\$ (1,951,023)

Note 6: PLAN TERMINATION

Although it has not expressed any intention to do so, the Authority expressly reserves the right under the Plan to terminate or partially terminate the Plan and its contributions thereunder at any time subject to the provisions set forth in Section 7 of the Plan and by giving written notice of such termination or discontinuation of its contribution to the Trustee. In the event the Plan terminates, or partially terminates, the present value of the benefits shall be determined as of the Plan termination date and the assets of the Trust Fund shall be allocated to the extent they shall be sufficient, after providing for expenses and administration, in the following order:

1. First
 - a. To benefits which are being paid as of three years prior to the date of termination of the Plan, with the amount to be allocated to such benefit, based on the provisions of the Plan in effect during the five-year period immediately preceding the date of termination under which such benefit would be least.
 - b. To benefits which would have been paid as of three years prior to the date of termination (i) if the Participant had retired prior to the three-year period and (ii) if his benefits had commenced (in the normal form of annuity under the Plan) as of the beginning of such three-year period, with the amount to be allocated to each such benefit determined under the provisions of the Plan in effect during the five-year period preceding the date of termination under which the benefit would be the least.
2. Second, to all other vested Accrued Benefits as determined under Section 3.05.
3. Third, to all other Accrued Benefits attributable to non-vested participants.

RTA Employees Defined Benefit Plan and Trust Notes to Financial Statements

Note 6: PLAN TERMINATION (Continued)

For purposes of 1.b.i above, the lowest benefit in pay status during a three-year period shall be considered the benefit in pay status for such period.

If the assets available for allocation to any class specified above are insufficient to satisfy in full the benefits of all individuals within that class, the assets shall be allocated pro-rata among such individuals on the basis of present value (as of the termination date) of their respective benefits.

Note 7: TAX STATUS

On April 27, 2017 the Internal Revenue Service (IRS) issued a favorable determination letter stating that the Plan was in compliance with Section 1.401-1(b)(3) of the Code of Federal Regulations.

Note 8: SUBSEQUENT EVENTS

Management of the Plan evaluated all events or transactions that occurred after December 31, 2019 through November 19, 2020, the date the Plan's financial statements were available to be issued.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Plan. The occurrence and extent of such impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all which are uncertain.

REQUIRED SUPPLEMENTARY PLAN INFORMATION

**RTA Employees Defined Benefit Plan and Trust
Schedule of Net Pension Liability
Last 6 Years**

For the Year Ended December 31,	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Pension Liability	Plan Fiduciary Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability (Asset) as a % of Covered Payroll
2019	\$ 44,625,498	\$ 42,170,049	\$ 2,455,449	94.50%	\$ 10,668,048	23.0%
2018	40,368,821	33,900,179	6,468,642	83.98%	10,677,430	60.6%
2017	37,069,237	36,440,324	628,913	98.30%	9,773,977	6.4%
2016	34,966,314	32,583,077	2,383,237	93.18%	9,178,411	26.0%
2015	33,530,870	30,210,461	3,320,409	90.10%	8,818,232	37.7%
2014	31,895,409	31,162,434	732,975	97.70%	7,274,172	10.1%

Note to Schedule:

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to required supplementary information.

RTA Employees Defined Benefit Plan and Trust Schedule of Changes in Net Pension Liability and Related Ratios

<i>For the year ended December 31,</i>	2019	2018*	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 879,904	\$ 1,066,449	\$ 980,740	\$ 941,470	\$ 876,806	\$ 695,517
Interest on total pension liability	2,987,293	2,780,193	2,620,680	2,521,413	2,396,547	2,254,495
Change in excess state money	-	-	-	-	-	-
Changes in benefit terms	-	313,503	-	-	115,478	391,915
Changes between expected and actual experience	1,943,344	(241,238)	335,013	(465,534)	(260,046)	784,295
Changes of assumptions	373,385	1,189,575	-	-	-	-
Contributions - buybacks	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(1,927,249)	(1,808,898)	(1,833,510)	(1,561,905)	(1,493,324)	(1,248,266)
Net change in total pension liability	4,256,677	3,299,584	2,102,923	1,435,444	1,635,461	2,877,956
Total pension liability, beginning	40,368,821	37,069,237	34,965,814	33,530,370	31,894,909	29,016,953
Total pension liability, ending (a)	\$ 44,625,498	\$ 40,368,821	\$ 37,068,737	\$ 34,965,814	\$ 33,530,370	\$ 31,894,909
Plan Fiduciary Net Position						
Contributions - employer	\$ 3,691,087	\$ 1,425,533	\$ 1,383,969	\$ 1,503,736	\$ 985,175	\$ 1,178,498
Investment income net of investment expenses	6,617,918	(2,046,180)	4,409,016	2,523,595	(348,950)	1,706,547
Benefit payments, including refunds of employee contributions	(1,927,249)	(1,808,898)	(1,833,510)	(1,561,905)	(1,493,324)	(1,248,266)
Administrative expenses	(111,886)	(110,600)	(102,228)	(92,810)	(94,874)	(91,465)
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	8,269,870	(2,540,145)	3,857,247	2,372,616	(951,973)	1,545,314
Plan fiduciary net position, beginning	33,900,179	36,440,324	32,583,077	30,210,461	31,162,434	29,617,120
Plan fiduciary net position, ending (b)	\$ 42,170,049	\$ 33,900,179	\$ 36,440,324	\$ 32,583,077	\$ 30,210,461	\$ 31,162,434
Net pension liability, ending = (a) - (b)	\$ 2,455,449	\$ 6,468,642	\$ 628,413	\$ 2,382,737	\$ 3,319,909	\$ 732,475
Plan fiduciary net position as a % of total pension liability	94.50%	83.98%	98.30%	93.19%	90.10%	97.70%
Covered payroll	\$ 10,668,048	\$ 10,677,430	\$ 9,773,977	\$ 9,178,411	\$ 8,818,232	\$ 7,274,172
Net pension liability as a % of covered payroll	23.02%	60.58%	6.43%	25.96%	37.65%	10.07%

Note to Schedule:

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

*Multiple valuations were performed in 2018. The December 31, 2017 valuation was necessary to roll forward the valuation to December 31, 2018, but was not utilized in the financial statements.

See notes to required supplementary information.

**RTA Employees Defined Benefit Plan and Trust
Schedule of Contributions
Last 10 Years**

Year Ended December 31	Actuarially Determined Contribution	Contributions in Relation to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2019	\$ 1,227,724	\$ 3,691,087	\$ (2,463,363)	\$ 10,668,048	34.60%
2018	1,191,087	1,425,533	(234,446)	10,677,430	13.35%
2017	1,399,307	1,383,969	15,338	9,773,977	14.16%
2016	1,468,804	1,503,736	(34,932)	9,178,411	16.38%
2015	983,696	985,175	(1,479)	8,818,232	11.17%
2014	695,517	1,178,498	(482,981)	7,274,172	16.20%
2013	988,534	1,280,330	(291,796)	7,474,445	17.13%
2012	1,125,651	1,125,651	-	7,221,526	15.59%
2011	886,742	1,064,288	(177,546)	7,073,120	15.05%
2010	1,168,423	1,168,423	-	7,246,596	16.12%

See notes to required supplementary information.

**RTA Employees Defined Benefit Plan and Trust
Schedule of Investment Returns
Last 6 Years**

Year Ended December 31	Net Money-Weighted Rate of Return
2019	18.98%
2018	-5.40%
2017	13.12%
2016	8.01%
2015	-1.42%
2014	5.07

Note to Schedule:

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

RTA Employees Defined Benefit Plan and Trust Notes to Required Supplementary Information

Factors that significantly affect trends in amounts reported

For the periods presented, there were no changes of benefit terms or changes in the size or composition of the population covered by the benefit terms which significantly affect trends in the amounts reported. For the December 31, 2019 valuation, the assumed rates of mortality were changed from the RP-2017 Blue Collar Generational Mortality table with Improvement Scale MP-2018 to the RP-2014 Blue Collar Generation Mortality Table with Improvement Scope MP-2019.

Method and assumptions used in calculations of actuarially determined contributions

The following actuarially determined methods and assumptions were used to determine contribution rates reported for the year ended December 31, 2019:

Valuation Date	December 31, 2019	
Actuarial Cost Method	Entry Age Normal Actuarial Cost Method	
Amortization Method	Level Dollar	
Remaining Amortization Period	Average working lifetime of all participants	
Mortality Rate	RP-2014 Blue Collar Generational Mortality table with Improvement Scale MP-2019	
Asset Valuation Method	Fair Market Value based on quoted market prices	
Actuarial Assumptions:		
Investment rate of return	7.30% compounded annually	
Inflation rate	2.25% compounded annually	
Retirement age	Later of age 62 with 7 or more years of employment	
Disability and rate:	None assumed	
Retirement Rates:		
	Age	Retirement Rates
	55-61	20%
	62	35%
	63-64	15%
	65	25%
	66-67	20%
	68-69	50%
	70	100%
Projected salary increases	3.5% per year until the assumed retirement age and 15% in year of retirement to account for non-regular compensation, includes inflation at 2.5%.	
Cost of Living assumption	2.5% per year for participants receiving monthly benefits whose benefits began on or before January 1, 2015.	