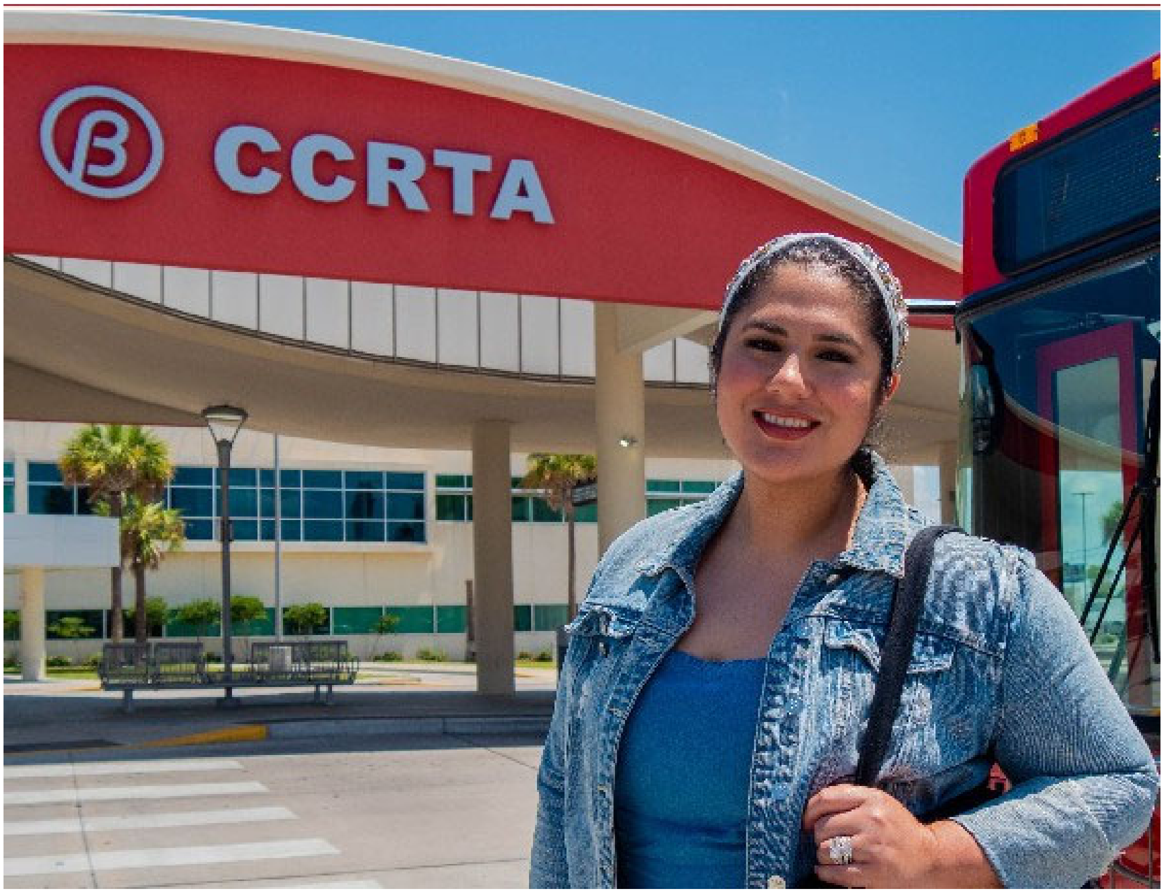
CORPUS CHRISTI REGIONAL
TRANSPORTATION AUTHORITY

Comprehensive Annual Financial Report

Corpus Christi. Texas www.ccrta.org



For the Fiscal Year Ended December 31, 2019

Corpus Christi Regional Transportation Authority
Corpus Christi, Texas

Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2019

Mission Statement

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

Prepared by the Finance Department

2019
Introductory Section

Comprehensive Annual Financial Report

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CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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STATISTICAL SECTION

SINGLE AUDIT SECTION

November 19, 2020

To the Citizens of the CCRTA transit Service Area and the Board of Directors:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Corpus Christi Regional Transportation Authority (Authority) for its fiscal year ended December 31, 2019 on behalf of the board of directors. The CAFR is prepared annually in compliance with the Texas statute and Federal Single Audit Act that requires an annual audit of our basic financial statements. Specifically, Section 451.451, Subchapter J, of the Texas Transportation Code requires our financial statements to be independently audited. In addition, since the Authority receives federal grant funding, there are auditing reporting requirements related to the Single Audit Act (A-133) and the Uniform Guidance 2 CFR § 200 that are applicable to Federal Transit Administration (FTA) recipients. This report is published and respectfully submitted to fulfill these requirements.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal controls established for this purpose. The internal controls are designed to provide reasonable assurance that the financial statements are free of any material misstatements. We believe the data, as presented, is accurate in all material respects and that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Authority in accordance with generally accepted accounting principles (GAAP) for local government units. In addition, the Authority continues to prioritize transparency in all areas of the organization. We strive to be accountable to the citizens of the communities we serve by being good stewards, measuring fiscal performance, and cultivating integrity into all aspects of our culture, operations, and services.

The independent firm of Carr, Riggs & Ingram, LLC., Certified Public Accountants, conducted the audit for the year ended December 31, 2019, and has rendered an unmodified (clean) opinion. Their opinion letters are presented first in the Financial and Single Audit sections of this CAFR.

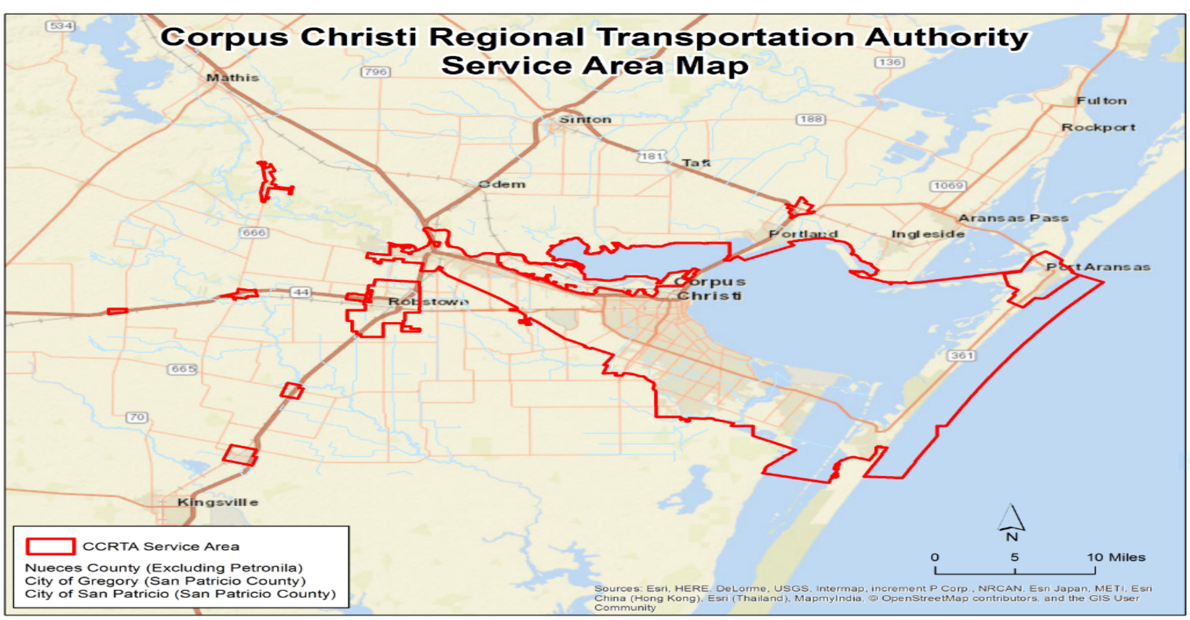
Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE AUTHORITY

The system's legal name is Corpus Christi Regional Transportation Authority (Authority). In June 1984 the Authority was first created by ordinance from the City of Corpus Christi. It operated with a 5-member interim board appointed by the City of Corpus Christi until the confirmation election in August 1985. By majority vote of the taxpayers in Nueces and Patricio counties, voters approved the funding of the Authority through a one-half cent sales tax levied in Corpus Christi and seven other unincorporated areas of Nueces County. Operations commenced 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 coverages includes the cities of Gregory and San Patricio

The total service area is 846 square miles and has an estimated population of 427,840 of which 337,094 or 78.87% is from the Corpus Christi area. A map of the Authority's service area is presented below.



Services

In 2019, the Authority continued their mission to connect the community to the various facets of their lives by providing quality transportation services and mobility options. By delivering frequent and reliable transit the Authority provided 5,249,776 passenger trips on the Authority's buses and vans. With a fleet of 125 buses and 24 vans, the network of 34 fixed routes measuring 6,197,578 service miles and 362,716 system hours provided virtually the only public transportation service available to the communities within the 846 square mile service area.

These services were either provided directly by the Authority or through contractors and include fixed route, paratransit, vanpool, and specialized services. All buses are ADA and Wheelchair compliant. The routes include 5 Express Routes, 2-demand response taxi services and one-on-demand response shuttle which service local and surrounding communities located in two counties includes Corpus Christi, Driscoll, Bishop, Aqua Dulce, Gregory, and San Patricio. Bus routes provided a safe and convenient mode of transportation to students in two college campuses, employees working at the Naval Air Station and parallel door-to-door service for eligible riders with disabilities. 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.

Beyond its bus service, the Authority works in partnership with a car rental company to offer a vanpool program that current utilizes 24 vehicles. The program offers a cost-effective public transit option that has shown 1300% growth since the year before. Participants include employees working in military installations located in the surrounding cities of Kingsville and Corpus Christi in addition to construction firms located in Portland, Texas.

The Authority operates separate facilities for transit operations and vehicle maintenance and for administration, planning and customer service. The Authority maintains in additional to the transit units, 1,343 bus stops, four transfer stations, three park and ride lots and a fleet of 49 support vehicles.

Governance - 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 xiii.

Governance - 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 staffed their operations with 282.50 salaried and hourly positions and with over 100 staff members employed by various contractors. An organizational chart is shown on page xv.

Budget and Initiatives

Texas Transportation Code Section 451.102 requires that transit authorities adopt an annual operating budget before the start of a new 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 that starts in May, 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 without approval from the Board. The CEO may permit movement of funds within the approved budget. If these reallocations are significant, Board approval is obtained. Control of the budget is maintained at the department level with overview responsibility exercised by the Managing Director of Administration. It is the responsibility of each department manager to administer operations in such a manner as to ensure that the use of funds is consistent with the goals and objectives in the strategic plan, and that the department remains within budget.

The major focus of the 2019 was to increase awareness of transit service by building relationships with communities to encourage people to utilize public transportation over more wasteful transit options. In addition, the Authority understands that the travel preferences of the riders require re-defining the transit system to include deploying different levels of automated technology into our fleet to improve service. To accomplish this, an increase in capital investments in areas of technology and innovative transit options are being planned for 2019 along with the construction of a new bus terminal and drivers' facility at the existing Port Ayers Transfer Station.

Adopted budget initiatives for 2019 include a challenging capital budget totaling \$12,774,622 involving fifty (50) projects. Federal grant funding is providing \$7,933,113 with the local matches from the Authority totaling \$4,841,509. Projects include bus stop improvements, rolling stock replacements, equipment replacements, technological enhancements and rolling out an autonomous vehicle program along with the related storage facility and electric charging station.

Bus stop improvements are done annually to maintain 1,343 bus shelters which involve either replacing or refurbishing. In 2019 RTA plans included to revamp all the local school district's high schools' bus shelters by painting them in the schools' colors and emblazoning their logos to promote school spirit showcased with ribbon cutting ceremonies.

During the development of the 2019 Operating Budget, it was estimated that sales tax revenues, which represent approximately 89% of total budgeted income, would increase by 9.03% as a result of the various existing capital investment projects in the area and other economic trends that indicate consumer spending was diversifying, and leading to a labor-force consisting of more skilled, highly-paying jobs. For passenger service, it was assumed that the ridership would remain flat in comparison to the 2018 year-end projections while no changes would occur in staffing levels. For employee compensation, it was assumed that employees would receive a 3 COLA increase. Budgeting assumptions also include a merit raise of up to 3% based on performance.

LOCAL ECONOMY

Corpus Christi, with a population of 337,094, is the largest city on the Texas Coast and home to Naval Air Station Corpus Christi and the Port of Corpus Christi, one of the largest ports in the nation. The military bases, Corpus Christi Army Depot and Naval Air Station-Corpus Christi contribute significantly to the local economy, employing nearly 10,000 workers plus civilians. The healthcare industry significant growth over the years and currently represents the largest non-sector in Corpus Christi. The regional economy is diversified and also includes shipping, fishing, tourism, petrochemical refining, construction, agriculture, government services and higher education. Although ebbs and flows normally are associated with a diversified economy, this varied base tends to add to the relative stability of employment with energy and education being the two of the larges driving forces behind Corpus Christi's economy.

In 2019 Corpus Christi's overall economic condition remained strong and has seen the job market increase by 1.4% over the last year to 4.5%. The rate is slightly lower in Nueces County with the year ending at 4.30% while the state was 3.7%.

The Authority's ability to fund its operations is heavily dependent on a ½-cent sales and use tax generated from its regional economy. In 2019, sales tax revenue represented 89.54% of total income. Over the last five (6) years sales tax revenue to total income has averaged out to 76.80%.

Economic conditions are directly related to year to year fluctuations but another contributing factor includes grants that fund a variety of programs for various capital and operating projects. Sales tax revenues have grown at an annual average of 5.29% over the past eleven years compared to average growth in operating expenses, including depreciation, of 4.40% 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 Tax			Operating Expenses		
2009	$	20,821,573		$	25,809,374	
2010	$	22,891,712	9.94%	$	27,393,841	6.14%
2011	$	26,235,525	14.61%	$	29,679,807	8.34%
2012	$	31,571,834	20.34%	$	30,763,194	3.65%
2013	$	32,064,316	1.56%	$	30,612,610	-0.49%
2014	$	35,188,390	9.74%	$	32,826,981	7.23%
2015	$	34,127,803	-3.01%	$	35,706,374	8.77%
2016	$	31,387,198	-8.03%	$	37,780,626	5.81%
2017	$	32,570,355	3.77%	$	39,108,702	3.52%
2018	$	33,934,640	4.19%	$	43,670,086	11.66%
2019	$	33,878,047	-0.166%	$	39,029,182	-10.63%
	Average Growth		5.29%	Average Growth		4.40%

In 2019 sales tax collections ended the year short by $56,583 or -.17% in comparison to 2018. Up until November 2019 sales tax revenues held steady with a year-over-year growth of $1,106,845 or 3.65%. In December, an audit adjustment decreased the last payment of the year by $1,115,138, causing a YOY negative growth of .17%. Statistics from the sales tax revenue reports showed consumer spending maintained a 5.45% growth each month throughout 2019 before adjustments to sales tax payments were factored in.

The business diversity of the region along with the business climate of the state, has in the past provided an optimistic outlook of sales tax revenues. Investments in capital projects of nearly $30 billion helps keep the economy moving forward. Among the projects is the construction of the new US 181 Harbor Bridge which includes replacement of the existing Harbor Bridge that will include six-lane sections of US 181. Another significant project which is estimated at $10 billion is the construction of the new petroleum cracker plan in the Gregory community. The location of the plant is north of Corpus Christi and is touted to be the world's largest ethane cracker plant. Although 2020 started the year with a pandemic that has slowed the economy, businesses are starting to reemerge and optimize resources to find innovative ways to sell and keep the economy moving forward.

In comparison to 2018, the average fuel price per gallon for diesel decreased in 2019 by 14 cents or 6.95% from $2.0824 to $1.9376. Unleaded fuel however, showed a 30 cent increase or 14.90% in the average cost per gallon from $2.0477 to $2.3530. The decrease in the diesel fuel translated in approximately $22,669 in cost savings. Nearly 45% of the fleet is fueled by diesel while the remaining 55% by CNG. Because fuel costs are volatile and represents a significant cost of operating costs, CCRTA is exploring cost effective mobile options. Professional services are being sought to determine the feasibility of mobility options such as electric buses to provide clean, efficient, cost-effective transportation costs. In addition, more surveys are being conducted to canvas riders and potential riders to determine what factors in 2019 are influencing people's decisions to bike, or drive, or use transit. CCRTA is working on starting a pilot program to test the autonomous transportation on the TAMUCC campus by the end of the 2019.

In response to these volatile costs, in 2012, the Authority began the conversion of its fleet to CNG. The pricing for CNG at the end of 2018 was $0.89 per gallon equivalent as compared to $1.17 in 2017. In 2019 the cost dropped to $0.82 per gallon equivalent. However, with electric fleets at the forefront of a new revolution in mobility, CCRTA is working on various strategic developments to meet the demands and trends of riders.

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, adjusting as needed.

Capital projects that were completed in 2019 include the technological enhancements, engine rebuilds for buses and equipment replacements. In 2019, the Authority expects to continue with its improvements in bus stops in order to expand on ADA services and transit accessibility.

The Authority also intends to seek grant funding as part of its system-wide infrastructure plan which includes three major projects with an estimated project costs of $7.2M. These projects include the rehabilitation of the Port Ayers Transfer Station which is the fastest growing area of Corpus Christi. Technology installations, lighting upgrades, bathroom and stucco replacements are amount the improvement needed to meet the service demands of our riders. The second project is associated with the expansion of a local community college. The population expansion to the south side of Corpus Christi has created the need for another campus. As a result, the Authority plans to design and construct the necessary bus stops and amenities required to meet this need. The third project involves improvements to the bus operations maintenance facility located on Bear Lane.

Offering seasonal services to certain surrounding communities that are still recovering from the devastation left by 2017 Hurricane Harvey is also under consideration. The seasonal services would be opened to the general population to also provide transportation services to employees who have not been able find affordable transportation to get them to work.

The Authority is also exploring and investigating innovative services through technology and strong partnerships. Specifically, CCRTA is looking to route a shuttle within the campus of a local university. The autonomous Pilot Program is planned for the fall 2019. The location chosen will be using a pre-determined route for the testing of the autonomous control systems.

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, 2018. This marked the 15th consecutive year receiving the award for the agency, and the 22nd 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. Saldana
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, 2018

Christopher P. Morrill

Executive Director/CEO

BOARD OF DIRECTORS AND ADMINISTRATION

BOARD OF DIRECTORS

REGIONAL TRANSPORTATION AUTHORITY BOARD OF DIRECTORS

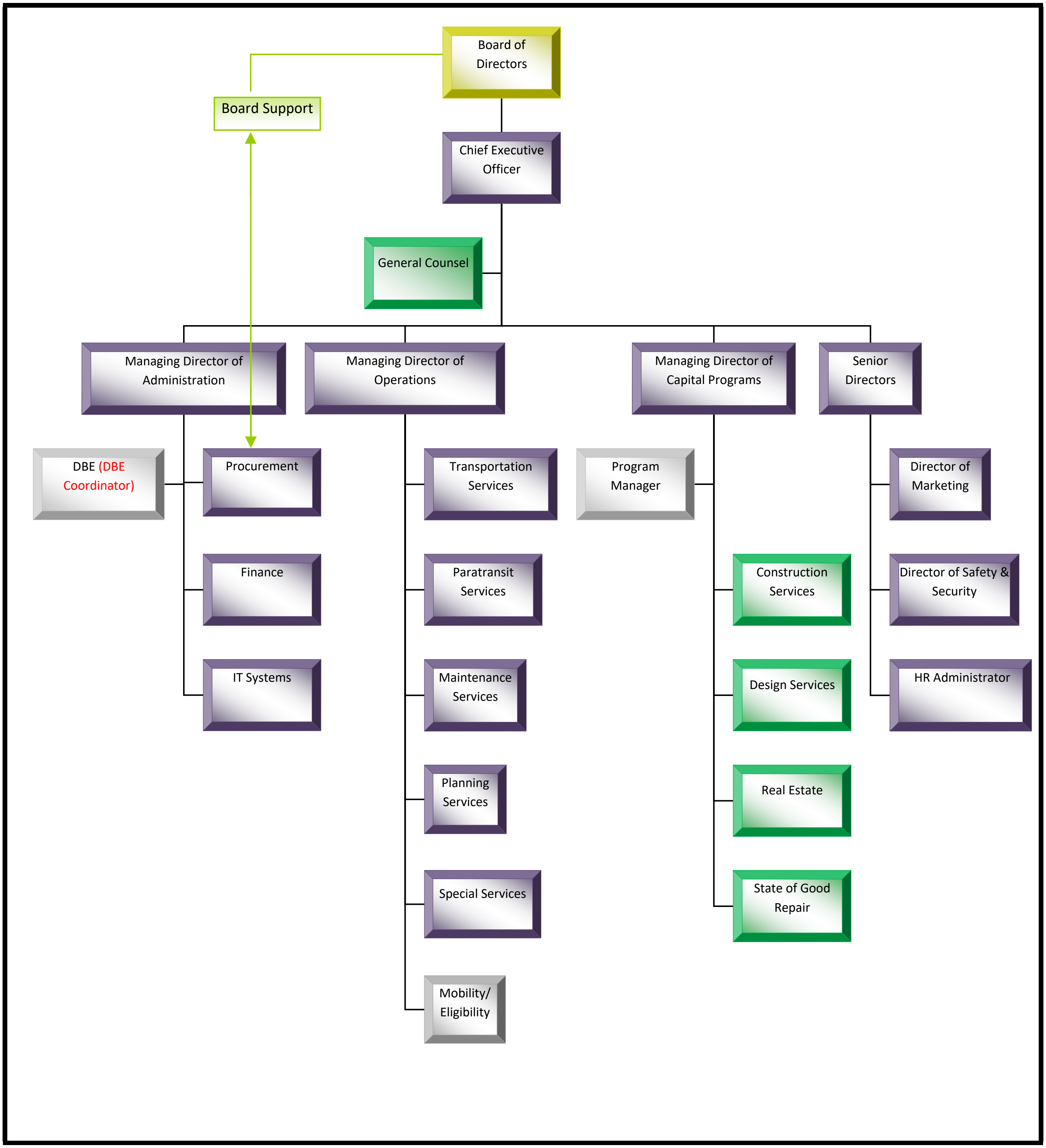
Terms of Office and Board Service

MEMBER	APPOINTMENT	TERM EXPIRATION	BEGAN SERVICE
Edward Martinez *Board Chairman*	RTA Board	January 8, 2022	October 9, 2013
Patricia Dominguez *Board Member*	City of Corpus Christi	June 30, 2022	October 4, 2017
Anne Bauman *Board Member*	City of Corpus Christi	June 30, 2022	December 6, 2017
Philip Skrobarczyk *Board Member*	City of Corpus Christi	June 30, 2022	March 6, 2018
Matt Woolbright *Board Member*	City of Corpus Christi	June 30, 2022	July 11, 2018
Eloy Salazar *Board Member*	City of Corpus Christi	June 30, 2022	July 1, 2020
Dan Leyendecker *Board Secretary*	Nueces County	September 30, 2021	October 14, 2017
Lynn B. Allison *Board Member*	Nueces County	September 30, 2021	October 2, 2019
Anna M. Jimenez *Board Secretary*	Nueces County	September 30, 2021	October 2, 2019
Michael Reeves *Board Vice Chairman*	Committee of Mayors	September 30, 2021	October 9, 2013
Glenn Martin* *Board Member*	Committee of Mayors	September 30, 2021	October 14, 2015

*Previously served for two years from 10-5-2005 to 9-19-2007.

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	**Derrick Majchszak**
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 Marketing	**Rita Patrick**
Director of Planning	**Gordon Robinson**
Director of Procurement & Grants	**Christina Perez**
Director of Safety and Security	**Mike Rendon**
Director of Transportation	**Michael Ledesma**
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

2019
Financial Section

Comprehensive Annual Financial Report

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INDEPENDENT AUDITORS' REPORT

Board of Directors of the
Corpus Christi Regional Transportation Authority
Corpus Christi, Texas

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, 2019 and 2018, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of December 31, 2019 and 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Authority had changes to the actuarial assumptions and methods. As a result of these changes, actuarial computations under Statements No. 67 and No. 68 required the restatement of the 2018 ending net position which decreased by $1,593,536 from the previously reported net position amount of $86,033,144. In addition, as a result of the adoption of GASB Statement No. 75, the beginning net position was restated retrospectively to prior periods resulting in the restatement of the 2018 beginning net position. The 2018 beginning net position decreased by $843,859 from the previously reported net position amount of $95,174,911. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4–18, GASB required supplementary schedules on pages 54-57 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations 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 supplementary information and the schedule of expenditures of federal 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 supplementary information and the schedule of expenditures of federal 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 November 19, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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.

Carr, Riggs & Ingram, L.L.C

Corpus Christi, Texas
November 19, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to the accompanying basis financial statements in the form of Management's Discussion and Analysis (MD&A). 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

- Net position was $81,316,788 at December 31, 2019, a decrease of $3,122,820 from December 31, 2018. Of this decrease $1,611,302 is due to the removal of a cash reserve restricted for debt service that was used for the reduction of bond principal in the November 2019 advance refunding of the Authority's bonds. Other factors that contributed to the decrease in net position is primarily due to the timing of the outlays of capital purchases that occurred in 2020 instead of 2019. (Table 1).

- From the net position of $81,316,788 as of December 31, 2019, the Authority recorded a net investment in capital assets of $55,071,970 and unrestricted assets of $26,244,817. The unrestricted portion represents the amount of funds available that the Authority may use at its discretion or to meet ongoing obligations. The restricted amount for Debt Service of $1,611,302 reflected in 2018 was removed as a result of the advanced refunding of bond issues activities that occurred November 2019. (Table 1).

- Long-term obligations as of December 31, 2019 decreased by $2,488,563 from $26,564,761 in 2018 to $24,076,198 in 2019 due to the $4,013,193 decrease in Net Pension Liability. Included is $19,450,000 in long-term debt, net of current maturities, a $2,455,449 net pension liability, a $970,134 total OPEB obligation, a $269,885 liability in accrued compensated absences and $930,730 in a payback agreement to the State Comptroller. The payback agreement resulted when the December 2019 sales tax payment was decreased by $1.1 million dollars from an audit of a merchant who overstated their sales tax obligations over several years. (Table 1).

- All revenue sources recorded an increase except for sales tax revenue which decreased by $56,594 or 0.17% from $33,878,046 collected in 2019 compared to $33,934,640 in 2018. Investment income recorded an increase with earnings exceeding 2018 by $143,530 or 35.09% while operating revenues which include passenger fares increased by $772,025 or 31.56% in comparison to 2018. Federal operating and capital grant revenue increased by $659,544. (Table 3).

- Operating expenses (excluding depreciation) were $31,027,860 for 2019 compared to $34,738,220 for 2018 a decrease of $3,710,360 or 10.68%. The favorable variance is due to the actuarial plan assumption changes that resulted in the restatement of a pension expense to 2018. The primary factor was the discount rate change from 7.4% to 7.3%.

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, deferred outflows, liabilities, and deferred inflows; 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: Total net position may serve, over time, as a useful indicator of an entity's financial 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, 67.73% 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		
	2019	**2018**	**Change**	**2018**	**2017**	**Change**
Current Assets	$ 36,199,748	$ 33,839,367	$ 2,360,381	$ 33,839,367	$ 34,285,098	$ (445,731)
Restricted Assets	-	1,611,302	(1,611,302)	1,611,302	1,611,302	-
Capital Assets, net	71,849,106	78,370,576	(6,521,470)	78,370,576	86,084,480	(7,713,904)
Total Assets	108,048,854	113,821,245	(5,772,391)	113,821,245	121,980,880	(8,159,635)
Deferred Outflows of Resources	7,619,245	7,487,406	131,839	7,487,406	3,411,606	4,075,800
Total Assets and Deferred Outflows	115,668,099	121,308,651	(5,640,552)	121,308,651	125,392,486	(4,083,835)
Current Liabilities	6,318,349	4,889,440	1,428,909	4,889,440	7,543,197	(2,653,757)
Long-Term Liabilities	24,076,198	26,564,761	(2,488,563)	26,564,761	22,195,204	4,369,557
Total Liabilities	30,394,547	31,454,201	(1,059,654)	31,454,201	29,738,401	1,715,800
Deferred Inflows of Resources	3,956,764	5,414,842	(1,458,078)	5,414,842	479,174	4,935,668
Total Liabilities and Deferred Inflows	34,351,311	36,869,043	(2,517,732)	36,869,043	30,217,575	6,651,468
Invested in Capital Assets	55,071,970	59,125,576	(4,053,606)	59,125,576	66,264,480	(7,138,904)
Restricted for Debt Service	-	1,611,302	(1,611,302)	1,611,302	1,611,302	-
Unrestricted	26,244,818	23,702,730	2,542,088	23,702,730	27,299,129	(3,596,399)
Total Net Position	$ 81,316,788	$ 84,439,608	$ (3,122,820)	$ 84,439,608	$ 95,174,911	$ (10,735,303)

At the close of December 31, 2019, the Authority's net position was $81,316,788. Of the total net position, $55,071,970 or 67.73% represents net investment in capital assets. A significant portion of the Authority's total net position in all years reported is represented by capital assets used to provide public transportation services. The remaining $26,244,871 was unrestricted.

Net position decreased by $3,122,820 in 2019 from the prior year, going from $84,439,608 to $81,316,788. The decrease is due to the $4,053,606 reduction in the amount invested in capital assets that is primarily due to the timing of the capital projects that are scheduled to be completed in 2020. The investment in capital assets represents 67.73% of the total net position in comparison to 70.02% in 2018.

The other contributing factor was the use of the $1,611,302 in restricted funds associated with the refunding of bonds. The new bond contract requires a bond insurance policy that guarantees payment of interest and principal instead of restricting funds to guarantee the annual debt service.

The Authority's total liabilities decreased by $1,059,654 in comparison to 2018. The decrease resulted from the offset in the $2,488,563 reduction in long-term liabilities to the increase of $1,428,909 in total current labilities, producing the favorable variance of $1,059,654. The reduction in long-term liabilities is due to the restatement of pension costs in 2018 due to changes in actuarial plan assumptions while the increase in current liabilities resulted from an increase in all categories with the exception of compensated absences.

The Authority's net position at December 31, 2018 totaled $84,439,608. Of this amount, $59,125,576 or (70.02%) represented the Authority's net investment in capital assets, $1,611,302 was restricted for debt service, and the remaining $23,702,730 was unrestricted. Net position decreased by $10,735,303 from 2017 due to the annual activity and the restatement of pension costs in 2018 associated with the changes in actuarial assumptions. Total Assets and Deferred Outflows decreased by $4,083,835 in 2018 when compared to 2017. Total Liabilities and Deferred Inflows increased by $6,651,468 in 2018 when compared to 2017.

Current Assets: At the end of 2019, the Authority's current assets had increased by $2,360,381 from the end of 2018. The majority of the increase came from two sources. A sales tax refund of $1.1 million was recorded at the end of 2019 when the Authority opted to receive a refund from the lump sum reduction of the December 2019 sales tax adjustment stemming from an audit of a taxpayer covering years 2013 to 2016. The Authority deemed it a significant reduction to cash flow and chose to receive the refund and repay in monthly installments from future sales tax payments.

In addition, a CNG fuel credit of $559,664 was recorded as a result of Congress passing legislation to extend Alternative Fuel Tax Credits that had expired.

In 2019 receivables totaled $7,857,307 while at the end of 2018 receivables totaled $6,558,461 which reflected the overall increase in receivables of $1,298,846. Cash and cash equivalents increased by $5,897,635 while investments decreased by $5,104,906 in comparison to 2018. The decrease in investments resulted from maturity of a Certificate of Deposit that was not redeemed in 2019 due the market uncertainties that required the recommendations of the Authority's Investment Advisor. Inventories increased by $20,999 and prepaid expenses increased by $247,807. 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 2018, the Authority's current assets had decrease by $445,731 from the end of 2017. Investments increased by $78,910 with cash increasing by $531,521 while receivables decreased by $1,059,468. 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 $101,335 while inventories increased by $104,641.

Restricted Assets: At the end of 2019, the Authority held no assets restricted in accordance with bond covenants as a result of the refunding of 2013 Series revenue bonds. At the end of 2018 and 2017, the Authority's restricted assets totaled $1,611,302. These funds were held in reserve in accordance to bond debt covenants.

Capital Assets: As of December 31, 2019, the Authority's overall investment in capital assets (net of accumulated depreciation) totaled $71,849,106, a decrease of $6,521,470 from December 31, 2019. During the year, capital assets totaling $1,466,101 were acquired, and depreciation totaling $7,987,571 decreased the carrying value by $6,521,470. The 2019 capital additions include:

- The construction and refurbishment of multiple new and existing bus stops
- The overhaul of 18 fixed-route bus engines
- The purchase of various equipment for the vehicle maintenance shop
- The purchase of various technology-related upgrades for the Authority and its staff
- The purchase of a replacement for the counting machine used for fare revenue collection
- The purchase of support vehicle

As of December 31, 2018, the Authority's overall investment in capital assets (net of accumulated depreciation) totaled $78,370,576, a decrease of $7,713,904 from December 31, 2017. During the year, capital assets totaling $1,217,962 were acquired, and depreciation totaling $8,931,866 decreased the carrying value to $7,713,904. The 2018 capital additions include:

- The construction of a bus shelter for a local high school
- The purchase of a revenue Genfare Vault
- The purchase of Genfare Server
- The purchases of two (2) Mobile Bus Lifts
- The purchase of one (1) Utility Hauling Trailer
- The purchase of diesel engine diagnostic software
- The purchase of network switches associated with technology enhancements

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

Table 2
Capital Assets

	Federal and Other Funding	Local Funding	Total
At December 31, 2019:			
Capital Assets at Cost	$ 81,525,839	$ 69,209,989	$ 150,735,828
Less: Accumulated Depreciation	57,300,887	21,585,835	78,886,722
Capital Assets, net	$ 24,224,952	$ 47,624,154	$ 71,849,106
At December 31, 2018			
Capital Assets at Cost	$ 76,648,974	$ 72,620,753	$ 149,269,727
Less: Accumulated Depreciation	52,330,172	18,568,979	70,899,151
Capital Assets, net	$ 24,318,802	$ 54,051,774	$ 78,370,576

Liabilities: The Authority's total liabilities as of December 31, 2019 are $30,394,547, a decrease of $1,059,654 from the $31,454,201 in 2018. Of the balance for total liabilities, $6,318,349 is current and customary to the Authority's business operations and $24,076,198 are long-term liabilities. Current liabilities increased by $1,428,909, mainly due to increases in accounts payable, the current portion of long-term debt, sales tax funds due to the Texas State Comptroller, and distributions to regional entities for street improvements. Long-term liabilities decreased by $2,488,563, going from $26,564,761 in 2018, to $24,076,198 in 2019 (see Note 4). The decrease is mostly attributable to the combined effect of obligations from GASB 68 and GASB 75, partially offset by an increase in long-term debt related to bond refunding, as well as sales tax funds due to the Texas State Comptroller. The pension liability from GASB 68 decreased by $4,013,193 from the prior year due to the change in the plan assumptions.

The Authority's total liabilities as of December 31, 2018 are $31,454,201, an increase of $1,715,800 from the $29,738,401 in 2017. Of the balance for total liabilities, $4,889,440 is current and customary to the Authority's business operations and $26,564,761 are long-term liabilities. Current liabilities decreased by $2,653,757, mainly due to decreases in accounts payable and in amounts due to other governmental entities for street improvements Long- term liabilities increased by $4,369,557, going from $22,195,204 in 2017, to $26,564,761. The increase is mostly attributable to the combined effect of obligations from GASB 68 and GASB 75. The pension liability from GASB 68 increased by $4,085,405 from the prior year due to the change in the plan assumptions, while the implementation of GASB 75 resulted in a $114,249 decrease in the OPEB liability which provided a combined increase of $3,971,156 from the prior year balances.

Statement of Revenues, Expenses and Changes in Net Position:

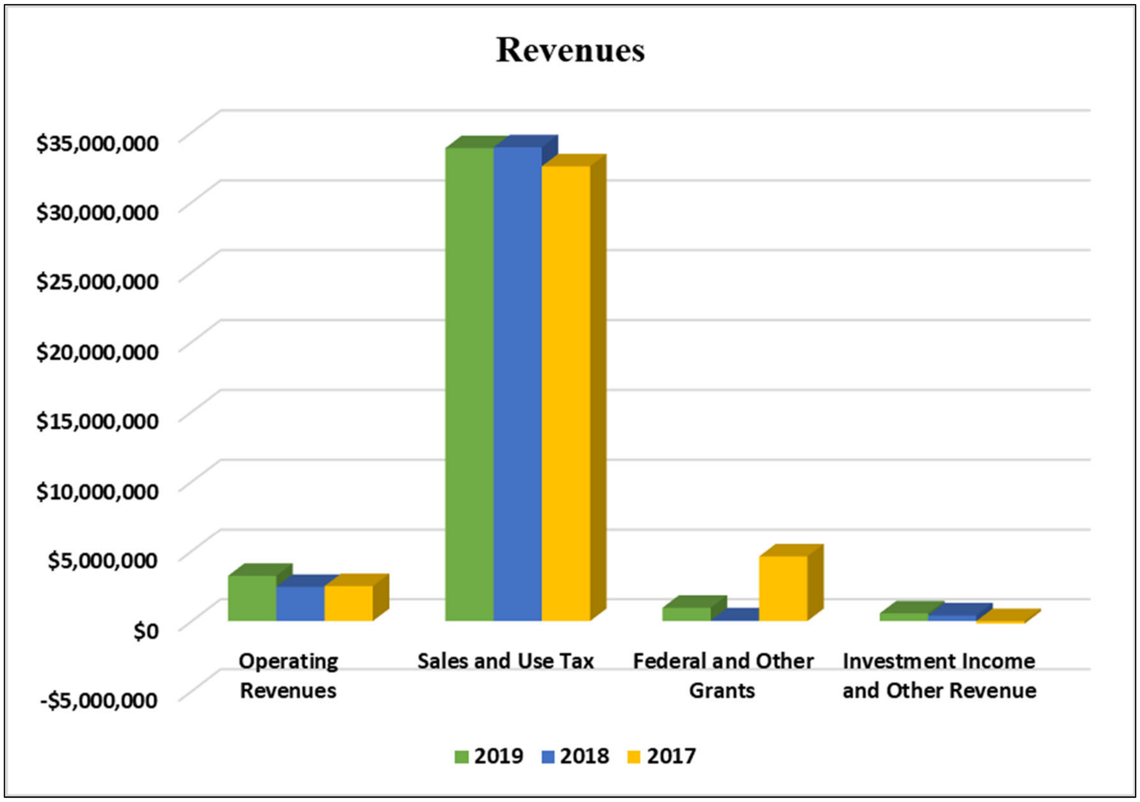
Change in Net position: While the Statement of Net Position focuses on financial position at a point in time, the Statement of Revenues, Expenses, and Changes in Net Position provides further details as to what specific activities took place during the year that led to the changes shown on the Statement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

Table 3
Condensed Summary of Revenues, Expenses, and Changes in Net Position

	At December 31			At December 31		
	2019	2018	Change	2018	2017	Change
Revenues						
Passenger Service	$ 1,857,989	$ 1,688,643	$ 169,346	$ 1,688,643	$ 1,696,742	$ (8,099)
Bus Advertising	149,585	142,555	7,030	142,555	146,452	(3,897)
Other Operating Revenues	1,210,356	614,707	595,649	614,707	659,228	(44,521)
Non-Operating Revenues						
Sales and Use Tax	33,878,046	33,934,640	(56,594)	33,934,640	32,570,355	1,364,285
Federal and Other Grants	954,573	58,410	896,163	58,410	4,618,731	(4,560,321)
Investment Income	552,566	409,036	143,530	409,036	85,535	323,501
Gain/Loss on Property Disposed	-	-	-	-	(269,101)	269,101
Total Revenues	38,603,115	36,847,991	1,755,124	36,847,991	39,507,942	(2,659,951)
Expenses						
Operating Expenses (net of lease revenue)	31,027,860	34,738,220	(3,710,360)	34,738,220	30,836,739	3,901,481
Depreciation	7,987,571	8,931,866	(944,295)	8,931,866	8,271,963	659,903
Distribution - Regional Entities	3,013,317	2,807,222	206,095	2,807,222	3,003,298	(196,076)
Subrecipients	175,456	46,299	129,157	46,299	99,479	(53,180)
Interest and Fiscal Charges	470,038	1,028,997	(558,959)	1,028,997	1,047,287	(18,290)
Total Expenses	42,674,242	47,552,604	(4,878,362)	47,552,604	43,258,766	4,293,838
Net Loss Before Capital Contributions	(4,071,127)	(10,704,613)	6,633,485	(10,704,613)	(3,750,824)	(6,953,789)
Capital Contributions	948,307	1,184,926	(236,619)	1,184,926	12,404,116	(11,219,190)
Change in Net Position	(3,122,820)	(9,519,687)	6,396,867	(9,519,687)	8,653,292	(18,172,979)
Net Position, Beginning of Year, as Restated	84,439,608	93,959,295	(9,519,687)	93,959,295	86,521,619	7,437,676
Net Position, End of Year	$ 81,316,788	$ 84,439,608	$ (3,122,820)	$ 84,439,608	$ 95,174,911	$ (10,735,303)

As shown on the statement of Revenues, Expenses, and Changes in net position, the Authority's net position decreased by $3,122,820 at the close of December 31, 2019. The decrease is partially due to the depreciation expense of $7,987,571, combined with the timing difference of projects planned for 2019 that will be completed in 2020. In other areas, Sales Tax Revenue was mostly flat, with a slight decrease of $56,594 from 2019 to 2018. Revenue gains were realized in Other Operating Revenues as a results of Congress retroactively approving the federal alternative fuels credit to 2018, as well as gains in passenger fare revenues of $169,346, and investment income of $143,530, respectively. Meanwhile, total expenses were down $4,878,362 for 2019 as compared to 2018, with operating expenses leading the way with a decrease of $3,710,360.

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 2019, the Authority's total revenues increased by $1,755,124 going from $36,847,991 in 2018 to $38,603,115 in 2019. The increase is due primarily to the Congressionally-approved federal alternative fuels credit, along with gains in passenger fare revenue and investment income.

In 2018, the Authority's total revenues decreased by $2,659,951 going from $39,507,942 in 2017 to $36,847,991 in 2018. The decrease is due primarily to the funding delay of federal grants that would have been used for preventive maintenance on revenue vehicles.

◆ <u>Operating Revenues</u> include user charges for transportation services, bus bench advertising, onboard advertising and other ancillary operating revenues. For 2019, revenues from operations which represented 8.34% of total revenues, showed an increase of $772,025 from 2018. The increase in passenger fares represented an increase of 10.03% while revenue from bus advertising revenues grew by nearly 4.93% from 2018. For 2018, revenues from operations which represented 6.64% of total revenues, were down $56,517 from 2017. The decrease in passenger fares represented a decrease of 4.77% while revenue from bus advertising revenues came in short of nearly 2.66% from 2017.

◆ 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 2019, sales taxes which represented 87.76% of total revenues, decreased by 0.17% or $56,594. This decrease was realized as part of the outcome of an adjustment by the Texas State Comptroller, which occurred due to a taxpayer's overpayments over the course of multiple years. The Authority chose to repay the Comptroller's office in payments as opposed to a single lump sum.

For 2018, sales taxes which represented 92.09% of total revenues increased by 4.19% or $1,364,285 as compared to 2017. This increase was realized during a time when sales tax revenues were being affected by the delayed filing and tax relief programs associated with the aftermath of Hurricane Harvey. The proportional relationship of sales tax revenue to total revenue increased nearly 10% and is due to the drop in revenues from federal grants.

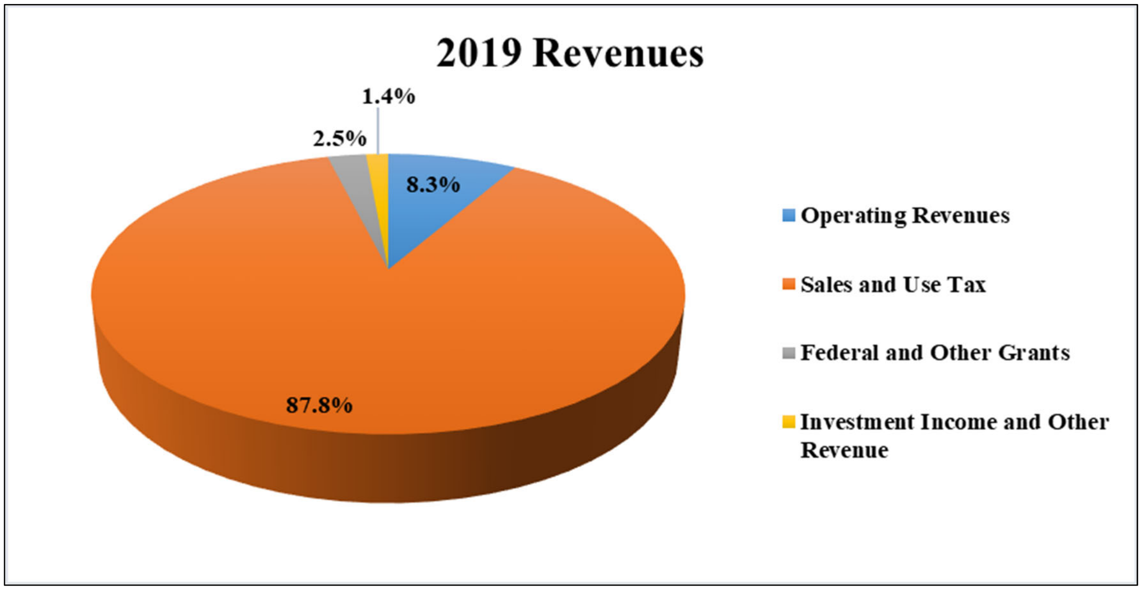
◆ Operating Grant Assistance represents reimbursements to the Authority for preventative maintenance activities, the cost of certain work-related routes and regional mobility coordination, in addition to the FEMA reimbursement related to the Hurricane Harvey. The Authority has the option of utilizing its annual "Formula" grants provided by the Federal Transit Administration (FTA) for operating assistance or to fund capital asset acquisitions.

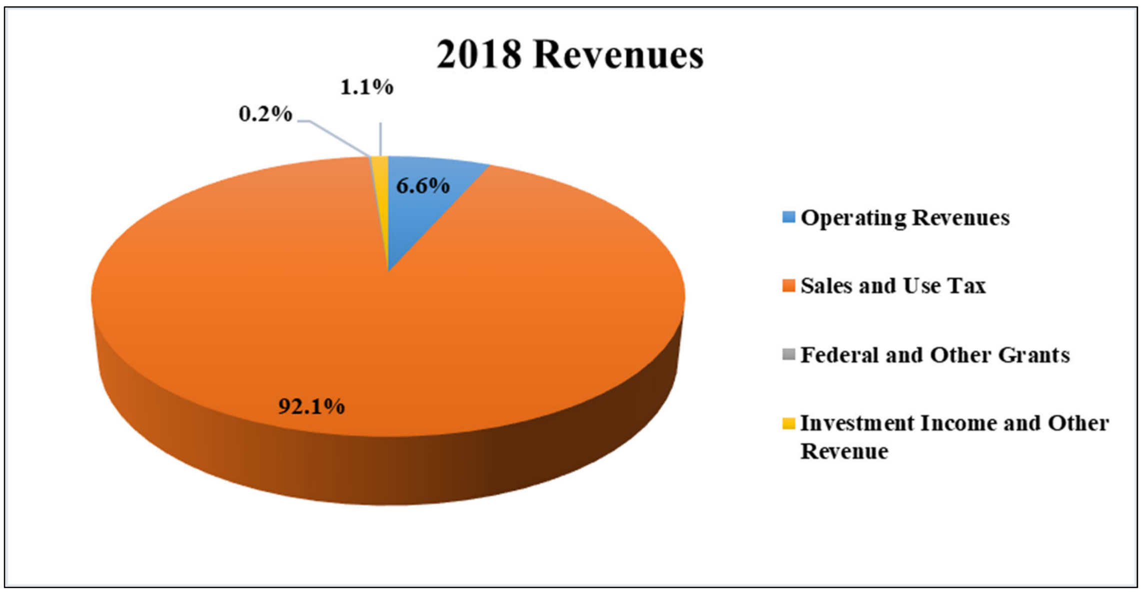
In 2019 the income from federal grant assistance grew by $896,163 from 2018. The increase was related to preventive maintenance funds that were available and utilized in 2019 that were not available in 2018, as well as increased reimbursements from sub-recipient pass-through grants.

In 2018 the income from federal grant assistance was down by $4,560,321 from 2017. The timing delays in receiving federal operating grants caused the significant drop from 2017.

◆ Investment Income is income earned from the Authority's investing activities. Income generated from the portfolio increased by $143,530 or 35.09% from 2018. The increase reflected income from the TexPool accounts as the Federal Reserve continued to reduce its balance sheet and reduce the effects of previous rounds of quantitative easing thanks to stronger market conditions, prior to the Covid-19 pandemic of early 2020.

In 2018, income generated from the portfolio increased $323,501 from 2017. The increase reflected income from the TexPool accounts over twelve full months in 2018 in comparison to two months in 2017 when the accounts were first established.



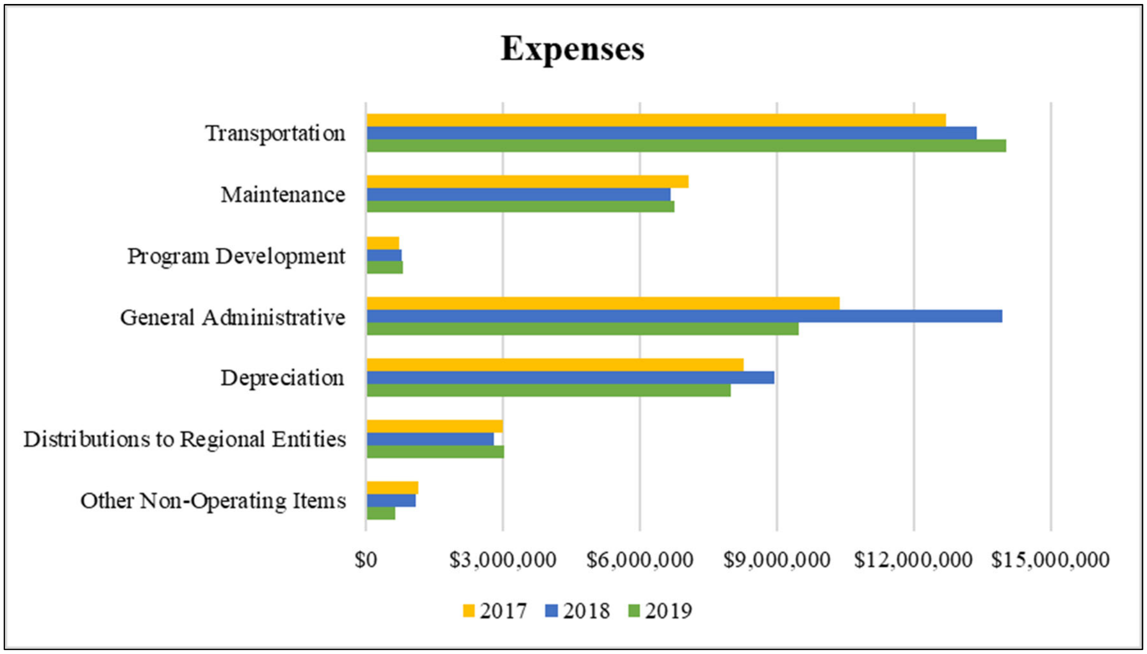


Expenses: The Authority's expenses consist of two types of cost categories; operating expenses and non-operating expenses. Operating expenses are identified as the total cost of providing public transit services including depreciation of capital assets. Included are the costs incurred from directly operated services and those costs incurred from contracted services of a private transportation provider. In the transit industry the contracted service is commonly known as "Purchased Transportation". Operating expenses also include all the indirect cost of planning and program development along with general administrative expenses.

Non-operating expenses involve costs that are not directly associated with core operations but are incurred in the normal course of providing services. Included are distributions to regional entities for the Authority's street improvement program, fiscal and interest charges and payments for grant sub recipient programs.

In 2019, total expenses were $42,674,242, a decrease of $4,878,362 (10.26%) over total expenses of $47,552,604 in 2018.

In 2018, total expenses were $47,552,604, an increase of $4,293,838 (9.93%) over total expenses of $43,258,766 in 2017.



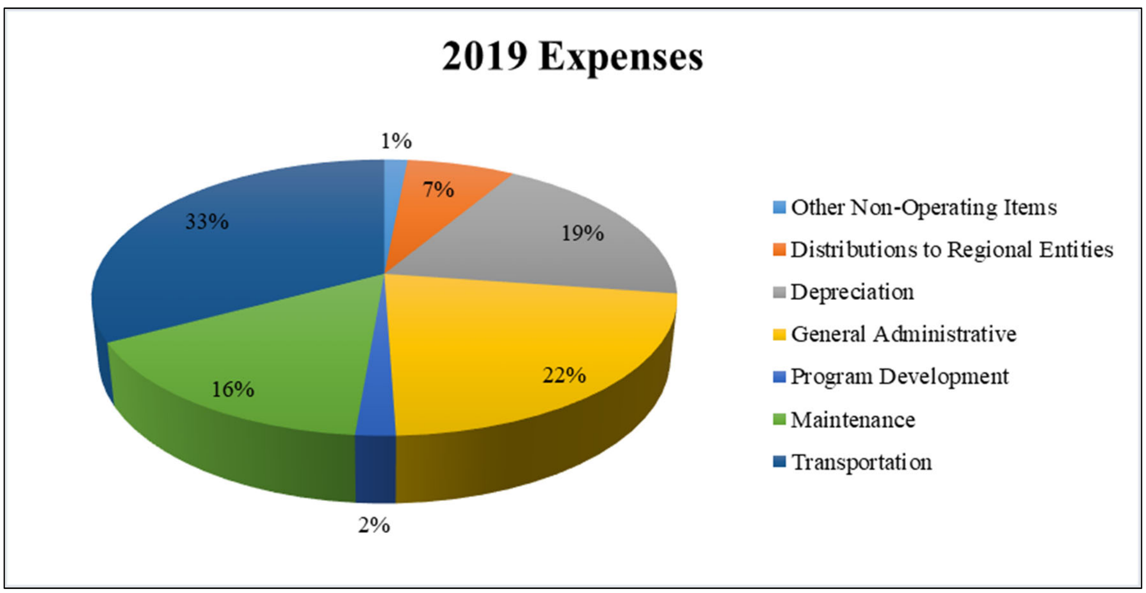
Operating Expenses: The largest component of the Authority's total expenses is operating expenses. These expenses, excluding depreciation expense, account for 72.71% and 73.05% of total expenses in 2019 and 2018, respectively.

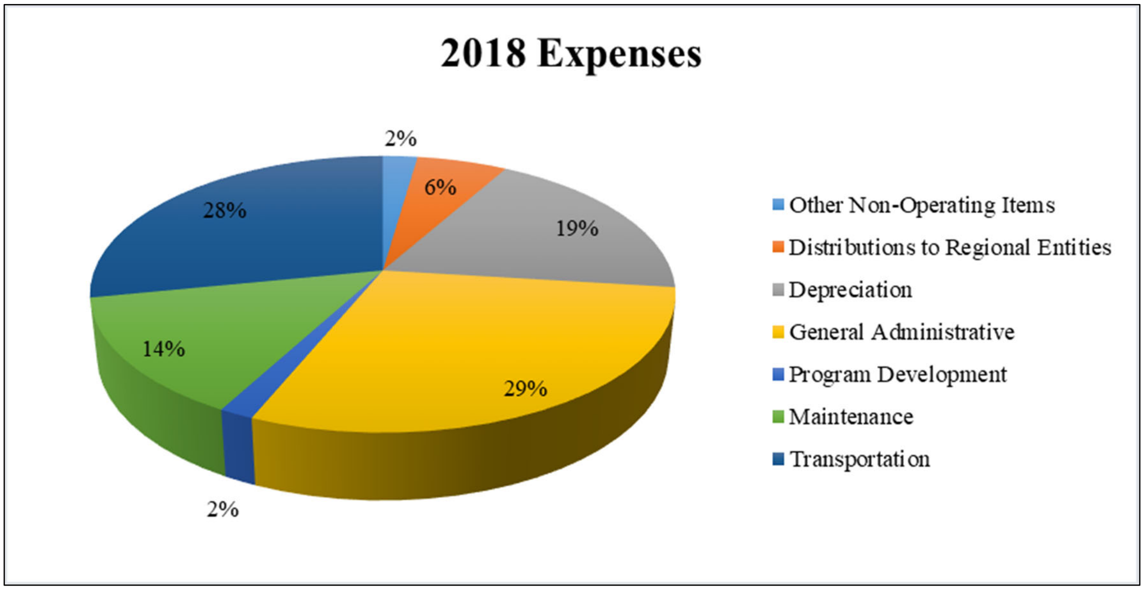
As shown in Table 3, operating expenses decreased by $3,710,360 or 10.68% in 2019. The decrease comes as a result of a decrease in operating expenses associated with pension, due to earnings that beat expectations, partially offset by increased departmental operating costs for Transportation ($415,992), Customer Programs ($37,912), Purchased Transportation ($223,457), Management Information Systems ($59,267), Vehicle and Facilities Maintenance ($88,804), and Marketing ($49,833). Labor shortages in the transportation industry have become prevalent nationwide and the Authority is working on recruiting and compensation solutions to attract and retain bus drivers and other core transit positions.

Other department costs that came in lower than 2018 included Program & Service Development by $15,317, Administrative and General by $3,348,471. The large positive variance for A&G is related to the pensions, as the pension costs are charged to the Human Resources department. Beginning in 2020, the cost of pensions and other fringe benefits are allocated proportionately to all departments.

Meanwhile, operating expenses increased by $3,901,481 or 12.65% in 2018. The increase comes as a result of the implementation of GASB 75 (OPEB) and the change in pension plan assumptions. Additionally, a revised assumption related to pensions was applied retroactive to 2018 that further increased the pension expense. Excluding these items, departmental operating expenses did see a slight decrease in 2018. The decrease is attributed to the savings from several departments which more than covered the increase in the cost of providing purchased transportation services and Van Pool Services. This is a result of higher ridership in demand response services which is better known as Door to Door or Curb to Curb service coupled with increases in overtime cost stemming from bus operator shortages. Labor shortages in the transportation industry has become prevalent nationwide and the Authority is working on recruiting and compensation solutions to attract and retain bus drivers and other core transit positions. There has also been a surge in commuting alternatives such as Van Pool services which have doubled since 2017. This type of service is subsidized by the Authority.

Other department costs came in lower than 2017. Namely: Transportation by $225,826, Customer Programs by $1,052, MIS by $33,526, Vehicle Maintenance by $323,879 Facilities Maintenance by $65,586, Materials Management by $21,036, and Marketing & Communications by $247,031. The decrease in expenses for these departments are attributed to job vacancies, savings from alternative fuel costs from the expansion of CNG fleet and lower energy costs stemming from a new negotiate contract that was placed in early 2018.





Depreciation: Depreciation expense was $944,295 (10.57%) lower in 2019 than 2018 due to multiple assets including buses that were fully-depreciated during or prior to 2019.

Depreciation expense was $659,903 (7.98%) higher in 2018 than 2017 due to depreciation due revenue buses that were acquired in 2017 but were not placed in service until 2018.

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 by a formula used to calculate the allocations for each of the member cities based on the sales tax receipts for a specific period.

In 2019, these costs increased by $206,095 or 7.34% going from $2,807,222 to $3,013,317 and is due to an increase in the budgeted sales tax revenue.

In 2018, these costs decreased by $196,076 or 6.53% going from $3,003,298 to $2,807,222 and is due to a decrease in the 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 2019, the net value of the plans' assets increased by $10,182,228 or 23.40% going from $43,509,077 to $53,691,305. The increase is due to primarily to investment gains that totaled $8,517,253, as well as an additional employer contribution of $2.5 million to the defined benefit plan as part of the Authority's strategy to achieve a fully-funded plan in accordance with recommendations established by the Texas Pension Review Board.

During 2018, the net decrease in value of the plans' asset decreased by $2,829,397 or 6.10% going from $46,338,474 to $43,509,077. The decrease is due to primarily to investment losses that totaled $2,662,976.

During 2017, strong performance in the fixed income markets resulted in a $5,300,379 (12.9%) net increase in value of the plans' assets since the end of 2016. 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 2020, total expenses including depreciation are budgeted at $44,074,028. This represents a 0.63% decrease over the final 2019 budget. Sales Tax Revenue, the authority's largest revenue source, was budgeted at $37,762,468, which represents an increase of 7.54% over the 2019 budget. Sales tax revenue is expected to equal 85.68% of operating expenses in 2020 as opposed to 79.17% in the 2019 budget. Sales tax collections in the first quarter of 2020 reflect a negative growth of 1.09% year-over-year.

While the Coastal Bend regional has not been immune from the effects of the Covid-19 pandemic, the sales tax collections through May 2020 show a cumulative decline of only 3.45%. This demonstrates the resiliency of both the diversified commercial base of the region and of the residents of the region. The large projects such as the replacement of the Harbor Bridge and the ethylene cracker plant in Gregory have faced minimal interruption and continue to bring economic resources to the area.

The 2020 budget is formulated with cautious optimism that sales tax collections would continue the upward trend that was experienced in 2019. The Authority took a conservative approach in its sales tax estimate for 2020 based on economic indicators along with information from various economic sources. While the Covid-19 pandemic has added an element of uncertainty that was not foreseen during the development of the budget, the results thus far do not illustrate a significant impact as originally feared. In addition, the Authority received a $16 million grant from the CARES ACT to help prevent, prepare and respond to the pandemic. In July, the Authority received a $6.6 million reimbursement and plans to drawn down the remaining grant balance before the end of the year.

Fare revenues for 2020 are budgeted at $1,840,710, a decrease of $34,727 or 1.85% over 2019. For the first quarter of 2020, fare revenues fell short of budget by $36,223, or 8.01%, coming largely in response to the Covid-19 pandemic as the Authority began to implement safety measures resulting in the closing of the Staples Street Customer Service Center that halted the sale of bus passes and limiting ridership in order to comply with social distancing mandates.

Operating expenses for the first quarter of 2019, actual expenses came in below budget by $158,936 or 1.66% as service levels started to adjust in response to the COVID-19 pandemic.

The 2020 budget was formulated to include the continuation of maintaining transit assets, optimizing transportation routes and investing in technological solutions that will keep the Authority on top of the eventual possibility of autonomous vehicles to benefit operations in the following areas:

- More frequent and regular services
- First and last mile solution
- Paratransit service
- Reducing operations costs
- Solving driver shortage

Included is the expansion of the existing Port Ayers Transfer Station that will double in size in response to the growth expansion of the area. These projects are included 2020 Capital Budget and are either funded with federal grants on a cost sharing basis, fully funded with local monies or through joint partnerships.

In areas of route optimization, the budget also provides for the expansion of services with contractors. The partnership with MV Transportation has been expanded to include more of the contractor's operators providing fixed route services utilizing the Authority's small Arbor buses previously used primarily for paratransit services. Other outsourcing arrangements include on-demand taxi services that serves the surrounding rural areas.

Other notable factors include a 5% step increase for bus operators and a 2% COLA increase for bus operators not eligible for the 5% step increase and non-operator employees.

During 2019, 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. Passenger fares are currently going through a comprehensive evaluation. The firm of Nelson Nygaard has been contracted to conduct a Fare Equity Analysis. Fare recommendations are currently being considered by management and is expected to go the August Board Meeting. The approval process is highly regulated and is estimated to take 90 days. If approved, the implementation date would be scheduled for January 1, 2020.

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: Marketing Dept., 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

BASIC FINANCIAL STATEMENTS

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statements of Net Position
December 31, 2019 and 2018

	2019	2018 (As Restated)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and Cash Equivalents (Note 2)	$ 27,157,466	$ 21,259,831
Investments (Note 2)	-	5,104,906
Receivables:		
Sales and Use Taxes	6,183,019	6,015,928
Accrued Interest	-	38,377
Federal Government	410,980	258,243
Other	1,263,308	245,913
Inventories	675,774	654,775
Prepaid Expenses	509,201	261,394
Total Current Assets	36,199,748	33,839,367
Non-Current Assets:		
Restricted Cash and Cash Equivalents (Note 2)	-	1,611,302
Capital Assets (Note 3):		
Land	5,381,969	5,381,969
Buildings	53,734,210	53,734,210
Transit Stations, Stops and Pads	24,409,826	23,592,450
Other Improvements	5,525,123	5,525,123
Vehicles, Furniture and Equipment	61,437,834	60,369,148
Construction in Progress	246,866	666,827
Total Capital Assets	150,735,828	149,269,727
Less: Accumulated Depreciation	(78,886,722)	(70,899,151)
Net Capital Assets	71,849,106	78,370,576
Total Non-Current Assets	71,849,106	79,981,878
TOTAL ASSETS	**108,048,854**	**113,821,245**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pensions (Note 5)	4,131,381	7,487,406
Deferred outflow on extinguishment of debt	3,487,864	-
Total Deferred Outflows of Resources	7,619,245	7,487,406
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**115,668,099**	**121,308,651**

See Notes to Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statements of Net Position (continuation)
December 31, 2019 and 2018

	2019	2018 (As Restated)
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities:		
Accounts Payable	$ 705,808	$ 316,287
Current Portion of Long-Term Liabilities (Note 4):		
Long-Term Debt	815,000	595,000
Compensated Absences	276,864	283,472
Sales Tax Audit Funds Due	246,366	-
Distributions to Regional Entities Payable	3,525,322	3,077,888
Other Accrued Liabilities	748,990	616,793
Total Current Liabilities	6,318,349	4,889,440
Long-Term Liabilities, Net of Current Portion (Note 4):		
Long-Term Debt	19,450,000	18,650,000
Compensated Absences	269,885	344,752
Sales Tax Audit Funds Due	930,730	-
Net Pension Liability (Note 5)	2,455,449	6,468,642
Total OPEB Liability (Note 6)	970,134	1,101,367
Total Long-Term Liabilities	24,076,198	26,564,761
TOTAL LIABLILITES	**30,394,547**	**31,454,201**
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pensions (Note 5)	3,956,764	5,414,842
Total Deferred Inflows of Resources	3,956,764	5,414,842
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**34,351,311**	**36,869,043**
Net Position:		
Net Invested in Capital Assets	55,071,970	59,125,576
Restricted for Debt Service	-	1,611,302
Unrestricted	26,244,818	23,702,730
TOTAL NET POSITION	$ **81,316,788**	$ **84,439,608**

See Notes to Financial Statements

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CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statements of Revenues, Expenses, and Changes in Net Position
December 31, 2019 and 2018

	2019	2018 (As Restated)
Operating Revenues		
Passenger Service	$ 1,857,989	$ 1,688,643
Bus Advertising	149,585	142,555
Other Operating Revenues	1,210,356	614,707
Total Operating Revenues	3,217,930	2,445,905
Operating Expenses		
Transportation	7,294,047	6,878,056
Customer Programs	384,487	346,575
Purchased Transportation	6,721,541	6,498,084
Service Development	418,734	434,051
MIS	870,839	811,572
Vehicle Maintenance	4,518,616	4,488,150
Facilities Maintenance (net of lease revenue of $496,476 and $459,518 in 2019 and 2018	2,068,708	2,010,370
Materials Management	149,547	153,113
Administrative and General	8,178,902	12,745,643
Marketing & Communications	422,439	372,606
Depreciation	7,987,571	8,931,866
Total Operating Expenses	39,015,431	43,670,086
Operating Loss	**(35,797,501)**	**(41,224,181)**
Non-Operating Revenues (Expenses):		
Sales and Use Tax Revenue	33,878,046	33,934,640
Federal and Other Grant Assistance	954,573	58,410
Investment Income	552,566	409,036
Subrecipient Programs	(175,456)	(46,299)
Interest Expense and Fiscal Charges	(470,038)	(1,028,997)
Distributions to Regional Entities	(3,013,317)	(2,807,222)
Net Non-Operating Revenues (Expenses)	31,726,374	30,519,568
Net (Loss) Before Capital Contributions	(4,071,127)	(10,704,613)
Capital Contributions	948,307	1,184,926
Change in Net Position	(3,122,820)	(9,519,687)
Net Position, Beginning of Year	84,439,608	95,174,911
Cumulative Effect of Change in Accounting Principle	-	(1,215,616)
Net Position, End of Year	$ **81,316,788**	$ **84,439,608**

See Notes to Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018 (As Restated)
Cash Flows From Operating Activities:		
Cash Received from Customers	$ 1,861,468	$ 1,688,643
Cash Received from Bus Advertising and Other Ancillary	826,877	1,216,780
Cash Payments to Suppliers for Goods and Services	(15,349,300)	(13,128,826)
Cash Payments to Employees for Services	(12,331,470)	(10,843,367)
Cash Payments for Employee Benefits	(7,051,792)	(7,605,509)
Net Cash Used for Operating Activities	(32,044,216)	(28,672,279)
Cash Flows from Non-Capital Financing Activities:		
Sales and Use Taxes Received	34,888,051	33,672,370
Grants and Other Reimbursements	801,836	169,394
Distributions to Subrecipient Programs	(175,456)	(46,299)
Distributions to Region Entities	(1,244,531)	(2,797,647)
Net Cash Provided by Non-Capital Financing Activities	34,269,900	30,997,818
Cash Flows from Capital and Related Financing Activities:		
Federal and Other Grant Assistance	948,307	2,591,906
Retirement of Long-Term Debt	-	(575,000)
Payment to Escrow Agent for Refunded Bonds	(2,686,772)	-
Interest and Fiscal Charges	(430,636)	(1,090,354)
Purchase and Construction of Capital Assets	(1,466,101)	(3,111,702)
Net Cash Used for Capital and Related Financing Activities	(3,635,202)	(2,185,150)
Cash Flows from Investing Activities:		
Investment Income	590,943	391,132
Purchases of Investments	-	(6,134,520)
Maturities and Redemptions of Investments	5,104,907	6,134,520
Net Cash Provided by Non-Capital Financing Activities	5,695,850	391,132
Net Increase in Cash and Cash Equivalents	4,286,333	531,521
Cash and Cash Equivalents (Including Restricted), January 1	22,871,133	22,339,612
Cash and Cash Equivalents (Including Restricted), December 31	$ 27,157,466	$ 22,871,133

See Notes to Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statements of Cash Flows (continuation)
Years Ended December 31, 2019 and 2018

	2019	2018 (As Restated)
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating Loss	$ (35,797,501)	$ (41,224,181)
Adjustments to Reconcile Operating Loss to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	7,987,571	8,931,866
Changes in Assets, Deferred Inflows & Outflows of Resources, and Liabilities:		
Other Receivables	(1,017,395)	(65,690)
Inventories	(20,999)	(104,641)
Prepaid Expenses	(247,807)	101,335
Accounts Payable and Accrued Liabilities	636,113	(2,624,881)
Compensated Absences	(81,475)	78,106
Total OPEB Liability	(131,233)	1,290,534
Deferred Inflows of Resources	(1,458,078)	3,477,590
Deferred Outflows of Resources	3,276,877	(4,211,258)
Net Pension Liability	(4,013,193)	5,678,941
Sales Tax - Audit Funds Due	(1,177,096)	-
Net Cash Used for Operating Activities	$ (32,044,215)	$ (28,672,279)
Non-Cash Investing, Capital and Financing Activities:		
Change in:		
Interest Receivable	$ (38,377)	$ 17,904
Sales and Use Tax Receivable	167,091	262,270
Receivable from Federal Government Capital	168,207	(1,419,483)
Receivable from Federal Government Operating	(15,470)	14,151
Distribution to Regional Entities Payable	447,434	9,575
Accrued Interest Payable	35,247	(1,710)
Deferred Outflows on Extinguishment of Debt	3,487,864	-

See Notes to Financial Statements

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CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statements of Fiduciary Net Position
Years Ended December 31, 2019 and 2018

	2019	2018
ASSETS		
Investments (Note 2)		
Money Market Funds	$ 1,606,953	$ 1,885,327
Debt Mutual Funds	3,722,834	3,183,998
Equity Mutual Funds	48,361,518	38,439,752
	53,691,305	43,509,077
LIABILITIES	-	-
NET POSITION		
Held in Trust for Pension Benefits	$ **53,691,305**	$ **43,509,077**

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2019 and 2018

	2019	2018
Additions:		
Investment Income / (Loss)	$ 8,517,253	$ (2,662,976)
Employee Contributions	1,055,087	1,035,177
Employer Contributions	3,691,087	1,425,533
Total Additions	13,263,427	(202,266)
Deductions:		
Benefits Paid	2,953,966	2,499,825
Administrative Expenses	127,233	127,306
Total Deductions	3,081,199	2,627,131
Increase (Decrease) in Net Position	10,182,228	(2,829,397)
Net Position, January 1	43,509,077	46,338,474
Net Position, December 31	$ **53,691,305**	$ **43,509,077**

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. Policy 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.

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, Bus Stops, Street Pads & Other Improvements	2-15
Improvements other than buildings	2-5
Vehicles	3-12
Furniture & Equipment	2-12

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

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

Deferred Outflows/Inflows: 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. 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.

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 to 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.

Net Position Restatement:

During the year ended December 31, 2019 the Authority had changes to the actuarial assumptions and method with directly affected the prior year amounts.

The actuarial assumptions of a pension plan are directly affected by the discount rate used to calculate the present value of benefit payments and the expected rate of return on plan assets. The changed in mortality tables determined the minimum pension funding requirements which are based on retirees' average life expectancies. As a result of these changes, actuarial computations under Statements No. 67 and No. 68 required the restatement of the 2018 ending net position of the Authority. The effect on the on the net position is as follows:

Net position December 31, 2018 as previously reported	$ 86,033,144
Changes to Actuarial Assumptions GASB 67 and 68	(1,593,536)
Net position December 31, 2018, restated	$ 84,439,608

In addition, as a result of the adoption of GASB Statement No. 75, the beginning net position of the Authority was restated. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* The net OPEB liability was recorded in accordance with GASB Statement No. 75. This change required retrospective application to prior periods resulting in the restatement of the 2018 beginning net position. The effect on the beginning net position is as follows:

Net position January 1, 2018, as previously reported	$ 95,174,911
Removal of GASB 45	371,757
Implementation of GASB 75	(1,215,616)
Net position January 1, 2018, restated	$ 94,331,052

Recent Accounting Pronouncements:

For the year ended December 31, 2019, the Authority implemented the following recent accounting pronouncements:

➢ GASB Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*. In May 2020, GASB issued this statement to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Future Accounting Pronouncements:

GASB Statement No. 83, *Certain Asset Retirement Obligations*. In November 2016, GASB issued this statement to establish recognition and measurement guidance for assets not covered by existing GASB standards. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets shall recognize a liability based on the guidance of this statement. The effective date of this statement for the Authority was postponed by one year by GASB Statement No. 95 to December 31, 2020.

GASB Statement No. 84, *Fiduciary Activities.* In January 2017, GASB issued this statement. The primary objective of this Statement is to improve guidance regarding the identification of fiduciary activities for account and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local government. The types of fiduciary funds that must be reported include:

- Pension (and other employee benefit) trust funds;
- Investment trust funds;
- Private-purpose trust funds; and
- Custodial funds.

The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The effective date of this Statement for the Authority was postponed by one year by GASB Statement No. 95 to December 31, 2020.

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority will implement GASB No. 87 in the year ending December 31, 2020.

GASB Statement No. 88 Certain Disclosures *Related to Debt, including Direct Borrowing and Direct Placements.* In April 2018, GASB issued this statement. It is designed to enhance deb-related disclosures in notes to financial statements and clarifies which liabilities governments should include in their note disclosures related to debt. Statement 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash or (other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Statement 88 requires governments to disclose additional essential debt-related information for all types of debt, including:

- Amounts of unused lines of credit;
- Assets pledged as collateral for debt; and
- Terms specified in debt agreements related to significant: (1) events of default with finance-related consequences, (b) termination events with finance-related consequences, and (c) subjective acceleration clauses.

The effective date of this Statement for the Authority was postponed by one year by GASB Statement No. 95 to December 31, 2020.

GASB Statement No. 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period.* In June, the GASB issued Statement No. 89.

Under current governmental accounting standards, a business-type activity or enterprise fund is required to capitalize interest costs incurred before the end of a construction period as part of the cost of the related capital asset. Under Statement No. 89, interest cost capitalization will no longer be required.

The objective is to simplify reporting and provide comparable information as interest cost does not align with the definition of an asset since it does not possess present service capacity.

In addition, interest cost should not be reported as a deferred outflow since it views interest costs as a current period cost. The effective date of this statement for the Authority was postponed by one year by GASB Statement No. 95 to December 31, 2021.

GASB Statement No. 92, *Omnibus 2020*. In January 2020, GASB issued this statement. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement establishes accounting and reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The effective date of this statement for the Authority was postponed by one year by GASB Statement No. 95 to December 31, 2021.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* In May 2020, GASB issued this statement. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA's). Under this statement, it is recommended that a right-to-use subscription asset – an intangible asset and the corresponding subscription liability be recognized. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. In June 2020, GASB issued this statement. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

The Authority is still evaluating how these pronouncements will affect the financial statements.

(2) Cash, Cash Equivalents, and Investments

As of December 31, 2019, current assets totaling $27,157,466 were held in bank deposits or in the TexPool local government investment pool (LGIP). Certificates of deposit held as of December 31, 2018 were redeemed and not renewed during 2019.

Type	2019	Weighted Average Maturity (Years)	2018	Weighted Average Maturity (Years)
Investments measured at amortized cost				
Certificates of Deposit	$ -	0.00	$ 5,104,906	0.59
Total Investments	-		5,104,906	
Portfolio weighted average maturity		0.00		0.59
Cash and Cash Equivalents				
Deposits in Bank	4,607,878		6,183,079	
TexPool Local Government Investment Pool - Overnight	22,548,238		16,686,664	
Cash Funds	1,350		1,390	
Total Cash and Cash Equivalents	**27,157,466**		**22,871,133**	
Total Cash, Cash Equivalents, and Investments	**$ 27,157,466**		**$ 27,976,039**	

Fair Value Measurements – GASB Statement No. 72, *Fair Value Measurement and Application*, provides the framework 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, 2019, and 2018, 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			
	2019		2018	
	Enterprise Fund	Fiduciary Fund	Enterprise Fund	Fiduciary Fund
Debt Mutual Funds	$ -	$ 3,722,834	$ -	$ 3,183,998
Equity Mutual Funds	-	48,361,518	-	38,439,752
Total	**$ -**	**$ 52,084,352**	**$ -**	**$ 41,623,750**

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, 2019,
- no holding in the portfolio had a maturity date beyond 1 day,
- the dollar weighted average maturity of the portfolio was 1 day.

For the Enterprise Fund as of December 31, 2018,
- no holding in the portfolio had a maturity date beyond 312 days,
- holdings maturing beyond six months represented 10.9% of the total portfolio,
- the dollar weighted average maturity of the portfolio was 39 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, 2019, and 2018 the limits on the various types of authorized investments as a percent of the portfolio were:

Investment Type	Allowable	Actual as of 12/31/2019	Actual as of 12/31/2018
US Treasury Obligations	80.00%	0.00%	0.00%
US Agency Instrumentalities	80.00%	0.00%	0.00%
State Government Obligations	45.00%	0.00%	0.00%
Local Government Obligations	45.00%	0.00%	0.00%
Certificates of Deposit (Depository)	50.00%	0.00%	18.25%
Brokered Certificates of Deposit	30.00%	0.00%	0.00%
Repurchase Agreements	50.00%	0.00%	0.00%
Flex in CIP Funds	100.00%	0.00%	0.00%
Local Government Investment Pools	80.00%	55.88%	59.65%
Money Market Funds / Demand Deposits	100.00%	16.97%	22.10%
Commercial Paper	35.00%	27.15%	0.00%
Bankers Acceptances	20.00%	0.00%	0.00%

Custodial Credit Risk – Deposits and Investments: For deposits, this is the risk that if a bank fails, the Authority may not recover its deposits. The Authority contractually requires that all demand deposits held in the bank overnight and repurchase agreements be fully insured or collateralized at 102% under a written agreement. Collateral is held in safekeeping by an independent third party. At December 31, 2019 and 2018 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, 2019 and 2018, 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, 2019 are as follows:

		Balance at 12/31/2018	Additions / Transfers	Retirements	Balance at 12/31/2019
Assets Not Being Depreciated:					
Land	$	5,381,969	-	-	5,381,969
Construction in Progress		666,827	(419,961)	-	246,866
		6,048,796	(419,961)	-	5,628,835
Assets Being Depreciated					
Buildings		53,734,210	-	-	53,734,210
Transit Stations, Bus Stops, Street Pads & Other Improvements		23,592,450	817,376	-	24,409,826
Improvements other than Buildings		5,525,123	-	-	5,525,123
Vehicles, Furniture and Equipment		60,369,148	1,068,686	-	61,437,834
		143,220,931	1,886,062	-	145,106,993
Total Capital Assets		**149,269,728**	**1,466,101**	**-**	**150,735,828**
Less: Accumulated Depreciation:					
Buildings		14,234,911	1,312,395	-	15,547,306
Transit Stations, Bus Stops, Street Pads & Other Improvements		19,554,594	743,085	-	20,297,679
Improvements other than Buildings		3,314,036	361,724	-	3,675,760
Vehicles, Furniture and Equipment		33,795,610	5,570,367	-	39,365,977
Total Accumulated Depreciation		70,899,151	7,987,571	-	78,886,722
Total Capital Assets, Net	$	**78,370,577**	**(6,521,470)**	**-**	**71,849,106**

Capital asset activities for the year ended December 31, 2018 are as follows:

	Balance at 12/31/2017	Additions / Transfers	Retirements	Balance at 12/31/2018
Assets Not Being Depreciated:				
Land	5,381,969	-	-	5,381,969
Construction in Progress	3,407,006	(2,740,179)	-	666,827
	8,788,975	(2,740,179)	-	6,048,796
Assets Being Depreciated				
Buildings	53,615,679	118,531	-	53,734,210
Transit Stations, Bus Stops, Street Pads & Other Improvements	23,407,608	184,842	-	23,592,450
Improvements other than Buildings	5,442,159	82,964	-	5,525,123
Vehicles, Furniture and Equipment	56,807,562	3,571,803	(10,217)	60,369,148
	139,273,008	3,958,140	(10,217)	143,220,931
Total Capital Assets	**148,061,983**	**1,217,961**	**(10,217)**	**149,269,727**
Less: Accumulated Depreciation:				
Buildings	12,919,217	1,315,695	-	14,234,911
Transit Stations, Bus Stops, Street Pads & Other Improvements	18,655,854	898,740	-	19,554,594
Improvements other than Buildings	2,925,398	388,638	-	3,314,036
Vehicles, Furniture and Equipment	27,477,033	6,328,794	(10,217)	33,795,610
Total Accumulated Depreciation	61,977,502	8,931,867	(10,217)	70,899,151
Total Capital Assets, Net	**$ 86,084,481**	**(7,713,906)**	**-**	**78,370,576**

(4) Long-Term Liabilities:

Change in Long-Term Liabilities

2019	12/31/2018	Additions	Retirements	12/31/2019	Due within One Year
Revenue Bonds	$ 19,245,000	$ -	$ 19,245,000	$ -	$ -
Revenue Refunding Bonds	-	20,265,000	-	20,265,000	815,000
Net Pension Liability	6,468,642	4,256,677	8,269,870	2,455,449	-
Total OPEB Liability	1,101,367	-	131,233	970,134	-
Compensated Absences	628,224	755,286	836,761	546,749	276,864
Sales Tax Audit Funds	-	1,177,096	-	1,177,096	246,366
Total Long-Term Liabilities	$ 27,443,233	$ 26,454,059	$ 28,482,864	$ 25,414,428	$ 1,338,230

2018	12/31/2017	Additions	Retirements	12/31/2018	Due within One Year
Revenue Bonds	$ 19,820,000	$ -	$ 575,000	$ 19,245,000	$ 595,000
Net Pension Liability	628,913	3,299,584	(2,540,145)	6,468,642	-
Total OPEB Liability	371,757	1,215,616	486,006	1,101,367	-
Compensated Absences	550,118	850,137	772,031	628,224	283,472
Total Long-Term Liabilities	$ 21,370,788	$ 5,365,337	$ (707,108)	$ 27,443,233	$ 878,472

Long-Term Debt:

On October 8, 2019, in a historically low interest rate environment, the Authority entered the taxable municipal bond market and successfully refinanced two Series 2013 bond issues. The refinancing decreased the original interest rate from 5.53% to 3.01%, generating interest cost savings of $3,778,208 over a 20-year period. The PV Savings Ratio is 6.31% which well exceeded the Board's minimum threshold of 3.00%, indicating a very healthy and prudent refinancing transaction. The new bond covenants from the Series 2019 bonds allowed the Authority to purchase a reserve fund insurance for $28,183. The one-time insurance policy further allowed the Authority to release an existing cash reserve amount of $1.6 million for the reduction of bond principal.

The Authority recognized deferred outflows of $3,487,864 associated with the extinguishment of the original debt, as well as prepaid insurance and a bond discount to be amortized in the amounts of $79,054 and $139,854, respectively. Additional costs of refunding included fees for bond counsel, credit rating services, and advisory fees totaled $248,442. The issuance of these bonds resulting in a gross debt service savings of $3,778,208 and a net present value savings of $1,214,593 (6.311% of the principal amount of the refunding bonds).

The 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.

The original debt stemmed from the November 20, 2013 issue with a combined debt totaling $22,025,000. The debt consisted of non-taxable revenue bonds, Series 2013 (AMT) in the amount of $11,525,000 and tax-exempt bonds, Series 2013 in the amount of $10,500,000. As of December 31, 2018, all bond proceeds were expanded along with the reconstruction of the existing bus transfer station located adjacent to the new building.

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.

Total debt service requirements as of December 31, 2019 are as follows:

$20,265,000 System Revenue Refunding Bonds Taxable Series 2019			
Years Ending December 31,	**Principal**	**Interest**	**Total Requirements**
2020	$ 815,000	$ 594,767	$ 1,409,767
2021	870,000	537,631	1,407,631
2022	890,000	519,483	1,409,483
2023	905,000	500,980	1,405,980
2024	930,000	481,948	1,411,948
2025-2029	4,975,000	2,073,959	7,048,959
2030-2034	5,670,000	1,368,650	7,038,650
2035-2038	5,210,000	431,593	5,641,593
	$ 20,265,000	$ 6,509,012	$ 26,774,012

Compensated Absences:

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

(5) Retirement Plans

Defined Benefit Plan

For the year ended December 31, 2019, the Authority's Net Pension Liability was measured as of December 31, 2019, and the Total Pension Liability was determined by an actuarial valuation as of that date.

For the year ended December 31, 2018, the Authority's Net Pension Liability was measured as of December 31, 2018, 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. Because the Authority and its employees do not participate in the Social Security system, the Authority maintains the DB Plan which provides a monthly benefit to retirees and surviving spouses, and also includes a disability feature. Unlike Social Security, employees do not contribute to this Plan because it is totally funded by the Authority. Annual contributions are required each year in an amount equal to actuarially fund expected future obligations.

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, December 2014 and July 2016.

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. The current vesting schedule is presented below:

Years of Service	Vested Percentage
Less than 3 years	0%
3 Years	20%
4 Years	40%
5 Years	60%
6 Years	80%
7 or More Years	100%

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. In June 2016, the plan was amended to allow for periodic cost of living adjustments for participants receiving monthly benefits in amounts solely within the discretion of the Board. The plan is not indexed for inflation.

As of January 1, 2019 and 2018, there were 596 and 583 participants respectively in this plan as follows:

	December 31, 2019	December 31, 2018
Retirees or beneficiaries currently receiving payments	185	172
Inactive employees entitled to but not yet receiving benefits	196	184
Active employees	215	227
Total Participants	596	583

Contributions: 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 2019 and 2018 respectively, was 34.6% and 13.35%.

Actuarial Assumptions: The actuarial assumptions that determined the total net pension liability as of December 31, 2019 are as follows:

Valuation Date	*December 31, 2019*
Actuarial Cost Method	*Entry-Age Normal Cost*
Amortization Method	*Level dollar*
Asset Valuation Method	*Fair Market Value*
Actuarial Assumptions:	
Investment rate of return	*7.3%*
Projected Salary Increase	*3.5%*
Mortality Rate	*RP-2014 Blue Collar Generational Mortality Table adjusted to 2006 and projected using scale MP-2019*
Normal Retirement	*First of month after attaining age 62*

Prior Year Actuarial Assumptions: The actuarial assumptions that determined the total net pension liability as of December 31, 2018 are as follows:

Valuation Date	*December 31, 2018*
Actuarial Cost Method	*Entry-Age Normal Cost*
Amortization Method	*Level dollar*
Asset Valuation Method	*Fair Market Value*

Actuarial Assumptions:	
Investment rate of return	*7.4%*
Projected Salary Increase	*3.5%*
Mortality Rate	*RP-2014 Blue Collar Generational Mortality Table adjusted to 2006 and projected using scale MP-2018*
Normal Retirement	*First of month after attaining age 62*

Discount Rate: The discount rate used to determine the total pension liability was 7.3%. 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 UAAL coming as a result of the plan amendment is recognized immediately.
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 7.3%.

Prior Year Discount Rate: The discount rate used to determine the total pension liability was 7.4% for December 31, 2018. 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 7.4%.

Discount Rate Sensitivity Analysis: The following presents the net pension liability, calculated using a discount rate of 7.3%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.3%) or one percentage point higher (8.3%) than the current rate:

	1% Decrease (6.3%)	**Current Discount Rate** (7.3%)	**1% Increase** (8.3%)
December 31, 2019			
Net Pension Liability	$7,723,454	$2,455,449	($1,951,023)

Prior Year Discount Rate Sensitivity Analysis: The following represents the net pension liability, calculated using a discount rate of 7.4%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.4%) or one percentage point higher (8.4%) than the current rate:

	1% Decrease (6.4%)	**Current Discount Rate** (7.4%)	**1% Increase** (8.4%)
December 31, 2018			
Net Pension Liability	$11,204,915	$6,468,642	$2,505,002

Net Pension Liability: The net change in pension liability for the measurement date of December 31, 2019 based on the actuarial date of December 31, 2019 is reflected below:

Change in Net Pension Liability	**Increase/Decrease** Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances as of December 31, 2018	$ 40,368,821	$ 33,900,179	$ 6,468,642
Changes for the Year:			
Service Cost	879,904	-	879,904
Interest on total pension liability	2,987,293	-	2,987,293
Benefit changes	-	-	-
Differences between expected and actual experience	1,943,344	-	1,943,344
Changes of assumptions	373,385	-	373,385
Benefit payments	(1,927,249)	(1,927,249)	-
Contributions - Employer	-	3,691,087	(3,691,087)
Net investment income	-	6,617,918	(6,617,918)
Administrative expenses	-	(111,886)	111,886
Net Changes	4,256,677	8,269,870	(4,013,193)
Balances as of December 31, 2019	$ 44,625,498	$ 42,170,049	$ 2,455,449

The net change in pension liability for the measurement date of December 31, 2018 based on the actuarial date of December 31, 2018 is presented below:

Change in Net Pension Liability	**Increase/Decrease** Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances as of December 31, 2017	$ 37,069,237	$ 36,440,324	$ 628,913
Changes for the Year:			
Service Cost	1,066,449	-	1,066,449
Interest on total pension liability	2,780,193	-	2,780,193
Benefit changes	313,503	-	313,503
Differences between expected and actual experience	(241,238)	-	(241,238)
Changes of assumptions	1,189,575	-	1,189,575
Benefit payments	(1,808,898)	(1,808,898)	-
Contributions - Employer	-	1,425,533	(1,425,533)
Net investment income	-	(2,046,180)	2,046,180
Administrative expenses	-	(110,600)	110,600
Net Changes	3,299,584	(2,540,145)	5,839,729
Balances as of December 31, 2018	$ 40,368,821	$ 33,900,179	$ 6,468,642

For the year ended December 31, 2019, the Authority recognized pension expenses:

Service cost	$	879,904
Interest on total pension liability		2,987,293
Effect of plan change (Changes of benefit terms)		-
Experience losses		818,424
Administrative		111,886
Changes of assumptions		781,480
Current expense of asset loss		298,040
Expected investment returns net of investment expenses (7.3% per Plan)		(2,569,735)
Pension Expense	$	3,307,292

For the year ended December 31, 2018, the Authority recognized pension expenses:

Service cost	$	1,066,449
Interest on total pension liability		2,780,193
Effect of plan change (Changes of benefit terms)		313,503
Experience losses		(218,260)
Administrative		110,600
Changes of assumptions		594,788
Current expense of asset loss		1,223,696
Expected investment returns net of investment expenses (7.3% per Plan)		(2,714,501)
Pension Expense	$	3,156,468

For the year ended December 31, 2019, the Authority recorded deferred outflows of resources related to the pension as follows:

		Deferred Outflows of Resources		**Deferred Inflows of Resources**
Experience losses	$	1,055,426	$	-
Net difference between projected and actual earnings on pension plan investments		186,692		-
Changes of assumptions		2,889,263		3,956,764
Deferred Outflows and Inflows of Resources	**$**	**4,131,381**	**$**	**3,956,764**

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

Year ended 12/31		
2020	$	984,129
2021		(208,493)
2022		181,034
2023		(782,053)
Total	$	174,617

For the year ended December 31, 2018, the Authority recorded deferred outflows of resources related to the pension as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience losses	$ 2,110,851	$ 237,001
Net difference between projected and actual earnings on pension plan investments	968,172	-
Changes of assumptions	4,408,383	5,177,841
Deferred Outflows and Inflows of Resources	**$ 7,487,406**	**$ 5,414,842**

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.

<u>Defined Contribution Plan</u>

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 $10,668,048 in 2019 and $10,677,430 in 2018. Employee contributions were $1,055,087 in 2019 and $1,035,177 in 2018. 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.

(6) Postemployment Benefits Other Than Pensions (OPEB)

General Information about the OPEB Plan

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 Authority indirectly subsidizes the medical insurance premiums paid by retirees, since premiums are calculated with active workers and retirees pooled together. The plan is not accounted for as a fiduciary fund as an irrevocable trust has not been established to fund the plan but rather is funded on a pay-as-you-go basis. 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 2019, $763.63 was the required monthly contribution for retiree family coverage and $293.55 for retiree single coverage. The stated subsidy did not change from 2018. The Authority's contributions are on a pay-as-you-go basis. No assets have been segregated and restricted to provide for postretirement benefits. Retirees must pay the full COBRA rate for dental coverage, so it is not valued in this report.

Benefits Provided: The Authority provides medical, dental, and vision benefits for participating retirees and their dependents. The benefits terms require non-Medicare-eligible retirees pay the monthly "blended" rate in according with the *Funding Policy*.

Employees Covered by Benefit Terms: At December 31, 2019, the following employees were covered by the benefit terms:

	December 31, 2019	December 31, 2018
Inactive employees or beneficiaries currently receiving benefit payments	12	12
Inactive employees entitled to but not yet receiving benefit payments	0	0
Active employees	213	213
	225	225

Total OPEB Liability

The Authority's total OPEB liability of $970,134 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Plan participation	33% of future eligible retirees are assumed to elect the life benefit at retirement.
Marital status	Actual spouse participation and dates of birth were used for retirees. For actives, it was assumed that 30% will cover a spouse, and males were assumed to be 2 years older than female spouses.
Salary increases	3.50% per annum

Discount rate	3.64% S&P Municipal Bond
Healthcare cost trend rates	*Medical*: 7.5% graded uniformly to 6.5% over 3 years and following the Getzen model thereafter to an ultimate rate of 3.94% in the year 2075 *Vision*: 5.0% per annum *Administrative expenses*: 2.5% per annum
Retirees' share of benefit-related costs	*Single Coverage*: $293.55 *Family Coverage*: $763.63

Prior Year Total OPEB Liability

The Authority's total OPEB liability of $1,101,367 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Prior Year Actuarial Assumption: The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Plan participation	33% of future eligible retirees are assumed to elect the life benefit at retirement.
Marital status	Actual spouse participation and dates of birth were used for retirees. For actives, it was assumed that 30% will cover a spouse, and males were assumed to be 2 years older than female spouses.
Salary increases	3.50% per annum
Discount rate	3.64% S&P Municipal Bond
Healthcare cost trend rates	*Medical*: 7.5% graded uniformly to 6.5% over 3 years and following the Getzen model thereafter to an ultimate rate of 3.94% in the year 2075 *Vision*: 5.0% per annum *Administrative expenses*: 2.5% per annum
Retirees' share of benefit-related costs	*Single Coverage*: $293.55 *Family Coverage*: $763.63

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018, compared to the prior Statement No. 45 discount rate of 4.00%

The Mortality Table was updated from table RP-2014 adjusted to 2006 and projected using scale MP-2015 to table RP-2014 adjusted to 2006 and projected using scale MP-2018.

The assumptions, methods, and procedures under Statement No.75 are based on the January 1, 2019 actuarial valuation with measurement dates of December 31, 2018 and December 31, 2019, and reporting dates of December 31, 2018 and December 31, 2019.

All actuarial assumptions are set by the Authority, who is the plan sponsor. Statement No. 75 mandates the use of the Entry Age Normal actuarial funding method for the purposes of the reporting statements.

Although the deviation of the actual future plan experience and the expected experience inherently creates some uncertainty with results reported by the actuarial valuation report, the actuarial assumptions reasonably reflect the expected future experience of the plan.

Changes in the Total OPEB Liability

For the plan year 2019, the Authority recognized changes in Total OPEB liability as follows:

	Total OPEB Liability (a)
Balance at 12/31/2018	$ 1,101,367
Changes for the year:	
Service cost	38,048
Interest	34,073
Benefit payments	(203,354)
Net changes	(131,233)
Balance at 12/31/2019	$ 970,134

For the plan year 2018, the Authority recognized change in Total OPEB liability as follows:

	Total OPEB Liability (a)
Balance at 12/31/2017	$1,215,616
Changes for the year:	
Service cost	36,236
Interest	38,682
Benefit payments	(189,167)
Net changes	(114,249)
Balance at 12/31/2018	$1,101,367

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Authority for plan year 2019, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage power lower (2.64%) or 1-percentage point higher (4.64%) than the current discount rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total OPEB Liability	$1,013,746	$970,134	$929,572

For the plan year 2018, the sensitivity analysis related to changes in the discount rate is as follows:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total OPEB Liability	$1,149,889	$1,101,367	$1,056,425

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Authority for plan year 2019, as well as what the Authority's total OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage power lower (6.5%) or 1-percentage point higher (8.5%) than the current discount rate:

	1% Decrease (6.5%)	Discount Rate (3.64%)	1% Increase (8.5%)
Total OPEB Liability	$921,398	$970,134	$1,022,601

For the plan year 2018, the sensitivity analysis related to changes in healthcare cost trend rates is as follows:

	1% Decrease (6.5%)	Discount Rate (3.64%)	1% Increase (8.5%)
Total OPEB Liability	$1,056,586	$1,101,367	$1,149,504

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the Authority recognized OPEB expense of $72,121.

For the year ended December 31, 2018, the Authority recognized OPEB expense of $74,198.

(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 2019 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, 2017, 2018, and 2019 are as follows:

		Health and Dental Benefits
Balance at 12/31/16	$	361,726
Incurred Claims		3,494,451
Claims Paid		(3,469,313)
Balance at 12/31/17		386,864
Incurred Claims		2,611,495
Claims Paid		(2,759,048)
Balance at 12/31/18		239,311
Incurred Claims		2,141,169
Claims Paid		(2,089,687)
Balance at 12/31/19	$	290,793

(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 2019, the Authority received $948,307 for capital assistance and $954,573 for other projects from the Federal Transportation Administration.

During 2018, the Authority received $1,184,926 for capital assistance and $58,410 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 another federal grant funding received.

(10) Purchased Transportation Services

The Authority had a contract with MV Transportation, Inc. through 2019 to provide paratransit services for elderly and persons with disability and certain fixed route services. Expenses under the contract amounted to $6,246,282 in 2019 and $6,100,832 in 2018. 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 2027.

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		
2020	$	486,015
2021		420,556
2022		384,035
2023		389,043
2024		354,089
Thereafter		516,115
Total	**$**	**2,549,854**

(12) Significant Effects of Subsequent Events

The date to which events occurring after December 31, 2019, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 19, 2020, which is the date on the which the financial statements were available to be issued.

In March 2020, the service area of the Authority began to see the effects of the Covid-19 pandemic. As part of the local emergency response, the Authority made adjustments to service levels, and closed its Staples Street Customer Service Center to the public on March 24, 2020. The impact of the change in service levels, as well as the closing of the customer service center had an adverse impact on fare revenue and the sales of bus passes, as well as facilities rental income. The Authority gradually returned to normal service levels, in conjunction with orders established for the State of Texas by the Office of the Governor, as well as local mandates as specified by the Nueces County Judge.

To assist with the additional costs incurred during the response to the pandemic, the Congress, as part of the CARES Act, allocated federal funds of approximately $16.4 million in emergency relief to the Authority. $1 million of this funding is set aside for the purchase of equipment deemed necessary as part of the Authority's response.

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REQUIRED SUPPLEMENTARY INFORMATION

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SCHEDULE OF CHANGES TO NET PENSION LIABILITY AND RELATED RATIOS:

	Measurement Year					
	2014	**2015**	**2016**	**2017**	**2018**	**2019**
TOTAL PENSION LIABILITY						
Service Cost	$ 695,517	$ 876,806	$ 941,470	$ 980,740	$ 1,066,449	$ 879,904
Interest on Total Pension Liability	2,254,995	2,396,547	2,521,413	2,620,680	2,780,193	2,987,293
Effect of Plan Changes	391,915	115,478	-	-	313,503	-
Difference between expected and actual experience	784,295	(260,046)	(465,534)	335,013	(241,238)	1,943,344
Change of Assumptions	-	-	-	-	1,189,575	373,385
Benefit Payments	(1,248,266)	(1,493,324)	(1,561,905)	(1,833,510)	(1,808,898)	(1,927,249)
Net Change in Total Pension Liability	2,878,456	1,635,461	1,435,444	2,102,923	3,299,584	4,256,677
Total Pension Liability, Beginning	29,016,953	31,895,409	33,530,870	34,966,314	37,069,237	40,368,821
Total Pension Liability, Ending	$ 31,895,409	$ 33,530,870	$ 34,966,314	$ 37,069,237	$ 40,368,821	$ 44,625,498
FIDUCIARY NET POSITION						
Employer Contributions	$ 1,178,498	$ 985,175	$ 1,503,736	$ 1,383,969	$ 1,425,533	$ 3,691,087
Employee Contributions	-	-	-	-	-	-
Investment Income Net of Investtment Expenses	1,706,547	(348,950)	2,523,595	4,409,016	(2,046,180)	6,617,918
Benefit Payments/Contribution Refunds	(1,248,266)	(1,493,324)	(1,561,905)	(1,833,510)	(1,808,898)	(1,927,249)
Administrative Expenses	(91,465)	(94,874)	(92,810)	(102,228)	(110,600)	(111,886)
Net Change in Fiduciary Net Position	$ 1,545,314	$ (951,973)	$ 2,372,616	$ 3,857,247	$ (2,540,145)	$ 8,269,870
Fiduciary Net Position, Beginning	29,617,120	31,162,434	30,210,461	32,583,077	36,440,324	33,900,179
Fiduciary Net Position, Ending	$ 31,162,434	$ 30,210,461	$ 32,583,077	$ 36,440,324	$ 33,900,179	$ 42,170,049
Net Pension Liability	$ 732,975	$ 3,320,409	$ 2,383,237	$ 628,913	$ 6,468,642	$ 2,455,449
Fiduciary Net Position as a Percentage of Total Pension Liability	97.7%	90.1%	93.2%	98.3%	84.0%	94.5%
Annual Covered Payroll	$ 7,274,172	$ 8,818,232	$ 9,178,411	$ 9,773,977	$ 10,677,430	$ 10,668,048
Net Pension Liability as a Percentage of Covered Payroll	10.1%	37.7%	26.0%	6.4%	60.6%	23.0%

**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 68, as amended by GASB Statement 71, was implemented, as well as the subsequent years.*

DEFINED BENEFITS PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

		2010	2011	2012	2013
Actuarially determined contribution	$	1,168,423	886,742	1,125,651	988,534
Contributions in relation to the actuarially determined contribution		1,168,423	1,064,288	1,125,651	1,280,330
Contribution deficiency (excess)	$	-	(177,546)	-	(291,796)
Annual covered payroll	$	7,246,596	7,073,120	7,221,526	7,474,445
Contributions as a percentage of covered payroll		16.1%	15.0%	15.6%	17.1%

Notes to Schedule

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method - Entry Age Normal

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

Remaining Amortization Period 9 Years

Asset Valuation Method - Market Value

Inflation Rate -- NA

Salary Increases - 3.50% Annually

Investment Rate of Return - 7.50% Annually

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

Mortality Rates - RP 2000 Mortality Table

The following changes were made to the actuarial assumptions and methods effective December 31, 2019:

- The mortality improvement scale was changed from MP-2018 to MP-2019.
    - Rationale: Updated mortality tables to better recognize current and future mortality improvements.
- The rate of investment return and discount rate was changed from 7.4% to 7.3%
    - Rationale: To better reflect the Plan's expected long term rate of return

2014	2015	2016	2017	2018	2019
695,517	983,696	1,468,804	1,399,307	1,191,087	1,227,724
1,178,498	985,175	1,503,736	1,383,969	1,425,533	3,691,087
(482,981)	(1,479)	(34,932)	15,338	(234,446)	(2,463,363)
7,274,172	8,818,232	9,178,411	9,773,977	10,677,430	10,668,048
16.2%	11.2%	16.4%	14.2%	13.4%	34.6%

SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

	2018	2019
TOTAL OPEB LIABILITY		
Service Cost	$ 36,236	$ 38,048
Interest	38,682	34,073
Effect of Plan Changes	-	-
Difference between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit Payments	(189,167)	(203,354)
Net Change in Total OPEB Liability	(114,249)	(131,233)
Total OPEB Liability, Beginning	1,215,616	1,101,367
Total OPEB Liability, Ending (a)	$ 1,101,367	$ 970,134
Annual Covered Payroll	$ 11,667,509	$ 12,134,143
Total OPEB Liability as a Percentage of Annual Covered Employee Payroll	9.4%	8.0%

**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 75 was implemented, as well as the subsequent year.*

SUPPLEMENTARY INFORMATION

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Schedule of Revenues and Expenses - Actual and Budget by Function
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Final Budget Versus Actual
Operating Revenues				
Passenger Service	$ 1,875,437	$ 1,875,437	$ 1,857,989	$ (17,448)
Bus Advertising	135,000	135,000	149,585	14,585
Other Operating Revenues	529,167	529,167	1,210,356	681,189
Total Operating Revenues	2,539,604	2,539,604	3,217,930	678,326
Operating Expenses				
Transportation	7,135,538	7,135,538	7,294,047	(158,509)
Customer Programs	385,521	385,521	384,487	1,034
Purchased Transportation	6,464,442	6,464,442	6,721,541	(257,099)
Program & Service Development	437,883	437,883	418,734	19,149
MIS	941,702	941,702	870,839	70,863
Vehicle Maintenance	4,846,441	4,846,441	4,518,616	327,825
Facilities Maintenance (net of lease revenue)	2,920,731	2,920,731	2,068,708	852,023
Materials Management	136,364	136,364	149,547	(13,183)
Administrative & General	12,877,003	12,877,003	8,178,902	4,698,101
Marketing & Communications	583,200	583,200	422,439	160,761
Depreciation	4,287,705	4,287,705	7,987,571	(3,699,866)
Total Operating Expenses	41,016,530	41,016,530	39,015,431	2,001,099
Operating Loss	**(38,476,926)**	**(38,476,926)**	**(35,797,501)**	**2,679,424**
Non-Operating Revenues (Expenses):				
Sales and Use Tax Revenue	35,115,260	35,115,260	33,878,046	(1,237,214)
Federal and Other Grant Assistance	800,000	800,000	954,573	154,573
Investment Income	341,724	341,724	552,566	210,842
Subrecipient Programs	(745,864)	(745,864)	(175,456)	570,408
Interest Expense and Fiscal Charges	(1,605,570)	(1,605,570)	(470,038)	1,135,532
Distributions to Regional Entities	(3,006,967)	(3,006,967)	(3,013,317)	(6,350)
Net Income/(Loss) Before Capital Grant Contributions	**$ (7,578,343)**	**$ (7,578,343)**	**$ (4,071,127)**	**$ 3,507,215**

Note: The budget amounts have been reclassified to agree with the actual reported amounts. The main changes are the Staples Street Center net of related lease income is included in facilities maintenance.

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Combined Statements of Fiduciary Net Position
December 31, 2019, with Comparative Total for December 31, 2018

	2019			2018
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Total	
ASSETS				
Investments (Note 2)				
Money Market Funds	$ 905,128	$ 701,825	$ 1,606,953	$ 1,885,327
Debt Mutual Funds	3,267,295	455,539	3,722,834	3,183,998
Equity Mutual Funds	37,997,626	10,363,892	48,361,518	38,439,752
TOTAL ASSETS	42,170,049	11,521,256	53,691,305	43,509,077
LIABILITIES	-	-	-	-
NET POSITION				
Restricted for Pension Benefits	$ 42,170,049	$ 11,521,256	$ 53,691,305	$ 43,509,077

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Combined Statements of Changes in Fiduciary Net Position
December 31, 2019, with Comparative Total for December 31, 2018

	2019			2018
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Total	
Additions:				
Investment Income (Loss)	$ 6,617,918	$ 1,899,335	$ 8,517,253	$ (2,662,976)
Employee Contributions	-	1,055,087	1,055,087	1,035,177
Employer Contributions	3,691,087	-	3,691,087	1,425,533
Total Additions	10,309,005	2,954,422	13,263,427	(202,266)
Deductions				
Benefits Paid	1,927,249	1,026,717	2,953,966	2,499,825
Administrative Expenses	111,886	15,347	127,233	127,306
Total Deductions	2,039,135	1,042,064	3,081,199	2,627,131
Increase (Decrease) in Net Position	8,269,870	1,912,358	10,182,228	(2,829,397)
Net Position, January 1	33,900,179	9,608,898	43,509,077	46,338,474
Net Position, December 31	$ 42,170,049	$ 11,521,256	$ 53,691,305	$ 43,509,077

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Schedule of Long-Term Debt Amortization
Year Ended December 31, 2019

$20,265,000 System Revenue Refunding Bonds Taxable Series 2019			
Years Ending December 31,	Principal	Interest	Total Requirements
2020	$ 815,000	$ 594,767	$ 1,409,767
2021	870,000	537,631	1,407,631
2022	890,000	519,483	1,409,483
2023	905,000	500,980	1,405,980
2024	930,000	481,948	1,411,948
2025-2029	4,975,000	2,073,959	7,048,959
2030-2034	5,670,000	1,368,650	7,038,650
2035-2038	5,210,000	431,593	5,641,593
	$ 20,265,000	$ 6,509,012	$ 26,774,012

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2019
Statistical Section

Comprehensive Annual Financial Report

ABOUT THE AUTHORITY'S STATISTICAL TABLES

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

Contents **Page**

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

Table 1

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

		2010	2011	2012	2013
Net Investment in Capital Assets	$	35,551,031	35,534,213	43,439,575	48,003,491
Restricted		-		-	1,611,302
Unrestricted		23,900,805	28,172,623	29,843,986	27,852,253
Total	$	59,451,836	63,706,836	73,283,561	77,467,046

2014	2015	2016	2017	2018	2019
49,217,398	66,725,519	59,298,433	66,264,480	59,125,576	55,071,970
1,611,302	1,611,302	1,611,302	1,611,302	1,611,302	-
32,585,594	23,480,692	25,611,884	27,299,129	23,702,730	26,244,818
83,414,294	91,817,513	86,521,619	95,174,911	84,439,608	81,316,788

Table 2

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

		2010	2011	2012	2013
Operating Revenues:					
Passenger Service	$	1,537,772	1,660,782	1,706,528	1,750,624
Other Operating		88,525	152,881	144,710	124,796
Total Operating Revenues		1,626,297	1,813,663	1,851,238	1,875,420
Operating Expenses:					
Transportation		10,619,566	11,764,029	12,718,200	13,146,112
Vehicle/Facilities Maintenance (net of SSC leases)		5,886,849	6,519,067	6,523,062	6,302,512
Program Development		701,064	1,073,506	1,075,444	764,359
Administrative and General		4,983,114	4,444,485	4,923,154	4,627,406
Depreciation		5,203,248	5,878,720	5,523,334	5,772,221
Total Operating Expenses		27,393,841	29,679,807	30,763,194	30,612,610
Operating Loss		(25,767,544)	(27,866,144)	(28,911,956)	(28,737,190)
Non-Operating Revenues (Expenses):					
Sales and Use Tax		22,891,712	26,235,525	31,571,834	32,064,316
Grant Assistance		995,526	2,527,017	3,226,061	1,416,988
Investment Income		100,071	27,860	51,173	62,160
Other Non-Operating Items		8,012	1,733	1,086	(619,579)
Distributions to Region Entities		(1,325,648)	(1,918,020)	(2,154,150)	(2,593,634)
Net Loss before Capital Contributions		(3,097,871)	(992,029)	3,784,048	1,593,061
Capital Contributions		3,106,602	5,247,029	5,792,677	2,590,424
Change in Accounting Principle		-	-	-	-
Total Change in Net Position	$	8,731	4,255,000	9,576,725	4,183,485

2014	2015	2016	2017	2018	2019
1,844,604	1,853,246	1,735,001	1,696,742	1,688,643	1,857,989
335,192	430,401	665,443	805,680	757,262	1,359,941
2,179,796	2,283,647	2,400,444	2,502,422	2,445,905	3,217,930
12,430,929	12,848,302	12,425,999	12,679,008	13,376,140	14,015,588
7,545,219	7,320,683	6,752,337	7,062,134	6,651,633	6,736,871
893,233	1,146,698	1,604,721	1,347,294	1,153,232	1,225,660
6,683,788	7,797,745	9,455,657	9,748,303	13,557,215	9,049,741
5,273,812	6,592,946	7,541,912	8,271,963	8,931,866	7,987,571
32,826,981	35,706,374	37,780,626	39,108,702	43,670,086	39,015,431
(30,647,185)	(33,422,727)	(35,380,181)	(36,606,280)	(41,224,181)	(35,797,501)
35,188,390	34,127,803	31,387,198	32,570,355	33,934,640	33,878,046
125,900	2,512,070	1,185,650	4,618,731	58,410	954,573
110,052	125,143	69,049	85,535	409,036	552,566
(422,184)	(488,015)	(677,173)	(1,415,867)	(1,075,296)	(645,494)
(2,900,327)	(3,301,592)	(3,170,013)	(3,003,298)	(2,807,222)	(3,013,317)
1,454,646	(447,318)	(6,585,471)	(3,750,824)	(10,704,613)	(4,071,127)
4,492,602	9,763,523	1,289,577	12,404,116	1,184,926	948,307
-	870,603	-	-	(1,215,616)	-
5,947,248	10,186,808	(5,295,894)	8,653,292	(10,735,303)	(3,122,820)

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
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
2018	$	2,445,905	33,934,640	58,410	409,036	-	36,847,991
2019	$	3,217,930	33,878,046	954,573	552,566	-	38,603,116

(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)		
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%	36.3%	6.8%	56.9%
2017	6.3%	82.4%	11.3%	36.3%	6.9%	56.8%
2018	8.6%	88.2%	3.2%	36.0%	6.1%	57.8%
2019	9.8%	87.7%	2.5%	*	*	*

(1) Source: The American Public Transportation Association, 2020 Public Transportation Fact Book, Appendix A: Historical Tables, Table 87, *Operating Funding Sources*.
https://www.apta.com/wp-content/uploads/2020-APTA-Fact-Book-Appendix-A.xlsx

* Not Available

Table 5

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

Year	Total Unlinked Trips	Passenger Revenues
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
2018	5,366,985	1,688,643
2019	5,249,776	1,857,989

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.

2010	....	6.93%
2011	....	6.98%
2012	....	6.76%
2013	....	6.93%
2014	....	6.70%
2015	....	6.37%
2016	....	5.75%
2017	....	5.50%
2018	....	4.86%
2019	....	5.99%

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
2010	$	-	-	-
2011	$	-	-	-
2012	$	-	-	-
2013	$	22,025,000	41,459	0.18%
2014	$	21,450,000	43,311	0.20%
2015	$	20,915,000	42,515	0.20%
2016	$	20,375,000	40,231	0.20%
2017	$	19,820,000	42,474	0.21%
2018	$	19,245,000	44,378	0.23%
2019	$	20,265,000	**	0.21%

*Source: Bureau of Economic Analysis
CAINC1 Personal Income Summary: Personal Income, Population, Per Capital Personal Income
https://apps.bea.gov/itable/index.cfm
**Not available

Table 8

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

Year		Pledged Revenues (1)	Debt Service Requirements			Coverage
			Principal	Interest	Total	
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
2018	$	3,314,459	575,000	1,029,908	1,604,908	2.07
2019	$	4,266,973	595,000	1,009,770	1,604,770	2.65

(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)
2010	340,253	$12,477,790	$36,672	59,956	8.10%
2011	343,252	$13,531,285	$39,421	60,734	7.90%
2012	347,959	$14,155,517	$40,682	61,026	6.60%
2013	352,996	$14,635,012	$41,459	61,620	6.10%
2014	356,747	$15,451,067	$43,311	61,954	5.10%
2015	360,616	$15,331,671	$42,515	61,563	4.90%
2016	361,786	$14,554,854	$40,231	61,485	5.60%
2017	361,014	$15,333,583	$42,474	61,350	5.40%
2018	362,265	$16,076,668	$44,378	61,075	4.60%
2019	372,883*	Not available	N/A	60,516	4.10%

(1) Source: US Dept. of Commerce Bureau of Economic Analysis
https://apps.bea.gov/itable/index.cfm
* 2019 Nueces County Comprehensive Annual Financial Report
(2) Nueces County - Source: Nueces County/Texas Education Agency/PEIMS
2019 Nueces County Comprehensive Annual Financial Report
(3) Source: Texas Labor Market Information/Nueces County
Local Area Unemployment Statistics

Table 10

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

	2018			2009		
Business	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Corpus Christi ISD	5,888	1	3.65%	5,178	2	3.35%
Naval Air Station Corpus Christi	4,600	2	2.85%	5,525	1	3.58%
H.E.B. Stores & Bakery	3,840	3	2.38%	5,000	3	3.24%
Corpus Christi Army Depot	3,400	5	2.11%	3,541	4	2.29%
CHRISTUS Spohn Health Systems	3,000	4	1.86%	5,144	3	3.33%
City of Corpus Christi	2,963	6	1.84%	3,171	5	2.05%
Bay Ltd.	2,750	7	1.71%	2,100	7	1.36%
Driscoll Children's Hospital	2,512	7	1.56%	1,800	7	1.17%
Kiewit Offshore Services	1,750	8	1.09%	-	-	-
Corpus Christi Medical Center	1,620	10	1.00%	1,300	10	0.84%
Del Mar College	1,500	-	-	1,542	9	1.0%
Total	33,823		20.04%	34,301		22.21%
Total Employed in the Service Area [1]	161,265			154,451		

Source: Corpus Christi Regional Economic Development Corp.
(1) Bureau of Labor Statistics

Table 11

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

	2010	2011	2012	2013
Transportation				
Transportation - Directly Operated	117.00	122.00	131.00	131.00
Purchased Transportation*	1.00	1.00	1.00	3.00
	118.00	123.00	132.00	134.00
Maintenance				
Vehicle Maintenance	38.00	38.00	36.00	36.00
Facilities Maintenance	14.00	14.00	14.00	15.00
Materials Management	4.00	4.00	4.00	4.00
	56.00	56.00	54.00	55.00
Program Development				
Customer Programs	7.00	6.00	8.00	4.00
Service Development	3.00	4.00	4.00	4.00
Program Management	2.00	2.00	2.00	2.00
Marketing & Communications	2.00	2.00	2.00	3.00
	14.00	14.00	16.00	13.00
General Administrative:				
MIS	2.00	1.00	1.00	2.00
Contracts and Grants	3.00	2.00	3.00	3.00
CEO's Office	5.00	3.00	3.00	1.00
Finance and Accounting	5.80	5.80	5.80	5.55
Human Resources	3.00	2.00	2.00	3.00
General Administration	2.00	2.00	3.00	8.00
Safety and Security	-	-	-	1.00
Staples Street Center	-	-	-	-
TCN - Regional Coordinator	1.00	1.00	-	-
	21.80	16.80	17.80	23.55
Totals	209.80	209.80	219.80	225.55

*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.*

2014	2015	2016	2017	2018	2019
160.00	169.00	154.50	145.00	132.50	125.25
3.00	3.00	2.00	0.00	0.00	0.00
163.00	172.00	156.50	145.00	132.50	125.25
38.00	41.00	36.00	37.00	33.00	32.00
15.00	15.00	12.50	14.50	14.50	16.00
3.00	3.00	4.00	3.00	3.00	3.00
56.00	59.00	52.50	54.50	50.50	51.00
4.80	4.80	5.50	6.00	6.50	7.00
3.00	3.00	4.00	4.00	4.00	3.00
2.00	2.00	3.00	3.00	1.00	1.00
3.00	3.00	2.50	3.00	3.00	3.00
12.80	12.80	15.00	16.00	14.50	14.00
3.00	3.00	6.00	6.00	6.00	6.00
5.00	5.00	1.00	3.00	3.00	3.00
1.00	1.00	2.00	1.00	1.00	3.00
5.55	5.55	6.55	5.50	6.00	6.00
3.00	3.00	3.00	3.00	3.00	3.00
5.00	5.00	5.00	6.00	6.00	3.00
1.00	2.00	2.50	2.50	2.00	3.00
-	-	3.50	4.00	4.00	3.00
-	-	-	-	-	-
23.55	24.55	29.55	31.00	31.00	30.00
255.35	268.35	253.55	246.50	228.50	220.25

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

			2010	2011	2012	2013
System Ridership						
Motor Bus	a		5,238,131	5,749,312	5,764,790	5,728,793
Demand Response / Para-transit	b		190,745	199,368	202,974	194,394
Ferry Boat	b		-	52,951	86,676	93,192
Vanpool	c/f		5,410	-	-	-
System Hours						
Motor Bus	a		225,073	226,999	237,320	225,151
Demand Response / Para-transit	b		71,558	74,728	79,413	70,328
Ferry Boat	b		-	881	1,135	1,185
Vanpool	c/f		965	-	-	-
System Miles						
Motor Bus	a		3,232,691	3,256,971	3,387,397	3,021,215
Demand Response / Para-transit	b		1,599,595	1,556,289	1,425,691	1,225,323
Ferry Boat	b		-	2,179	2,660	2,625
Vanpool	c/f		29,710	-	-	-
Vehicles In Service						
Motor Bus	a		58	56	59	60
Demand Response / Para-transit	b		26	26	26	26
Ferry Boat	b		-	1	2	2
Vanpool	c/f		4	-	-	6
Uses of Capital Funds	e					
Vehicles		$	526,506	2,707,772	4,864,974	5,142,277
Communications & Information		$	562,545	425,524	439,364	66,065
Facilities and Stations		$	471,546	1,022,722	7,228,414	2,729,941
Other		$	2,189,577	1,708,706	1,061,601	2,270,946
Operating Expenses by Mode	e					
Motor Bus	a	$	17,410,873	18,262,737	19,150,089	18,984,978
Demand Response / Para-transit	b	$	4,568,425	4,976,669	5,351,413	5,585,657
Ferry Boat	b	$	-	435,411	617,831	607,748
Vanpool	c/f	$	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

2014	2015	2016	2017	2018	2019
5,650,677	5,472,836	5,252,466	5,168,421	5,153,005	4,975,242
192,580	198,652	204,459	195,101	197,978	211,013
84,035	76,870	-	-	-	-
-	16,439	15,417	9,802	16,002	63,521
243,732	259,377	269,711	267,036	275,532	272,402
74,236	78,850	81,258	77,501	78,319	81,658
750	805	-	-	-	-
-	7,686	9,027	3,457	1,935	8,856
3,053,596	3,414,445	3,546,503	3,864,934	3,721,249	4,223,566
1,252,615	1,349,727	1,401,147	1,332,822	1,350,787	1,572,140
1,756	1,886	-	-	-	-
-	181,220	184,532	75,406	82,942	401,872
75	66	67	92	88	89
38	28	28	41	36	36
1	1	-	-	-	-
3	5	6	5	10	24
-	17,996,141	139,358	8,119,989	244.460	658,196
99,046	196,394	906,221	477,613	59.904	269,015
7,337,105	1,273,498	8,680,069	5,718,703	118,531	292,985
1,165,647	1,159,287	276,415	827,638	795,066	245,905
21,324,898	20,495,063	24,357,254	25,939,360	25,928,435	26,196,995
5,556,262	5,278,853	5,353,867	4,954,285	4,934,149	5,138,058
626,005	766,082	-	-	-	-
-	152,825	163,054	102,522	92,839	238,653

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]	846
Population in Service Area[1]	372,883
Type of Tax Support	Sales and Use Tax
Sales Tax Rate	.50%
Base Fare	$0.75
Number of Routes [2]	37
Number of Transfer Stations [2]	4
Number of Bus Stops [2]	1,383

[1] Source: 2019 NTD Report
[2] Historical trend information is not available. See Table 12 for utilization and level of capital investment trends.

2019
Single Audit Section
Comprehensive Annual Financial Report

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INDEPENDENT AUDITORS' 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

To the Board of Directors of the
Corpus Christi Regional Transportation Authority
Corpus Christi, Texas

We have audited, in accordance with the 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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 19, 2020.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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.

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

Carr, Riggs & Ingram, L.L.C.

Corpus Christi, Texas
November 19, 2020

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

To the Board of Directors of
Corpus Christi Regional Transportation Authority
Corpus Christi, Texas

Report on Compliance for the 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 of the the Authority's major federal program for the year ended December 31, 2019. The Authority's major federal program is identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program 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 its major federal program. However, our audit does not provide a legal determination of Authority's compliance.

Opinion on the 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 its major federal program for the year ended December 31, 2019.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Carr, Riggs & Ingram, L.L.C.

Corpus Christi, Texas
November 19, 2020

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A. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

1. Type of auditors' report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	None noted
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
c. Noncompliance material to the financial statements noted?	None noted

Federal Awards:

1. Type of auditors' report issued on compliance for major programs	Unmodified
2. Internal control over major programs:	
a. Material weaknesses identified?	None noted
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
3. Any audit findings disclosed that are required to be reported in Accordance with 2 CFR Section 200.516(a)?	None noted

4. Identification of major programs (clusters):

CFDA Number	Federal Program
	Federal Transit Cluster
20.507	Formula Grants (Urbanized Area Formula Program)
20.526	Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)

5. Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
6. Auditee qualified as a low-risk auditee?	Yes

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None noted.

C. FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

None noted.

Corpus Christi Regional Transportation Authority
Schedule of Expenditures of Federal Financial Awards
For the Year Ended December 31, 2019

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				
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program	20.526	TX18-0074	$	$ 563,452
Formula Grants (Urbanized Area Formula Program)	20.507	TX19-0052		284,694
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program	20.526	TX19-0052		18,636
			-	866,782
Formula Grants (Urbanized Area Formula Program)	20.507	TX19-0012		800,000
			-	800,000
Total Federal Transit Cluster			-	1,666,782
Transit Services Programs Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	TX16-0083	88,253	88,253
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	TX18-0090	87,203	87,203
			175,456	175,456
New Freedom Program	20.521	TX57-4007	-	1,362
			-	1,362
Total Transit Services Programs Cluster			175,456	176,818
Passed-Through from Texas Department of Transportation (TXDOT):				
Highway Planning and Construction Cluster				
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	0916-35-199		59,280
			-	59,280
Total Department of Transportation			**$ 175,456**	**1,902,880**

See Notes to the Schedule of Expenditues of Federal Awards

Corpus Christi Regional Transportation Authority
Notes to Schedule of Expenditures of Federal Financial Awards
For the Year Ended December 31, 2019

(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	$	954.573
Less: State & Local Grants		-
Capital Contributions		948,307
Total Federal Grants	$	1,902,880

(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.

CORPUS CHRISTI REGIONAL
TRANSPORTATION AUTHORITY

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