

Corpus Christi Regional
Transportation Authority



Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2020



ccrta.org
Corpus Christi, Texas



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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



2020

Introductory Section

Comprehensive Annual Financial Report



**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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July 30, 2021

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

We are pleased to submit to you the Corpus Christi Regional Transportation Authority's Comprehensive Annual Financial Report (*Annual Report*) for the fiscal year ended December 31, 2020. The *Annual Report* along with the related financial statements and schedules were prepared by the Authority's Finance Department and audited by the public accounting firm of Carr, Riggs & Ingram, LLC, Certified Public Accountants. As reflected in the Independent Auditors' Report, the Authority's financial statements are presented fairly in all material respects in accordance with Generally Accepted Accounting Principles (GAAP) in the United States.

The *Annual Report* 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 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 accuracy, completeness and reliability of the information contained in this report. 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.

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

PROFILE OF THE AUTHORITY

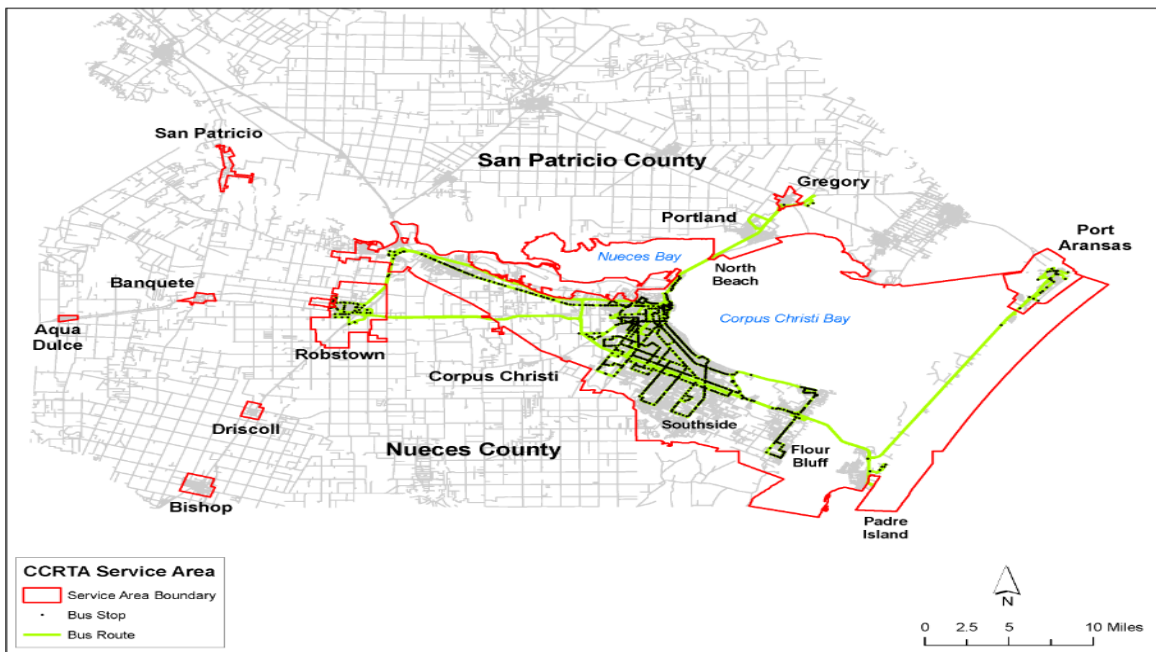
The system's legal name is Corpus Christi Regional Transportation Authority (Authority). In June 1984 the Authority was first created by ordinance from the City of Corpus Christi. It operated with a 5-member interim board appointed by the City of Corpus Christi until the confirmation election in August 1985. By majority vote of the taxpayers in Nueces and San 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. Prior to this date the transit system went through several ownership changes since its inception in 1925 until the it found its permanent place with the Corpus Christi Regional Transportation Authority or "The B" as it is locally known.

When the Authority was first formed, the letter "B" was chosen as a symbol that not only would uniquely identify the Authority but would simultaneously exemplify our mission. The "B" stands for "Bus". The logo designed has since been rebranded but the mission remains focused on providing affordable mobility access to employment, community resources, medical care, and recreational opportunities to every citizen. Over the years, the Authority has become a lifeline to our riders, during normal conditions as well as in times of catastrophic events, the most recent being the 2020 Covid-19 pandemic.





Located in Corpus Christi, Texas, on the coast of the Gulf of Mexico, the Authority is the regional operator of public transportation in 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 area. San Patricio includes the cities of Gregory and San Patricio. Across a service area of 846 square miles with an estimated population of 427,840 of which 348,420 or 78.87% is from the Corpus Christi area, the transit system provides various modes of transportation to accommodate the particular needs of the public.



Over the years, the services have transformed from a single fixed-route platform servicing only the urban areas of the City of Corpus Christi, to providing enjoyable and reliable options for connecting the rural suburban neighborhoods within the City and also the surrounding areas. Paratransit services now supplement fixed routes and include demand-response curb-to-curb service to qualified individuals. In addition, the Authority assists people in creating vanpools and rideshare programs to promote a more affordable and convenient way to travel while increasing the Authority's commitment to improve environmental quality.

The Authority also serves in connecting tourists and vacationers to popular attractions. A seasonal express route to Padre Island compliments the two year-round shuttles to Downtown Corpus Christi and Port Aransas, Texas. Shuttles are buses designed to look like trolleys and are equipped with ADA Accessible wheelchair lifts, bicycle racks and complementary Wi-Fi. Accordingly, the Authority is instrumental in the success of public activities by providing bus services called *Special Movements* during community events that include national and regional notables such as Beach to Bay, Texas Jazz Fest, Selena Festival, Dia de los Muertos and American Cancer Society Walk.

LOCAL ECONOMY

Corpus Christi is the 8th largest city in Texas and covers 452.2 square miles, of which 124.3 are land and 327.9 are water. This south Texas coastal city is the largest city in Nueces County and the county seat. It is home to the Naval Air Station Corpus Christi which is among the largest employers in the city of Corpus Christi, and to the Port of Corpus Christi. The Naval Air Station has supported pilot training and operations since 1941. With more than 14,000 Navy and civilian personnel, it is significant to the local economy. In addition, the Corpus Christi Army Depot located at the Naval Air Station, is the largest helicopter repair facility in the entire world employing nearly 5,000 civilian employees and contractors.

On the opposite side of the Corpus Christi Bay, is the Port of Corpus Christi that has been in operations since 1926. Since then it has become a major gateway to international and domestic maritime commerce closing the year 2020 with record tonnage, earning its position as the 3rd largest port in the United States based on total revenue tonnage, and the 2nd largest exporter of crude oil. Economic contributions extend to the Coast Bend area and ultimately to the State of Texas with statistics showing \$150 billion in economic impact to the U.S. Capital investments in infrastructure includes the Corpus Christi Ship Channel Improvement Project, which once completed in late 2023, will be the deepest and widest ship channel in the entire U.S. Gulf.

Tantamount to the robust economy of Corpus Christi, is the diversified public and private industries. Corpus Christi's major employment segments include healthcare, educational services, accommodation and food services, construction, government, professional, scientific, and technical services. Major employers include Bay, Ltd, CITGO, First Data Corporation, Flint Hills Resources, H-E-B, Kiewit Offshore Services and Valero Refining. Although ebbs and flows normally are associated with a diversified economy, this varied base tends to enhance economic stability.



ECONOMIC OUTLOOK

2020 was a year like no other. While the Covid-19 pandemic was a set-back it did bring unprecedented challenges that led to positive transformational changes to our community, neighborhoods, businesses, economy, and public transit demands.

On March 3, 2020, a letter from our CEO began a series of communications that changed the way we serve and protect our riders and team members. Consistent with national trends the Authority began to experience the impact from the closure of businesses and schools, travel restrictions, and the mobility restrictions from our riders.

As a result of the stay-at-home mandates, system wide ridership in 2020 fell by 2,265,182 (-43.14%) from 5,249,898 in 2019. Although the decline was drastic, the Planning Team had already started a comprehensive evaluation of services to address the Authority's falling ridership that had become prevalent like in many of the other public transit systems in Texas. As a result, the Planning Team developed a conservative ridership projection of 3,019,625 for 2020. Because of their prudent budgetary planning, the financial impact was manageable as ridership in 2020 ended at 2,984,594, short of budget by 755,249 or 25%, and short of passenger revenue by \$700,074 or 38.1%. Given that the Fare Recovery Ratio (FRR) ranges from 4.86% to 5.67% the concern then focused on the two major revenue streams that are necessary to support operations: sales tax and grant revenues.

Sales tax collections represents the core operating revenue source, ranging from 70 to nearly 90 percent of total operating income. The range depends on the amount of operating assistance the Authority receives from federal grants. In 2020, the sales tax revenue totaled \$33,912,489 in comparison to the budget of \$37,762,468. While sales tax revenue fell short by 10.2% of budget or \$3,849,979, the shortage demonstrated the resiliency of both the diversified economy and the residents of the region in the midst of shutdowns and stay-at-home orders in comparison to the surrounding areas. While the Covid-19 pandemic added an element of uncertainty that was not foreseen during the development of the budget, the results did not illustrate a significant impact as originally feared. Moreover, to stabilize the fluctuations of sales tax revenue, the Authority has several reserve accounts that serve as a liquidity cushion. In addition, the 2020 budget was formulated by using a zero-based funding approach that avoided projections based on 2019 results.

Grant revenue in 2020 was projected at \$874,476 which included \$800,000 for assistance in preventive maintenance for operations. The remaining \$74,476 was earmarked as a pass through for reimbursements from sub-recipients. On March 27, 2020, the Authority received an apportionment for emergency funding from the CARES ACT totaling \$16,359,362. All but \$1 million went for eligible operating costs to maintain service and lost revenue due to the pandemic. The relief made it possible to maintain the annual payroll of nearly \$12 million for 221 employees, avoid furloughing workers, and provide the funds to provide a safe and healthy workplace. At the end of the year the sum of all operating revenues reflected a budget shortfall of \$629,912 or 24.02% of budget.

Management quickly made adjustments to reduce operating expenditures. Variable costs such as overtime, fuel, electricity, and supplies, that are linked to the level of activity began to decrease as a result of the decline in passenger activity and a reduction in all types of interactions. Even with the added health and protective costs brought about the pandemic, along with the \$629,912 budget shortfall in operating revenues, operating expenditures including depreciation came in \$1,894,257 higher than budget, mostly due to a change in pension plan assumptions. Fuel costs ended the year at \$687,510 or 37.6% or \$412,686 lower than the \$1,100,197 budget. Related expenses like maintenance and repairs also contributed to the positive variance as did the administrative expenses associated with employees not having to work from the office but from home.

The construction program life cycle and the ability to purchase capital assets became a struggling challenge as a result of the pandemic. The Authority was forced to transform and integrate across all operations in order to respond to the supply chain interruptions while working remotely with limited staff. The reduction in labor force and the shortage of materials limited the completion of projections. As a result, only 18 projects were completed in 2020 with a total project cost of \$1,369,430, and 9 projects were started that recorded costs totaling \$831,035 in the in-progress inventory account.

RESPONSE TO COVID-19

Due to the leadership of the Board of Directors and the responsiveness of management and employees, the Authority remained financially strong and now are much safer from viruses, more efficient in technology and were we able to maintain our fleet and our workforce through it all.

Managing the finances during the pandemic was definitely a challenge but one that we faced head on. We secured and processed the CARES ACT Grant totaling \$16.3 Million dollars to help support and maintain operations, employee retention, and financial support to procure items to mitigate Covid-19. We developed on-line automated processes to perform all financial functions including payroll, accelerated payments via a secured locked box system, and converted vendor payments to ACH payment process.

During this time the annual independent audit for year 2019 and the National Transit Database (NTD) reporting review was in progress along with the related reporting requirements from continuing disclosures and the Texas Pension Review Board. Tasks now included scanning numerous documents for audit inspections and transmission under a secured platform. Modes of communication were now virtual or required teleconferencing and the five-day workweek not included working from home 3 days a week.

The hard work of the finance department was recognized by receiving a clean audit from the auditors and the highest achievement for financial reporting from the Government Finance Officers Association for its 2019 Annual Report, Certificate of Achievement for



Excellence in Finance Reporting. This achievement marked the number 16th consecutive certificate and number 23 for lifetime achievements.

Other accomplishments include recognition to the Marketing Department for award-winning campaigns that earned two regional transit awards from the South Western Transit Association (SWTA), three state transit awards from Texas Transit Association (TTA) and one local advertising award from American Advertising Federation (AAF).

Technology played a key role in the digital transformation that accelerated the various applications of the departments. Riders were provided with multi-language signage, and were also introduced to a wheelchair securement system. This pilot program was installed in selected buses to provide mobility passengers with more independence by enabling them to secure themselves with the simple push of a button.

The HR department transitioned the Authority's recruitment process into a successful virtual onboarding and training program while our Procurement Department implemented online proposal and bidding processes. From automated passenger counters and real-time, on-board service updates and mapping, to live board meetings, a teleworking system, and a new IVR phone system, our technology team helped lead the way in information sharing with our riders, employees, and community.

While we saw an expected drop in ridership, our transportation system remained available to riders for essential travel and for the dependent frontline workforce throughout the pandemic. A modified service schedule allowed for the entire fleet to receive high grade sanitation cleaning treatment each day while our Planning Team worked on route optimization.

Safety continued to be a major priority and additional security hours were added to ensure passengers and bus operators felt safe while on route or in the transfer stations.

Services

In 2020, the Authority reduced the service levels due to COVID-19 pandemic while maintaining a safe environment for the transporting of essential workers during the emergency response. As a result, the system-wide ridership levels plummeted to a record low of 2,984,594, or 2,265,182 (-43.14%) fewer passengers than a year ago. In the transit industry the number of passenger trips is a count of each time a passenger boards vehicles no matter how many vehicles they use to travel from their origin to their destination and is referred to as ***Unlinked Passenger Trips (UPT)***. The following table reflects the impact across all transportation modes including the operating activities that fluctuated with the ridership and service levels experienced in 2020:



Mode Description	UPT	Vehicle Revenue Hours	Vehicle Revenue Miles	PMT
RTA Fixed Route	2,622,870	173,757	2,283,844	11,540,628
MV Fixed Route	187,295	35,450	622,094	769,782
B-Line	128,029	74,086	997,539	930,771
Vanpool	45,341	8,680	487,589	2,653,809
Flexi-B	1,059	2,868	62,576	31,346
2020 Totals	2,984,594	294,841	4,453,642	15,926,336
2019 Totals	5,249,776	362,916	5,470,006	25,868,808
2020 vs 2019 Total Change	(2,265,182)	(68,075)	(1,016,364)	(9,942,472)
% Change	-43.1%	-18.8%	-18.6%	-38.4%

During the month of March, the Planning Department began modeling the reduction in daily demand in response to the COVID-19 situation. As a result, the fleet of 125 buses and 24 vans through a network of 38-fixed routes that historically recorded an average of approximately 16,000 rides per day across 846 square miles, now had been reduced to half of its capacity. The service plan now required a selected number of weekday services to operate at a modified Saturday service level with lower frequency on routes that serviced schools and businesses that were no longer needed due to the mandated closures.

In 2019, the Authority operated 26 fixed routes and contracted out 12 for a total of 38. All 38-fixed routes ran on weekdays while Saturday services included 25-fixed routes and Sunday services comprised of 18 fixed-routes. In 2020, a selected number of weekday services were suspended or reduced to a modified Saturday service level reflecting a change from 38 to 33 services. Weekend services were primarily reduced to Sunday service level.

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. During non-pandemic times, route optimization aligns a variety of services to meet different transportation needs across participating jurisdictions with the Authority's service area and generally 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 persons 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 26 vehicles. The program offers a cost-effective public transit option. Participants include employees working in military installations located in the surrounding cities of Kingsville and Corpus Christi in addition to construction firms located San Patricio County, Texas.



The Authority operates separate facilities for transit operations and vehicle maintenance and for administration, planning and customer service. The Authority maintains in addition to the transit units consisting of 125 buses and 24 vans; 1,375 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 xxi.

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 223.50 salaried and hourly positions and with over 100 staff members employed by various contractors. An organizational chart is shown on page xxiii.

Budget and Initiatives

Texas Transportation Code Section 451.102 requires that transit authorities adopt an Annual Operating Budget and Capital Improvement Plan 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 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 improvement plan budget prior to the beginning of the fiscal year. The Authority may not spend more than the board approved budgets, and must approve increases to the budget with board approved amendments.

The CEO may permit movement of funds within the approved operating after the original budget has been established without changing the total operating 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 and the Director of Finance but the ultimate responsibility rests on the CEO.



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 2020 was to continue in the same board priorities as 2019 in six areas:

<p style="text-align: center;">Fare Recovery</p> <ul style="list-style-type: none"> Phase Two - Planning Department Will Present a Fare Equity Analysis Phase Three - Establish a Fare Recovery Plan Phase Four - Implement a Fare Recovery Program 	<p style="text-align: center;">Facilities</p> <ul style="list-style-type: none"> Monies Appropriated for Refurbished and/or Replacement of Shelters Based on Ridership and Trip Generators Second Quarter - Raze Kleberg Bank Building, Complete Port/Ayers Transfer Station Design Including Specification Enhancement and Safety Elements Second Quarter - Complete Del Mar College Campus Bus Stop – Including Specification Enhancement and Safety Elements (reapply for Grant 5339B) 	<p style="text-align: center;">Innovations</p> <ul style="list-style-type: none"> Fixed Route Redesign – Conduct a Complete Reformation of the Fixed Route System Flex Service - On-Call “flex” Routes That Can Accommodate Riders That Have Little or No Service; Pilot Program Will be Implemented in Port Aransas Express Service - Faster Fixed Route Service by Focusing on Travel Between Key Destinations or Transfer Stations Communicating Pilot Autonomous Service with MV Transportation in Partnership with TAMUCC and EasyMile Autonomous Shuttle Services
<p style="text-align: center;">Workforce Development</p> <ul style="list-style-type: none"> Finalize Employee Handbook Continue Leadership Training for Executive Team Continue to Cross-Train Personnel in Finance Functions Continue Various Workshops and Staff Development 	<p style="text-align: center;">Public Image & Transparency</p> <ul style="list-style-type: none"> Continue Fleet Forward and Flex Marketing Campaign Increase Stakeholder Outreach and Celebrate Successes Through Digital Media; Including Videos Continue to Focus on Customer Service, Public Communications and Image Branding Update/Improve/Increase Website With More Videos and Positive Community Involvement Images Improve and Develop Mobile Application Continue to Strive to Achieve Transparency in All Areas of the Organization Continue to Focus on Improving Customer Service Through Open Communication With Stakeholders Continue to Cultivate Integrity Into all Aspects of Our Culture, Operations, and Services 	<p style="text-align: center;">Water Transportation</p> <ul style="list-style-type: none"> Potential leasing opportunity

On November 6, 2019, the Board of Directors adopted the 2020 Operating and Capital Budget and appropriated \$56,705,354 to support these priorities: \$40,101,034 for operations and \$16,604,320 for capital, respectively.



Adopted budget initiatives for 2020 included a challenging capital budget for 24 projects totaling \$16,604,320 with the anticipation of receiving \$12,631,327 from federal grant sources and funding the balance of \$3,972,993 with local funds.

Included in the \$12,631,327 federal funding sources is the first competitive grant that the Authority has ever received totaling \$7,231,023. This grant which is a 5339(b) federal grant will help accelerate the timeline to build the new bus terminal and drivers' facility at the existing Port Ayers Transfer Station along with two other projects that have been on hold due to funding concerns.

In addition, the budget initiatives included capital acquisitions to allow the Authority to continue its commitment to maintain our fleet in a state of good repair. This program requires federal funding of \$4,336,766 and includes two phases. One phase is the replacement of seventeen (17) units with new cutaway vans at a total cost of \$4,335,000 of which \$3,684,750 or 85% will be funded with 5307 grant funds. The second involves the cost of engine overhauls allowing units to reach its useful life. The total costs for the engines is \$815,020 of which \$652,016 or 80% will be funded by a 5307 grant. The 2020 budget also made appropriations for investments for relief/support vehicles, a CNG De-fueling Station, numerous maintenance equipment, technology upgrades and maintenance of bus stop shelter amenities. The total project costs of these appropriations totaled \$1,911,935 in total project costs, \$1,063,538 in federal funding and, 749,397 in local funds.

There were capital projects that rolled forward to 2020 from previous years totaling \$1,158,290. During the budget development process, it was determined that given the timelines, the completion of the projects would not occur until 2020. The projects included bus shelter amenities and bus stop improvements totaling \$633,010; maintenance equipment and support vehicles totaling \$275,894, automated passenger counter and software for \$107,287 with the balance of \$142,099 for engineering expenses associated with construction projects.

One of the pressing projects was the installations of new bus shelters that is part of a long-term bus stop program that supports our vision to enhance safety and comfort in our bus stops. It has been a priority of the Authority over the years to seek approaches to enhancing pedestrian safety and access which includes improving signage, seating, shelter or lighting at bus stops. Solar-powered lighting became an essential for 2020.

At the end of 2020, \$600,000 was spent in replacing 40 solar-powered bus shelters along with mounted trash bins which kick started the bus shelter and improvement program. The new shelters provided several benefits including visibility to our nighttime travelers. This also ensured the bus driver could easily spot them waiting at the bus stop and for the advertising messages not to be lost at night by the public. This also contributed the efforts of the Authority to become a more energy efficient transit system.

Also as part of the on-going maintenance programs for enhancing safety and comfort to shelters and amenities, were the retrofitting of 74 benches with seat separators at a cost of

over \$50,000 to help in designating seating along with the annual maintenance program to maintain 1,375 bus shelters which involved either replacing or refurbishing.

2020 Significant Budget Assumptions

Operating Revenue Assumptions

Revenues from sales tax represents the largest non-operating source of income to the Authority. During the development of the 2020 Operating Budget, it was estimated that sales tax revenues would increase by 11.47% or \$3,884,422 from 2019 actual of \$33,878,046 to **\$37,762,468**. The assumption was based on timelines from the construction activity of various existing capital investment projects in the area that were expected to accelerate. In addition, other economic trends indicated that consumer spending was diversifying, and total operating revenues the sales tax projection for 2020 represented 89% and 68.7% when compared to total revenue which includes federal capital grant funding.

Other non-operating revenue was projected at **\$1,440,279** of which \$874,476 was earmarked in federal assistance; \$800,000 for preventive maintenance from the 5307 available grant apportionments and \$74,476 in pass through grant reimbursements to sub-recipients, for a flat projection over 2019 budget and actuals. The remaining \$565,803 is the estimated interest revenue which represents a 9% increase over the 2019 budget and resulting from maximizing longer term investment opportunities.

Operating revenue from Passenger Services was projected at **\$1,840,710**, a decrease of \$17,279 or 0.93% from 2019 actual of \$1,857,989, as a result of ridership projections along with no expectations of fare rate increases. Other operating revenue was projected at **\$781,510** which included bus advertising commissions, and alternative fuel credits providing a sum of **\$2,622,220** from operating revenues.

These expectations were used to project a conservative operating revenue budget of **\$42,310,982** required to fund the operating expenses for 22 departments totaling **\$40,101,033** leaving a surplus of **\$2,209,949**. This surplus is to be used to help provide the local match for the 5339(b) competitive grant that is anticipated to be funded in 2020. When awarded it will be the first competitive grant the Authority has ever received.

Operating Expense Assumptions

Staffing levels was assumed at the same as 2019 at 270 FTE's.

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.

Labor burden benefits remained the same and it was assumed that health and worker's compensation costs would increase by 8%.



All other operating expenses were calculated in accordance with the below service plan with an overall increase of \$984,674 or 2.22% over 2019 Budget.

	Passenger Trips	Hours of Service	Miles of Service
Fixed Route	4,605,237	244,926	3,494,332
Purchased Fixed Route	382,926	52,951	890,496
B-Line	239,645	91,394	1,546,649
Van Pool	65,340	2,590	111,086
Flexi-B	2,036	2,528	60,300
	5,295,184	394,389	6,102,863

This small increase was due to the elimination of two major costs centers that totaled \$1,090,304. One was associated with the demolition of a building that was halted until the findings of it being a historic building were determine which could take 2 years. The other was related to sub-recipient grants that had been exhausted in 2019.

CIP Budget Assumptions

Revenues from federal capital grants were budgeted at \$12,631,327, and consist of a competitive federal grant for \$7,231,023 and formula grants totaling \$5,400,304. The competitive grant is a 5339(b) grant that is to be used to improve buses and bus facilities and represents the first competitive grant that the Authority has ever received. Formula funds are noncompetitive grants that are based on a predetermined formula.





In 2020 Corpus Christi’s overall economic condition fluctuated in response to the pandemic, as mandated stay-at-home orders and closing of business stifled the economy in the months of April through May. In June, amidst declining infection rates, the lockdowns began phasing out, and the economic rebound began. With the reopening of businesses, the unemployment rate improved, though still closed the year at 8.96% versus 3.9% in 2019, compared to 6.5% versus 3.5% for the State of Texas.

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 2020, sales tax revenue represented 63.07% of total income. Over the last five (5) years sales tax revenue to total income has averaged out to 77.40%.

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 4.31% over the past eleven years compared to average growth in operating expenses, including depreciation, of 3.72% 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	
2010	\$	22,891,712	\$	27,393,841
2011		26,235,525		29,679,807
		14.61%		8.34%
2012		31,571,834		30,763,194
		20.34%		3.65%
2013		32,064,316		30,612,610
		1.56%		-0.49%
2014		35,188,390		32,826,981
		9.74%		7.23%
2015		34,127,803		35,706,374
		-3.01%		8.77%
2016		31,387,198		37,780,626
		-8.03%		5.81%
2017		32,570,355		39,108,702
		3.77%		3.52%
2018		33,934,640		43,670,086
		4.19%		11.66%
2019		33,878,047		39,015,434
		-0.17%		-10.66%
2020		33,912,489		40,987,882
		0.10%		5.06%
		Average Growth		Average Growth
		4.31%		4.29%

In 2020 sales tax collections ended the year up by \$34,443 or 0.10% in comparison to 2019. 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 continued progress on 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.



2021 has presented additional obstacles for the Authority, including challenges related to the supply chain, the after-effect of a 100-year winter storm that enveloped the state in February 2021, and continued uncertainty related to the pandemic. In an effort to provide face coverings to all bus operators and riders, the Authority has procured and issued over 400,000 disposable masks since the onset of the pandemic. While sourcing PPE remains a challenge, new procurement strategies were implemented to mitigate the challenges and strengthen the supply chain. Meanwhile, the winter storm of February 2021 resulted in widespread power outages, several days of no bus service, and some damage to Authority facilities. Last, the rise of the Delta variant of the coronavirus has cast a cloud over what has been a strong recovery in the service area.

In comparison to 2019, the average fuel price per gallon for diesel decreased in 2020 by 69 cents or 36.20% from \$1.91 to \$1.22. Unleaded fuel meanwhile, showed a 45 cent decrease or 21.52% in the average cost per gallon from \$2.08 to \$1.63. CNG, or compressed natural gas, fuel also declined, going from \$1.10 per gallon in 2019, to \$1.03 in 2020, a decrease of 7 cents per gallon equivalent, or 6.45%. The drop in fuel prices comes as a result of declining industrial and consumer demand, with lockdown orders in place and factories halting production. 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 seeks to diversify its fleet with regard to fuel type. To this end, the Authority in 2021 has begun the process of phasing out a fleet of CNG-fueled paratransit vehicles, in favor of vehicles fueled by unleaded, which will provide maximum flexibility to the Authority in the event of a natural disaster or other event impacting the fueling infrastructure of the fleet.

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 2020 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.

The five-year financial plan for 2020 through 2024 includes a capital investment of \$58,558,532 which aligns with the Authority's fleet replacement schedule that is anticipated to be funded at 85% from federal grants. Likewise, efforts will continue for the replacement of maintenance equipment and for the increase in accessibility to all riders with ADA compliant bus stop shelters that will also include federal funding sources ranging from 80% - 85% of total project costs.



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Moreover, included are three major projects with a total project cost of \$9,641,365 that will be funded by a competitive grant at 80%. 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. Planning for the Autonomous Pilot Program began in the fall 2019. The location chosen will be using a pre-determined route for the testing of the autonomous control systems. The autonomous vehicle which is named the “Surge” is pictured below and began operations early January 2020.



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, 2019. This marked the 16th consecutive year receiving the award for the agency, and the 22st 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



CORPUS CHRISTI REGIONAL
TRANSPORTATION AUTHORITY

Corpus Christi Regional Transportation Authority
Fiscal 2020 Comprehensive Annual Financial Report
Introductory Section |
GFOA Certificate of Achievement



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, 2019

Christopher P. Morill

Executive Director/CEO

BOARD OF DIRECTORS AND ADMINISTRATION

BOARD OF DIRECTORS

REGIONAL TRANSPORTATION AUTHORITY BOARD OF DIRECTORS

Terms of Office and Board Service

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

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



CORPUS CHRISTI REGIONAL
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ADMINISTRATION

Chief Executive Officer
Managing Director of Administration
Managing Director of Executive & Legislative Affairs
Managing Director of Capital Programs
Managing Director of Operations

Jorge Cruz-Aedo
Robert M. Saldaña
Miguel Rendon
Sharon Montez
Derrick Majchszak

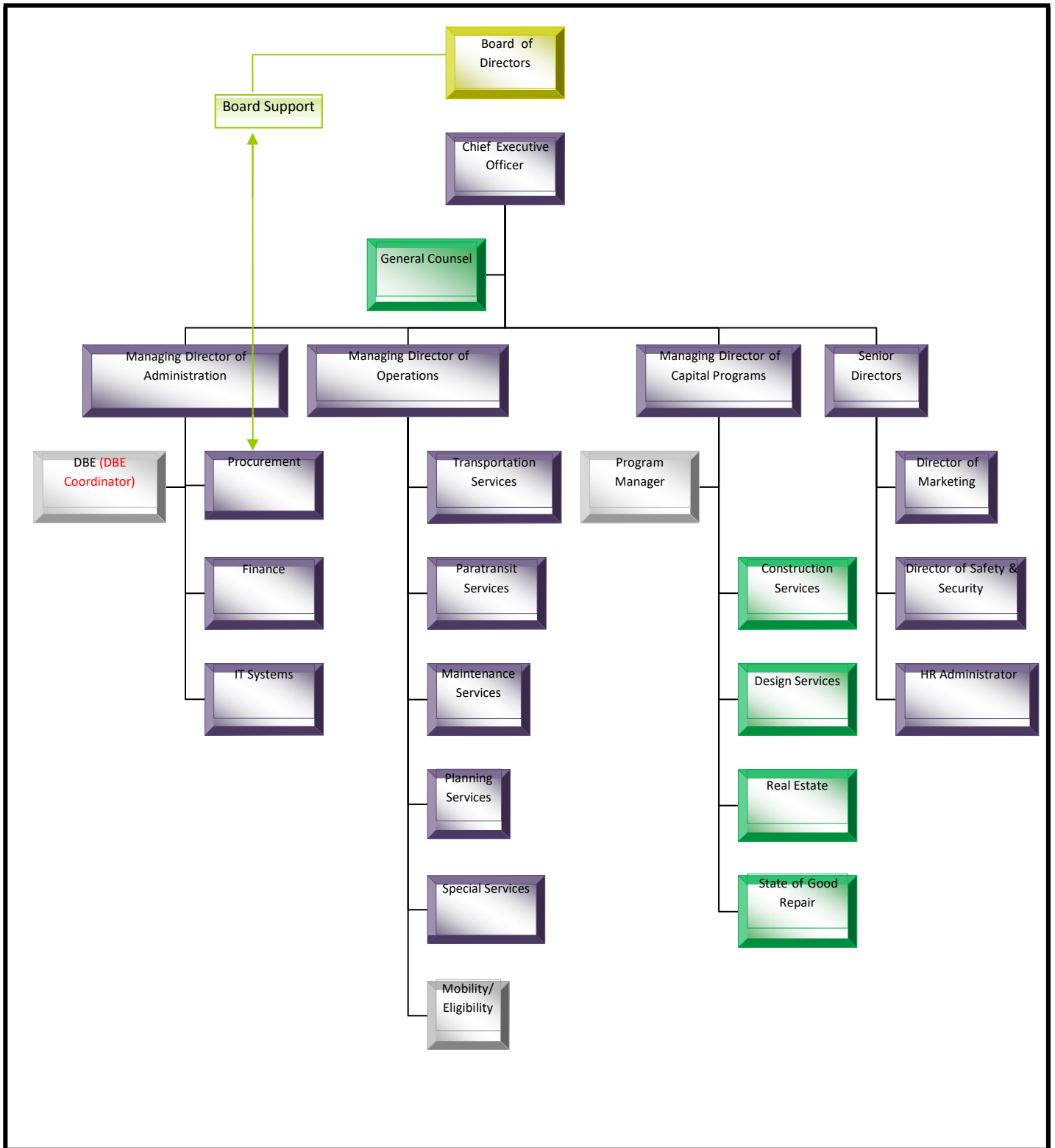
Director of Finance
Director of Human Resources
Director of Information Technology
Director of Marketing
Director of Planning
Director of Procurement & Grants
Director of Transportation
Director of Vehicle Maintenance
Comptroller

Marie S. Roddel
Angelina Gaitan
David Chapa
Rita Patrick
Gordon Robinson
Christina Perez
Michael Ledesma
Bryan Garner
Daniel Benavidez



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CORPUS CHRISTI REGIONAL
TRANSPORTATION AUTHORITY





2020

Financial Section

Comprehensive Annual Financial Report





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Corpus Christi, TX 78401

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CRlcpa.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Corpus Christi Regional Transportation Authority (the "Authority") as of and for the years ended December 31, 2020 and 2019, 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, 2020 and 2019, 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 the correction of an accounting error, in order to recognize grant revenue related to Hurricane Harvey repair expenses in the correct period. As a result of the cancellation of a 2019 grant agreement, a reduction in 2019 grant revenue was required. Therefore, the 2019 ending net position required an additional restatement decreasing by \$205,000. 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 5-22, GASB required supplementary schedules on pages 65-69 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 August 27, 2021, 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.

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

Corpus Christi, Texas
August 27, 2021



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 \$89,110,279 at December 31, 2020, an increase of \$7,998,492 from December 31, 2019 (Table 1). This increase is predominately due to operating grant assistance from the CARES Act. The increase is partially offset by a decline in net capital assets of \$5,768,826 due to fewer capital projects completed because of the Covid-19 pandemic, and a higher liability related to undisbursed street improvements funds to regional entities.
- From the net position of \$89,110,279 as of December 31, 2020, the Authority recorded a net investment in capital assets of \$49,934,572, restricted funds in the amount of \$473,544, and unrestricted assets of \$38,702,163 (Table 1). The restricted assets are related to the FTA's interest in the sale of excess land previously held by the Authority that was sold in November 2020. The unrestricted portion represents the amount of funds available that the Authority may use at its discretion or to meet ongoing obligations.
- Long-term obligations as of December 31, 2020 decreased by \$2,314,369 from \$24,076,198 in 2019 to \$21,761,829 in 2020 (Table 1). This was due primarily to the \$1,721,858 decrease in Net Pension Liability, along with the reclassification of \$870,000 in long-term debt. Other contributing factors included a rise of \$507,627 in long-term compensated absences liability due to the increase from 240 hours to 720 hours of accrued leave payable upon retirement to employees, along with decreases in long-term sales tax audit refunds due to the State Comptroller and net OPEB Obligations, in the amounts of \$109,496 and \$120,642, respectively (Note 4).
- The effects of the pandemic caused considerable impact to the revenues of the Authority. Passenger Service revenue was down 38.61%, going from \$1,857,989 in 2019 to \$1,140,636 in 2020, as ridership declined due to adjustments in service levels and the impact of changes in employment levels related to stay-at-home orders and increased teleworking. Other operating revenues fell by 40.28%, or \$487,559, primarily for non-pandemic purposes, as 2019 reflected two years' worth of federal alternative fuels credits, while 2020 reflected only one, due to the timing of the approval of the tax credit by Congress. Investment income declined by 67.17%, or \$371,135, due to actions taken by the Federal Reserve which drove interest rates to nearly 0%. These declines in operating and other revenue were offset by federal operating grant assistance that grew from \$954,573 in 2019, to \$15,985,553 in 2020, mostly due to the proceeds from the CARES Act (Table 3).



- Operating expenses (excluding depreciation) were \$33,522,831 for 2020 compared to \$31,027,863 for 2019, an increase of \$2,494,967 or 8.04%. The unfavorable variance is mostly due to higher operating costs incurred as part of the Authority's response to Covid-19, along with an additional expense of \$1,716,889 related to a change in pension plan assumptions.

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 25.

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 investment in capital assets, (2) the restricted by bond covenants and other restrictions, and (3) the unrestricted and available for operations. Of the Authority's net position, 56.04% is the net investment in capital assets consisting of buses, equipment, bus stops, shelters, stations, operating facilities and related land. 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.

At the close of December 31, 2020, the Authority's net position was \$89,110,279. Of the total net position, \$49,934,572 or 56.04% 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 net position consisted of \$473,544 in restricted funds and \$38,702,163 was unrestricted.

Net position increased by \$7,998,492 in 2020 from the prior year, going from \$81,111,787 to \$89,110,279. The increase is primarily due to the approximately \$15 million increase in federal operating grant assistance from the CARES Act. While other funding sources were down, and expenses were largely the same due to the retention of the Authority's workforce, the grant funds served to stabilize operations and provide the necessary funding to continue with efforts to provide the necessary protections to riders and staff. The investment in capital assets represents 56.04% of the total net position in comparison to 67.90% in 2019.

Other contributing factors included higher accumulated depreciation versus the addition of new capital assets for the period, as well as higher inventories held on-hand due to the need for personal protective equipment and sanitation equipment as part of the Authority's response to mitigation of the Covid-19 pandemic.

The ten-year history of the Authority's net position is included for reference in Table 1 of the Statistical Section.

Table 1
Condensed Summary of Net Position

	At December 31			At December 31		
	2020	2019	Change	2019	2018	Change
Current Assets	\$ 53,413,973	\$ 35,994,748	\$ 17,419,225	\$ 35,994,748	\$ 33,634,369	\$ 2,360,379
Restricted Assets	473,544	-	473,544	-	1,611,302	(1,611,302)
Capital Assets	66,080,280	71,849,106	(5,768,826)	71,849,106	78,370,576	(6,521,470)
Total Assets	119,967,797	107,843,854	12,123,943	107,843,854	113,616,247	(5,772,393)
Deferred Outflows of Resources	5,592,488	7,619,245	(2,026,757)	7,619,245	7,487,406	131,839
Total Assets and Deferred Outflows	125,560,285	115,463,099	10,097,186	115,463,099	121,103,653	(5,640,554)
Current Liabilities	9,981,804	6,318,350	3,663,454	6,318,350	4,889,440	1,428,910
Long-Term Liabilities	21,761,829	24,076,198	(2,314,369)	24,076,198	26,564,761	(2,488,563)
Total Liabilities	31,743,633	30,394,548	1,349,085	30,394,548	31,454,201	(1,059,653)
Deferred Inflows of Resources	4,706,373	3,956,764	749,609	3,956,764	5,414,842	(1,458,078)
Total Liabilities and Deferred Inflows	36,450,006	34,351,312	2,098,694	34,351,312	36,869,043	(2,517,731)
Investment in Capital Assets Restricted for Debt Service or FTA Interest	49,934,572	55,071,970	(5,137,398)	55,071,970	59,125,576	(4,053,606)
Unrestricted	473,544	-	473,544	-	1,611,302	(1,611,302)
Total Net Position	\$ 89,110,279	\$ 81,111,787	\$ 7,998,492	\$ 81,111,787	\$ 84,234,610	\$ (3,122,823)

The Authority's total liabilities increased by \$1,349,085 in comparison to 2019. The increase resulted from the offset in the \$2,314,369 reduction in long-term liabilities to the increase of \$3,663,454 in total current liabilities, producing the unfavorable variance of \$1,349,085. The reduction in long-term liabilities is due to the performance of the pension plan versus the established plan assumptions, along with retirement of the 2020 portion of long-term debt.

The Authority's net position at December 31, 2019 totaled \$81,111,787. Of this amount, \$55,071,970, or 56.04%, represented the Authority's net investment in capital assets, and the remaining \$26,039,817 was unrestricted. Net position decreased by \$3,122,823 from 2018, mostly due to the decrease in net investment in capital assets as few capital projects were completed in 2019 in relation to the annual depreciation expense, partially offset by a reduction in long-term liabilities and deferred inflows of resources.

Current Assets: At the end of 2020, the Authority's current assets had increased by \$17,419,225 from the end of 2019. The majority of the increase came from the change in Cash and Cash Equivalents, which grew by \$17,996,714, primarily due to the inflow of federal funds from the CARES Act.

The growth in cash was partially offset by lower receivables related to the federal alternative fuels tax credit, along with lower sales tax receivables due to the Covid-19 pandemic. In 2020, receivables totaled \$6,681,586, while at the end of 2019, receivables totaled \$7,652,307, a decline of \$970,723. Meanwhile, inventories grew from \$675,774 in 2019 to \$1,123,501 in 2020, an increase of \$447,727, as the Authority stocked the necessary personal protective equipment and sanitation equipment as part of the response to the pandemic.

At the end of 2019, the Authority's current assets had increased by \$2,360,379 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 taxpayer data covering years 2013 to 2016. The Authority deemed it a significant reduction to cash flow and chose to receive the refund and repay the amount in monthly installments from future sales tax payments.

Additional details about the Authority's current assets are presented in Note 2 of the notes to the financial statements.

Restricted Assets: At the end of 2020, the Authority held assets restricted in accordance with agreement with the Federal Transit Administration (FTA) totaling \$473,544. These funds represent the FTA's interest in a past project including excess land at the Authority's Southside transit station that was sold in November 2020. At the end of 2019, the Authority held no restricted funds.

Additional details about the Authority's restricted assets are presented in Note 2 of the notes to the financial statements.

Capital Assets: As of December 31, 2020, the Authority's overall investment in capital assets (net of accumulated depreciation) totaled \$66,080,280, a decrease of \$5,768,826 from December 31, 2019. During the year, capital assets totaling \$2,200,466 were acquired, and depreciation totaling \$7,465,052 decreased the carrying value by \$5,264,586. The 2020 capital additions include:

- ◆ The construction and refurbishment of multiple new and existing bus stops
- ◆ The overhaul of 10 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 nine support vehicles
- ◆ Progress on the renovation of the Port/Ayers transfer station
- ◆ Renovations to the bus yard parking lot

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, 2018. During the year, capital assets totaling \$1,466,101 were acquired, and depreciation totaling \$7,987,571 decreased the carrying value to \$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 a support vehicle

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, 2020:			
Capital Assets at Cost	\$ 82,864,442	\$ 69,485,599	\$ 152,350,041
Less: Accumulated Depreciation	<u>61,813,571</u>	<u>24,456,190</u>	<u>86,269,761</u>
Capital Assets, net	<u>\$ 21,050,871</u>	<u>\$ 45,029,409</u>	<u>\$ 66,080,280</u>
At December 31, 2019:			
Capital Assets at Cost	\$ 81,525,839	\$ 69,209,989	\$ 150,735,828
Less: Accumulated Depreciation	<u>57,300,887</u>	<u>21,585,835</u>	<u>78,886,722</u>
Capital Assets, net	<u>\$ 24,224,952</u>	<u>\$ 47,624,154</u>	<u>\$ 71,849,106</u>

Liabilities: The Authority's total liabilities as of December 31, 2020 are \$31,743,633, an increase of \$1,349,085 from the \$30,394,548 in 2019. Of the balance for total liabilities, \$9,981,804 is current and customary to the Authority's business operations, and \$21,761,829 are long-term liabilities. Current liabilities increased by \$3,663,454, mainly due to increases in distributions payable to regional entities for street improvements and other accrued liabilities. Long-term liabilities decreased by \$2,314,369, going from \$24,076,198 in 2019, to \$21,761,829 in 2020.

The decrease is mostly attributable to the effect of the pension plan performance and changes in assumptions, along with the retirement of long-term debt (Note 4). The liability for pension plan declined by \$1,721,858 in 2020. Meanwhile, a change to the Authority's policy on the amount of accrued health leave that is payable to employees upon retirement resulted in an increase of \$507,627 in the liability for long-term compensated absences (Note 4).

The Authority's total liabilities as of December 31, 2019 are \$30,394,548, a decrease of \$1,059,653 from the \$31,454,201 in 2018. Of the balance for total liabilities, \$6,318,350 is current and customary to the Authority's business operations and \$24,076,198 are long-term liabilities. Current liabilities increased by \$1,428,910, 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. 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.

Additional details about the Authority's long-term liability are presented in Note 4 of the notes to the financial statements.

Statement of Revenues, Expenses and Changes in Net Position:

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

As shown on the Statement of Revenues, Expenses, and Changes in Net Position, the Authority's net position increased by \$7,998,492 at the close of December 31, 2020. The increase is mostly due to the increase of \$15,030,980 in federal operating grant revenues associated with the CARES Act, partially offset by depreciation expenses of \$7,465,051 that outpaced the new capital additions in 2020.

In other areas, Sales Tax Revenue was mostly flat, with a slight increase of \$34,443 from 2020 to 2019. Sales tax revenues however did fall short of budget amounts by \$3,849,797, an indication of the economic impact of the pandemic in the Authority's service area. Operating revenues including Passenger Service, Bus Advertising, and Other Operating Revenues all declined from 2019, with decreases of 38.61%, 13.85%, and 40.28%, respectively. The declines for passenger service and bus advertising are attributable to the pandemic, while the decrease in other operating revenue is due to recognizing revenue for only a single year of the

federal alternative fuels tax credit, while 2019 recognized revenue for two years (2018 & 2019). Meanwhile, total expenses were down \$4,878,360 for 2019 as compared to 2018, with operating expenses leading the way with a decrease of \$3,710,357.

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

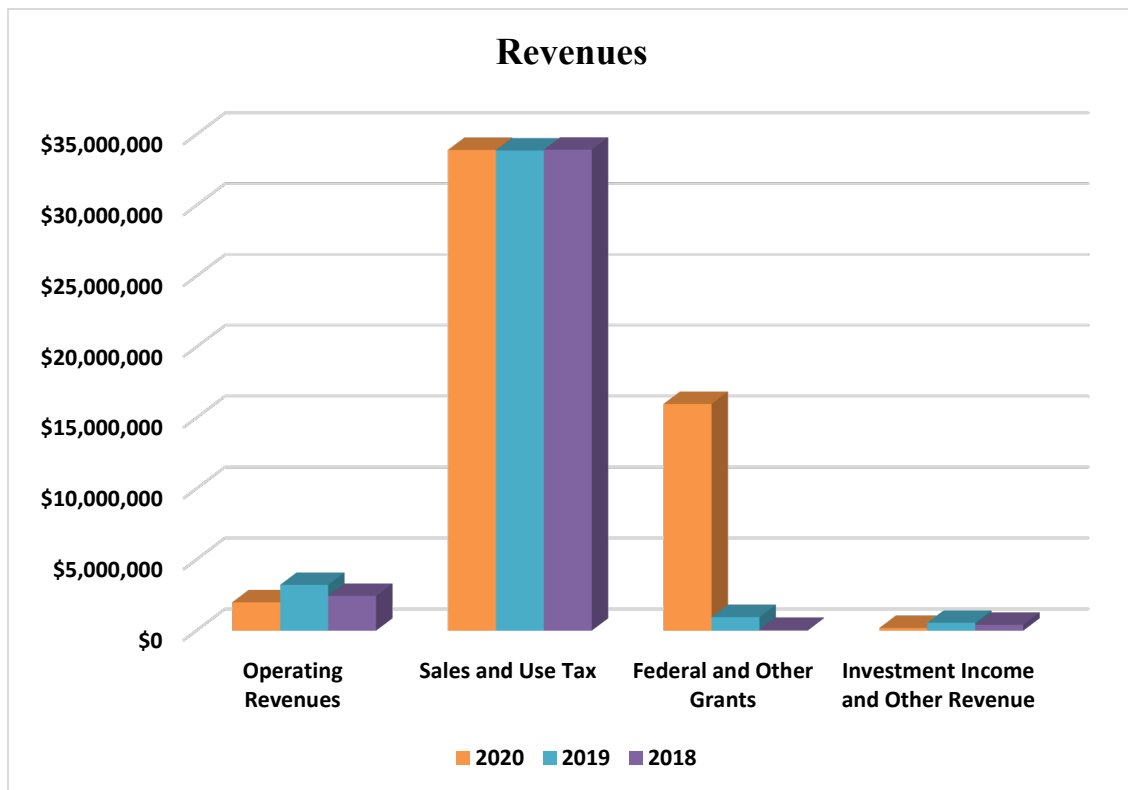
	At December 31			At December 31		
	2020	2019	Change	2019	2018	Change
Revenues						
Passenger Service	\$ 1,140,636	\$ 1,857,989	\$ (717,352)	\$ 1,857,989	\$ 1,688,643	\$ 169,346
Bus Advertising	128,874	149,585	(20,711)	149,585	142,555	7,030
Other Operating Revenues	722,798	1,210,356	(487,559)	1,210,356	614,707	595,649
Non-Operating Revenues						
Sales and Use Tax	33,912,489	33,878,046	34,443	33,878,046	33,934,640	(56,594)
Federal and Other Grants	15,985,553	954,573	15,030,980	954,573	58,410	896,163
Investment Income	181,431	552,566	(371,135)	552,566	409,036	143,530
Total Revenues	<u>52,071,781</u>	<u>38,603,115</u>	<u>13,468,666</u>	<u>38,603,115</u>	<u>36,847,991</u>	<u>1,755,124</u>
Expenses						
Operating Expenses (net of lease revenue)	33,522,831	31,027,864	2,494,967	31,027,864	34,738,220	(3,710,356)
Depreciation	7,465,051	7,987,570	(522,519)	7,987,570	8,931,866	(944,296)
Distribution - Regional Entities	3,369,273	3,013,317	355,956	3,013,317	2,807,222	206,095
Subrecipients	626,191	175,456	450,735	175,456	46,299	129,157
Interest and Fiscal Charges	785,408	470,038	315,370	470,038	1,028,997	(558,959)
Total Expenses	<u>45,768,754</u>	<u>42,674,245</u>	<u>3,094,509</u>	<u>42,674,245</u>	<u>47,552,604</u>	<u>(4,878,359)</u>
Net Loss Before						
Capital Grants and Donations	<u>6,303,027</u>	<u>(4,071,130)</u>	<u>10,374,157</u>	<u>(4,071,130)</u>	<u>(10,704,613)</u>	<u>6,633,482</u>
Capital Grants and Donations	<u>1,695,465</u>	<u>948,307</u>	<u>747,158</u>	<u>948,307</u>	<u>1,184,926</u>	<u>(236,619)</u>
Change in Net Position	7,998,492	(3,122,823)	11,121,316	(3,122,823)	(9,519,687)	6,396,864
Net Position, Beginning of Year,	81,111,787	84,234,610	(3,122,823)	84,234,610	93,959,297	(9,724,687)
Adjustment to Net Position	-	-	-	-	(205,000)	205,000
Net Position, End of Year	<u>\$ 89,110,279</u>	<u>\$ 81,111,787</u>	<u>\$ 7,998,492</u>	<u>\$ 81,111,787</u>	<u>\$ 84,234,610</u>	<u>\$ (3,122,823)</u>

The discussion on the following pages provides details of the more significant aspects of the Authority's operating activities that changed net position. Additionally, the ten-year history of the Authority's changes in net position is included in Table 2 of the Statistical Section.

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 2020, the Authority’s total revenues increased by \$13,468,666, going from \$38,603,115 in 2019 to \$52,071,781 in 2020. The increase is due to an increase in federal operating grant revenue of \$15,030,980 in 2020. This increase is attributable to the CARES Act passed by Congress in 2020, that allocated \$16,359,362 in emergency funding for the Authority. Of this amount, \$15,359,362 was designated for operating assistance, while \$1 million was designated for capital funding assistance. As of December 31, 2020, all operating assistance funding had been utilized by the Authority, while 100% of the capital funding remained available for use by the Authority through March 2022. The increase in operating grant revenue served to mitigate declines in operating revenues of the Authority, which saw significant declines in all categories due to the pandemic and other external factors.

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.



◆ Operating Revenues include user charges for transportation services, bus bench advertising, onboard advertising and other ancillary operating revenues.

For 2020, revenues from operations which represented 3.83% of total revenues, showed a decrease of \$1,225,622 from 2019. The decrease in passenger fares was \$717,352, or 38.61%, while revenue from bus advertising revenues declined by nearly 13.85% from 2019. Other operating revenues decreased by \$487,559, or 40.28%, as 2020 recognized only a single year of the federal alternative fuels tax credit, while 2019 recognized the credit for both 2018 and 2019 due to the timing of Congressional approval.

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.

◆ 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 2020, sales taxes, which represented 65.13% of total revenues, increased by 0.10% or \$34,443. While sales taxes demonstrated a year-over-year increase, it fell significant short of the 2020 budgeted expectation of \$37,762,468, a deficit of \$3,849,979, or 10.20%.

For 2019, sales taxes, which represented 87.76% of total revenues, decreased by 0.17% or \$56,594, as compared to 2018. 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.

◆ 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 CARES Act funding approved by Congress as part of the federal response to Covid-19. 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 2020 the income from federal grant assistance grew by \$15,030,980 from 2019. The increase was predominately due to the emergency relief funding received through the CARES Act. Subsequent Congressional actions have allocated additional rounds of emergency funding for the Authority via the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA - \$6,857,205) and the American Rescue Plan Act of 2021 (ARP - \$ 17,644,291). The allocation for CRRSAA has been obligated for the purpose of operating assistance, while the grant for ARP is still under review by Management.

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.

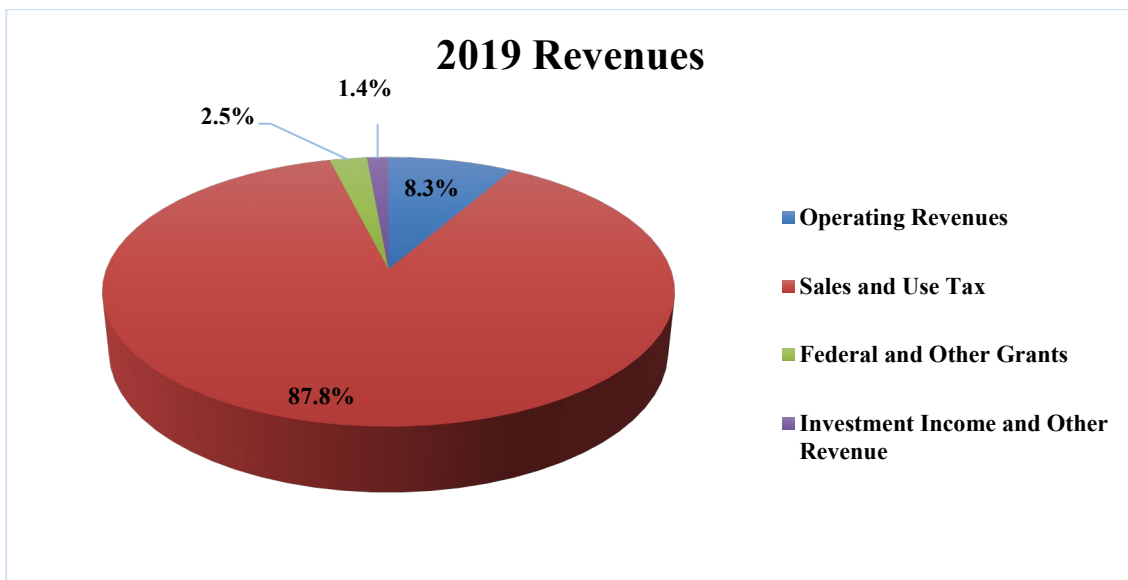
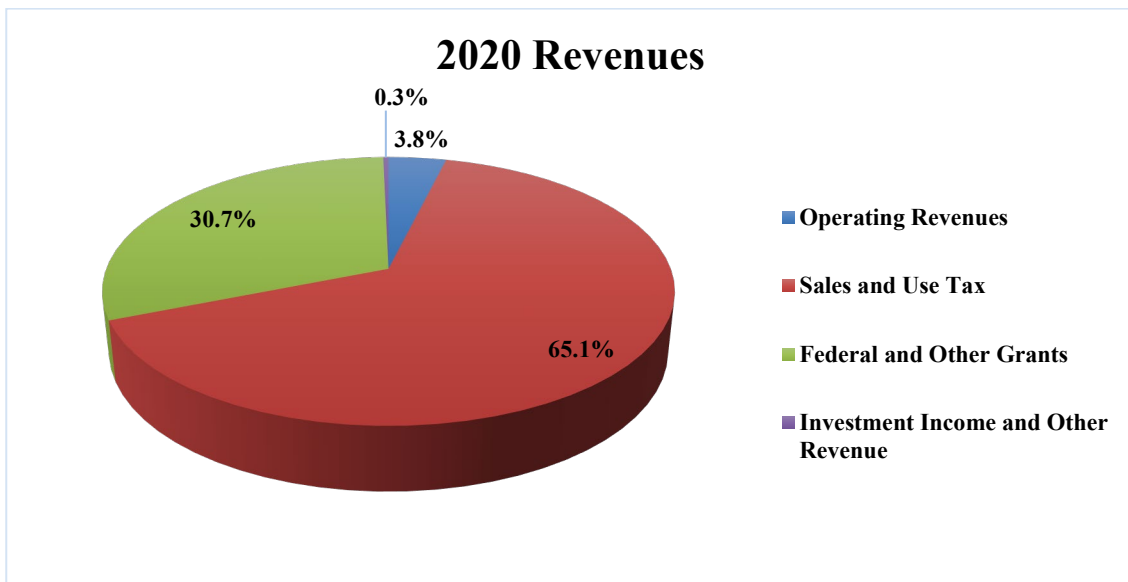
Additional details about the Authority's federal grant programs are presented in the Schedule of Expenditure of Federal Financial Awards and their accompanying notes.

Investment Income is income earned from the Authority's investing activities. Income generated from the portfolio decreased by \$371,135 or 67.17% from 2019. This comes as a result of actions taken by the Federal Reserve to stabilize credit markets in response to economic uncertainty in the midst of the pandemic. The Authority saw its rates for TexPool deposits decline from 1.801% in January 2020, to just 0.132% in December 2020.

The Authority works with its investment advisor to seek out opportunities to generate acceptable returns on agency funds, while maintaining liquidity for the numerous capital projects on the horizon. The Fed has stated that rates will remain near zero through 2023, so returns for pool accounts and time deposits will remain low.

In 2019, 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.



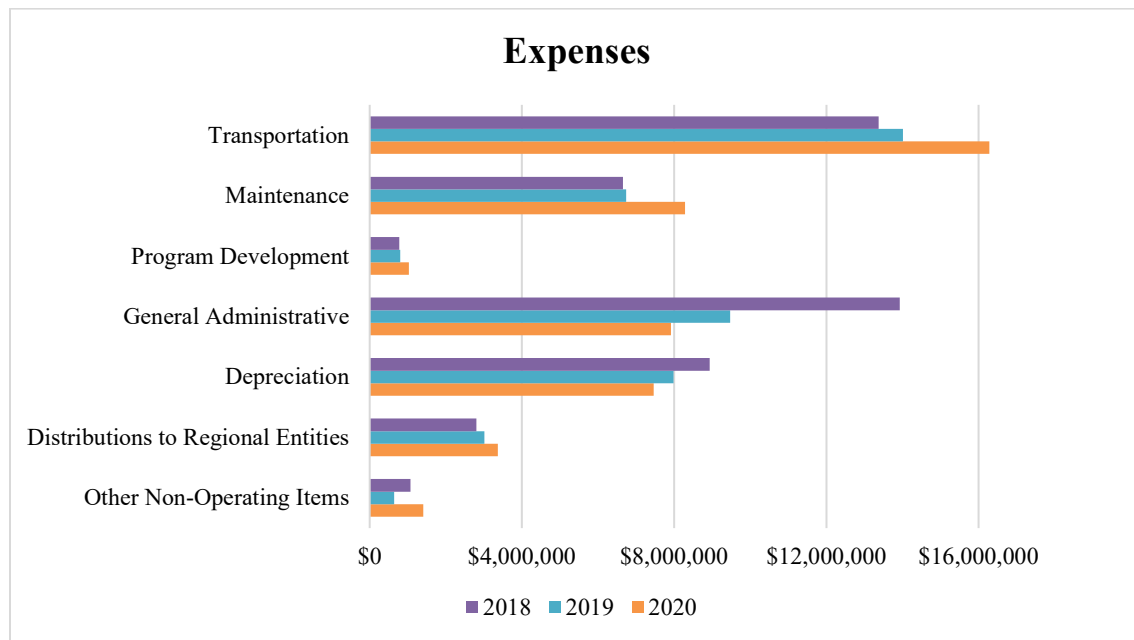


Expenses: The Authority's expenses consist of two types of cost categories; operating expenses and non-operating expenses. Operating expenses are identified as the total cost of providing public transit services including depreciation of capital assets. Included are the costs incurred from directly operated 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 2020, total expenses were \$45,768,752, an increase of \$3,094,507 (7.25%) over total expenses of \$42,674,245 in 2019.

In 2019, total expenses were \$42,674,245, a decrease of \$4,878,360 (10.26%) under total expenses of \$47,552,604 in 2018.

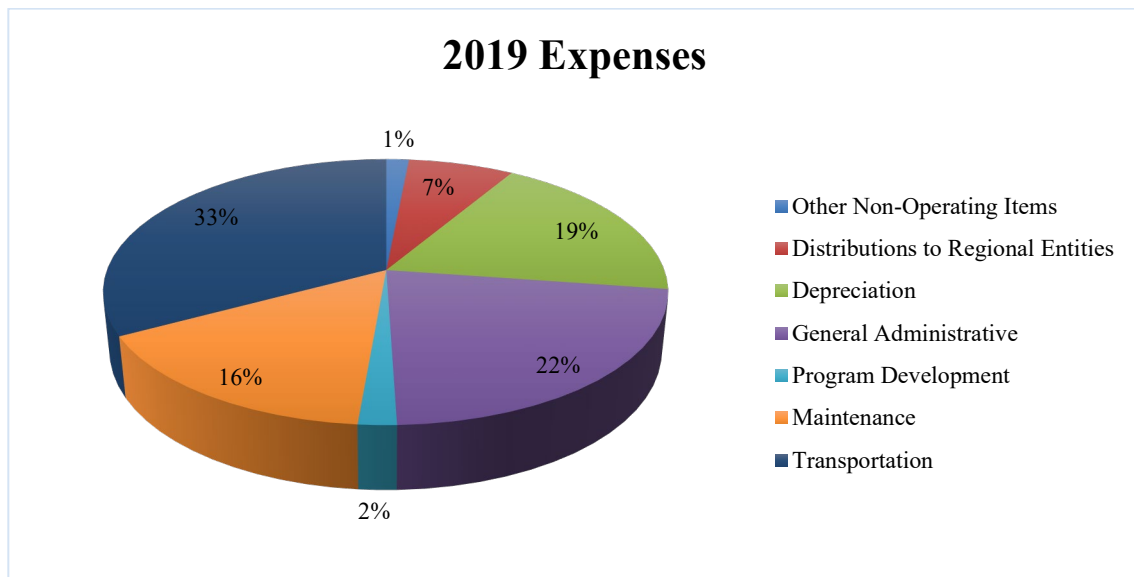
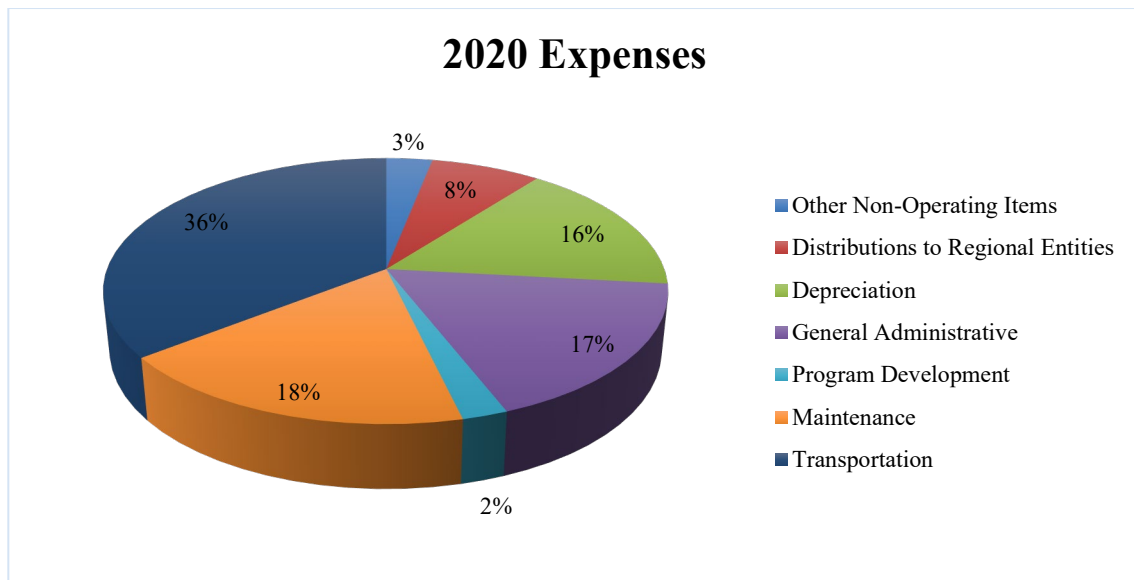


Operating Expenses: The largest component of the Authority's total expenses is operating expenses. These expenses, excluding depreciation expense, account for 73.24% and 72.71% of total expenses in 2020 and 2019, respectively.

As shown in Table 3, operating expenses increased by \$2,494,967, or 8.04%, in 2020. The increase comes as a result of the Authority's response to Covid-19. Unanticipated expenses include the costs of personal protective equipment (PPE) for bus operators and other staff, professional cleaning services for buses and facilities, face coverings for the public, and other costs of mediation. Additionally, hazard pay of \$2 per hour was paid to most employees, while the Authority was also able to avoid reductions in force due to revenue shortfalls, thanks to the federal funding provided by the CARES Act.

Effective for 2020, the Authority has begun to account for all labor burden at the department level. In 2019 and years prior, the cost of fringe benefits such as health, dental, and disability insurance, pension expense and OPEB expense, and workers' compensation were charged to the Human Resources department. As such, all related expenses were categorized as part of Administration & General on the face of the financial statements and related schedules. In order to provide a better representation of the true departmental cost for each operating unit of the Authority, as well as align with the FTA's *National Transportation Database* reporting requirements.

Departments such as Transportation, Management Information Systems (MIS), Vehicle Maintenance, and Facilities demonstrated the great year-over-year increase in expenses related to the change in accounting methods, with increases of \$2,039,561 (27.96%), \$387,416 (44.49%), \$385,440 (8.53%), and \$1,080,983 (52.25%), respectively. These increases are partially offset by the decline in Administrative & General expenses, which were \$2,036,500, or 24.90%, lower in 2020 than in 2019. With the methodology carried forward to 2021, memorandum figures will be available that will provide a better comparison when evaluating the year to year performance of the Authority.





Depreciation: Depreciation expense was \$522,519 (6.54%) lower in 2020 than 2019 due to multiple assets including buses that were fully-depreciated during or prior to 2020. It is anticipated that depreciation expense will increase in 2021 as a fleet of new paratransit vehicles enters service to replace vehicles that have been fully-depreciated.

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.

Additional details about the Authority's accumulated depreciation on capital assets are presented in Note 3 of the notes to the financial statements.

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 2020, these costs increased by \$355,956 or 11.81% going from \$3,013,317 to \$33,369,273 and is due to an increase in the budgeted sales tax revenue.

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.

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 2020, the net value of the plans' assets increased by \$5,686,473 or 10.59% going from \$53,691,305 to \$59,377,778. The increase is due to primarily to investment gains that totaled \$6,766,025.

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.

Additional details about the Authority's fiduciary funds activities are presented in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For 2021, the administration took new approaches to financial planning and performance management due to the unclear economic conditions brought about by the 2020 pandemic. The budget development process began with the examination of every function and analyzing the corresponding funding costs to be able to justify the budget requests from the departments. The resulting zero-based budget determined total operating expenses at \$38,628,906, which represents a decrease of \$1,471,128 or 3.60% over the final 2020 budget.

Although sales tax revenues in 2020 were better than expected, forecasting became a challenging task as actuals came in at less than budgeted by 10.20% of budget. Consequently, Sales Tax Revenue, the authority's largest revenue source, was budgeted at a conservative \$35,119,095, which represents a decrease of \$2,643,373 or 7% over the 2020 budget. Sales tax revenue is expected to equal 69.0% of operating expenses in 2020 as opposed to 91.10% in the 2019 budget. At the end of the first quarter in 2021, sales tax collections reflected a positive growth of \$624,470 or 7.82% year-over-year and a \$536,228 or 6.64% in comparison to 2019. This upward trend is encouraging and has helped the financial position of the Authority to remain strong.

Adding to the sustainability of the Authority are the funding sources from federal grants that were made available to help face the financial challenges during the pandemic. In June 2020, the authority received a \$16 million grant from the CARES ACT to help prevent, prepare, and respond to the pandemic. The grant included assistance for supporting operations totaling \$15,359,362 and \$1,000,000 for capital expenses. All the funds to support operations were expended in 2020. The balance of \$625,803 left for capital expenditures is expected to be spent by end of 2021. Materials and labor shortages due to the pandemic caused delays in purchasing qualified items for delivery in 2020.

In April of 2021, additional assistance was received with a \$6.6 million reimbursement grant from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). Funds from this grant were used to support operations and were expended by the end of June 2021. Most recently in 2021, the American Rescue Plan (ARP) came to the aid of the transit industry and appropriated \$17.7 million to the Authority to support operations of the Authority. Projects funded by ARP will be identified during the 2020 budget development process.

Meanwhile, ridership is not expected to rebound to pre-pandemic levels in 2021. As of June 2021 ridership reports a YTD system wide decrease of 36.9% from same period 2020 and a decrease of 57.3% from pre-pandemic 2019. As a result, passenger revenues were budgeted in 2021 at \$1,342,668 or \$558,334 or 29.3% lower than in 2020. With businesses being able to open to 100% capacity along with relaxed pandemic restrictions, the negative variance in revenue projections may show some improvement by the end of the year. However, restrictions on the maximum number of passengers due to social distancing may limit the amount of revenue recovery.



Total departmental operating expenses for the first half of 2021 came in within 8 percentage points of the baseline expectation for the year-to-date budget. The actual expenses totaled \$16,103,824 in comparison to the six-month budget of \$17,467,047 or 92.20%. A dashboard view at the overall performance to date reflected a positive performance from operations as operating revenues exceeded operating expenses by \$975,116 for the month of June and by \$7,791,241 year to date. The grant income from the CRRSAA federal grant positively impacted operating revenues as the last reimbursement was recorded in June in the amount of \$688,545 and \$6,857,205 year-to-date.

Operating Budget		
Description	Jun-21	YTD
Revenues	\$ 4,180,005	\$ 25,736,844
Expenses	3,222,889	17,945,503
Revenues Over Expenses	\$ 957,116	\$ 7,791,341

The 2021 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 2021 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 Arborbuses 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 3% cost of living adjustment (COLA), and up to a 3% merit increase based on performance evaluations.



The Authority is continuing to carefully assessed 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, 2022.

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, 2020 and 2019

	<u>2020</u>	<u>2019</u> <u>(As Restated)</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and Cash Equivalents (Note 2)	\$ 45,154,181	\$ 27,157,466
Receivables:		
Sales and Use Taxes	5,944,715	6,183,019
Federal Government	187,266	205,980
Other	549,605	1,263,308
Inventories	1,123,501	675,774
Prepaid Expenses	454,705	509,201
Total Current Assets	<u>53,413,973</u>	<u>35,994,748</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents (Note 2)	473,544	-
Capital Assets (Note 3):		
Land	4,877,729	5,381,969
Buildings	53,744,210	53,734,210
Transit Stations, Stops and Pads	24,409,826	24,409,826
Other Improvements	5,525,123	5,525,123
Vehicles, Furniture and Equipment	62,819,282	61,437,834
Construction in Progress	973,871	246,866
Total Capital Assets	<u>152,350,041</u>	<u>150,735,828</u>
Less: Accumulated Depreciation	<u>(86,269,761)</u>	<u>(78,886,722)</u>
Net Capital Assets	<u>66,080,280</u>	<u>71,849,106</u>
Total Non-Current Assets	<u>66,553,824</u>	<u>71,849,106</u>
TOTAL ASSETS	<u>119,967,797</u>	<u>107,843,854</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pensions (Note 5)	2,274,783	4,131,381
Deferred outflow related to OPEB (Note 6)	13,413	-
Deferred outflow on extinguishment of debt	3,304,292	3,487,864
Total Deferred Outflows of Resources	<u>5,592,488</u>	<u>7,619,245</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>125,560,285</u>	<u>115,463,099</u>

See Notes to the Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statements of Net Position, Continued
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u> <u>(As Restated)</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities:		
Accounts Payable	628,010	705,808
Current Portion of Long-Term Liabilities (Note 4):		
Long-Term Debt	870,000	815,000
Compensated Absences	346,771	276,864
Sales Tax Audit Funds Due	328,488	246,366
Distributions to Regional Entities Payable	6,894,594	3,525,322
Other Accrued Liabilities	913,941	748,990
<i>Total Current Liabilities</i>	<u>9,981,804</u>	<u>6,318,350</u>
Long-Term Liabilities, Net of Current Portion (Note 4):		
Long-Term Debt	18,580,000	19,450,000
Compensated Absences	777,512	269,885
Sales Tax Audit Funds Due	821,234	930,730
Net Pension Liability (Note 5)	733,591	2,455,449
Net OPEB Obligation (Note 6)	849,492	970,134
<i>Total Long-Term Liabilities</i>	<u>21,761,829</u>	<u>24,076,198</u>
TOTAL LIABILITIES	<u>31,743,633</u>	<u>30,394,548</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pensions (Note 5)	4,666,972	3,956,764
Deferred inflow related to OPEB (Note 6)	39,401	-
<i>Total Deferred Inflows</i>	<u>4,706,373</u>	<u>3,956,764</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>36,450,006</u>	<u>34,351,312</u>
Net Position:		
Net Investment in Capital Assets	49,934,572	55,071,970
Restricted for FTA Interest	473,544	-
Unrestricted	38,702,163	26,039,817
TOTAL NET POSITION	<u>\$ 89,110,279</u>	<u>\$ 81,111,787</u>

See Notes to the Financial Statements



Corpus Christi Regional Transportation Authority
Fiscal 2020 Comprehensive Annual Financial Report
Financial Section | Basic Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statements of Revenues, Expenses, and Changes in Net Position
Years ended December 31, 2020 and 2019

	2020	2019 (As Restated)
Operating Revenues		
Passenger Service	\$ 1,140,636	\$ 1,857,989
Bus Advertising	128,874	149,585
Other Operating Revenues	722,798	1,210,356
Total Operating Revenues	<u>1,992,308</u>	<u>3,217,930</u>
Operating Expenses:		
Transportation	9,333,610	7,294,048
Customer Programs	510,416	384,487
Purchased Transportation	6,952,146	6,721,541
Service Development	518,887	418,734
MIS	1,258,256	870,839
Vehicle Maintenance	4,904,056	4,518,616
Facilities Maintenance (net of lease revenue of \$487,686 and \$496,476 in 2020 and 2019)	3,149,692	2,068,708
Materials Management	234,916	149,547
Administrative and General	6,142,405	8,178,905
Marketing & Communications	518,447	422,439
Depreciation	7,465,051	7,987,570
Total Operating Expenses	<u>40,987,882</u>	<u>39,015,434</u>
Operating Loss	(38,995,574)	(35,797,504)
Non-Operating Revenues (Expenses):		
Sales and Use Tax Revenue	33,912,489	33,878,046
Federal and Other Grant Assistance	15,985,553	954,573
Investment Income	181,431	552,566
Subrecipient Programs	(626,191)	(175,456)
Interest Expense and Fiscal Charges	(785,408)	(470,038)
Distributions to Regional Entities	(3,369,273)	(3,013,317)
Net Non-Operating Revenues (Expenses)	<u>45,298,601</u>	<u>31,726,374</u>
Net Income (Loss) Before Capital Grants & Donations	6,303,027	(4,071,130)
Capital Grants & Donations	<u>1,695,465</u>	<u>948,307</u>
Change in Net Position	7,998,492	(3,122,823)
Net Position, Beginning of Year	81,111,787	84,234,610
Net Position, End of Year	<u>\$ 89,110,279</u>	<u>\$ 81,111,787</u>

See Notes to the Financial Statements



**CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statements of Cash Flows**

Years Ended December 31, 2020 and 2019

	2020	2019 (As Restated)
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 1,134,577	\$ 1,861,468
Cash Received from Bus Advertising and Other Ancillary	2,091,941	826,877
Cash Payments to Suppliers for Goods and Services	(15,421,935)	(15,349,300)
Cash Payments to Employees for Services	(12,474,027)	(12,331,470)
Cash Payments for Employee Benefits	(5,132,293)	(7,051,792)
Net Cash Used for Operating Activities	<u>(29,801,737)</u>	<u>(32,044,216)</u>
Cash Flows from Non-Capital Financing Activities:		
Sales and Use Taxes Received	34,123,419	34,888,051
Grants and Other Reimbursements	16,209,267	801,836
Distributions to Subrecipient Programs	(626,191)	(175,456)
Distributions to Region Entities	-	(1,244,531)
Net Cash Provided by Non-Capital Financing Activities	<u>49,706,495</u>	<u>34,269,900</u>
Cash Flows from Capital and Related Financing Activities:		
Federal and Other Grant Assistance	1,490,465	948,307
Retirement of Long-Term Debt	(815,000)	-
Payment to Escrow Agent for Refunded Bonds	-	(2,686,772)
Interest and Fiscal Charges	(595,167)	(430,636)
Purchase and Construction of Capital Assets	(2,200,466)	(1,466,101)
Proceeds from the Sale of Capital Assets	504,240	-
Net Cash Used for Capital and Related Financing Activities	<u>(1,615,928)</u>	<u>(3,635,202)</u>
Cash Flows from Investing Activities:		
Investment Income	181,431	590,943
Maturities and Redemptions of Investments	-	5,104,907
Net Cash Provided by Non-Capital Financing Activities	<u>181,431</u>	<u>5,695,850</u>
Net Increase in Cash and Cash Equivalents	18,470,259	4,286,333
Cash and Cash Equivalents (Including Restricted Accounts), January 1	27,157,466	22,871,133
Cash and Cash Equivalents (Including Restricted Accounts), December 31	\$ <u>45,627,725</u>	\$ <u>27,157,466</u>

See Notes to the Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statements of Cash Flows (continuation)
Years Ended December 31, 2020 and 2019

**Reconciliation of Operating Loss to Net Cash
Provided by Operating Activities:**

Operating Loss	\$	(38,995,574)	\$	(35,797,504)
Adjustments to Reconcile Operating Loss to Net Cash				
Provided (Used) by Operating Activities:				
Depreciation		7,465,051		7,987,570
Changes in Assets, Deferred Inflows & Outflows of Resources, and Liabilities:				
Other Receivables		713,704		(1,017,395)
Inventories		(447,727)		(20,999)
Prepaid Expenses		66,018		(247,807)
Accounts Payable and Accrued Liabilities		41,589		636,113
Compensated Absences		577,534		(81,475)
Net OPEB Obligation		(120,642)		(131,233)
Deferred Inflows of Resources		749,609		(1,458,078)
Deferred Outflows of Resources		1,843,184		3,276,877
Net Pension Liability		(1,721,858)		(4,013,193)
Sales Tax - Audit Funds Due		27,374		(1,177,096)
Net Cash Used for Operating Activities	\$	<u>(29,801,737)</u>	\$	<u>(32,044,216)</u>

Non-Cash Investing, Capital and Financing Activities:

Change in:

Interest Receivable	\$	-	\$	(38,377)
Sales and Use Tax Receivable		(238,304)		167,091
Receivable from Federal Government Capital		(37,146)		168,207
Receivable from Federal Government Operating		18,714		(15,470)
Distribution to Regional Entities Payable		3,369,272		447,434
Accrued Interest Payable		4,853		35,247
Deferred Outflows of Extinguishment of Debt		(183,572)		3,487,864
Other Prepaid Expenses (Non-Operating)		(11,522)		-

See Notes to the Financial Statements



CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Investments (Note 2)		
Money Market Funds	\$ 1,915,363	\$ 1,606,953
Debt Mutual Funds	4,879,799	3,722,834
Equity Mutual Funds	<u>52,582,478</u>	<u>48,361,518</u>
	<u>59,377,640</u>	<u>53,691,305</u>
Receivables		
Accrued Interest Receivable	138	-
TOTAL ASSETS	<u>59,377,778</u>	<u>53,691,305</u>
LIABILITIES		
	<u>-</u>	<u>-</u>
NET POSITION RESTRICTED FOR PENSIONS		
Held in Trust for Pension Benefits	<u>\$ 59,377,778</u>	<u>\$ 53,691,305</u>

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Statements of Changes in Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Additions:		
Investment Income / (Loss)	\$ 6,766,025	\$ 8,517,253
Employee Contributions	1,081,227	1,055,087
Employer Contributions	<u>1,227,724</u>	<u>3,691,087</u>
Total Additions	<u>9,074,976</u>	<u>13,263,427</u>
Deductions:		
Benefits Paid	3,250,167	2,953,967
Administrative Expenses	<u>138,336</u>	<u>127,232</u>
Total Deductions	<u>3,388,503</u>	<u>3,081,199</u>
Increase in Net Position	5,686,473	10,182,228
Net Position, January 1	<u>53,691,305</u>	<u>43,509,077</u>
Net Position, December 31	<u>\$ 59,377,778</u>	<u>\$ 53,691,305</u>

See Notes to the 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, grant 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 720 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.

Restricted and Unrestricted Funds: In the financial statements, the net position is reported in three categories: Investment in Capital Assets; Restricted for Debt Service or FTA interest, and Unrestricted. From these three categories the only funds available for spending is the amount reported as Unrestricted.

The Investment in Capital Assets represents the total costs that the Authority has invested over the years in acquiring capital assets less accumulated depreciation and the outstanding principal balance of the related debt. In the Authority’s case, the capital investment is also further decreased by the extinguishment of debt related to the 2019 bond refunding.



The restricted net position represents the amount that has been restricted by parties outside of the Authority such as creditors, grantors, laws, and regulations of other governments. Since the refunding of the bonds, the restriction under the old bond covenant has been removed and replaced with an insurance policy that guarantees the repayment of the principal and all associated interest payments to the bondholders in the event of default. As of 2020, the only amount restricted represents the Federal Transportation Administration (FTA) interest on the disposition of an asset that was no longer needed for the original authorized purpose. The reduction in the amount of the FTA's interest will apply to a future project eligible for grant funding.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the Authority assumes all unrestricted funds to have been spent first then until the funds are reconciled at the end of the month at which time reallocations to the three components are recomputed.

When an expenditure is incurred for which assigned funds balances are available, then assigned funds will be spent first and finally unassigned funds.

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 the 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 course of the audit, the review of federal grant revenues identified a grant agreement related to Hurricane Harvey repair expenses that was cancelled in 2019 with the intent of reapplication and award of the grant in 2020. The cancellation of the grant agreement required a reduction in grant revenue in 2019 that was not recognized at the time of the 2019 audit. To correct this accounting error, a reduction in 2019's beginning net position in the amount of is recognized. Note that the grant was awarded and fully drawn upon in fiscal 2020 and so is recognized in the 2020 financial statements.

The effect on the on the net position is as follows:

Net position December 31, 2018 as previously reported	\$ 84,439,610
Reduction due to unearned grant revenue	<u>(205,000)</u>
Net position December 31, 2018, restated	<u>\$ 84,234,610</u>

Future Accounting Pronouncements:

GASB Statement No. 87, Leases ("GASB 87"), requires 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. A lessee is required to recognize a lease liability and an intangible right-to-use 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. GASB 87 will be implemented by the Authority in fiscal year 2022 and the impact has not yet been determined.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End if a Construction Period ("GASB 89"). This Statement establishes accounting requirements for interest cost incurred before the end of a construction period and requires that it be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. It also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. the requirements of this Statement are effective for reporting periods beginning after December 15, 2020



GASB Statement No. 91 Conduit Debt Obligations (“GASB 91”). This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 92, Omnibus 2020 – (“GASB 92”), 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. GASB 92 will be implemented by the Authority in fiscal year 2022 and the impact has not yet been determined.

GASB Statement No. 93, Replacement of Interbank Offered Rates – (“GASB 93”), some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. GASB 93 will be implemented by the Authority in fiscal year 2022 and the impact has not yet been determined.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription



asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. 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—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. 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 that limit the applicability of fiduciary activity rules to defined contribution plans, are effective immediately. The requirements related to accounting and financial reporting for section 457 plans are effective for fiscal years beginning after June 15, 2021.

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.



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(2) Cash, Cash Equivalents, and Investments

As of December 31, 2020, current assets totaling \$45,154,181 were held in bank deposits or in the TexPool local government investment pool (LGIP). An additional balance of \$473,544 in non-current restricted cash associated with the FTA’s interest in the sale of property was held in bank deposits. 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 in 2019.

<u>Type</u>	<u>2020</u>	<u>Weighted Average Maturity (Years)</u>	<u>2019</u>	<u>Weighted Average Maturity (Years)</u>
Investments measured at amortized cost				
Certificates of Deposit	\$ -	0.00	\$ -	0.00
Total Investments	-		-	
Portfolio weighted average maturity		0.00		0.00
Cash and Cash Equivalents				
Deposits in Bank	3,442,878		4,607,878	
TexPool Local Government Investment Pool - Overnight	42,183,498		22,548,238	
Cash Funds	1,350		1,350	
Total Cash and Cash Equivalents	<u>45,627,726</u>		<u>27,157,466</u>	
Total Cash, Cash Equivalents, and Investments	<u>\$ 45,627,726</u>		<u>\$ 27,157,466</u>	

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, 2020, and 2019, 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			
	2020		2019	
	Enterprise Fund	Fiduciary Fund	Enterprise Fund	Fiduciary Fund
Debt Mutual Funds	\$ -	\$ 4,879,799	\$ -	\$ 3,722,834
Equity Mutual Funds	-	52,582,478	-	48,360,108
Total	\$ -	\$ 57,462,277	\$ -	\$ 52,082,942

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, 2020,

- 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, 2019,

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

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, 2020, and 2019 the limits on the various types of authorized investments as a percent of the portfolio were:

<u>Investment Type</u>	<u>Allowable</u>	<u>Actual as of 12/31/2020</u>	<u>Actual as of 12/31/2019</u>
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%	0.00%
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%	56.03%	55.88%
Money Market Funds / Demand Deposits	100.00%	7.55%	16.97%
Commercial Paper	35.00%	36.43%	27.15%
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, 2020 and 2019, 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, 2020 and 2019, 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 Principal Financial Services (formerly 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, 2020 are as follows:

Footnote 3: Capital Assets

	Balance at 12/31/2019	Additions / Transfers	Retirements	Balance at 12/31/2020
Assets Not Being Depreciated:				
Land	\$ 5,381,969	-	(504,240)	4,877,729
Construction in Progress	246,866	727,005	-	973,871
	<u>5,628,835</u>	<u>727,005</u>	<u>(504,240)</u>	<u>5,851,600</u>
Assets Being Depreciated				
Buildings	53,734,210	10,000	-	53,744,210
Transit Stations, Bus Stops, Street Pads & Other Improvements	24,409,826	-	-	24,409,826
Improvements other than Buildings	5,525,123	-	-	5,525,123
Vehicles, Furniture and Equipment	61,437,834	1,463,461	(82,013)	62,819,282
	<u>145,106,993</u>	<u>1,473,461</u>	<u>(82,013)</u>	<u>146,498,442</u>
Total Capital Assets	<u>150,735,828</u>	<u>2,200,466</u>	<u>(586,253)</u>	<u>152,350,040</u>
Less: Accumulated Depreciation:				
Buildings	15,547,306	1,308,062	-	16,855,368
Transit Stations, Bus Stops, Street Pads & Other Improvements	20,297,679	770,987	-	21,068,666
Improvements other than Buildings	3,675,760	291,852	-	3,967,612
Vehicles, Furniture and Equipment	39,365,977	5,094,151	(82,013)	44,378,115
Total Accumulated Depreciation	<u>78,886,722</u>	<u>7,465,051</u>	<u>(82,013)</u>	<u>86,269,761</u>
Total Capital Assets, Net	<u>\$ 71,849,106</u>	<u>(5,264,586)</u>	<u>(504,240)</u>	<u>66,080,280</u>



Capital asset activities for the year ended December 31, 2019 are as follows:

Footnote 3: Capital Assets

	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
	<u>6,048,796</u>	<u>(419,961)</u>	<u>-</u>	<u>5,628,835</u>
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
	<u>143,220,931</u>	<u>1,886,062</u>	<u>-</u>	<u>145,106,993</u>
Total Capital Assets	<u>149,269,727</u>	<u>1,466,101</u>	<u>-</u>	<u>150,735,828</u>
Less: Accumulated Depreciation:				
Buildings	14,234,911	1,312,395	-	15,547,306
Transit Stations, Bus Stops, Street Pads & Other Improvements	19,554,594	743,084	-	20,297,678
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	<u>70,899,152</u>	<u>7,987,570</u>	<u>-</u>	<u>78,886,722</u>
Total Capital Assets, Net	<u>\$ 78,370,575</u>	<u>(6,521,469)</u>	<u>-</u>	<u>71,849,106</u>

**(4) Long-Term Liabilities:****Change in Long-Term Liabilities**

2020	12/31/2019	Additions	Retirements	12/31/2020	Due within One Year
Refunding Bonds	\$ 20,265,000	\$ -	\$ 815,000	\$ 19,450,000	\$ 870,000
Net Pension Liability	2,455,449	2,662,250	4,384,108	733,591	-
Net OPEB Obligations	970,134	-	120,642	849,492	-
Compensated Absences	546,749	1,278,251	700,717	1,124,283	346,771
Sales Tax Audit Funds	1,177,096	-	27,374	1,149,722	328,488
Total Long-Term Liabilities	\$ 25,414,428	\$ 3,940,501	\$ 6,047,841	\$ 23,307,088	\$ 1,545,259

2019	12/31/2018	Additions	Retirements	12/31/2019	Due within One Year
Revenue Bonds	\$ 19,245,000	\$ -	\$ 19,245,000	\$ -	\$ -
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	-
Net OPEB Obligations	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

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 expended 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.

\$20,265,000 System Revenue Refunding Bonds			
Taxable Series 2019			
Years Ending December 31,	Principal	Interest	Total Requirements
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	950,000	461,460	1,411,460
2026-2030	5,100,000	1,949,607	7,049,607
2031-2035	5,835,000	1,201,441	7,036,441
2036-2038	3,970,000	261,695	4,231,695
	<u>\$ 19,450,000</u>	<u>\$ 5,914,244</u>	<u>\$ 25,364,244</u>

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 720 hours can be paid to an employee retiring from the RTA.



(5) Retirement Plans

The Authority does participate in a retirement system in lieu of Social Security. Two retirement plans are sponsored by the Authority to assist employees in achieving retirement security: a *Defined Benefit Plan (DB Plan)* and a 403(b) *Defined Contribution Plan (DC Plan)*. Both plans are currently administered under a trust agreement with The Principal Financial Group, formerly Wells Fargo Institute Retirement & Trust Business.

The DB Plan is considered a pension because it offers guaranteed benefits at retirement to retirees and surviving spouses. As a public retirement plan, it is subject to various reporting requirement provisions of the Texas Government Code. Compliance oversight rests with The Texas Pension Review Board (PRB). The requirement to disclose certain pension investment expenses are shown on Page 75 of the required Supplemental Information section of this report.

Since the DC Plan payouts are not guaranteed it is not subject to the provisions of the Texas Government Code.

Defined Benefit Plan

Plan Description: The *RTA Employees Defined Benefit Plan and Trust (DB Plan)* is a single-employer formula-based defined benefit pension plan established by the applicable sections of the Internal Revenue Code. A disability feature is also included with the monthly benefits. 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 Principal Financial Services (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. The current vesting schedule is presented below for all full time employees:

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, 2020 and 2019, there were 607 and 596 participants respectively in this plan as follows:

	December 31, 2020	December 31, 2019
Retirees or beneficiaries currently receiving payments	200	185
Inactive employees entitled to but not yet receiving benefits	187	196
Active employees	220	215
Total Participants	607	596

Contributions: The Authority funds 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 2020 and 2019 respectively, was 11.2% and 34.6%.

Actuarial Assumptions: The actuarial assumptions that determined the total net pension liability as of December 31, 2020 are as follows:

<i>Valuation Date</i>	<i>December 31, 2020</i>
<i>Actuarial Cost Method</i>	<i>Entry-Age Normal Cost</i>
<i>Amortization Method</i>	<i>Level dollar</i>
<i>Asset Valuation Method</i>	<i>Fair Value</i>
<i>Actuarial Assumptions:</i>	
<i>Investment rate of return</i>	<i>7.2%</i>
<i>Projected Salary Increase</i>	<i>3.5%</i>
<i>Mortality Rate</i>	<i>RP-2014 Blue Collar Generational Mortality Table adjusted to 2006 and projected using scale MP-2020</i>
<i>Normal Retirement</i>	<i>First of month after attaining age 62</i>

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

<i>Valuation Date</i>	<i>December 31, 2019</i>
<i>Actuarial Cost Method</i>	<i>Entry-Age Normal Cost</i>
<i>Amortization Method</i>	<i>Level dollar</i>
<i>Asset Valuation Method</i>	<i>Fair Value</i>



Actuarial Assumptions:

<i>Investment rate of return</i>	7.3%
<i>Projected Salary Increase</i>	3.5%
<i>Mortality Rate</i>	<i>RP-2014 Blue Collar Generational Mortality Table adjusted to 2006 and projected using scale MP-2019</i>
Normal Retirement	<i>First of month after attaining age 62</i>

Discount Rate: The discount rate used to determine the total pension liability was 7.2%. 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 7.2%.

Prior Year Discount Rate: The discount rate used to determine the total pension liability was 7.3% for December 31, 2019. 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 7.3%.

Discount Rate Sensitivity Analysis: The following presents the net pension liability, calculated using a discount rate of 7.2%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.2%) or one percentage point higher (8.2%) than the current rate:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
December 31, 2020			
Net Pension Liability	\$6,259,139	\$733,591	(\$3,897,744)

Prior Year Discount Rate Sensitivity Analysis: The following represents 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)

Net Pension Liability: The net change in pension liability for the measurement date of December 31, 2020 based on the actuarial date of December 31, 2020 is reflected below:

Change in Net Pension Liability	Increase/Decrease		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances as of December 31, 2019	\$ 44,625,498	\$ 42,170,049	\$ 2,455,449
Changes for the Year:			
Service Cost	926,286		926,286
Interest on total pension liability	3,257,661		3,257,661
Benefit changes	-		-
Differences between expected and actual experience	336,157		336,157
Changes of assumptions	361,060		361,060
Benefit payments	(2,218,914)	(2,218,914)	-
Contributions – Employer		1,227,724	(1,227,724)
Net investment income		5,498,173	(5,498,173)
Administrative expenses		(122,875)	122,875
Net Changes	2,662,250	4,384,108	(1,721,858)
Balances as of December 31, 2020	\$ 47,287,748	\$ 46,554,157	\$ 733,591



The net change in pension liability for the measurement date of December 31, 2019 based on the actuarial date of December 31, 2019 is presented 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	<u>4,256,677</u>	<u>8,269,870</u>	<u>(4,013,193)</u>
Balances as of December 31, 2019	<u>\$ 44,625,498</u>	<u>\$ 42,170,049</u>	<u>\$ 2,455,449</u>

For the year ended December 31, 2020, the Authority recognized pension expenses:

Service Cost	\$ 926,286
Interest on total pension liability	3,257,661
Effect of plan change (Changes of benefit terms)	-
Experience losses	1,223,505
Administrative	122,875
Changes of assumptions	367,222
Current expense of asset loss	(740,810)
Expected investment returns net of investment expenses (7.2% per Plan)	<u>(3,037,750)</u>
Pension Expense	<u>\$ 2,118,989</u>



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 (7.4% per Plan)	<u>(2,569,735)</u>
Pension Expense	<u>\$ 3,307,292</u>

For the year ended December 31, 2020, the Authority recorded deferred outflows of resources related to the pension as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience losses	\$ 168,078	\$ -
Net difference between projected and actual earnings on pension plan investments	1,926,175	-
Changes of assumptions	<u>180,530</u>	<u>4,666,972</u>
Deferred Outflows and Inflows of Resources	<u>\$ 2,274,783</u>	<u>\$ 4,666,972</u>

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	
2021	\$ (342,706)
2022	(301,787)
2023	(1,264,874)
2024	(482,822)
2025	-
Thereafter	-

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	2,889,263	-
Changes of assumptions	186,692	3,956,764
Deferred Outflows and Inflows of Resources	\$ 4,131,381	\$ 3,956,764

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.

Defined Contribution Plan

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

Funding Policy: Employees are required to contribute 7.51% of gross remuneration and may make additional contributions of up to 10%.

The Authority may make contributions, but has made none to date. Total covered payrolls were \$10,975,562 in 2020 and \$10,668,048 in 2019. Employee contributions were \$1,081,227 in 2020 and \$1,055,087 in 2019. 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 2020, \$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 2019. 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, 2020 and 2019, the following employees were covered by the benefit terms:

	December 31, 2020	December 31, 2019
Inactive employees or beneficiaries currently receiving benefit payments	9	12
Inactive employees entitled to but not yet receiving benefit payments	0	0
Active employees	209	213
	<u>218</u>	<u>225</u>

Total OPEB Liability

The Authority’s total OPEB liability of \$849,492 was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the December 31, 2020 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	3.10% S&P Municipal Bond



Healthcare cost trend rates	<i>Medical:</i> 7.5% graded uniformly to 6.75% over 3 years and following the 2020 Getzen model thereafter to an ultimate rate of 4.04% in the year 2075 <i>Vision:</i> 5.0% per annum <i>Administrative expenses:</i> 2.5% per annum
Retirees' share of benefit-related costs	<i>Single Coverage:</i> \$293.55 <i>Family Coverage:</i> \$763.63

The discount rate was based on the S&P Municipal Bond 20 Year high Grade Rate Index as of January 2, 2020, compared to the 2019 rate of 3.64%.

Prior Year 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.

Prior Year Actuarial Assumption: 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	<i>Medical:</i> 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 <i>Vision:</i> 5.0% per annum <i>Administrative expenses:</i> 2.5% per annum
Retirees' share of benefit-related costs	<i>Single Coverage:</i> \$293.55 <i>Family Coverage:</i> \$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-2019.

The assumptions, methods, and procedures under Statement No.75 are based on the January 1, 2020 actuarial valuation with measurement dates of December 31, 2019 and December 31, 2018, and reporting dates of December 31, 2019 and December 31, 2020.

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 2020, the Authority recognized changes in Total OPEB liability as follows:

	Total OPEB Liability (a)
Balance at 12/31/2019	\$ 970,134
Changes for the year:	
Service cost	39,950
Interest	31,661
Experiences losses (gains)	(78,803)
Changes of assumptions	26,826
Benefits paid	(140,276)
Net changes	(120,642)
Balance at 12/31/2020	\$ 849,492

For the plan year 2019, the Authority recognized change 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



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 2020, 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 (2.1%) or 1-percentage point higher (4.1%) than the current discount rate:

	1% Decrease (2.1%)	Discount Rate (3.1%)	1% Increase (4.1%)
Total OPEB Liability	\$886,966	\$849,492	\$814,726

For the plan year 2019, 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	\$1,013,746	\$970,134	\$929,572

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 2020, 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 (7.5%)	1% Increase (8.5%)
Total OPEB Liability	\$807,099	\$849,492	\$895,283



For the plan year 2019, the sensitivity analysis related to changes in healthcare cost trend rates is as follows:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Total OPEB Liability	\$921,398	\$970,134	\$1,022,601

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

For the year ended December 31, 2020, the Authority recognized OPEB expense of \$45,622.

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

(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 2020 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, 2018, 2019, and 2020 are as follows:



		Health and Dental Benefits
Balance at 12/31/17	\$	386,864
Incurred Claims		2,611,495
Claims Paid		<u>(2,759,048)</u>
Balance at 12/31/18		239,311
Incurred Claims		2,141,169
Claims Paid		<u>(2,089,687)</u>
Balance at 12/31/19		290,793
Incurred Claims		2,490,760
Claims Paid		<u>(2,425,504)</u>
Balance at 12/31/20	\$	<u><u>356,049</u></u>

(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 \$1,442,000 in ADA Bus Stop improvements.

(9) Concentrations

During 2020, the Authority received \$1,695,465 for capital assistance and \$15,985,553 for other projects from the Federal Transportation Administration.

During 2019, the Authority received \$948,307 for capital assistance and \$954,573 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 2020 to provide paratransit services for elderly and persons with disability and certain fixed route services. Expenses under the contract amounted to \$6,731,086 in 2020 and \$6,246,282 in 2019. 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:

<u>Year ended 12/31</u>	
2021	\$ 450,250
2022	414,312
2023	389,514
2024	354,560
2025	293,789
Thereafter	223,385
Total	\$ <u>2,125,810</u>

(12) Significant Effects of Subsequent Events

The date to which events occurring after December 31, 2020, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is August 27, 2021 which is the date on the which the financial statements were available to be issued.

As of July 1, 2021, the Authority and its service area continue to respond to the impact of the Covid-19 pandemic. Mask dispensers have been installed on all revenue vehicle in order to provide face coverings to passengers, at no cost. On April 30, 2021, the Transportation Security Administration (TSA) extended the face mask requirement for all transportation networks, including public transportation, through September 13, 2021.

On March 19, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES) of 2020, allocated \$16,359,362 in funding for the Authority, with \$15,359,362 designated for operating assistance, and \$1 million designated for capital equipment assistance. As of July 1, 2021, all operating assistance funding has been utilized, and \$625,803 in capital assistance remains unspent.

Later in the year, on December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) of 2021 was signed into law, and allocated \$6,857,205 in additional funds to be used for operating assistance. As of July 1, 2021, all operating assistance funding has been utilized.

The most recent federal response to the Covid-19 pandemic, the American Rescue Plan Act (ARP) of 2021, was signed into law on March 11, 2021, and allocates an additional \$17,644,591



in federal funds for the Authority. The associated grant has not yet been awarded at the time of this report, as management strategizes the most effective use of funding for the grant application.



REQUIRED SUPPLEMENTARY INFORMATION



SCHEDULE OF CHANGES TO NET PENSION LIABILITY AND RELATED RATIOS

	Measurement Year						
	2014	2015	2016	2017	2018	2019	2020
<u>TOTAL PENSION LIABILITY</u>							
Service Cost	\$ 695,517	\$ 876,806	\$ 941,470	\$ 980,740	\$ 1,066,449	\$ 879,904	\$ 926,286
Interest on Total Pension Liability	2,254,995	2,396,547	2,521,413	2,620,680	2,780,193	2,987,293	3,257,661
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	336,157
Change of Assumptions	-	-	-	-	1,189,575	373,385	361,060
Benefit Payments	(1,248,266)	(1,493,324)	(1,561,905)	(1,833,510)	(1,808,898)	(1,927,249)	(2,218,914)
Net Change in Total Pension Liability	2,878,456	1,635,461	1,435,444	2,102,923	3,299,584	4,256,677	2,662,250
Total Pension Liability, Beginning	29,016,953	31,895,409	33,530,870	34,966,314	37,069,237	40,368,821	44,625,498
Total Pension Liability, Ending	\$ <u>31,895,409</u>	\$ <u>33,530,870</u>	\$ <u>34,966,314</u>	\$ <u>37,069,237</u>	\$ <u>40,368,821</u>	\$ <u>44,625,498</u>	\$ <u>47,287,748</u>
<u>FIDUCIARY NET POSITION</u>							
Employer Contributions	\$ 1,178,498	\$ 985,175	\$ 1,503,736	\$ 1,383,969	\$ 1,425,533	\$ 3,691,087	\$ 1,227,724
Employee Contributions	-	-	-	-	-	-	-
Investment Income Net of Investment Expenses	1,706,547	(348,950)	2,523,595	4,409,016	(2,046,180)	6,617,918	5,498,173
Benefit Payments/Contribution Refunds	(1,248,266)	(1,493,324)	(1,561,905)	(1,833,510)	(1,808,898)	(1,927,249)	(2,218,914)
Administrative Expenses	(91,465)	(94,874)	(92,810)	(102,228)	(110,600)	(111,886)	(122,875)
Net Change in Fiduciary Net Position	\$ 1,545,314	\$ (951,973)	\$ 2,372,616	\$ 3,857,247	\$ (2,540,145)	\$ 8,269,870	\$ 4,384,108
Fiduciary Net Position, Beginning	29,617,120	31,162,434	30,210,461	32,583,077	36,440,324	33,900,179	42,170,049
Fiduciary Net Position, Ending	\$ <u>31,162,434</u>	\$ <u>30,210,461</u>	\$ <u>32,583,077</u>	\$ <u>36,440,324</u>	\$ <u>33,900,179</u>	\$ <u>42,170,049</u>	\$ <u>46,554,157</u>
<i>Net Pension Liability</i>	\$ <u>732,975</u>	\$ <u>3,320,409</u>	\$ <u>2,383,237</u>	\$ <u>628,913</u>	\$ <u>6,468,642</u>	\$ <u>2,455,449</u>	\$ <u>733,591</u>
<i>Fiduciary Net Position as a Percentage of Total Pension Liability</i>							
	97.7%	90.1%	93.2%	98.3%	84.0%	94.5%	98.4%
<i>Annual Covered Payroll</i>	\$ 7,274,172	\$ 8,818,232	\$ 9,178,411	\$ 9,773,977	\$ 10,677,430	\$ 10,668,048	\$ 10,975,562
<i>Net Pension Liability as a Percentage of Covered Payroll</i>	10.1%	37.7%	26.0%	6.4%	60.6%	23.0%	6.7%

*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**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actuarially determined contribution	\$ 886,742	\$ 1,125,651	\$ 988,534	\$ 695,517
Contributions in relation to the actuarially determined contribution	<u>1,064,288</u>	<u>1,125,651</u>	<u>1,280,330</u>	<u>1,178,498</u>
Contribution deficiency (excess)	<u>\$ (177,546)</u>	<u>\$ -</u>	<u>\$ (291,796)</u>	<u>\$ (482,981)</u>
Annual Covered Payroll	\$ 7,073,120	\$ 7,221,526	\$ 7,474,445	\$ 7,274,172
Contributions as a percentage of Annual Covered Payroll	15.0%	15.6%	17.1%	16.2%

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 – Fair 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, 2020:

- The mortality improvement scale was changed from MP-2019 to MP-2020.
 - o Rationale: Updated mortality tables to better recognize current and future mortality improvements.
- The rate of investment return and discount rate was changed from 7.3% to 7.2%
 - o Rationale: To better reflect the Plan's expected long term rate of return



<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 983,696	\$ 1,468,804	\$ 1,399,307	\$ 1,191,087	\$ 1,227,724	1,306,947
<u>985,175</u>	<u>1,503,736</u>	<u>1,383,969</u>	<u>1,425,533</u>	<u>3,691,087</u>	<u>1,227,724</u>
\$ <u>(1,479)</u>	\$ <u>(34,932)</u>	\$ <u>15,338</u>	\$ <u>(234,446)</u>	\$ <u>(2,463,363)</u>	<u>79,223</u>
\$ 8,818,232	\$ 9,178,411	\$ 9,773,977	\$ 10,677,430	\$ 10,668,048	10,975,562
11.2%	16.4%	14.2%	13.4%	34.6%	11.2%



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

	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>TOTAL OPEB LIABILITY</u>			
Service Cost	\$ 36,236	\$ 38,048	\$ 39,950
Interest	38,682	34,073	31,661
Effect of Plan Changes	-	-	-
Difference between expected and actual experience	-	-	(78,803)
Changes of assumptions	-	-	26,826
Benefit Payments	<u>(189,167)</u>	<u>(203,354)</u>	<u>(140,276)</u>
Net Change in Total OPEB Liability	(114,249)	(131,233)	(120,642)
Total OPEB Liability, Beginning	<u>1,215,616</u>	<u>1,101,367</u>	<u>970,134</u>
Total OPEB Liability, Ending (a)	<u>\$ 1,101,367</u>	<u>\$ 970,134</u>	<u>\$ 849,492</u>
 <i>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</i>			
	0.0%	0.0%	0.0%
 <i>Annual Covered Payroll</i>			
	\$ 11,667,509	\$ 12,134,143	\$ 13,257,370
<i>Net OPEB Liability as a Percentage of Annual Covered Payroll</i>			
	9.4%	8.0%	6.4%

*This schedule is required to present information for ten years, however, prior years' information is not available. Therefore, we have shown only the years in which GASB 75 was implemented, as well as the subsequent year.

TOTAL OPEB LIABILITY
SCHEDULE OF AUTHORITY CONTRIBUTIONS
LAST 10 FISCAL YEARS

	Measurement Year		
	2018	2019	2020
Actuarially determined contribution	\$ 189,167	\$ 203,354	\$ 140,276
Contributions in relation to the actuarially determined contribution	<u>189,167</u>	<u>203,354</u>	<u>140,276</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
Annual covered payroll	\$ 11,667,509	\$ 12,134,143	\$ 13,257,370
Contributions as a percentage of annual covered payroll	1.6%	1.7%	1.1%

Notes to Schedule

Valuation Date:

Actuarially determined contribution rates calculated as of January 1, 2020.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization Method	Experience gains or loss are amortized over the average working lifetime of all participants which for the current period is 2 years. Plan amendments are recognized immediately. Changes in actuarial assumptions are amortized over the average working lifetime of all participants.
Amortization period	8.5 years
Asset valuation method	Not applicable
Inflation	3.10%
Healthcare cost trend rates	Medical: 7.5% graded uniformly to 6.5% over 3 years and following and following the Getzen model thereafter to an ultimate rate of 4.04% in the year 2075. Vision: 5.00% per annum Administrative: 2.5% per annum
Salary increases	3.5% per annum
Investment rate of return	Not applicable
Retirement age	Age 62 or age 55 and have ten years of service with the CCRTA, and be an active employee of CCRTA at the time of retirement.
Mortality	RP-2014 Total Dataset Mortality Table, adjusted to base year 2006, projected with Scale MP-2019



SUPPLEMENTARY INFORMATION





**Corpus Christi Regional Transportation Authority
 Schedule of Revenues and Expenses - Actual and Budget
 by Function Year Ended December 31, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget Versus Actual</u>
Operating Revenues				
Passenger Service	\$ 1,840,710	\$ 1,840,710	\$ 1,140,636	\$ (700,074)
Bus Advertising	158,731	158,731	128,874	(29,857)
Other Operating Revenues	622,779	622,779	722,798	100,019
<i>Total Operating Revenues</i>	<u>2,622,220</u>	<u>2,622,220</u>	<u>1,992,308</u>	<u>(629,912)</u>
Operating Expenses				
Transportation	10,158,674	10,158,674	9,333,610	825,064
Customer Programs	564,293	564,293	510,416	53,877
Purchased Transportation	7,105,315	7,105,315	6,952,146	153,169
Program & Service Development	608,237	608,237	518,887	89,350
MIS	1,349,557	1,349,557	1,258,256	91,301
Vehicle Maintenance	5,738,762	5,738,762	4,904,056	834,706
Facilities Maintenance (net of lease revenue)	3,344,858	3,344,858	3,149,692	195,166
Materials Management	188,618	188,618	234,916	(46,298)
Administrative & General	5,376,595	5,376,595	6,142,405	(765,810)
Marketing & Communications	685,721	685,721	518,447	167,274
Depreciation	3,972,995	3,972,995	7,465,051	(3,492,056)
<i>Total Operating Expenses</i>	<u>39,093,625</u>	<u>39,093,625</u>	<u>40,987,882</u>	<u>(1,894,257)</u>
Operating Loss	(36,471,405)	(36,471,405)	(38,995,574)	(2,524,169)
Non-Operating Revenues (Expenses):				
Sales and Use Tax Revenue	37,762,468	37,762,468	33,912,489	(3,849,979)
Federal and Other Grant Assistance	874,476	874,476	15,985,553	15,111,077
Investment Income	565,803	565,803	181,431	(384,372)
Sub recipient Programs	(49,694)	(49,694)	(626,191)	(576,497)
Interest Expense and Fiscal Charges	(1,423,053)	(1,423,053)	(785,408)	637,645
Distributions to Regional Entities	(3,021,641)	(3,021,641)	(3,369,273)	(347,632)
Net Income/(Loss) Before				
Capital Grant Contributions	\$ (1,763,046)	\$ (1,763,046)	\$ 6,303,027	\$ 8,066,073

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
Fiduciary Funds – Combined Statements of Net Position
December 31, 2020, with Comparative Total for December 31, 2019**

	2020			2019
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Total	
ASSETS				
Investments (Note 2)				
Money Market Funds	\$ 1,070,261	\$ 845,102	\$ 1,915,363	\$ 1,606,953
Debt Mutual Funds	4,385,510	494,289	4,879,799	3,722,834
Equity Mutual Funds	41,098,248	11,484,230	52,582,478	48,360,108
	<u>46,554,019</u>	<u>12,823,621</u>	<u>59,377,640</u>	<u>53,689,895</u>
Receivables				
Accrued Interest Receivable	138	-	138	1,410
TOTAL ASSETS	<u>46,554,157</u>	<u>12,823,621</u>	<u>59,377,778</u>	<u>53,691,305</u>
LIABILITIES				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Restricted for Pension Benefits	\$ <u>46,554,157</u>	\$ <u>12,823,621</u>	\$ <u>59,377,778</u>	\$ <u>53,691,305</u>

See Notes to Financial Statements

**Corpus Christi Regional Transportation Authority
Fiduciary Funds – Combined Statements of Changes in Net Position
December 31, 2020, with Comparative Total for December 31, 2019**

	2020			2019
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Total	
Additions:				
Investment Income (Loss)	\$ 5,498,173	\$ 1,267,852	\$ 6,766,025	\$ 8,517,253
Employee Contributions	-	1,081,227	1,081,227	1,055,087
Employer Contributions	1,227,724	-	1,227,724	3,691,087
<i>Total Additions</i>	<u>6,725,897</u>	<u>2,349,079</u>	<u>9,074,976</u>	<u>13,263,427</u>
Deductions				
Benefits Paid	2,218,914	1,031,253	3,250,167	2,953,966
Administrative Expenses	122,875	15,461	138,336	127,233
<i>Total Deductions</i>	<u>2,341,789</u>	<u>1,046,714</u>	<u>3,388,503</u>	<u>3,081,199</u>
Increase (Decrease) in Net Position	4,384,108	1,302,365	5,686,473	10,182,228
Net Position, January 1	42,170,049	11,521,256	53,691,305	43,509,077
Net Position, December 31	<u>\$ 46,554,157</u>	<u>\$ 12,823,621</u>	<u>\$ 59,377,778</u>	<u>\$ 53,691,305</u>

See Notes to Financial Statements

Corpus Christi Regional Transportation Authority
Schedule of Long-Term Debt Amortization
Year Ended December 31, 2020

\$20,265,000 System Revenue Refunding Bonds			
Taxable Series 2019			
Years Ending December 31,	Principal	Interest	Total Requirements
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	950,000	461,460	1,411,460
2026-2030	5,100,000	1,949,607	7,049,607
2031-2035	5,835,000	1,201,441	7,036,441
2036-2038	3,970,000	261,695	4,231,695
	<u>\$ 19,450,000</u>	<u>\$ 5,914,244</u>	<u>\$ 25,364,244</u>

Corpus Christi Regional Transportation Authority
Schedule of Pension Plan Investment Expenses
Year Ended December 31, 2020

Description	Direct and Indirect Fees and Commissions					Total
	Cash	Public Equity	Fixed Income	Real Assets	Alternative/Other	
Management Fees Paid From Trust	\$ 3,510	\$ 65,051	\$ 47,954	\$ 6,361	\$ -	\$ 122,875
Management Fees Netted From Returns	836	70,411	40,055	12,952	-	124,254
<i>Total Investment Management Fees (Netted from Returns + Management Fees Paid From Trust)</i>	<i>4,346</i>	<i>135,462</i>	<i>88,009</i>	<i>19,313</i>	<i>-</i>	<i>247,129</i>
Brokerage Fees/Commission	-	359	-	-	-	359
Profit Share/Carried Interest	-	-	-	-	-	-
<i>Total Direct and Indirect Fees and Commissions (Management Fees + Brokerage Fees/Commissions + Profit Share)</i>	<u><i>\$ 4,346</i></u>	<u><i>\$ 135,821</i></u>	<u><i>\$ 88,009</i></u>	<u><i>\$ 19,313</i></u>	<u><i>\$ -</i></u>	<u><i>\$ 247,488</i></u>

Total Investment Expenses Summary	
Total Direct and Indirect Fees & Commissions	\$ 247,488
Investment Services	
Custodial	\$ -
Research	-
Investment Consulting	-
Legal	-
Total Investment Services	-
Total Investment Expenses*	<u>\$ 247,488</u>
<i>*Total Direct and Indirect Fees and Commissions + Investment Services</i>	

List of Investment Manager Names*	
1 MFS Investment Management	9 Causeway Capital Mgmt LLC
2 T. Rowe Price Group	10 Lazard Asset Mgmt
3 BlackRock, Inc.	11 Acadian Asset Mgmt
4 Voya Investment Mgmt LLC	12 Dodge & Cox
5 JP Morgan Asset Mgmt	13 Federated Hermes, Inc.
6 Invesco Ltd	14 Metropolitan West Funds
7 Goldman Sachs Asset Mgmt	15 Core Commodity Mgmt
8 Cap Group / American Funds	16 Vanguard Group, Inc.
<p>* The tables may be used by systems to report investments categorized as Alternative/Other, as required by 40 TAC, Section 609.111(i), as well as include the names of investment managers engaged by the system per Government Code Section 802.103(a)(4).</p>	

List of Alternative/Other Investments*
NA

2020
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.

<u>Contents</u>	<u>Page</u>
Financial Trends.....	84
<i>These schedules contain trend information to help the reader understand how the Authority’s financial performance has changed over time.</i>	
Revenue Capacity	88
<i>These schedules contain information to help the reader assess the Authority’s most significant revenue source, sales and use tax.</i>	
Debt Capacity.....	92
<i>These schedules present information to help the reader assess the affordability of the Authority’s current level of outstanding debt.</i>	
Demographic & Economic Data	94
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority’s financial activities take place.</i>	
Operating Information	96
<i>These schedules contain service data to help the reader understand how the information in the Authority’s financial report relates to the services that the Authority provides and the activities it performs.</i>	

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)

	2011	2012	2013	2014
Net Investment in Capital Assets	\$ 35,534,213	43,439,575	48,003,491	49,217,398
Restricted		-	1,611,302	1,611,302
Unrestricted	28,172,623	29,843,986	27,852,253	32,585,594
Total	\$ 63,706,836	73,283,561	77,467,046	83,414,294



2015	2016	2017	2018	2019	2020
66,725,519	59,298,433	66,264,480	59,125,576	55,071,970	49,934,572
1,611,302	1,611,302	1,611,302	1,611,302	-	473,544
23,480,692	25,611,884	27,299,129	23,702,732	26,039,817	38,702,163
91,817,513	86,521,619	95,174,911	84,439,610	81,111,787	89,110,279

Table 2

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

	2011	2012	2013	2014
Operating Revenues:				
Passenger Service	\$ 1,660,782	1,706,528	1,750,624	1,844,604
Other Operating	152,881	144,710	124,796	335,192
Total Operating Revenues	1,813,663	1,851,238	1,875,420	2,179,796
Operating Expenses:				
Transportation	11,764,029	12,718,200	13,146,112	12,430,929
Vehicle/Facilities Maintenance (net of SSC leases)	6,519,067	6,523,062	6,302,512	7,545,219
Program Development	1,073,506	1,075,444	764,359	893,233
Administrative and General	4,444,485	4,923,154	4,627,406	6,683,788
Depreciation	5,878,720	5,523,334	5,772,221	5,273,812
Total Operating Expenses	29,679,807	30,763,194	30,612,610	32,826,981
Operating Loss	(27,866,144)	(28,911,956)	(28,737,190)	(30,647,185)
Non-Operating Revenues (Expenses):				
Sales and Use Tax	26,235,525	31,571,834	32,064,316	35,188,390
Grant Assistance	2,527,017	3,226,061	1,416,988	125,900
Investment Income	27,860	51,173	62,160	110,052
Other Non-Operating Items	1,733	1,086	(619,579)	(422,184)
Distributions to Region Entities	(1,918,020)	(2,154,150)	(2,593,634)	(2,900,327)
Net Gain (Loss) before Capital Contributions	(992,029)	3,784,048	1,593,061	1,454,646
Capital Contributions	5,247,029	5,792,677	2,590,424	4,492,602
Change in Accounting Principle	-	-	-	-
Total Change in Net Position	\$ 4,255,000	9,576,725	4,183,485	5,947,248



2015	2016	2017	2018	2019	2020
1,853,246	1,735,001	1,696,742	1,688,643	1,857,989	1,140,636
430,401	665,443	805,680	757,262	1,359,941	851,672
2,283,647	2,400,444	2,502,422	2,445,905	3,217,930	1,992,308
12,848,302	12,425,999	12,679,008	13,376,140	14,015,589	16,285,756
7,320,683	6,752,337	7,062,134	6,651,633	6,736,871	8,288,663
1,146,698	1,604,721	1,347,294	1,153,232	1,225,660	1,547,750
7,797,745	9,455,657	9,748,303	13,557,215	9,049,745	7,400,661
6,592,946	7,541,912	8,271,963	8,931,866	7,987,570	7,465,051
35,706,374	37,780,626	39,108,702	43,670,086	39,015,434	40,987,881
(33,422,727)	(35,380,181)	(36,606,280)	(41,224,181)	(35,797,505)	(38,995,573)
34,127,803	31,387,198	32,570,355	33,934,640	33,878,046	33,912,489
2,512,070	1,185,650	4,618,731	58,410	954,573	15,985,553
125,143	69,049	85,535	409,036	552,566	181,431
(488,015)	(677,173)	(1,415,867)	(1,075,296)	(645,494)	(1,411,599)
(3,301,592)	(3,170,013)	(3,003,298)	(2,807,222)	(3,013,317)	(3,369,273)
(447,318)	(6,585,471)	(3,750,824)	(10,704,613)	(4,071,131)	6,303,027
9,763,523	1,289,577	12,404,116	1,184,926	948,307	1,695,465
870,603	-	-	(1,215,616)	-	-
10,186,808	(5,295,894)	8,653,292	(10,735,303)	(3,122,824)	7,998,492



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
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	\$ 2,400,444	31,387,198	1,185,650	69,049	32,007	35,074,348
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
2020	\$ 1,992,308	33,912,489	15,985,553	181,431	-	52,071,781

(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)		
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%	*	*	*
2020	4.2%	65.1%	30.7%	*	*	*

(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
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	5,456,925	1,735,001
2017	5,373,324	1,696,742
2018	5,366,985	1,688,643
2019	5,249,776	1,857,989
2020	2,984,594	1,140,636

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.

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%
2020	.....	3.40%



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
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	44,889	0.12%
2020	\$ 19,450,000	**	**

*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	
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	\$ 4,266,972	595,000	1,009,770	1,604,770	2.65
2020	\$ 2,661,425	815,000	589,915	1,404,915	1.89

(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)
2011	407,721	\$15,944,465	\$39,106	60,734	7.90%
2012	413,199	\$16,708,972	\$40,438	61,026	6.60%
2013	419,080	\$17,377,659	\$41,466	61,620	6.10%
2014	423,313	\$18,206,109	\$43,009	61,954	5.10%
2015	427,621	\$18,141,476	\$42,424	61,563	4.90%
2016	428,953	\$17,346,555	\$40,439	61,485	5.60%
2017	428,445	\$18,209,181	\$42,501	61,350	5.40%
2018	428,697	\$18,724,313	\$43,677	61,075	4.60%
2019	429,024	\$19,366,168	\$45,140	60,516	3.90%
2020	427,840	Not available	N/A	60,143	8.96%

- (1) Metro Area - Source: US Dept. of Commerce Bureau of Economic Analysis <https://apps.bea.gov/itable/index.cfm>
- (2) Nueces County - Source: Nueces County/Texas Education Agency/PEIMS [2020 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)**

Business	2020			2011		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Corpus Christi ISD	5,944	1	4.00%	5,178	2	3.41%
Naval Air Station Corpus Christi	4,600	2	3.03%	2,822	6	1.86%
H.E.B. Stores & Bakery	3,840	3	2.58%	5,000	4	3.29%
Corpus Christi Army Depot	3,400	4	2.29%	5,800	1	3.81%
City of Corpus Christi	3,202	5	2.15%	3,171	5	2.09%
CHRISTUS Spohn Health Systems	3,000	6	2.02%	5,144	3	3.38%
Driscoll Children's Hospital	2,512	7	1.69%	1,800	8	1.18%
Kiewit Offshore Services	1,750	8	1.18%	-	-	-
Bay Ltd.	1,700	9	1.14%	2,100	7	1.38%
Del Mar College	1,500	10	1.01%	1,542	9	1.01%
Corpus Christi Medical Center	1,500	10	1.01%	1,300	10	0.85%
Total	32,948		22.10%	33,857		22.26%

Total Employed in the Service Area ⁽¹⁾ 148,736 152,054

Source: Corpus Christi Regional Economic Development Corp.

(1) [Bureau of Labor Statistics](#)

Table 11

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

	2011	2012	2013	2014
Transportation				
Transportation - Directly Operated	122.00	131.00	131.00	160.00
Purchased Transportation*	1.00	1.00	3.00	3.00
	123.00	132.00	134.00	163.00
Maintenance				
Vehicle Maintenance	38.00	36.00	36.00	38.00
Facilities Maintenance	14.00	14.00	15.00	15.00
Materials Management	4.00	4.00	4.00	3.00
	56.00	54.00	55.00	56.00
Program Development				
Customer Programs	6.00	8.00	4.00	4.80
Service Development	4.00	4.00	4.00	3.00
Program Management	2.00	2.00	2.00	2.00
Marketing & Communications	2.00	2.00	3.00	3.00
	14.00	16.00	13.00	12.80
General Administrative:				
MIS	1.00	1.00	2.00	3.00
Contracts and Grants	2.00	3.00	3.00	5.00
CEO's Office	3.00	3.00	1.00	1.00
Finance and Accounting	5.80	5.80	5.55	5.55
Human Resources	2.00	2.00	3.00	3.00
General Administration	2.00	3.00	8.00	5.00
Safety and Security	-	-	1.00	1.00
Staples Street Center	-	-	-	-
TCN - Regional Coordinator	1.00	-	-	-
	16.80	17.80	23.55	23.55
Totals	209.80	219.80	225.55	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*.



2015	2016	2017	2018	2019	2020
169.00	154.50	145.00	132.50	125.25	118.50
3.00	2.00	0.00	0.00	0.00	0.00
172.00	156.50	145.00	132.50	125.25	118.50
41.00	36.00	37.00	33.00	32.00	36.00
15.00	12.50	14.50	14.50	16.00	20.00
3.00	4.00	3.00	3.00	3.00	3.00
59.00	52.50	54.50	50.50	51.00	59.00
4.80	5.50	6.00	6.50	6.00	6.00
3.00	4.00	4.00	4.00	3.00	4.00
2.00	3.00	3.00	1.00	1.00	2.00
3.00	2.50	3.00	3.00	3.00	3.00
12.80	15.00	16.00	14.50	13.00	15.00
3.00	6.00	6.00	6.00	6.00	5.00
5.00	1.00	3.00	3.00	3.00	3.00
1.00	2.00	1.00	1.00	3.00	3.00
5.55	6.55	5.50	6.00	6.00	6.00
3.00	3.00	3.00	3.00	3.00	3.00
5.00	5.00	6.00	6.00	3.00	3.00
2.00	2.50	2.50	2.00	3.00	3.00
-	3.50	4.00	4.00	3.00	4.00
-	-	-	-	-	-
24.55	29.55	31.00	31.00	30.00	30.00
268.35	253.55	246.50	228.50	219.25	222.50



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

		2011	2012	2013	2014
System Ridership					
Motor Bus	a	5,749,312	5,764,790	5,728,793	5,650,677
Demand Response / Para-transit	b	199,368	202,974	194,394	192,580
Ferry Boat	b	52,951	86,676	93,192	84,035
Vanpool	c/e	-	-	-	-
System Hours					
Motor Bus	a	226,999	237,320	225,151	243,732
Demand Response / Para-transit	b	74,728	79,413	70,328	74,236
Ferry Boat	b	881	1,135	1,185	750
Vanpool	c/e	-	-	-	-
System Miles					
Motor Bus	a	3,256,971	3,387,397	3,021,215	3,053,596
Demand Response / Para-transit	b	1,556,289	1,425,691	1,225,323	1,252,615
Ferry Boat	b	2,179	2,660	2,625	1,756
Vanpool	c/e	-	-	-	-
Vehicles In Service					
Motor Bus	a	56	59	60	75
Demand Response / Para-transit	b	26	26	26	38
Ferry Boat	b	1	2	2	1
Vanpool	c/e	-	-	6	3
Uses of Capital Funds					
Vehicles	d	\$ 2,707,772	2,707,772	4,864,974	651,166
Communications & Information		\$ 425,524	425,524	439,364	406,426
Facilities and Stations		\$ 1,022,722	1,022,722	7,228,414	1,142,874
Other		\$ 1,708,706	1,708,706	1,061,601	-
Operating Expenses by Mode					
Motor Bus	a	\$ 18,262,737	19,150,089	18,984,978	21,324,898
Demand Response / Para-transit	b	\$ 4,976,669	5,351,413	5,585,657	5,556,262
Ferry Boat	b	\$ 435,411	617,831	607,748	626,005
Vanpool	c/e	\$ -	-	-	-

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 - May not agree with GAAP-basis financial statements due to differences in NTD accounting methodologies

e - 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



2015	2016	2017	2018	2019	2020
5,472,836	5,252,466	5,168,421	5,153,005	4,975,242	2,810,165
198,652	204,459	195,101	197,978	211,013	129,088
76,870	-	-	-	-	-
16,439	-	9,802	16,002	63,521	45,341
259,377	269,711	267,036	275,532	272,402	209,207
78,850	81,258	77,501	78,319	81,658	76,954
805	-	-	-	-	-
7,686	9,027	3,457	1,935	8,856	8,680
3,414,445	3,546,503	3,864,934	3,721,249	4,223,566	2,905,938
1,349,727	1,401,147	1,332,822	1,350,787	1,572,140	1,060,115
1,886	-	-	-	-	-
181,220	184,532	75,406	82,942	401,872	487,589
66	67	92	88	89	89
28	28	41	36	36	36
1	-	-	-	-	-
5	6	5	10	24	22
17,996,141	139,358	8,119,989	244,460	658,196	651,166
196,394	906,221	477,613	59,904	269,015	406,426
1,273,498	8,680,069	5,718,703	118,531	292,985	1,142,874
1,159,287	276,415	827,638	795,066	245,905	-
20,495,063	24,357,254	25,939,360	25,928,435	26,196,995	25,799,965
5,278,853	5,353,867	4,954,285	4,934,149	5,138,058	5,480,345
766,082	-	-	-	-	-
152,825	163,054	102,522	92,839	238,653	220,016

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	427,840
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: 2020 NTD Report

² Historical trend information is not available. See Table 12 for utilization and level of capital investment trends.

2020

Single Audit Section

Comprehensive Annual Financial Report

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, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 27, 2021.

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) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompany schedule of findings and questions costs as item 2020-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-002 to be a significant deficiency.

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*.

Corpus Christi Regional Transportation Authority's Response to Findings

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Carr, Riggs & Ingram

Corpus Christi, Texas
August 27, 2021

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 Authority's major federal program for the year ended December 31, 2020. 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, 2020.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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.

Carr, Riggs & Ingram

Corpus Christi, Texas
August 27, 2021



**Corpus Christi Regional Transportation Authority
Fiscal 2020 Comprehensive Annual Financial Report
Schedule of Findings and Questioned Costs**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 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)
20.500	Capital Investment Grants (Fixed Guideway Capital Investment Grants)
	Transit Services Program Cluster
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities
20.516	Job Access and Reverse Commute Program Mobility Coordinator

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

**Corpus Christi Regional Transportation Authority
Fiscal 2020 Comprehensive Annual Financial Report
Schedule of Findings and Questioned Costs**

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

2020-001 — Revenue

Condition: During review of the confirmation provided by the Federal Transit Authority (FTA) as part of our revenue testing, it was noted that disbursements did not agree to the *Schedule of Expenditures of Federal Financial Awards (SEFA)*. Through further investigation, it was determined that the grant was originally written in 2018, but then subsequently cancelled. The Authority then resubmitted the grant in 2020 and incurred expenses related to the grant. The revenue recorded in 2018 was never reversed. As a result, the SEFA for 2020 did not appropriately reflect the grant and the corresponding expenses and beginning net position was overstated.

Criteria: 2 CFR 200.510(b) which requires the non-Federal entity to prepare a schedule of expenditures of Federal awards which must include the total Federal awards expended.

Effect: The Authority overstated grant revenue by \$205,000 in the previous period and did not appropriately reflect the grant on the 2020 SEFA.

Cause: The Authority's policies did not operate effectively to ensure that the grant was appropriately recognized and reflected on the SEFA.

Auditors' Recommendation: CRI recommends that the Authority implement a policy to continuously monitor the status of grants to ensure the appropriate recognition as grant status changes.

Views of Responsible Officials and Planned Corrective Action: The Authority acknowledges that this type of situation is not addressed in the current policies and procedures. The Authority will look to recommend changes to the Authorities' procedures to include measures that will ensure continuous monitoring of grants and the appropriate recognition. Changes will be recommended by December 31, 2021.

2020-002 — Capital Assets, Cash

Condition: During Fixed Asset testing, it was noted that an asset which was initially bought using funds provided by the FTA was sold during the year prior to obtaining the appropriate FTA authorization. This also led to a reclassification to appropriately present restrictions on cash.

Criteria: Model accounting policies recommend that the Authority follow all appropriate guidelines related to federal funding.

Effect: The Authority did not receive the appropriate approval from the FTA prior to the sale and restricted cash was not recorded.

Cause: The Authority did not appropriately review the federal funding guidelines and only reviewed Section 272.001 of the Texas Local Government code.

Auditors' Recommendation: CRI recommends that the Authority review federal funding guidelines to ensure compliance.

Views of Responsible Officials and Planned Corrective Action: The Authority acknowledges that the federal guidelines were not reviewed. The Authority will look to recommend changes to the Authorities'

**Corpus Christi Regional Transportation Authority
Fiscal 2020 Comprehensive Annual Financial Report
Schedule of Findings and Questioned Costs**

procedures to include measures that will ensure review of federal guidelines in relation to all federally funded transactions. Changes will be recommended by December 31, 2021.

C. FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

None noted.



**Corpus Christi Regional Transportation Authority
Schedule of Expenditures of Federal Financial Awards
Year Ended December 31, 2020**

<u>GRANTOR</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Passed through to Subrecipients</u>	<u>Expenditures, Indirect Costs, And Refunds</u>
<u>DEPARTMENT OF TRANSPORTATION</u>				
<i>Federal Transportation Administration (FTA):</i>				
Federal Transit Cluster				
Federal Transit - Capital Investment Grants (Fixed Guideway Capital Investment Grants)	20.500	TX04-0114	\$ -	\$ 94,186
Federal Transit - Formula Funds (Urbanized Area Formula Program)	20.507	TX18-0074	-	1,089,381
Federal Transit - Formula Funds (Urbanized Area Formula Program)	20.507	TX19-0052	-	190,928
COVID-19 Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	TX20-0098	-	15,359,362
			-	16,639,671
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526	TX18-0074	-	-
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526	TX19-0052	-	115,970
			-	115,970
Total Federal Transit Cluster			-	16,849,827
Transit Services Program Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	TX16-0083	40,726	40,726
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	TX18-0090	392,804	392,804
			433,530	433,530
Job Access and Reverse Commute	20.516	TX37-X111	192,661	192,661
Total Federal Transit Services Program Cluster			626,191	626,191
Public Transportation Emergency Relief Program				
Corpus Christi Regional Transportation Authority	20.527	TX20-0071	-	205,000
Total Public Transportation Emergency Relief Program			-	205,000
Total Department of Transportation			\$ 626,191	\$ 17,681,018

See Notes to the Schedule of Expenditures of Federal Awards



Corpus Christi Regional Transportation Authority Notes to Schedule of Expenditures of Federal Financial Awards Year Ended December 31, 2020

(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	\$	15,985,553
Less: State & Local Grants		-
Capital Grants & Donations		<u>1,695,465</u>
Total Federal Grants	\$	<u>17,681,018</u>

(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.

(6) Noncash Assistance

The Authority has not received any noncash assistance for the fiscal year ended December 31, 2020.

(7) Loan and Loan Guarantees

The Authority has not received any loan or loan guarantees for the fiscal year ended December 31, 2020.

(8) Federally Funded Insurance

The Authority has not received any federally funded insurance for the fiscal year ended December 31, 2020.

(9) Contingencies

Grant monies received and disbursed by the Authority are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the Authority does not believe that such disallowance, if any, would have a material effect on the financial position of the Authority.

(10) Subrecipients

During the year ended December 31, 2020, the Authority expended \$626,191 to sub-recipients.

(11) Federal Pass-Through Funds

The Authority was not the sub-recipient of any federal funds for the year ended December 31, 2020.



CORPUS CHRISTI REGIONAL
TRANSPORTATION AUTHORITY

Corpus Christi Regional Transportation Authority
Fiscal 2020 Comprehensive Annual Financial Report
Single Audit Section | Notes to Schedule of Expenditures of Federal Financial Awards





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