



CORPUS CHRISTI REGIONAL
TRANSPORTATION AUTHORITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Years Ended
December 31, 2021 and 2020



CCRTA.ORG



**Corpus Christi
Regional Transportation Authority
Corpus Christi, Texas**

Annual Comprehensive Financial Report
For the Fiscal Years Ended December 31, 2021 and 2020



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



2021

Introductory Section

Annual Comprehensive Financial Report



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

TABLE OF CONTENTS

	<u>Page</u>
 <u>INTRODUCTORY SECTION</u>	
Table of Contents	i
Letter of Transmittal	iii
GFOA Certificate of Achievement	xi
Board of Directors and Administration	xii
Organizational Chart.....	xiv
 <u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Statements of Net Position	27
Statements of Revenues, Expenses, and Changes in Net Position.....	29
Statements of Cash Flows	31
Statements of Fiduciary Net Position.....	33
Statements of Changes in Fiduciary Net Position.....	33
Notes to the Financial Statements	35
Required Supplementary Information:	
Schedule of Changes to Net Pension Liability and Related Ratios.....	67
Schedule of Contributions.....	69
Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios	71
Schedule of Authority Contributions.....	72
Supplementary Information:	
Schedule of Revenues and Expenses - Actual and Budget by Function	76
Combined Statements of Fiduciary Net Position.....	77
Combined Statements of Changes in Fiduciary Net Position.....	78
Schedule of Long-Term Debt Amortization.....	79

Schedule of Pension Plan Investment Expenses.....	80
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STATISTICAL SECTION

Statistical Section Narrative	84
Table 1 Net Position.....	85
Table 2 Changes in Net Position.....	87
Table 3 Revenues by Source	89
Table 4 Revenues and Operating Assistance - Comparison to Industry Trend Data....	90
Table 5 Passenger Fee Capacity	91
Table 6 Miscellaneous Revenue Information	92
Table 7 Ratio of Outstanding Debt.....	93
Table 8 Revenue Bond Coverage.....	94
Table 9 Demographic Statistics	95
Table 10 Top Ten Employers	96
Table 11 Full-Time Equivalent Positions.....	97
Table 12 Operating Statistics and Assets Utilized.....	99
Table 13 Miscellaneous Statistics	101

SINGLE AUDIT SECTION

Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.....	104
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	106
Schedule of Findings and Questioned Costs	109
Schedule of Expenditures of Federal Financial Awards	112
Notes to Schedule of Expenditures of Federal Financial Awards.....	113



October 7, 2022

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 Annual Comprehensive Financial Report (*Annual Report*) for the fiscal year ended December 31, 2021. 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.

***For the Safety of Everyone at CCRTA and
Our Community, We Will, Continue to...***



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.

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.

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 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 has become a lifeline to our riders during normal conditions as well as in times of catastrophic events, the most recent being the unprecedented Coronavirus pandemic that first impacted the area in 2020 and continued its presence throughout 2021. The pandemic affected all sectors of the economy, but the Authority successfully completed its 35th year of providing transportation services to the community, keeping its promise to connect residents to their destinations.

***For the Safety of Everyone at CCRTA and
Our Community, We Will, Continue to...***



In 2021, ridership remained down from its 2019 pre-COVID levels as the Authority continued to plan for the post-pandemic future. The Authority in 2021 provided 2,382,393 rides, a decrease of 602,201 or 20.18% from 2020, and 45% lower than 2019 pre-pandemic levels (Table 12).

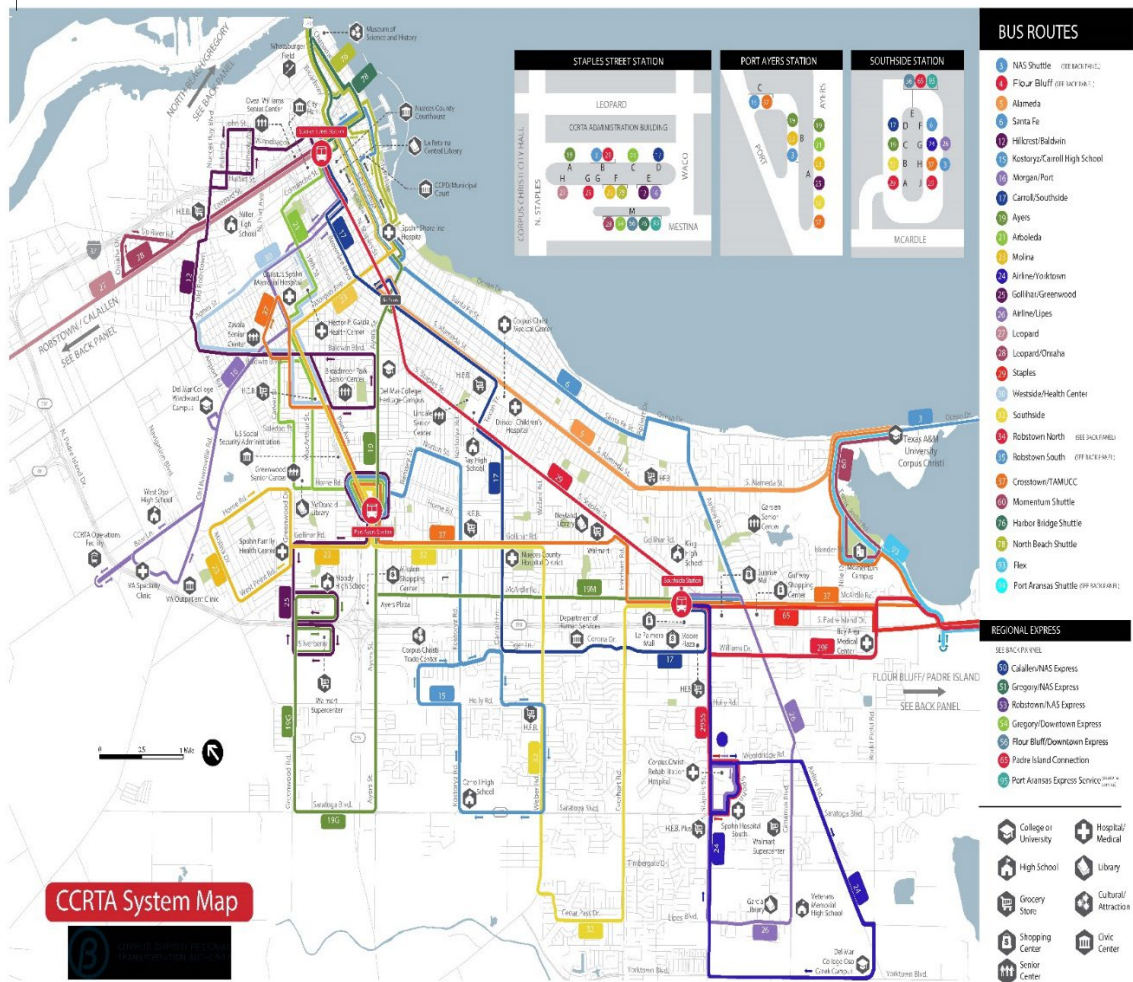
With a fleet of 128 buses, the Authority provides a variety of services to meet different transportation needs through the use of 94 buses for fixed-route services and 34 buses for paratransit services. The conventional fixed-route services are operated by the Authority and a third-party contractor, while paratransit services, which are more flexible and do not conform to a fixed schedule or route, are exclusively contracted out. Paratransit services provide on-demand curb-to curb response service which allowed passengers to book their trip during service operating hours along with Flexi-B routes which is a ride-sharing program that picks up and drops off passengers at any bus stop along the route. A vanpool program is also another mode of transportation services that currently operates 22 vehicles.

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 special movement services during community events that include national and regional notables such as Buc Days Rodeo, Beach to Bay, Texas Jazz Fest, Fiesta de la Flor, Dia de los Muertos, and the American Cancer Society Walk.





Corpus Christi Regional Transit Authority System Service Area Map



CCRTA Takes Measures to Help Reduce the Spread of Virus



LOCAL ECONOMY

The dynamic economy of Corpus Christi spans from aerospace and aviation, chemical and petroleum manufacturing, to energy-related industries. The resilience of the local economy is shown in the sales tax revenue growth during the pandemic. Sales tax revenue has remarkably outpaced its pre-pandemic growth trends when receipts in 2021 outpaced 2020 by \$3,237,008 or 9.55% and by \$3,271,449 or 9.66% in 2019. In addition, the favorable business climate of the area has promoted an ongoing influx of out-of-state businesses and skilled workers. This influx is further bolstered by the talent pool provided by Del Mar College and Texas A&M University-Corpus Christi.

Corpus Christi is the 8th largest city in Texas and has a total area of 460.2 square miles of which 124.3 are land and 327.9 are covered with water. Corpus Christi serves as the county seat for Nueces County with a population of 353,178 making it the 16th most populous county in the state. It is home to the Naval Air Station Corpus Christi and the Port of Corpus Christi.

The Naval Air Station is the second-largest employer, supporting pilot training and operations since 1941. About 43,000 active duty personnel, civilian employees and family members make up the base's population. Also residing at this military installation is the Corpus Christi Army Depot which is the largest helicopter repair facility in the world employing more than 4,989 civilian employees and contractors. The combined direct economic impact is approximately \$654.6 million. The Port of Corpus Christi began 1926. Since then it has become a major gateway to international and domestic maritime commerce. It is the third-largest port in the United States in total tonnage and has an estimate economic impact to the Corpus Christi area of approximately \$3 billion while supporting 98,000 jobs in the South Texas Coastal Bend region in various fields.

The diversification of public and private industries in the region helps to stabilize economic fluctuations. Corpus Christi's major employment segments include healthcare, educational services, accommodation and food services, construction, government, professional, scientific, technical services and tourism. Major employers include CCISD, Bay, Ltd, CITGO, City of Corpus Christi, Del Mar College, Texas A&M University Corpus Christi, Flint Hills Resources, H-E-B, Kiewit Offshore Services and Valero Refining. Although tourism was adversely affected by the pandemic, it is recovering. According to the Visit Corpus Christi economic impact report, \$1.35 billion was accounted by tourism in 2021.

The unemployment rate declined in 2021 to 7.5 percent from 9.0 percent in 2020, indicating jobs lost due to COVID-19 pandemic are gradually returning. The respective rates for the state and nation were 6.1 and 5.3%. According to the Texas A&M economic report, by mid-2021 the business community had recovered more than 96% of the lost jobs from 2019.



RESPONSE TO COVID-19

2021 was a transformative year for the Authority. With the continued presence of the Coronavirus pandemic, efforts focused on mitigating COVID-19, addressing labor shortages affecting service delivery, and supporting the financial well-being of the Authority. In addition, the Authority responded to the February 2021 unprecedented *Texas Big Freeze* power crises which resulted in the following strategies.

1. Mitigating COVID-19 in 2021:
 - Coordinated efforts to secure vaccines with Nueces County Judge.
 - Hosted vaccination clinics at transfer stations and facilities; provided free transportation.
 - Offered employees a \$250 bonus for each authorized vaccine and booster shot; 173 of the 214 employees vaccinated at a net payment of \$173,000.
 - Placed temperature scanning kiosks, funded 100% by CARES Act, in buildings with readings reported to Human Resources for monitoring.
 - Distributed over 550,000 masks to passengers on buses and transfer stations.
 - Installed social distance seat bands, Ultraviolet Germicidal Irradiation (UVGI) systems, and driver shields 100% funded by CARES Act, \$35,550, \$208,071, and \$129,925 respectively.
 - Continued 2020 daily deep cleaning and sanitizing programs for buses and facilities and expanded security presence in buildings and transfer stations.
 - Increased telework days from 2 to 4 days per week.
2. Addressing labor shortages in maintenance and operations:
 - Offered a \$1,000 sign-on bonus to new bus drivers payable at the successful completion of a 6-week training program
 - Offered a \$400 bonus to employees for employment referrals that successfully completed the six-months probationary period
3. Financial strategies focused on improving cash flow management:
 - Decrease grant draw down processing time; 82 drawdowns totaling \$16,648,295 of which \$8,358,878 was in operating assistance and \$8,289,417 for capital purchases compared to 44 drawdowns in 2020.
 - Streamlined systems to facilitate the administration of new grants for staff and project managers in preparation for the CRRSAA Grant totaling \$6,857,205.
 - Processed an amendment to a CARES Capital Grant allowing the transfer of \$625,803 for operating expenses due to the supply chain disruptions bringing the total grant operating assistance in 2021 to \$7,231,402 or 22.20% of the \$32,578,562 operating expenses reported for the year
4. February 11, 2021 Winter Storm that lasted until February 20th.
 - Communicated twice per day with all stakeholders, media, county, and city leadership, riders, employees and tenants with press releases, alerts, social media postings, emails and text messages.
 - Maintained security guard force 24 hours per day throughout the storm.
 - Local and offsite backups were checked and tested.

Governance – Officials

The Authority is governed by an eleven-member board of directors. Chapter 451 of the Texas Transportation Code is the enabling legislation that sets forth the governing structure of the Authority. Because of the population size of the principal municipality, an eleven (11) member board is required to govern all the activities of the Authority. The staggered term system allows overlapping two-year terms but limits board membership to eight (8) years and reappointments to presiding officer to two (2) consecutive years.

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 Chair is appointed by the sitting Board members. A listing of Authority Board members is included on page xii.

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 in 2021 with 215 salaried and hourly positions and with approximately 90 staff members employed by various contractors. An organizational chart is shown on page xiv.

Budget Control

Texas Transportation Code Section 451.102 requires that transit authorities adopt an Annual Operating Budget and Capital Improvement Plan before the start of a new fiscal year. The board adopted budget serves as a policy document, an operations guide, a financial plan and a communication device. The Authority may not spend more than the board approved budgets and must approve increases to the budget with board approved amendments.

The process for developing the Authority's budgets typically begins with Board strategic planning that starts in May. Through a series of meetings and analysis a framework is developed that reflects the shared board and management vision of the Authority's values and priorities. 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 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.

Accountability and Transparency

The Authority recognizes its responsibility of stewardship of public funds and strives for both financial accountability and transparency. Our website transparency efforts have earned the *Traditional Finances Star* from the Texas State Comptroller.



The Authority's five-year capital improvement plan and improved financial reporting along with the budget development processes help ensure the appropriate level of accountability and oversight.

Certificate of Achievement for Financial Reporting

In 2021, the Authority received the Certificate of Achievement for Excellence in Financial Reporting for Fiscal Year 2020. This marks the 17th consecutive and its 24th lifetime award since operations began in 1986.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive 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 Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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


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



Jorge Cruz-Aedo
Chief Executive Officer



Robert M. Saldana
Managing Director, Administration



Marie S. Roddel
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Corpus Christi Regional Transportation Authority
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

BOARD OF DIRECTORS AND ADMINISTRATION

BOARD OF DIRECTORS

Terms of Office and Board Service

<u>MEMBER</u>	<u>APPOINTMENT</u>	<u>TERM EXPIRATION</u>	<u>BEGAN SERVICE</u>
Dan S. Leyendecker	RTA Board	January 3, 2024	October 4, 2017
Jeremy L. Coleman	City of Corpus Christi	June 30, 2024	July 6, 2022
Erica Maymi	City of Corpus Christi	June 30, 2024	July 6, 2022
Matt Woolbright	City of Corpus Christi	June 30, 2024	July 11, 2018
Eloy H. Salazar	City of Corpus Christi	June 30, 2024	July 1, 2020
Gabi Canales	City of Corpus Christi*	June 30, 2024	May 5, 2021
Lynn B. Allison	Nueces County	September 30, 2023	October 2, 2019
Anna M. Jimenez	Nueces County	September 30, 2023	October 2, 2019
Aaron Muñoz	Nueces County	September 30, 2023	April 6, 2022
Armando Gonzalez	Committee of Mayors	September 30, 2023	October 6, 2021
Beatriz Charo	Committee of Mayors	September 30, 2023	October 6, 2021

*Designated to represent Transportation Disadvantaged.



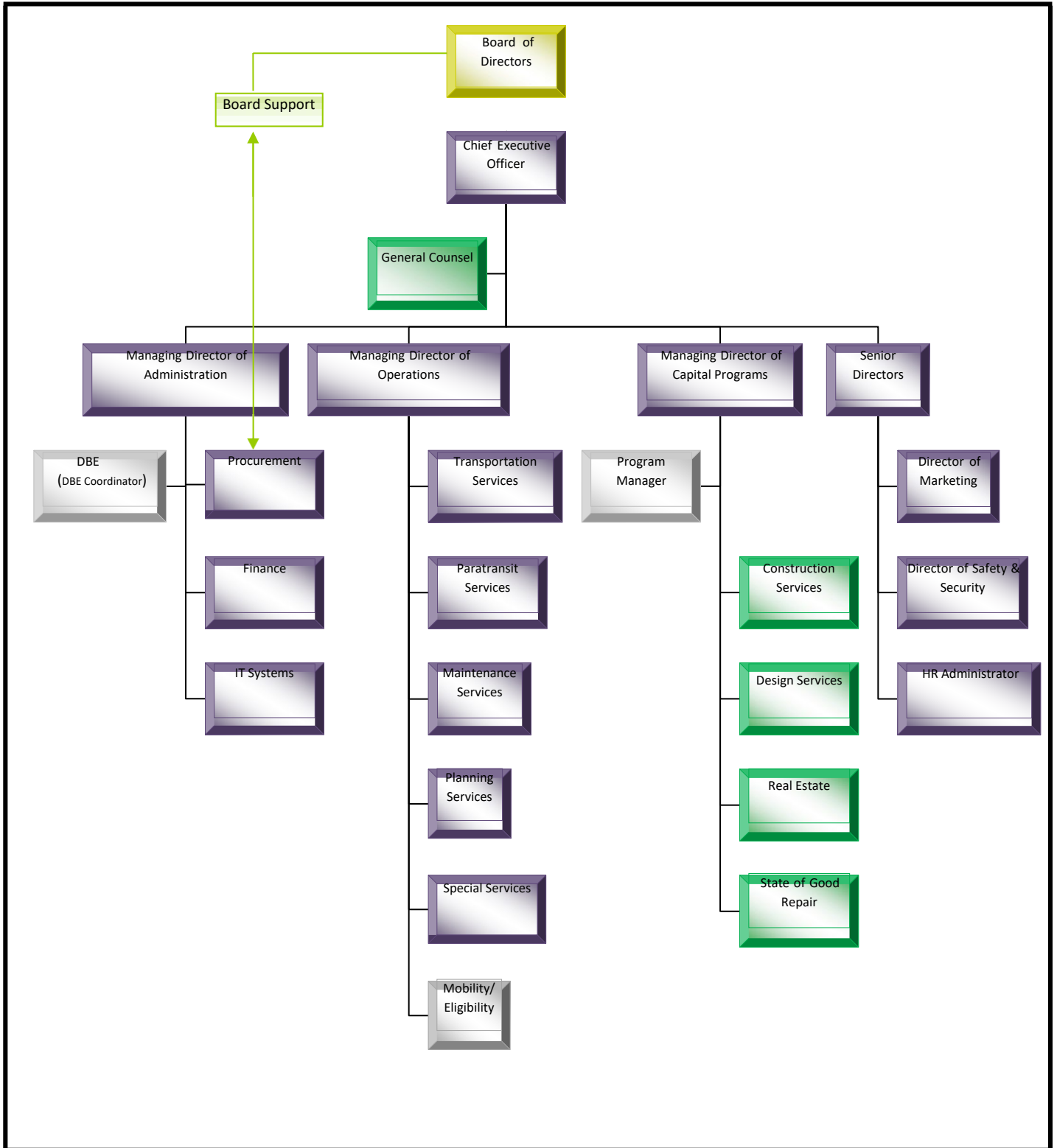
ADMINISTRATION

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





2021

Financial Section

Annual Comprehensive Financial Report



INDEPENDENT AUDITORS' REPORT

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

Opinions

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, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

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, 2021 and 2020, 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.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-24, GASB required supplementary schedules on pages 67-72 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 supplementary information and schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

CARR, RIGGS, & INGRAM, LLC

Corpus Christi, Texas
October 26, 2022





MANAGEMENT'S DISCUSSION AND ANALYSIS

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to the accompanying basic 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 \$101,693,143 at December 31, 2021, an increase of 14.12% or \$12,582,865 from \$89,110,278 as of December 31, 2020 (Table 1).
- *Capital Assets* of \$70,269,629 at December 31, 2021 increased by 6.34% or \$4,189,349 from \$66,080,280 as of December 31, 2020 (Table 1).
- *Total Liabilities* at December 31, 2021 of \$27,539,034 decreased by 13.25% or \$4,204,600 from \$31,743,633 as of December 31, 2020 (Table 1).
- *Total Revenues* for 2021 of \$47,169,530 decreased by \$4,902,251 or 9.41% in comparison to the 2020 revenue of \$52,071,781. All revenue streams in 2021 fell short in comparison to 2020 with the exception of sales tax revenue and bus advertising income. The significant revenue sources for discussion include Passenger Service Revenue, Other Operating Revenues, and Non-Operating Revenues (Table 3).
- *Passenger Service Revenue* for 2021 of \$986,544 was down 13.51% or \$154,092, \$1,140,636 in 2020 (Table 3).
- *Other Operating Revenues* for 2021 of \$478,487 fell by 33.80%, or \$244,311, from \$722,798 in 2020 (Table 3)
- *Sales Tax Revenue* for 2021 of \$37,149,496 increased by 9.55% or \$3,237,007 from \$33,912,489 in 2020 (Table 3).
- *Federal and Other Grant assistance* for 2021 of \$8,358,878 fell by 47.71% or \$7,626,675 from \$15,985,553 in 2020 (Table 3).
- *Total expenses* (including depreciation) decreased by 6.32% or \$2,892,673 from \$45,768,755 in 2020 to \$42,876,082.
- *Operating Expenses* decreased by 4.89% or \$2,003,106 from \$40,987,883 in 2020 to \$38,984,777 in 2021.



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 27.



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.

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, 2021, the Authority's *total net position* was \$101,693,143. Of the total net position, \$54,810,350 or 53.90% 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 \$779,623 in restricted funds and \$46,103,170 was unrestricted (Table 1).

Total net position increased by \$12,582,865 in 2021 from 2020, going from \$89,110,278 to \$101,693,143. The increase occurred in all three components in the Total Net Position, the largest increase occurring in the unrestricted portion of the fund balance (Table 1).

The *total net position* increase is due to the combined increase of \$8,470,419 in *Total Assets and Deferred Outflows* and \$4,112,446 decrease in *Total Liabilities and Deferred Inflows*. The *Total Assets and Deferred Outflows* grew by \$8,470,418 going from \$125,560,285 in 2020 to \$134,030,703 in 2021 (Table 1). Contributing factors include the increase in sales tax receipts, up by \$3,237,007 from \$33,912,489 in 2020 to \$37,149,496 in 2021. *Current assets* were also boosted by federal operating assistance of \$8,358,878 which offset the decrease in passenger revenue due to decrease ridership (Table 3). In addition, total current period capital asset additions of \$10,595,565 offset by depreciation costs of \$6,406,216 provided an increase of \$4,189,349 in *Capital Assets*. Of the \$10,569,565 of capital acquisitions, \$8,289,417 was funded by federal grants.

Deferred Outflows of Resources decreased by \$1,083,777, from \$5,592,488 in 2020 to \$4,508,711 in 2021 also adding to the \$8,470,419 increase in *Total Assets and Deferred Outflows*. The decrease represents the changes that occurred from the defined benefit plan and the Other Post-Employment Benefits (OPEB).

Total Liabilities and Deferred Inflows decreased of \$4,112,446 and also contributed to the increase in total net position going from \$36,450,007 in 2020 to \$32,337,561 in 2021. This decrease is due to the \$4,204,600 decrease in total liabilities, down from \$31,743,634 in 2020 to \$27,539,034 combined with the \$92,154 increase in deferred inflows from \$4,706,373 in 2020 to \$4,798,527 in 2021.



Table 1
Condensed Summary of Net Position

	At December 31			At December 31		
	2021	2020	Change	2020	2019	Change
Current Assets	\$ 57,531,203	\$ 53,413,973	\$ 4,117,230	\$ 53,413,973	\$ 35,994,748	\$ 17,419,225
Restricted Assets	1,721,161	473,544	1,247,617	473,544	-	473,544
Capital Assets	70,269,629	66,080,280	4,189,349	66,080,280	71,849,106	(5,768,826)
Total Assets	<u>129,521,993</u>	<u>119,967,797</u>	<u>9,554,196</u>	<u>119,967,797</u>	<u>107,843,854</u>	<u>12,123,943</u>
Deferred Outflows of Resources	<u>4,508,711</u>	<u>5,592,488</u>	<u>(1,083,777)</u>	<u>5,592,488</u>	<u>7,619,245</u>	<u>(2,026,757)</u>
Total Assets and Deferred Outflows	<u>134,030,704</u>	<u>125,560,285</u>	<u>8,470,419</u>	<u>125,560,285</u>	<u>115,463,099</u>	<u>10,097,186</u>
Current Liabilities	7,552,924	9,981,805	(2,428,881)	9,981,805	6,318,350	3,663,455
Long-Term Liabilities	19,986,110	21,761,829	(1,775,719)	21,761,829	24,076,198	(2,314,369)
Total Liabilities	<u>27,539,034</u>	<u>31,743,634</u>	<u>(4,204,600)</u>	<u>31,743,634</u>	<u>30,394,548</u>	<u>1,349,086</u>
Deferred Inflows of Resources	<u>4,798,527</u>	<u>4,706,373</u>	<u>92,154</u>	<u>4,706,373</u>	<u>3,956,764</u>	<u>749,609</u>
Total Liabilities and Deferred Inflows	<u>32,337,561</u>	<u>36,450,007</u>	<u>(4,112,446)</u>	<u>36,450,007</u>	<u>34,351,312</u>	<u>2,098,695</u>
Investment in Capital Assets Restricted for Debt Service or FTA Interest	54,810,350	49,934,572	4,875,778	49,934,572	55,071,970	(5,137,398)
Unrestricted	779,623	473,544	306,079	473,544	-	473,544
Total Net Position	<u>\$ 101,693,143</u>	<u>\$ 89,110,278</u>	<u>\$ 12,582,865</u>	<u>\$ 89,110,278</u>	<u>\$ 81,111,787</u>	<u>\$ 7,998,491</u>

The Authority's total liabilities decreased by \$4,204,600 in comparison to 2020. The decrease resulted from reductions in both current and long-term liabilities, \$2,428,881 and \$1,775,719, respectively. Distributions to the City of Corpus Christi under a 2012 Street Improvement Plan (SIP) for street repairs represented the majority of the reduction in current liabilities. The majority of the reductions to long term obligations came from the reclassification of the principal portion. Another significant reduction came from the pension asset that resulted from the performance of the defined benefit plan.

The Authority's net position at December 31, 2020 totaled \$89,110,278. Of this amount, \$49,934,572, or 56.04%, represented the Authority's net investment in capital assets. The remaining \$39,175,706 includes \$473,544 in restricted assets in the FTA interest of previous disposed assets and \$38,702,162 which is available for spending. The 2020 Net position increased by \$7,998,491 from 2019, mostly due to the \$15,985,165 in supplemental funding from the federal emergency assistance grant programs from the CARES Act.

Current Assets: At the end of 2021, the Authority's current assets had increased by \$4,117,230 from the end of 2020. The majority of the increase came from the change in Cash and Cash Equivalents, which grew by \$3,372,390, largely due to the increase in sales tax revenue.



The growth in current assets related to sales tax revenue was partially offset by reductions in inventory and prepaid expenses. In 2021 inventory decreased by \$104,439 from \$1,123,501 in 2020 to \$1,019,062 in 2021. Prepaid expenses also decreased by \$44,430 from \$454,705 in 2020 to \$410,275 in 2021. Decreases in both inventory and prepaid items resulted from the lifting of pandemic mandates that reduced costs associated with the distribution of facial masks to the riders in buses and also the public at transfer stations.

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 \$15,985,165 CARES Act emergency relief grant.

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 2021, the Authority held assets restricted in accordance with agreement with the Federal Transit Administration (FTA) totaling \$779,623. In 2020, the restricted funds represent FTA's additional interest of \$306,069 from disposal of assets associated with three projects. At the end of 2020, the Authority held \$473,554 which represented the FTA's interest of one project associated with the excess land at the Authority's Southside transit station that was sold in November 2020.

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, 2021, the Authority's overall investment in capital assets (net of accumulated depreciation) totaled \$70,269,629, an increase of \$4,189,349 from December 31, 2020. During the year capital assets totaling \$10,595,565 were acquired. The acquisition costs of these assets were offset by the depreciation expense recorded for the year totaling \$6,406,216 decreasing the investment in capital assets to \$4,189,349. The 2021 capital additions primarily occurred in two asset categories, Transit Stations & Bus Stops and Vehicles, Furniture, & Equipment. Some of the significant capital assets acquired include:

- ◆ 29 Arboc Buses 25'
- ◆ 5 Support Vehicles and 2 Golf Carts for Safety & Security
- ◆ 10 Diesel and 5 CNG engine overhauls for fixed-route buses
- ◆ 63 Driver Safety Shield Barriers Installations to buses
- ◆ 126 Social Distance Seat Band Installations to buses
- ◆ 17 DVR's for buses including DVR Server & Storage Array
- ◆ 1 CNG Defueling Station
- ◆ 52 UV Light Disinfection System installations
- ◆ 2 AC Units for Maintenance Shop
- ◆ 35 Portable Handheld Radios
- ◆ Technology upgrades to servers and data center UPS Battery Replacements
- ◆ Parts Inventory Storage Cabinets & Shelving
- ◆ Parking Lot resurfacing at Bear Lane Operations Building



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 of \$7,465,052 and asset retirements of \$504,240, decreasing the carrying value by \$5,768,826.

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 a replacement for the counting machine used for fare revenue collection
- ◆ The purchase of a support vehicle
- ◆ Progress on the renovation of the Port/Ayers transfer station
- ◆ Renovations to the bus yard parking lot

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, 2021:			
Capital Assets at Cost	\$ 85,457,427	\$ 70,379,695	\$ 155,837,122
Less: Accumulated Depreciation	<u>59,991,148</u>	<u>25,576,345</u>	<u>85,567,493</u>
Capital Assets, net	<u>\$ 25,466,279</u>	<u>\$ 44,803,350</u>	<u>\$ 70,269,629</u>
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>



Liabilities: The Authority's total liabilities as of December 31, 2021 were \$27,539,034, a decrease of \$4,204,600 from the \$31,743,634 in 2020. From the 2021 combined obligations of \$27,539,034, the current portion stood at \$7,552,924 while the long-term portion at \$19,986,110, and both categories came in significantly lower than 2020.

Current Liabilities decreased by \$2,428,881 from \$9,981,805 in 2020 and is primarily due to the \$2,423,435 distributions paid in 2021 to the City of Corpus Christi for street repairs under the 2012 Street Improvement Plan. The long-term liabilities decreased by \$1,775,719 from \$21,761,829 which resulted primarily from three liability accounts; long-term debt, sales tax audit funds due, and net pension liability.

The reduction in long-term debt came from the reclassification of \$890,000 to short-term reflecting the principal balance of the bonds outstanding at December 31, 2021. The amount owed to the state comptroller decreased by \$328,488 which represents deductions of \$27,374 from the monthly sales tax payments under a 2019 payback agreement. The obligation to the state comptroller stems from a taxpayer audit that decreased the sales tax payment in December 2019 by \$1,100,000. The Authority opted for the audit refund and a 42-month payment agreement. The last significant contributing factor to the decrease in Total Long-Term Liabilities came from Net Pension Liability that was due to the performance of the defined benefit plan. A \$1,675,129 net change to the Net Pension Liability caused a net plan asset of \$941,538 in 2021 from the \$733,591 plan liability balance in 2020 (Note4).

The Authority's total liabilities as of December 31, 2020 are \$31,743,634, an increase of \$1,349,086 from the \$30,394,548 in 2019. Of the 2020 balance for total liabilities, \$9,981,805 is current and customary to the Authority's business operations, and \$21,761,829 are long-term liabilities. Current liabilities increased by \$3,663,455, 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 2019. 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.

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



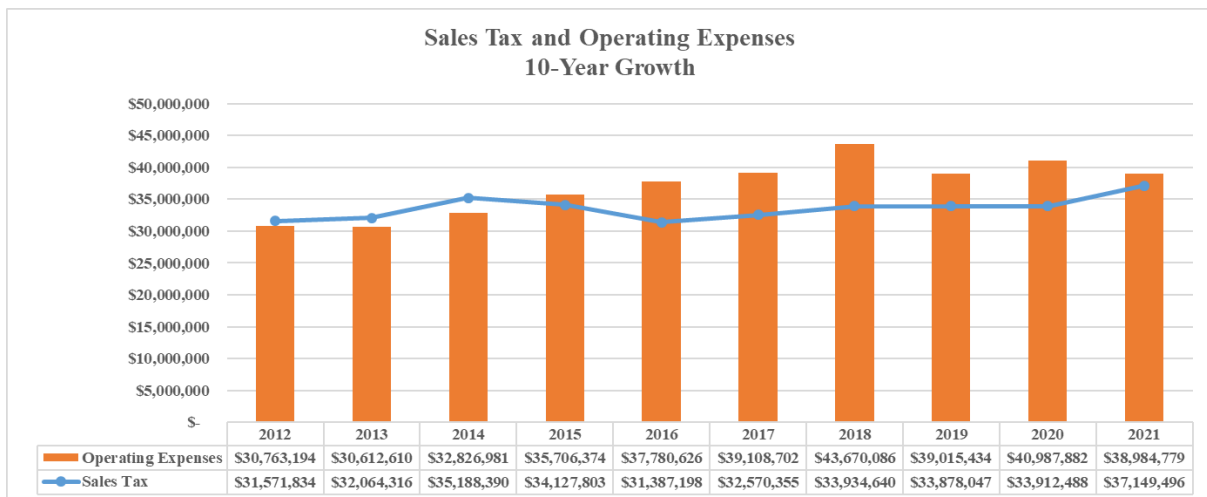
Statement of Revenues, Expenses, and Changes in Net Position:

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 \$12,582,865 at the close of December 31, 2021. Of this increase, \$4,293,448 came from operations, and \$8,289,417 from grant revenue for capital purchases.

The increase from operations is primarily due to the \$8,358,878 of federal funds received to support operating expenses. From the total federal funding received, \$7,483,008 came from the Coronavirus Relief Fund of which \$6,857,205 came from the CRRSAA Act and \$625,803 came from CARES Act. In addition, \$800,000 came from urbanized area formula grants for preventive maintenance costs of our bus fleet. The remaining \$75,870 represents pass through reimbursements to sub-recipients.

Although the revenue from federal operating assistance grants decreased by \$7,626,675 from 2020, revenue sales tax collections increased by \$3,237,007 or 9.55% going from \$33,912,489 in 2020 to \$37,149,496 in 2021, and outpacing 2019 Pre-Covid by \$3,271,450 or 9.66%. The average sales tax growth over the last ten years is reported at 3.56%. Growth is reported each year with the exception of 2015, 2016 and 2019. In 2015 and 2016, the country experienced a mini recession but in 2017 sales tax receipts recovered \$1,183,157 or 3.77% from 2016. The growth in 2019 was -0.17% but up by 0.10% the next year.



Other revenues posted decreases in comparison to 2020 with the exception of income from bus advertising. The increase of \$31,946 from Bus advertising indicated that advertising campaigns were also slowing rebounding from previous years of negative growth.



In 2020, the Statement of Revenues, Expenses, and Changes in Net Position reflected a \$7,998,491 increase to the Authority's net position 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 \$7,465,052 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).

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

	At December 31			At December 31		
	2021	2020	Change	2020	2019	Change
Revenues						
Passenger Service	\$ 986,544	\$ 1,140,636	\$ (154,092)	\$ 1,140,636	\$ 1,857,989	\$ (717,353)
Bus Advertising	160,820	128,874	31,946	128,874	149,585	(20,711)
Other Operating Revenues	478,487	722,798	(244,311)	722,798	1,210,356	(487,558)
Non-Operating Revenues						
Sales and Use Tax	37,149,496	33,912,489	3,237,007	33,912,489	33,878,046	34,443
Federal and Other Grants	8,358,878	15,985,553	(7,626,675)	15,985,553	954,573	15,030,980
Investment Income	35,305	181,431	(146,126)	181,431	552,566	(371,135)
Total Revenues	47,169,530	52,071,781	(4,902,251)	52,071,781	38,603,115	13,468,666
Expenses						
Operating Expenses (net of lease revenue)	32,578,561	33,522,831	(944,270)	33,522,831	31,027,864	2,494,967
Depreciation	6,406,216	7,465,052	(1,058,836)	7,465,052	7,987,570	(522,518)
Distribution - Regional Entities	3,083,652	3,369,273	(285,621)	3,369,273	3,013,317	355,956
Subrecipients	75,870	626,191	(550,321)	626,191	175,456	450,735
Interest and Fiscal Charges	731,783	785,408	(53,625)	785,408	470,038	315,370
Total Expenses	42,876,082	45,768,755	(2,892,673)	45,768,755	42,674,245	3,094,510
Net Loss Before						
Capital Grants and Donations	4,293,448	6,303,026	(2,009,578)	6,303,026	(4,071,130)	10,374,156
Capital Grants and Donations	8,289,417	1,695,465	6,593,952	1,695,465	948,307	747,158
Change in Net Position	12,582,865	7,998,491	4,584,374	7,998,491	(3,122,823)	11,121,314
Net Position, Beginning of Year,	89,110,278	81,111,787	7,998,491	81,111,787	84,234,610	(3,122,823)
Adjustment to Net Position	-	-	-	-	-	-
Net Position, End of Year	\$ 101,693,143	\$ 89,110,278	\$ 12,582,865	\$ 89,110,278	\$ 81,111,787	\$ 7,998,491

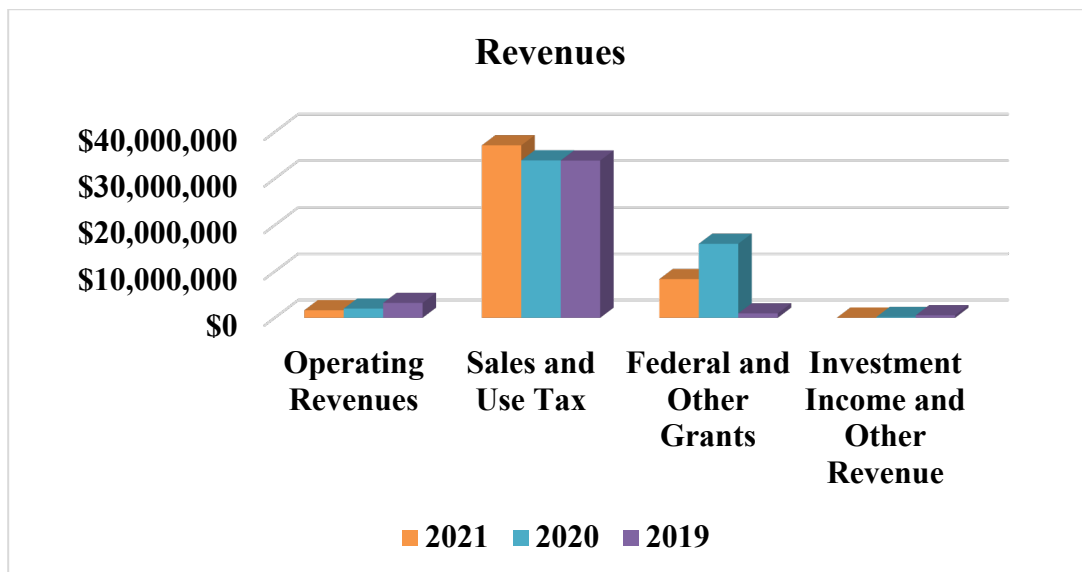


The discussion on the following pages provides details of the more significant aspects of the Authority's operating activities that changed net position. Additionally, the ten-year history of the Authority's changes in net position is included in Table 2 of the Statistical Section.

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 2021, the Authority's total revenues decreased by \$4,902,251, going from \$52,071,781 in 2020 to \$47,169,530 in 2021. The decrease stems from receiving \$7,626,675 less in federal funding for operational expenses. However, the strong tax revenue increase of \$3,237,007 helped minimize the financial impact from the loss in revenue from the prior year which include passenger fares, investment income, and various revenue sources included in the Other Operating Revenue category. These contributing factors to the decreases in these revenue streams come from disruptions from social distancing that affect ridership and other revenue streams along with market volatility.

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.





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

For 2021, revenues from operations of \$1,625,851 which represented 3.45% of total revenues, showed a decrease of \$366,457 from the \$1,992,308 in 2020. Passenger fares decreased by \$154,092 or 13.51% while revenue from bus advertising increased by \$31,946 or 24.79% from 2020. Other operating revenues fell by \$244,311 or 33.80% which was primarily due to the challenges associated with auction of assets and the decrease in federal alternative fuels tax credit that resulted from a decrease in CNG fuel.

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 \$717,353, or 38.61%, while revenue from bus advertising revenues declined by nearly 13.85% from 2019. Other operating revenues decreased by \$487,558, 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.

◆ 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 2021, sales tax of \$37,149,496, which represented 78.88% of total revenues, increased by 9.55% or \$3,237,007 from 2020. The increase also exceeded budget expectations by \$1,693,383 by 4.82% of the original budget or 4.78% from the amended 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%.

◆ 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 2021, the income from federal grant assistance dropped by \$7,626,675 from 2020. The decrease was due to the grant allocation from the CRRSAA Act of \$6,857,205 which is a decrease of 45.62% from the grant allocation of \$15,030,980 received from the CARES Act in 2020.

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



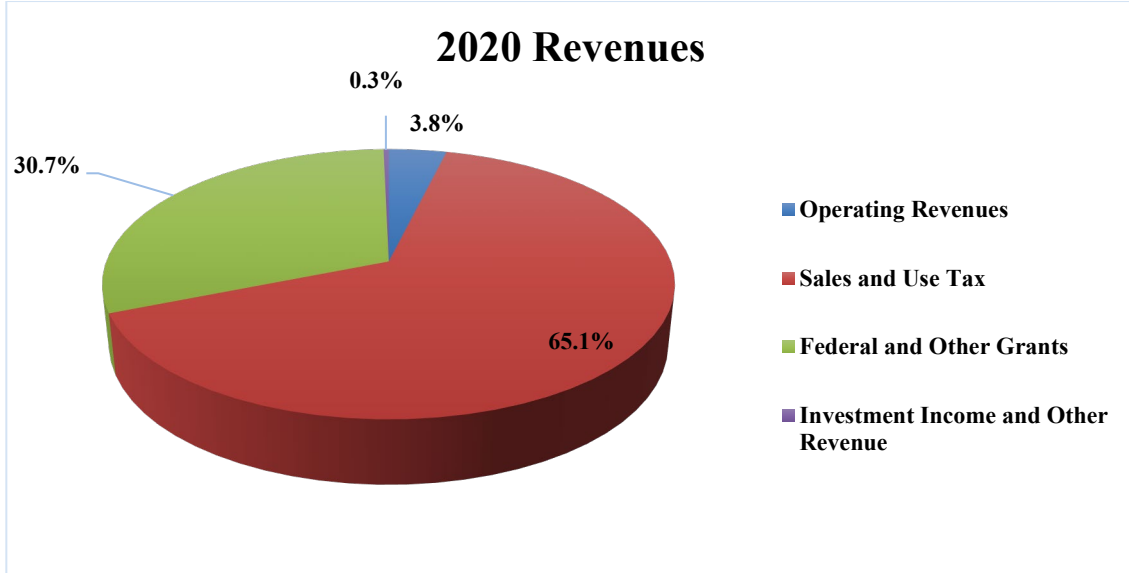
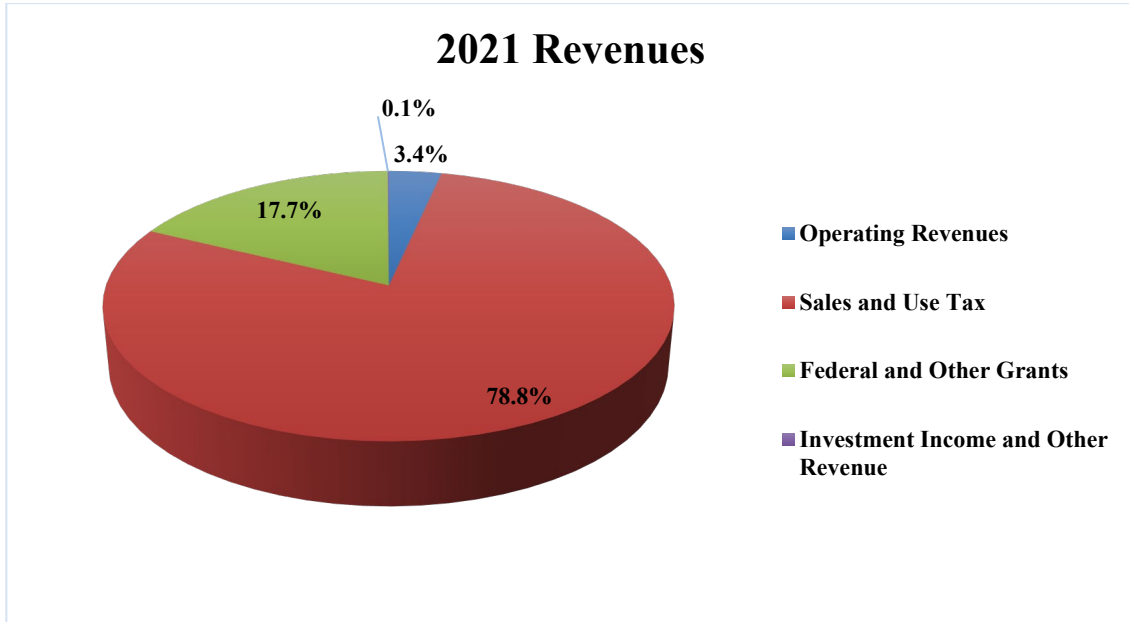
2021 (ARP - \$17,644,291). The allocation for CRRSAA has been obligated for the purpose of operating assistance, while the grant for ARP is still under review by Management.

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 \$146,126 or 80.54% from 2020. All investments holding were held in TexPool Prime and had a return that started the year 2021 at 0.1320% and gradually dropping to 0.0930% at the end of year. The resurgence of pandemic cases in 2021 continued to hinder any improvement in economic activity to allow pooled investments to perform. Since then the investing activities of the Authority have diversified to higher yield investments.

For 2020, 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 recently taken steps to mitigate the impact of inflation, with overnight rates reaching 2.33% as of August 31, 2022.





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 2021, total expenses were \$42,876,082, a decrease of \$2,892,673 or 6.32% over total expenses of \$45,768,755 in 2020. Decreases occurred in all expense categories with significant increases coming from operating expenses and depreciation.

In 2020, total expenses were \$45,768,755, an increase of \$3,094,510 (7.25%) over total expenses of \$42,674,245 in 2019. Increases occurred in all expense categories with the exception of depreciation. The majority of the increase came from operating expenses that represented 80.63% or \$2,494,967.

Operating Expenses: 2021 operating expenses of \$38,984,777 decreased by 4.89% or \$2,003,106 from \$40,987,883 in 2020. The significant decreases came from Administrative departments and depreciation, totaling \$1,367,870 and \$1,058,836 respectively.

Total Operating Expenses (Including Depreciation)

Department	2021	2020	Variance
Transportation	\$ 9,108,840	\$ 9,333,610	\$ (224,770)
Customer Programs	480,178	510,416	(30,238)
Purchased Transportation	6,892,454	6,952,146	(59,692)
Service Development	533,992	518,887	15,105
MIS	1,402,191	1,258,256	143,935
Vehicle Maintenance	5,351,586	4,904,056	447,530
Facilities Maintenance	3,232,614	3,149,692	82,922
Materials Management	217,809	234,916	(17,107)
Administrative and General	4,774,535	6,142,405	(1,367,870)
Marketing & Communications	584,362	518,447	65,915
Depreciation	6,406,216	7,465,052	(1,058,836)
Total Operating Expenses	\$ 38,984,777	\$ 40,987,883	\$ (2,003,106)



The \$1,367,870 reduction in Administrative and General operating expenses came from the Human Resource Department. The reduction stems from a pension cost of \$1,716,889 that was recorded in 2020 based on the actuarial results of the defined benefit plan. In 2021 the Authority experienced a plan asset of \$941,538 due to the performance of the plan assets.

Department	2021	2020	Variance
Procurement	\$ 337,495	\$ 312,697	\$ 24,798
CEO's Office	988,844	969,329	19,515
Finance	725,592	756,598	(31,006)
Human Resources	621,725	2,370,906	(1,749,181)
Administration	470,574	354,237	116,337
Capital Projects	249,486	246,178	3,308
Safety & Security	1,372,819	1,132,460	240,359
Special Projects	8,000	-	8,000
Total Administrative Expenses	\$ 4,774,535	\$ 6,142,405	\$ (1,367,870)

The largest component of the Authority's total expenses is operating expenses. These expenses, excluding depreciation expense, account for 75.98% and 73.24% of total expenses in 2021 and 2020, respectively.

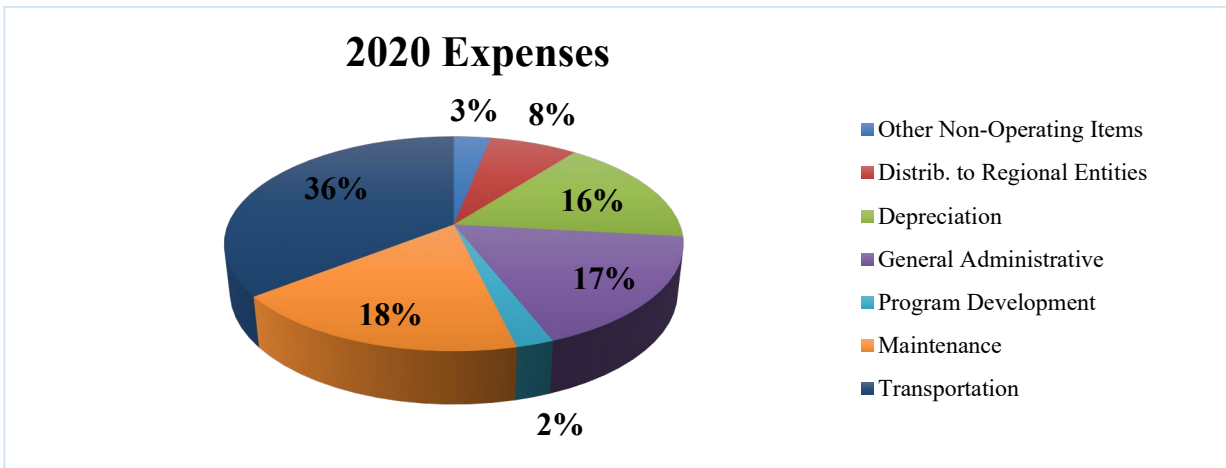
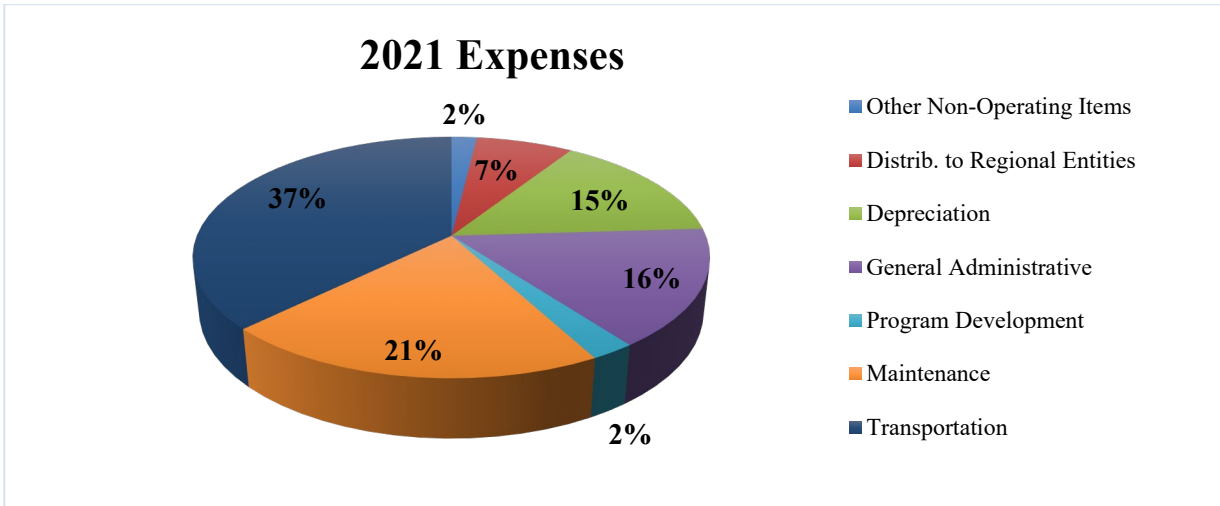
As shown in Table 3, 2021 operating expenses of \$32,578,561 (net of \$6,406,216 depreciation expense), decreased by \$944,270, or 2.82% from the \$33,522,831 (net of \$7,465,052 depreciation expense) in 2020.

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 \$2,039,562 (27.96%), \$387,417 (44.49%), \$385,440 (8.53%), and \$1,080,984 (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 \$1,058,836 (14.18%) lower in 2021 than 2020 due to multiple assets including buses that were fully-depreciated during or prior to 2021. It is anticipated that depreciation expense will increase in 2022 as the fleet of new paratransit vehicles that entered service in mid-2021 begin to be depreciated for a complete year.

Depreciation expense was \$522,518 (6.54%) lower in 2020 than 2019 due to multiple assets including buses that were fully-depreciated during or prior to 2020.

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. The funding is then allocated, in arrears, to each participating government.

In 2021, these costs decreased by \$285,621 or 8.48%, going from \$3,369,273 to \$3,083,652 and is due to sales tax revenues that were mostly flat from 2019 to 2020, coupled with the exclusion of the adjustment incurred in 2020.

In 2020, these costs increased by \$355,956 or 11.81%, going from \$3,013,317 to \$3,369,273 and is due to an adjustment made to the balance owed to a participating city.

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 2021, the net value of the plans' assets increased by \$6,594,572 or 11.11%, going from \$59,377,778 to \$65,972,350. The increase is due to primarily to investment gains that totaled \$7,445,639.

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.

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

With increasing prices spilling into 2022, the administration took new approaches to financial planning and performance management due to the uncertain conditions of the global economy. The budget development process began with the examination of every function and analyzing the corresponding funding costs to justify the budget requests from the departments. The resulting zero-based budget determined total operating expenses at \$45,375,490 which represents an increase of \$6,746,584 or 17.47% over the final 2021 budget.

Two major revenue sources were used to support the 2022 spending plan: sales tax collections and federal grant funding. Although 2022 saw the highest sales tax increase since 2014, caution was taken in forecasting due to the premier economic challenge of the year: inflation. For this reason, the sales tax budget for 2022 of \$37,509,003 remained relatively flat, only showing a slight increase of \$359,507 or .967% from the \$37,149,496 that was actually received in 2021. However, in comparison to the original 2021 Budget of \$35,119,095, the 2022 budget of \$37,509,003 is \$2,389,908 higher or 6.43%. At the end of the second quarter in 2022, sales tax collections reflected a positive growth of \$455,682 or 2.46% year-over-year from 2021 and \$1,019,859 or 5.97% 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 2022 Budget is the \$17.7 million from the American Rescue Plan (ARP). The funds will be used to support operations in the amount of \$10,064,385 and the purchase of bus shelters totaling \$7,580,206. At the end of the second quarter in 2022 all but \$939,267 had been expended from the \$10,064,385 earmarked for operations. The bus shelter project is part of the 2020 Shelter Expansion/Replacement Program and the funding from ARP will accelerate the progress of purchasing 300 sets of bus stop benches and amenities.

Meanwhile, ridership is expected to increase by 356,192 or 14.95% from 2,382,393 in 2021 to 2,739,150 in 2022. As of July 2022, ridership reports a YTD system wide increase of 15.5% from the same period in 2021 and a decrease of 20.2% from pre-pandemic 2019. As a result, passenger revenues were budgeted in 2022 at \$1,243,979 or \$239,576 or 23.85% higher than the \$1,004,403 in 2021. As of July 2022 the YTD passenger revenues came at \$542,518 or 43.61%. Ridership did experience a slow recovery at the start of the year but given the recent upward trend of ridership, the Authority is hopeful that it will meet budget revenue projections and looks forward to the new normal that will develop at the end of 2022.



Total departmental operating expenses through July 2022 came in or the first half of 2021 came below 7.45 percentage points of the baseline expectation for the year-to-date budget. The actual expenses totaled \$21,556,790 in comparison to the seven-month budget of \$23,292,671 or 92.55%. A dashboard view at the overall performance to date reflected a positive performance from operations as operating revenues exceeded operating expenses by \$2,620,344 for the month of July and by \$8,398,319 year to date. The grant income from the federal grants positively impacted operating revenues totaling \$9,085,488 as the last reimbursement was recorded in July in the amount of \$2,276,080 and \$7,881,446 year-to-date.

Operating Budget		
	Jul-22	YTD
Revenues	\$ 5,733,216	\$ 32,041,872
Expenses	3,112,872	23,643,553
Revenues Over Expenses	<u>\$ 2,620,344</u>	<u>\$ 8,398,319</u>

The 2022 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 2022 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 4% cost of living adjustment (COLA).



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 was contracted to conduct a Fare Equity Analysis and fare recommendations are still under consideration by management. The topic is being revisited in 2022. The approval process is highly regulated and is estimated to take 90 days. If approved, the implementation date would be scheduled for January 1, 2023.

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 Annual Comprehensive 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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and Cash Equivalents (Note 2)	\$ 48,526,571	\$ 45,154,181
Receivables:		
Sales and Use Taxes	6,851,829	5,944,715
Federal Government	54,642	187,266
Other	668,824	549,605
Inventories	1,019,062	1,123,501
Prepaid Expenses	410,275	454,705
Total Current Assets	<u>57,531,203</u>	<u>53,413,973</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents (Note 2)	779,623	473,544
Net Pension Asset	941,538	-
Capital Assets (Note 3):		
Land	4,882,879	4,877,729
Buildings	52,689,967	53,744,210
Transit Stations, Stops and Pads	25,112,677	24,409,826
Other Improvements	5,525,123	5,525,123
Vehicles, Furniture and Equipment	67,270,387	62,819,282
Construction in Progress	356,089	973,871
Total Capital Assets	<u>155,837,122</u>	<u>152,350,041</u>
Less: Accumulated Depreciation	<u>(85,567,493)</u>	<u>(86,269,761)</u>
Net Capital Assets	<u>70,269,629</u>	<u>66,080,280</u>
Total Non-Current Assets	<u>71,990,790</u>	<u>66,553,824</u>
TOTAL ASSETS	<u>129,521,993</u>	<u>119,967,797</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pensions (Note 5)	1,345,223	2,274,783
Deferred outflow related to OPEB (Note 6)	42,767	13,413
Deferred outflow on extinguishment of debt	3,120,721	3,304,292
Total Deferred Outflows of Resources	<u>4,508,711</u>	<u>5,592,488</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 134,030,704</u>	<u>\$ 125,560,285</u>

See Notes to the Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statements of Net Position, Continued
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities:		
Accounts Payable	\$ 750,211	\$ 628,010
Current Portion of Long-Term Liabilities (Note 4):		
Long-Term Debt	890,000	870,000
Compensated Absences	331,157	346,771
Sales Tax Audit Funds Due	328,488	328,488
Distributions to Regional Entities Payable	4,471,160	6,894,595
Other Accrued Liabilities	781,908	913,941
Total Current Liabilities	<u>7,552,924</u>	<u>9,981,805</u>
Long-Term Liabilities, Net of Current Portion (Note 4):		
Long-Term Debt	17,690,000	18,580,000
Compensated Absences	950,274	777,512
Sales Tax Audit Funds Due	492,746	821,234
Net Pension Liability (Note 5)	-	733,591
Net OPEB Obligation (Note 6)	853,090	849,492
Total Long-Term Liabilities	<u>19,986,110</u>	<u>21,761,829</u>
TOTAL LIABILITIES	<u>27,539,034</u>	<u>31,743,634</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pensions (Note 5)	4,798,527	4,666,972
Deferred inflow related to OPEB (Note 6)	-	39,401
Total Deferred Inflows	<u>4,798,527</u>	<u>4,706,373</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>32,337,561</u>	<u>36,450,007</u>
Net Position:		
Net Investment in Capital Assets	54,810,350	49,934,572
Restricted for FTA Interest	779,623	473,544
Unrestricted	46,103,170	38,702,162
TOTAL NET POSITION	<u>\$ 101,693,143</u>	<u>\$ 89,110,278</u>

See Notes to the Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statements of Revenues, Expenses, and Changes in Net Position
Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Passenger Service	\$ 986,544	\$ 1,140,636
Bus Advertising	160,820	128,874
Other Operating Revenues	478,487	722,798
Total Operating Revenues	<u>1,625,851</u>	<u>1,992,308</u>
Operating Expenses:		
Transportation	9,108,840	9,333,610
Customer Programs	480,178	510,416
Purchased Transportation	6,892,454	6,952,146
Service Development	533,992	518,887
MIS	1,402,191	1,258,256
Vehicle Maintenance	5,351,586	4,904,056
Facilities Maintenance (net of lease revenue of \$497,747 and \$487,686 in 2021 and 2020)	3,232,614	3,149,692
Materials Management	217,809	234,916
Administrative and General	4,774,535	6,142,405
Marketing & Communications	584,362	518,447
Depreciation	6,406,216	7,465,052
Total Operating Expenses	<u>38,984,777</u>	<u>40,987,883</u>
Operating Loss	(37,358,926)	(38,995,575)
Non-Operating Revenues (Expenses):		
Sales and Use Tax Revenue	37,149,496	33,912,489
Federal and Other Grant Assistance	8,358,878	15,985,553
Investment Income	35,305	181,431
Subrecipient Programs	(75,870)	(626,191)
Interest Expense and Fiscal Charges	(731,783)	(785,408)
Distributions to Regional Entities	(3,083,652)	(3,369,273)
Net Non-Operating Revenues (Expenses)	<u>41,652,374</u>	<u>45,298,601</u>
Net Income (Loss) Before Capital Grants & Donations	4,293,448	6,303,026
Capital Grants & Donations	<u>8,289,417</u>	<u>1,695,465</u>
Change in Net Position	12,582,865	7,998,491
Net Position, Beginning of Year	<u>89,110,278</u>	<u>81,111,787</u>
Net Position, End of Year	<u>\$ 101,693,143</u>	<u>\$ 89,110,278</u>

See Notes to the Financial Statements



CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 914,046	\$ 1,134,577
Cash Received from Bus Advertising and Other Ancillary	1,065,911	2,091,941
Cash Payments to Suppliers for Goods and Services	(15,095,803)	(15,421,935)
Cash Payments to Employees for Services	(12,483,192)	(12,474,027)
Cash Payments for Employee Benefits	<u>(5,872,299)</u>	<u>(5,132,293)</u>
Net Cash Used for Operating Activities	<u>(31,471,337)</u>	<u>(29,801,737)</u>
Cash Flows from Non-Capital Financing Activities:		
Sales and Use Taxes Received	35,913,894	34,123,419
Grants and Other Reimbursements	8,491,502	16,209,267
Distributions to Subrecipient Programs	(75,870)	(626,191)
Distributions to Regional Entities	<u>(5,507,087)</u>	<u>-</u>
Net Cash Provided by Non-Capital Financing Activities	<u>38,822,439</u>	<u>49,706,495</u>
Cash Flows from Capital and Related Financing Activities:		
Federal and Other Grant Assistance	8,289,417	1,490,465
Retirement of Long-Term Debt	(870,000)	(815,000)
Interest and Fiscal Charges	(538,231)	(595,167)
Purchase and Construction of Capital Assets	(10,595,565)	(2,200,466)
Proceeds from the Sale of Capital Assets	6,445	504,240
Net Cash Used for Capital and Related Financing Activities	<u>(3,707,934)</u>	<u>(1,615,928)</u>
Cash Flows from Investing Activities:		
Investment Income	<u>35,305</u>	<u>181,431</u>
Net Cash Provided by Investing Activities	<u>35,305</u>	<u>181,431</u>
Net Increase in Cash and Cash Equivalents	3,678,469	18,470,259
Cash and Cash Equivalents (Including Restricted Accounts), January 1	45,627,725	27,157,466
Cash and Cash Equivalents (Including Restricted Accounts), December 31	\$ <u>49,306,194</u>	\$ <u>45,627,725</u>

See Notes to the Financial Statements

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Statements of Cash Flows (continuation)
Years Ended December 31, 2021 and 2020

**Reconciliation of Operating Loss to Net Cash
Used for Operating Activities:**

	<u>2021</u>	<u>2020</u>
Operating Loss	\$ (37,358,926)	\$ (38,995,575)
Adjustments to Reconcile Operating Loss to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	6,406,216	7,465,052
Changes in Assets, Deferred Inflows & Outflows of Resources, and Liabilities:		
Other Receivables	(119,219)	713,704
Inventories	104,439	(447,727)
Prepaid Expenses	32,908	66,018
Accounts Payable and Accrued Liabilities	(97,398)	68,963
Compensated Absences	157,148	577,534
Net OPEB Obligation	3,598	(120,642)
Deferred Inflows of Resources	92,154	749,609
Deferred Outflows of Resources	(900,206)	1,843,184
Net Pension Asset	941,538	-
Net Pension Liability	(733,591)	(1,721,858)
Net Cash Used for Operating Activities	\$ <u>(31,471,337)</u>	\$ <u>(29,801,737)</u>

Non-Cash Investing, Capital and Financing Activities:

Change in:		
Sales and Use Tax Receivable	\$ 907,114	\$ (238,304)
Receivable from Federal Government Capital	(125,776)	(37,146)
Receivable from Federal Government Operating	(6,848)	18,714
Distribution to Regional Entities Payable	(2,423,435)	3,368,272
Sales Tax - Audit Funds Due	(328,488)	27,374
Accrued Interest Payable	1,541	4,853
Deferred Outflows of Extinguishment of Debt	(183,571)	(183,572)
Other Prepaid Expenses (Non-Operating)	(11,522)	(11,522)

See Notes to the Financial Statements



CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Statements of Net Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Investments (Note 2)		
Money Market Funds	\$ 2,273,587	\$ 1,915,363
Debt Mutual Funds	4,789,742	4,879,799
Equity Mutual Funds	<u>58,909,021</u>	<u>52,582,478</u>
	<u>65,972,350</u>	<u>59,377,640</u>
Receivables		
Accrued Interest Receivable	-	138
TOTAL ASSETS	<u>65,972,350</u>	<u>59,377,778</u>
LIABILITIES		
	<u>-</u>	<u>-</u>
NET POSITION RESTRICTED FOR PENSIONS		
Held in Trust for Pension Benefits	<u>\$ 65,972,350</u>	<u>\$ 59,377,778</u>

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY
Fiduciary Funds - Statements of Changes in Net Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Additions:		
Investment Income / (Loss)	\$ 7,445,639	\$ 6,766,025
Employee Contributions	1,085,850	1,081,227
Employer Contributions	<u>1,382,108</u>	<u>1,227,724</u>
Total Additions	<u>9,913,597</u>	<u>9,074,976</u>
Deductions:		
Benefits Paid	3,173,640	3,250,167
Administrative Expenses	<u>145,385</u>	<u>138,336</u>
Total Deductions	<u>3,319,025</u>	<u>3,388,503</u>
Increase in Net Position	6,594,572	5,686,473
Net Position, January 1	<u>59,377,778</u>	<u>53,691,305</u>
Net Position, December 31	<u>\$ 65,972,350</u>	<u>\$ 59,377,778</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.

Reclassifications: Certain reclassifications were made to prior year balances to confirm with current year presentation. The reclassifications have no impact on overall net position.



Recent Accounting Pronouncements:

For the year ended December 31, 2021, the Authority implemented the following recent accounting pronouncements:

- GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period – (“GASB 89”), establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with Statement No. 62. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. Implementation of this Statement had no impact on the Authority’s financial statements.
- GASB Statement No. 98, The Annual Comprehensive Financial Report – “GASB 98”, establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. The Statement’s new term and acronym are incorporated throughout the Authority’s financial reports.

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. 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.

GASB Statement No. 99, Omnibus 2022. This statement establishes the requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63, which are effective upon issuances. Additionally, requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. Last, requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023.



GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62. This statement has the objective of enhancing the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions and assessing accountability. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

GASB Statement No. 101, Compensated Absences. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The statement requires that liability for compensated absences be recognized for (1) leave that has not been use and (2) leave that has been used by not yet paid in cash or settled through noncash means. This statement requires that a liability for certain types of compensated absences – including parental leave, military leave, and jury duty leave – not be recognized until the leave commences. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements.

The statement amends the existing requirements to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which government funds typically have been used to liquidate the liability for compensated absences. The requirements of this statement are effective for fiscal years beginning after December 15, 2023. The Authority is still evaluating how these pronouncements will affect the financial statements.

(2) **Cash and Cash Equivalents**

As of December 31, 2021, current assets totaling \$48,526,571 were held in bank deposits or in the TexPool local government investment pool (LGIP). An additional balance of \$779,623 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, 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.

The Authority’s cash equivalents managed through LGIPs are recorded at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.



Type	2021	Weighted Average Maturity (Years)	2020	Weighted Average Maturity (Years)
Cash and Cash Equivalents				
Deposits in Bank (Unrestricted)	\$ 1,707,196		\$ 2,969,334	
Deposits in Bank (Restricted)	779,623		473,544	
TexPool Local Government Investment Pool - Overnight	46,818,025		42,183,498	
Cash Funds	1,350		1,350	
Total Cash and Cash Equivalents	<u>49,306,194</u>		<u>45,627,726</u>	
Total Cash, Cash Equivalents, and Investments	<u>\$ 49,306,194</u>		<u>\$ 45,627,726</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, 2021, and 2020, 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			
	2021		2020	
	Enterprise Fund	Fiduciary Fund	Enterprise Fund	Fiduciary Fund
Debt Mutual Funds	\$ -	\$ 4,789,742	\$ -	\$ 4,879,799
Equity Mutual Funds	-	58,909,021	-	52,582,478
Total	\$ -	\$ 63,698,763	\$ -	\$ 57,462,277

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, 2021,

- 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, 2020,

- 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).

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, 2021 and 2020 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 12/31/2021</u>	<u>Actual as of 12/31/2020</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%	54.27%	56.03%
Money Market Funds / Demand Deposits	100.00%	7.55%	7.55%
Commercial Paper	35.00%	38.18%	36.43%
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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 are as follows:

	Balance at 12/31/2020	Additions / Transfers	Retirements	Balance at 12/31/2021
Assets Not Being Depreciated:				
Land	\$ 4,877,729	\$ 5,150	\$ -	\$ 4,882,879
Construction in Progress	973,871	(617,782)	-	356,089
	<u>5,851,600</u>	<u>(612,632)</u>	<u>-</u>	<u>5,238,968</u>
Assets Being Depreciated				
Buildings	53,744,210	25,526	(1,079,769)	52,689,967
Transit Stations, Bus Stops, Street Pads & Other Improvements	24,409,826	1,733,467	(1,030,616)	25,112,677
Improvements other than Buildings	5,525,123	-	-	5,525,123
Vehicles, Furniture and Equipment	62,819,282	9,449,204	(4,998,099)	67,270,387
	<u>146,498,441</u>	<u>11,208,197</u>	<u>(7,108,484)</u>	<u>150,598,154</u>
Total Capital Assets	<u>152,350,041</u>	<u>10,595,565</u>	<u>(7,108,484)</u>	<u>155,837,122</u>
Less: Accumulated Depreciation:				
Buildings	16,855,368	1,308,271	(1,079,769)	17,083,870
Transit Stations, Bus Stops, Street Pads & Other Improvements	21,068,666	693,925	(1,030,616)	20,731,975
Improvements other than Buildings	3,967,612	221,981	-	4,189,593
Vehicles, Furniture and Equipment	44,378,115	4,182,041	(4,998,099)	43,562,057
	<u>86,269,761</u>	<u>6,406,216</u>	<u>(7,108,484)</u>	<u>85,567,493</u>
Total Accumulated Depreciation	<u>86,269,761</u>	<u>6,406,216</u>	<u>(7,108,484)</u>	<u>85,567,493</u>
Total Capital Assets, Net	<u>\$ 66,080,280</u>	<u>\$ 4,189,349</u>	<u>\$ -</u>	<u>\$ 70,269,629</u>



Capital asset activities for the year ended December 31, 2020 are as follows:

	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>146,498,441</u>
Total Capital Assets	<u>150,735,828</u>	<u>2,200,466</u>	<u>(586,253)</u>	<u>152,350,041</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>7,465,052</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>

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

2021	12/31/2020	Additions	Retirements	12/31/2021	Due within One Year
Refunding Bonds	\$ 19,450,000	\$ -	\$ 870,000	\$ 18,580,000	\$ 890,000
Net Pension Liability	733,591	-	733,591	-	-
Net OPEB Obligations	849,492	3,598	-	853,090	-
Compensated Absences	1,124,283	1,049,910	892,762	1,281,431	331,157
Sales Tax Audit Funds	1,149,722	-	328,488	821,234	328,488
Total Long-Term Liabilities	\$ 23,307,088	\$ 1,053,508	\$ 2,824,841	\$ 21,535,755	\$ 1,549,645

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

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
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	970,000	439,543	1,409,543
2027-2031	5,230,000	1,817,211	7,047,211
2032-2036	6,015,000	1,023,755	7,038,755
2037-2038	2,690,000	132,234	2,822,234
	<u>\$ 18,580,000</u>	<u>\$ 5,376,614</u>	<u>\$ 23,956,614</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 requires disclosures related to certain pension investment expenses are shown on Page 80 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 December 31, 2021 and 2020, there were 616 and 607 participants respectively in this plan as follows:

	December 31, 2021	December 31, 2020
Retirees or beneficiaries currently receiving payments	210	200
Inactive employees entitled to but not yet receiving benefits	189	187
Active employees	217	220
Total Participants	616	607

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 2021 and 2020 respectively, was 11.8% and 11.2%.

Actuarial Assumptions: The actuarial assumptions that determined the total net pension liability as of December 31, 2021 are as follows:

<i>Valuation Date</i>	<i>December 31, 2021</i>
<i>Actuarial Cost Method</i>	<i>Entry-Age Normal Cost Actuarial Method</i>
<i>Amortization Method</i>	<i>Level dollar</i>
<i>Asset Valuation Method</i>	<i>Fair Value Market Value based on quoted market prices</i>
<i>Actuarial Assumptions:</i>	
<i>Investment rate of return</i>	<i>7.1%</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-2021</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, 2020 are as follows:

<i>Valuation Date</i>	<i>December 31, 2020</i>
<i>Actuarial Cost Method</i>	<i>Entry-Age Normal Cost Actuarial Method</i>
<i>Amortization Method</i>	<i>Level dollar</i>
<i>Asset Valuation Method</i>	<i>Fair Value Market Value based on quoted market prices</i>



Actuarial Assumptions:

<i>Investment rate of return</i>	7.2%
<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-2020</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 7.1%. 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 7.1%.

Prior Year Discount Rate: The discount rate used to determine the total pension liability was 7.2% for December 31, 2020. 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 7.2%.

Discount Rate Sensitivity Analysis: The following presents the net pension liability (asset), calculated using a discount rate of 7.1%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.1%) or one percentage point higher (8.1%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
December 31, 2021	(6.1%)	(7.1%)	(8.1%)
Net Pension Liability (Asset)	\$4,861,389	(\$941,538)	(\$5,808,416)

Prior Year Discount Rate Sensitivity Analysis: The following represents the net pension liability (asset), calculated using a discount rate of 7.2%, as well as what the net pension liability (asset) 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	Current Discount Rate	1% Increase
December 31, 2020	(6.2%)	(7.2%)	(8.2%)
Net Pension Liability (Asset)	\$6,259,139	\$733,591	(\$3,897,744)

Net Pension Liability (Asset): The net change in pension liability for the measurement date of December 31, 2021 based on the actuarial date of December 31, 2021 is reflected below:

Change in Net Pension Liability (Asset)	Increase/Decrease		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of December 31, 2020	\$ 47,287,748	\$ 46,554,157	\$ 733,591
Changes for the Year:			
Service Cost	990,244	-	990,244
Interest on total pension liability	3,404,718	-	3,404,718
Benefit changes	-	-	-
Differences between expected and actual experience	162,958	-	162,958
Changes of assumptions	601,314	-	601,314
Benefit payments	(2,292,357)	(2,292,357)	-
Contributions – Employer	-	1,382,108	(1,382,108)
Net investment income	-	5,597,624	(5,597,624)
Administrative expenses	-	(145,369)	145,369
Net Changes	2,866,877	4,542,005	(1,675,128)
Balances as of December 31, 2021	\$ 50,154,625	\$ 51,096,163	\$ (941,538)



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

Change in Net Pension Liability (Asset)	Increase/Decrease		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability (Asset)
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

For the year ended December 31, 2021, the Authority recognized pension expenses:

Service Cost	\$ 990,244
Interest on total pension liability	3,404,718
Effect of plan change (Changes of benefit terms)	-
Experience losses	249,557
Administrative	145,369
Changes of assumptions	481,187
Current expense of asset loss	(1,137,803)
Expected investment returns net of investment expenses (7.1% per Plan)	(3,313,897)
Pension Expense	\$ 819,375



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><u>\$ 2,118,989</u></u>

For the year ended December 31, 2021, the Authority recorded deferred outflows of resources related to the pension as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience losses	\$ 81,479	\$ -
Net difference between projected and actual earnings on pension plan investments	963,087	4,798,527
Changes of assumptions	300,657	-
Deferred Outflows and Inflows of Resources	<u><u>\$ 1,345,223</u></u>	<u><u>\$ 4,798,527</u></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 December 31,	
2022	\$ (366,140)
2023	(1,711,363)
2024	(929,311)
2025	(446,490)

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	180,530	4,666,972
Deferred Outflows and Inflows of Resources	\$ 2,274,783	\$ 4,666,972

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 \$11,696,475 in 2021 and \$10,975,562 in 2020. Employee contributions were \$1,085,849 in 2021 and \$1,081,227 in 2020. 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 2021, \$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 2020. 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, 2021 and 2020, the following employees were covered by the benefit terms:

	December 31, 2021	December 31, 2020
Inactive employees or beneficiaries currently receiving benefit payments	10	9
Inactive employees entitled to but not yet receiving benefit payments	-	-
Active employees	208	209
	<u>218</u>	<u>218</u>

Net OPEB Liability

The Authority’s Net OPEB liability of \$853,090 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs: The Net OPEB liability in the December 31, 2021 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	1.93% S&P Municipal Bond



Healthcare cost trend rates	<i>Medical:</i> 6.25% graded uniformly to 5.75% over 2 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 December 31, 2020, compared to the 2020 rate of 3.10%.

Prior Year Net OPEB Liability

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

Prior Year Actuarial Assumption: The Net 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 6.5% over 3 years and following the 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 December 31, 2020, 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-2018 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, 2021 actuarial valuation with measurement dates of December 31, 2020 and December 31, 2019, and reporting dates of December 31, 2021 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 Net OPEB Liability

For the plan year 2021, the Authority recognized changes in Net OPEB liability as follows:

	Net OPEB Liability (a)
Balance at 12/31/2020	\$ 849,492
Changes for the year:	
Service cost	43,344
Interest	23,079
Experiences losses (gains)	72,887
Changes of assumptions	12,648
Benefits paid	<u>(148,360)</u>
Net changes	3,598
Balance at 12/31/2021	<u>\$ 853,090</u>



For the plan year 2020, the Authority recognized change in Net OPEB liability as follows:

	Net 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

Sensitivity of the Net OPEB liability to changes in the discount rate. The following presents the Net OPEB liability of the Authority for plan year 2021, as well as what the Authority’s Net OPEB liability would be if it were calculated using a discount rate that is 1- percentage point lower (0.93%) or 1-percentage point higher (2.93%) than the current discount rate (1.93%):

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Net OPEB Liability	\$894,284	\$853,090	\$815,043

For the plan year 2020, the sensitivity analysis related to changes in the discount rate is as follows:

	1% Decrease (2.10%)	Discount Rate (3.10%)	1% Increase (4.10%)
Net OPEB Liability	\$886,966	\$849,492	\$814,726

Sensitivity of the Net OPEB liability to changes in the healthcare cost trend rates. The following presents the Net OPEB liability of the Authority for plan year 2021, as well as what the Authority’s Net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower (5.25%) or 1-percentage point higher (7.25%) than the current discount rate:

	1% Decrease (5.25%)	Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB Liability	\$806,539	\$853,090	\$903,681



For the plan year 2020, the sensitivity analysis related to changes in healthcare cost trend rates is as follows:

	1% Decrease <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Net OPEB Liability	\$807,099	\$849,492	\$895,283

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

For the year ended December 31, 2021, the Authority recognized OPEB expense of \$83,203. For the year ended December 31, 2020, the Authority recognized OPEB expense of \$45,622.

(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 2021 and 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, 2019, 2020, and 2021 are as follows:

		<u>Health and Dental Benefits</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		356,049
Incurred Claims		2,983,873
Claims Paid		<u>(3,165,910)</u>
Balance at 12/31/21	\$	<u><u>174,012</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.

As of December 31, 2021, the Authority has commitments totaling \$2,278,463 in ADA Bus Stop improvements.

(9) Concentrations

During 2021, the Authority received \$8,289,417 for capital assistance and \$8,358,878 for other projects from the Federal Transportation Administration.

During 2020, the Authority received \$1,695,465 for capital assistance and \$15,985,553 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 2021 to provide paratransit services for elderly and persons with disability and certain fixed route services. Expenses under the contract amounted to \$6,450,064 in 2021 and \$6,731,086 in 2020. 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 December 31</u>			
	2022	\$	516,745
	2023		496,846
	2024		464,061
	2025		403,719
	2026		265,044
	Thereafter		17,118
	Total	\$	<u>2,163,533</u>

(12) Significant Effects of Subsequent Events

Management has evaluated the events or transactions that occurred subsequent to the balance sheet date of December 31, 2021, but prior to the issuance of the date of the most recent statement of net position, to determine if they have a material effect that would require an adjustment or disclosure to the financial statements. As of October 26, 2022, which is the date the financial statements were available, there are no events or transactions that require adjustments or restatements of the Statement of Net Position date of December 31, 2021. However, it has been determined that although the following events do not have a material impact, disclosures are necessary to provide additional information about conditions that did not exist as of the balance sheet date.

The Authority continued efforts to mitigate the spread of Covid-19. While the mask mandate issued by the Transportation Security Administration (TSA) expired May 3, 2022, the Authority has continued to provide face masks to system riders, as well as performed regular sanitization of buses and facilities.

The American Rescue Plan Act (ARP) of 2021, was signed into law on March 11, 2021, and allocated an additional \$17,644,591 in operating and capital assistance to the Authority as the



most recent federal response to the Covid-19 pandemic. As of the date of publication, the Authority has drawn down \$9,125,118 leaving a balance of \$939,267 for operating assistance and \$7,580,206 for bus shelter program projects.

On August 23, 2022, an insurance claim was filed with the Authority's insurance carrier for property damaged to the administrative offices located at Staples Street Center. The cost of the claim is estimated at \$1,000,000. To date the insurance company has paid \$466,030 in claims. The deductible is \$10,000 which the Authority intends to pay by the end of September 2022.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES TO NET PENSION (ASSET) LIABILITY AND RELATED RATIOS

	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>TOTAL PENSION LIABILITY</u>			
Service Cost	\$ 695,517	\$ 876,806	\$ 941,470
Interest on Total Pension Liability	2,254,995	2,396,547	2,521,413
Effect of Plan Changes	391,915	115,478	-
Difference between expected and actual experience	784,295	(260,046)	(465,534)
Change of Assumptions	-	-	-
Benefit Payments	<u>(1,248,266)</u>	<u>(1,493,324)</u>	<u>(1,561,905)</u>
Net Change in Total Pension Liability	2,878,456	1,635,461	1,435,444
Total Pension Liability, Beginning	<u>29,016,953</u>	<u>31,895,409</u>	<u>33,530,870</u>
Total Pension Liability, Ending	<u>\$ 31,895,409</u>	<u>\$ 33,530,870</u>	<u>\$ 34,966,314</u>
<u>FIDUCIARY NET POSITION</u>			
Employer Contributions	\$ 1,178,498	\$ 985,175	\$ 1,503,736
Employee Contributions	-	-	-
Investment Income Net of Investment Expenses	1,706,547	(348,950)	2,523,595
Benefit Payments/Contribution Refunds	(1,248,266)	(1,493,324)	(1,561,905)
Administrative Expenses	<u>(91,465)</u>	<u>(94,874)</u>	<u>(92,810)</u>
Net Change in Fiduciary Net Position	\$ 1,545,314	\$ (951,973)	\$ 2,372,616
Fiduciary Net Position, Beginning	<u>29,617,120</u>	<u>31,162,434</u>	<u>30,210,461</u>
Fiduciary Net Position, Ending	<u>\$ 31,162,434</u>	<u>\$ 30,210,461</u>	<u>\$ 32,583,077</u>
<i>Net Pension Liability (Asset)</i>	<u>\$ 732,975</u>	<u>\$ 3,320,409</u>	<u>\$ 2,383,237</u>
<i>Fiduciary Net Position as a Percentage of Total Pension Liability</i>	97.7%	90.1%	93.2%
<i>Annual Covered Payroll</i>	\$ 7,274,172	\$ 8,818,232	\$ 9,178,411
<i>Net Pension Liability (Asset) as a Percentage of Covered Payroll</i>	10.1%	37.7%	26.0%

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$	980,740	\$ 1,066,449	\$ 879,904	\$ 926,286	\$ 990,244
	2,620,680	2,780,193	2,987,293	3,257,661	3,404,718
	-	313,503	-	-	-
	335,013	(241,238)	1,943,344	336,157	162,958
	-	1,189,575	373,385	361,060	601,314
	<u>(1,833,510)</u>	<u>(1,808,898)</u>	<u>(1,927,249)</u>	<u>(2,218,914)</u>	<u>(2,292,357)</u>
	2,102,923	3,299,584	4,256,677	2,662,250	2,866,877
	<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><u>37,069,237</u></u>	<u><u>40,368,821</u></u>	<u><u>44,625,498</u></u>	<u><u>47,287,748</u></u>	<u><u>50,154,625</u></u>
\$	1,383,969	\$ 1,425,533	\$ 3,691,087	\$ 1,227,724	\$ 1,382,108
	-	-	-	-	-
	4,409,016	(2,046,180)	6,617,918	5,498,173	5,597,624
	(1,833,510)	(1,808,898)	(1,927,249)	(2,218,914)	(2,292,357)
	<u>(102,228)</u>	<u>(110,600)</u>	<u>(111,886)</u>	<u>(122,875)</u>	<u>(145,369)</u>
\$	3,857,247	\$ (2,540,145)	\$ 8,269,870	\$ 4,384,108	\$ 4,542,006
	<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>
\$	<u><u>36,440,324</u></u>	<u><u>33,900,179</u></u>	<u><u>42,170,049</u></u>	<u><u>46,554,157</u></u>	<u><u>51,096,163</u></u>
\$	<u><u>628,913</u></u>	<u><u>6,468,642</u></u>	<u><u>2,455,449</u></u>	<u><u>733,591</u></u>	<u><u>(941,538)</u></u>
	98.3%	84.0%	94.5%	98.4%	101.9%
\$	9,773,977	\$ 10,677,430	\$ 10,668,048	\$ 10,975,562	\$ 11,696,475
	6.4%	60.6%	23.0%	6.7%	-8.0%

**DEFINED BENEFITS PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,125,651	\$ 988,534	\$ 695,517	\$ 983,696
Contributions in relation to the actuarially determined contribution	<u>1,125,651</u>	<u>1,280,330</u>	<u>1,178,498</u>	<u>985,175</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (291,796)</u>	<u>\$ (482,981)</u>	<u>\$ (1,479)</u>
Annual Covered Payroll	\$ 7,221,526	\$ 7,474,445	\$ 7,274,172	\$ 8,818,232
Contributions as a percentage of Annual Covered Payroll	15.6%	17.1%	16.2%	11.2%

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, 2021:

- The mortality improvement scale was changed from MP-2020 to MP-2021.
 - o Rationale: Updated mortality tables to better recognize current and future mortality improvements.
- The rate of investment return and discount rate was changed from 7.2% to 7.1%
 - o Rationale: To better reflect the Plan's expected long term rate of return

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$	1,468,804	\$ 1,399,307	\$ 1,191,087	\$ 1,227,724	\$ 1,306,947	\$ 1,382,108
	<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>1,382,108</u>
\$	<u>(34,932)</u>	<u>15,338</u>	<u>(234,446)</u>	<u>(2,463,363)</u>	<u>79,223</u>	<u>-</u>
\$	9,178,411	\$ 9,773,977	\$ 10,677,430	\$ 10,668,048	\$ 10,975,562	\$ 11,696,475
	16.4%	14.2%	13.4%	34.6%	11.2%	11.8%

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>TOTAL OPEB LIABILITY</u>				
Service Cost	\$ 36,236	\$ 38,048	\$ 39,950	\$ 43,344
Interest	38,682	34,073	31,661	23,079
Effect of Plan Changes	-	-	-	-
Difference between expected and actual experience	-	-	(78,803)	72,887
Changes of assumptions	-	-	26,826	12,648
Benefit Payments	<u>(189,167)</u>	<u>(203,354)</u>	<u>(140,276)</u>	<u>(148,360)</u>
Net Change in Total OPEB Liability	<u>(114,249)</u>	<u>(131,233)</u>	<u>(120,642)</u>	<u>3,598</u>
Total OPEB Liability, Beginning	<u>1,215,616</u>	<u>1,101,367</u>	<u>970,134</u>	<u>849,492</u>
Total OPEB Liability, Ending (a)	<u>\$ 1,101,367</u>	<u>\$ 970,134</u>	<u>\$ 849,492</u>	<u>\$ 853,090</u>
<u>PLAN FIDUCIARY NET POSITION</u>				
Employer Contributions	\$ 189,167	\$ 203,354	\$ 203,354	\$ 148,360
Employee Contributions	-	-	-	-
Investment Income Net of Investment Expenses	-	-	-	-
Benefit Payments/Contributions Refunds	(189,167)	(203,354)	(203,354)	(148,360)
Administrative Expenses	-	-	-	-
Net Change in Plan Fiduciary Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan Fiduciary Net Position, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability, ending (a) - (b)	<u>\$ 1,101,367</u>	<u>\$ 970,134</u>	<u>\$ 849,492</u>	<u>\$ 853,090</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.0%	0.0%	0.0%	0.0%
Annual Covered Payroll	\$ 11,667,509	\$ 12,134,143	\$ 13,257,370	\$ 13,269,291
Net OPEB Liability as a Percentage of Annual Covered Payroll	9.4%	8.0%	6.4%	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.

NET OPEB LIABILITY
SCHEDULE OF AUTHORITY CONTRIBUTIONS
LAST 10 FISCAL YEARS

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially determined contribution	\$ 202,742	\$ 206,160	\$ 207,944	\$ 211,800
Contributions in relation to the actuarially determined contribution	189,167	203,354	140,276	148,360
Contribution deficiency (excess)	<u>13,575</u>	<u>2,806</u>	<u>67,668</u>	<u>63,440</u>
Annual covered payroll	\$ 11,667,509	\$ 12,134,143	\$ 13,257,370	\$ 13,269,291
Contributions as a percentage of annual covered payroll	1.62%	1.68%	1.06%	1.12%

Notes to Schedule

Valuation Date:

Actuarially determined contribution rates calculated as of January 1, 2021.

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 the CCRTA at the time of retirement.
Mortality	RP-2014 Total Dataset Mortality Table, adjusted to base year 2006, projected with Scale MP-2021



SUPPLEMENTARY INFORMATION



**Corpus Christi Regional Transportation Authority
Schedule of Revenues and Expenses - Actual and Budget
by Function Year Ended December 31, 2021**

	Original Budget	Final Budget	Actual	Variance Final Budget Versus Actual
Operating Revenues				
Passenger Service	\$ 1,342,668	\$ 1,004,403	\$ 986,544	\$ (17,859)
Bus Advertising	134,921	134,921	160,820	25,899
Other Operating Revenues	471,647	384,566	478,487	93,922
<i>Total Operating Revenues</i>	<u>1,949,236</u>	<u>1,523,890</u>	<u>1,625,851</u>	<u>101,962</u>
Operating Expenses				
Transportation	9,981,604	9,896,202	9,108,840	787,362
Customer Programs	519,249	525,656	480,178	45,477
Purchased Transportation	6,243,888	7,282,548	6,892,454	390,094
Program & Service Development	577,315	583,634	533,992	49,643
MIS	1,369,447	1,376,818	1,402,191	(25,373)
Vehicle Maintenance	5,784,405	5,806,049	5,351,586	454,463
Facilities Maintenance (net of lease revenue)	3,563,084	3,572,157	3,232,614	339,542
Materials Management	197,259	200,176	217,809	(17,634)
Administrative & General	5,535,420	5,630,128	4,774,535	855,593
Marketing & Communications	674,737	677,552	584,362	93,191
Depreciation	2,503,090	2,503,090	6,406,216	(3,903,126)
<i>Total Operating Expenses</i>	<u>36,949,498</u>	<u>38,054,010</u>	<u>38,984,777</u>	<u>(930,769)</u>
Operating Loss	(35,000,262)	(36,530,121)	(37,358,926)	(828,807)
Non-Operating Revenues (Expenses):				
Sales and Use Tax Revenue	35,119,095	35,456,113	37,149,496	1,693,383
Federal and Other Grant Assistance	849,694	7,711,691	8,358,878	647,187
Investment Income	223,195	50,212	35,305	(14,907)
Subrecipient Programs	(49,694)	(49,694)	(75,870)	(26,176)
Interest Expense and Fiscal Charges	(1,408,431)	(1,408,431)	(731,783)	676,648
Distributions to Regional Entities	(3,083,652)	(3,083,652)	(3,083,652)	-
Net Income/(Loss) Before Capital Grant Contributions	\$ <u>(3,350,055)</u>	\$ <u>2,146,118</u>	\$ <u>4,293,448</u>	\$ <u>2,147,328</u>

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, 2021, with Comparative Total for December 31, 2020**

	2021			2020
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Total	
ASSETS				
Investments (Note 2)				
Money Market Funds	\$ 904,700	\$ 1,368,887	\$ 2,273,587	\$ 1,915,363
Debt Mutual Funds	4,789,742	-	4,789,742	4,879,799
Equity Mutual Funds	45,401,721	13,507,300	58,909,021	52,582,478
	<u>51,096,163</u>	<u>14,876,187</u>	<u>65,972,350</u>	<u>59,377,640</u>
Receivables				
Accrued Interest Receivable	-	-	-	138
TOTAL ASSETS	<u>51,096,163</u>	<u>14,876,187</u>	<u>65,972,350</u>	<u>59,377,778</u>
LIABILITIES				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Restricted for Pension Benefits	\$ <u>51,096,163</u>	\$ <u>14,876,187</u>	\$ <u>65,972,350</u>	\$ <u>59,377,778</u>

See Notes to the Financial Statements

Corpus Christi Regional Transportation Authority
Fiduciary Funds – Combined Statements of Changes in Net Position
December 31, 2021, with Comparative Total for December 31, 2020

	2021			2020
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Total	
Additions:				
Investment Income (Loss)	\$ 5,597,624	\$ 1,848,015	\$ 7,445,639	\$ 6,766,025
Employee Contributions	-	1,085,850	1,085,850	1,081,227
Employer Contributions	1,382,108	-	1,382,108	1,227,724
<i>Total Additions</i>	<u>6,979,732</u>	<u>2,933,865</u>	<u>9,913,597</u>	<u>9,074,976</u>
Deductions				
Benefits Paid	2,292,357	881,283	3,173,640	3,250,167
Administrative Expenses	145,369	16	145,385	138,336
<i>Total Deductions</i>	<u>2,437,726</u>	<u>881,299</u>	<u>3,319,025</u>	<u>3,388,503</u>
Increase (Decrease) in Net Position	4,542,006	2,052,566	6,594,572	5,686,473
Net Position, January 1	<u>46,554,157</u>	<u>12,823,621</u>	<u>59,377,778</u>	<u>53,691,305</u>
Net Position, December 31	<u>\$ 51,096,163</u>	<u>\$ 14,876,187</u>	<u>\$ 65,972,350</u>	<u>\$ 59,377,778</u>

See Notes to the Financial Statements

Corpus Christi Regional Transportation Authority
Schedule of Long-Term Debt Amortization
Year Ended December 31, 2021

\$20,265,000 System Revenue Refunding Bonds			
Taxable Series 2019			
Years Ending December 31,	Principal	Interest	Total Requirements
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	970,000	439,543	1,409,543
2027-2031	5,230,000	1,817,211	7,047,211
2032-2036	6,015,000	1,023,755	7,038,755
2037-2038	2,690,000	132,234	2,822,234
	<u>\$ 18,580,000</u>	<u>\$ 5,376,614</u>	<u>\$ 23,956,614</u>

Corpus Christi Regional Transportation Authority
Schedule of Pension Plan Investment Expenses
Year Ended December 31, 2021

Direct and Indirect Fees and Commissions						
Description	Cash	Public Equity	Fixed Income	Real Assets	Alternative/ Other	Total
Management Fees Paid From Trust	\$ 2,950	\$ 82,171	\$ 52,874	\$ 7,374	\$ -	\$ 145,369
Management Fees Netted From Returns	1,523	89,225	39,871	14,217	-	144,837
<i>Total Investment Management Fees (Netted from Returns + Management Fees Paid From Trust)</i>	<i>4,473</i>	<i>171,396</i>	<i>92,745</i>	<i>21,591</i>	<i>-</i>	<i>290,206</i>
Brokerage Fees/Commission	-	-	-	-	-	-
Profit Share/Carried Interest	-	-	-	-	-	-
<i>Total Direct and Indirect Fees and Commissions (Management Fees + Brokerage Fees/Commissions + Profit Share)</i>	<i><u>\$ 4,473</u></i>	<i><u>\$ 171,396</u></i>	<i><u>\$ 92,745</u></i>	<i><u>\$ 21,591</u></i>	<i><u>\$ -</u></i>	<i><u>\$ 290,206</u></i>

Total Investment Expenses Summary	
Total Direct and Indirect Fees & Commissions	\$ 290,205
Investment Services	
Custodial	\$ -
Research	-
Investment Consulting	-
Legal	-
Total Investment Services	-
Total Investment Expenses*	<u>\$ 290,205</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

2021

Statistical Section

Annual Comprehensive Financial Report





ABOUT THE AUTHORITY’S STATISTICAL TABLES

This section of the Authority’s Annual Comprehensive 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 Annual Comprehensive Financial Reports for the relevant year.



Table 1

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

	2012	2013	2014	2015
Net Investment in Capital Assets	\$ 43,439,575	\$ 48,003,491	\$ 49,217,398	\$ 46,725,519
Restricted	-	1,611,302	1,611,302	1,611,302
Unrestricted	29,843,986	27,852,253	32,585,594	23,480,692
Total	\$ 73,283,561	\$ 77,467,046	\$ 83,414,294	\$ 91,817,513



2016	2017	2018	2019	2020	2021
\$ 59,298,433	\$ 66,264,480	\$ 59,125,576	\$ 55,071,970	\$ 49,934,572	\$ 54,810,350
1,611,302	1,611,302	1,611,302	-	473,544	779,623
25,611,884	27,299,129	23,702,732	26,039,817	38,702,162	46,103,170
\$ 86,521,619	\$ 95,174,911	\$ 84,439,610	\$ 81,111,787	\$ 89,110,278	\$ 101,693,143

Table 2

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

	2012	2013	2014	2015
Operating Revenues:				
Passenger Service	\$ 1,706,528	\$ 1,750,624	\$ 1,844,604	\$ 1,853,246
Other Operating	144,710	124,796	335,192	430,401
Total Operating Revenues	<u>1,851,238</u>	<u>1,875,420</u>	<u>2,179,796</u>	<u>2,283,647</u>
Operating Expenses:				
Transportation	12,718,200	13,146,112	12,430,929	12,848,302
Vehicle/Facilities Maintenance (net of SSC leases)	6,523,062	6,302,512	7,545,219	7,320,683
Program Development	1,075,444	764,359	893,233	1,146,698
Administrative & General	4,923,154	4,627,406	6,683,788	7,797,745
Depreciation	5,523,334	5,772,221	5,273,812	6,592,946
Total Operating Expenses	<u>30,763,194</u>	<u>30,612,610</u>	<u>32,826,981</u>	<u>35,706,374</u>
Operating Loss	(28,911,956)	(28,737,190)	(30,647,185)	(33,422,727)
Non-Operating Revenues (Expenses):				
Sales and Use Tax	31,571,834	32,064,316	35,188,390	34,127,803
Grant Assistance	3,226,061	1,416,988	125,900	2,512,070
Investment Income	51,173	62,160	110,052	125,143
Other Non-Operating Items	1,086	(619,579)	(422,184)	(488,015)
Distributions to Region Entities	<u>(2,154,150)</u>	<u>(2,593,634)</u>	<u>(2,900,327)</u>	<u>(3,301,592)</u>
Net Gain (Loss) before Capital Contributions	3,784,048	1,593,061	1,454,646	(447,318)
Capital Contributions	5,792,677	2,590,424	4,492,602	9,763,523
Change in Accounting Principle	-	-	-	870,603
Total Change in Net Position	<u>\$ 9,576,725</u>	<u>\$ 4,183,485</u>	<u>\$ 5,947,248</u>	<u>\$ 10,186,808</u>



	2016	2017	2018	2019	2020	2021
\$	1,735,001	\$ 1,696,742	\$ 1,688,643	\$ 1,857,989	\$ 1,140,636	\$ 986,544
	665,443	805,680	757,262	1,359,941	851,672	639,304
	2,400,444	2,502,422	2,445,905	3,217,930	1,992,308	1,625,851
	12,425,999	12,679,008	13,376,140	14,015,589	16,285,756	16,001,294
	6,752,337	7,062,134	6,651,633	6,736,871	8,288,664	8,802,009
	1,604,721	1,347,294	1,153,232	1,225,660	1,547,750	1,598,532
	9,455,657	9,748,303	13,557,215	9,049,745	7,400,661	6,176,726
	7,541,912	8,271,963	8,931,866	7,987,570	7,465,052	6,406,216
	37,780,626	39,108,702	43,670,086	39,015,435	40,987,883	38,984,777
	(35,380,182)	(36,606,280)	(41,224,181)	(35,797,505)	(38,995,575)	(37,358,926)
	31,387,198	32,570,355	33,934,640	33,878,046	33,912,489	37,149,496
	1,185,650	4,618,731	58,410	954,573	15,985,553	8,358,878
	69,049	85,535	409,036	552,566	181,431	35,305
	(677,173)	(1,415,867)	(1,075,296)	(645,494)	(1,411,599)	(807,653)
	(3,170,013)	(3,003,298)	(2,807,222)	(3,013,317)	(3,369,273)	(3,083,652)
	(6,585,471)	(3,750,824)	(10,704,613)	(4,071,131)	6,303,026	4,293,448
	1,289,577	12,404,116	1,184,926	948,307	1,695,465	8,289,417
	-	-	(1,215,616)	-	-	-
\$	(5,295,894)	\$ 8,653,292	\$ (10,735,303)	\$ (3,122,824)	\$ 7,998,491	\$ 12,582,865



Table 3

CORPUS CHRISTI REGIONAL TRANSPORTATION AUTHORITY

Revenues by Source

Last Ten Years

(Unaudited)

Year	Federal Operating					Total
	Operating Revenues (1)	Sales And Use Tax	Grants And Reimbursements	Investment Income	Other (2)	
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	-	38,603,115
2020	1,992,308	33,912,489	15,985,553	181,431	-	52,071,781
2021	1,625,851	37,149,496	8,358,878	35,305	-	47,169,530

(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)		
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%	57.9%
2019	9.8%	87.7%	2.5%	34.0%	8.2%	57.8%
2020	4.2%	65.1%	30.7%	*	*	*
2021	3.5%	78.8%	17.7%	*	*	*

(1) Source: The American Public Transportation Association, 2021 Public Transportation Fact Book, Appendix A: Historical Tables, Table 87, *Operating Funding Sources*.
[APTA Fact Book Appendix A](#)

* Not Available



Table 5

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

Year	Total Unlinked Trips	Passenger Revenues
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
2021	2,382,393	\$ 986,544

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.

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%
2021	.....	3.03%



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
2012	\$ -	-	-
2013	22,025,000	42,360	0.19%
2014	21,450,000	43,959	0.20%
2015	20,915,000	42,963	0.21%
2016	20,375,000	40,762	0.20%
2017	19,820,000	42,766	0.22%
2018	19,245,000	43,618	0.23%
2019	20,265,000	46,336	0.23%
2020	19,450,000	48,060	0.25%
2021	\$ 18,580,000	**	**

*Source: Bureau of Economic Analysis
CAINC1 Personal Income Summary: Personal Income, Population, Per Capital Personal Income
Metropolitan Statistical Area = Corpus Christi, TX
<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	
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
2021	\$ 2,158,901	870,000	537,631	1,407,631	1.53

(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)
2012	413,227	\$16,998,179	\$41,135	61,026	6.60%
2013	419,119	\$17,753,991	\$42,360	61,620	6.10%
2014	423,371	\$18,611,167	\$43,959	61,954	5.10%
2015	427,708	\$18,375,779	\$42,963	61,563	4.90%
2016	429,078	\$17,490,070	\$40,762	61,485	5.60%
2017	428,549	\$18,327,228	\$42,766	61,350	5.40%
2018	428,753	\$18,701,345	\$43,618	61,075	4.60%
2019	429,003	\$19,878,240	\$46,336	60,516	3.90%
2020	430,217	\$20,676,103	\$48,060	60,143	8.96%
2021	Not Available	Not Available	Not Available	57,333	7.21%

- (1) Metropolitan Statistical Area = Corpus Christi, TX
Source: US Dept. of Commerce Bureau of Economic Analysis
<https://apps.bea.gov/itable/>
- (2) Nueces County - Source: Nueces County/Texas Education Agency/PEIMS
[2021 Nueces County Annual Comprehensive 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	2021			2012		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Corpus Christi ISD	5,888	1	3.13%	5,178	2	2.74%
Naval Air Station Corpus Christi	3,840	2	2.04%	2,827	6	1.50%
H.E.B. Stores & Bakery	3,400	3	1.81%	5,000	4	2.64%
CHRISTUS Spohn Hospital	3,202	4	1.70%	5,144	3	2.72%
Corpus Christi Army Depot	3,000	5	1.60%	5,800	1	3.07%
City of Corpus Christi	2,963	6	1.58%	3,171	5	1.68%
Bay LTD	2,750	7	1.46%	2,100	8	1.11%
Driscoll Children's Hospital	2,512	8	1.34%	1,800	9	0.95%
Kiewit Offshore Services	1,750	9	0.93%	2,200	7	1.16%
Corpus Christi Medical Center	1,620	10	0.86%	-	-	0.00%
Total	30,925		16.46%	33,220		17.57%

Total Employed in the Service Area ⁽¹⁾ 187,899 189,055

Source: Corpus Christi Regional Economic Development Corp.

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

Table 11

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

	2012	2013	2014	2015
Transportation				
Transportation - Directly Operated	131.00	131.00	160.00	169.00
Purchased Transportation*	1.00	3.00	3.00	3.00
	132.00	134.00	163.00	172.00
Maintenance				
Vehicle Maintenance	36.00	36.00	38.00	41.00
Facilities Maintenance	14.00	15.00	15.00	15.00
Materials Management	4.00	4.00	3.00	3.00
	54.00	55.00	56.00	59.00
Program Development				
Customer Programs	8.00	4.00	4.80	4.80
Service Development	4.00	4.00	3.00	3.00
Program Management	2.00	2.00	2.00	2.00
Marketing & Communications	2.00	3.00	3.00	3.00
	16.00	13.00	12.80	12.80
General Administrative:				
MIS	1.00	2.00	3.00	3.00
Contracts and Grants	3.00	3.00	5.00	5.00
CEO's Office	3.00	1.00	1.00	1.00
Finance and Accounting	5.80	5.55	5.55	5.55
Human Resources	2.00	3.00	3.00	3.00
General Administration	3.00	8.00	5.00	5.00
Safety and Security	-	1.00	1.00	2.00
Staples Street Center	-	-	-	-
TCN - Regional Coordinator	-	-	-	-
	17.80	23.55	23.55	24.55
Totals	219.80	225.55	225.55	268.35

*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*.



2016	2017	2018	2019	2020	2021
154.50	145.00	132.50	125.25	118.50	114.50
2.00	0.00	0.00	0.00	0.00	0.00
156.50	145.00	132.50	125.25	118.50	114.50
36.00	37.00	33.00	32.00	36.00	35.00
12.50	14.50	14.50	16.00	20.00	17.00
4.00	3.00	3.00	3.00	3.00	3.00
52.50	54.50	50.50	51.00	59.00	55.00
5.50	6.00	6.50	6.00	6.00	6.00
4.00	4.00	4.00	3.00	4.00	4.00
3.00	3.00	1.00	1.00	2.00	2.00
2.50	3.00	3.00	3.00	3.00	2.00
15.00	16.00	14.50	13.00	15.00	14.00
6.00	6.00	6.00	6.00	5.00	5.00
1.00	3.00	3.00	3.00	3.00	3.00
2.00	1.00	1.00	3.00	3.00	3.00
6.55	5.50	6.00	6.00	6.00	6.00
3.00	3.00	3.00	3.00	3.00	4.00
5.00	6.00	6.00	3.00	3.00	3.00
2.50	2.50	2.00	3.00	3.00	3.00
3.50	4.00	4.00	3.00	4.00	4.00
-	-	-	-	-	-
29.55	31.00	31.00	30.00	30.00	31.00
253.55	246.50	228.50	219.25	222.50	214.50



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

		2012	2013	2014	2015
System Ridership					
Motor Bus	a	5,764,790	5,728,793	5,650,677	5,472,836
Demand Response / Para-transit	b	202,974	194,394	192,580	198,652
Ferry Boat	b	86,676	93,192	84,035	76,870
Vanpool	c/e	-	-	-	16,439
System Hours					
Motor Bus	a	237,320	225,151	243,732	259,377
Demand Response / Para-transit	b	79,413	70,328	74,236	78,850
Ferry Boat	b	1,135	1,185	750	805
Vanpool	c/e	-	-	-	7,686
System Miles					
Motor Bus	a	3,387,397	3,021,215	3,053,596	3,414,445
Demand Response / Para-transit	b	1,425,691	1,225,323	1,252,615	1,349,727
Ferry Boat	b	2,660	2,625	1,756	1,886
Vanpool	c/e	-	-	-	181,220
Vehicles In Service					
Motor Bus	a	59	60	75	66
Demand Response / Para-transit	b	26	26	38	28
Ferry Boat	b	2	2	1	1
Vanpool	c/e	-	6	3	5
Uses of Capital Funds					
Vehicles	d	\$ 2,707,772	4,864,974	651,166	17,996,141
Communications & Information		\$ 425,524	439,364	406,426	196,394
Facilities and Stations		\$ 1,022,722	7,228,414	1,142,874	1,273,498
Other		\$ 1,708,706	1,061,601	-	1,159,287
Operating Expenses by Mode					
Motor Bus	a	\$ 19,150,089	18,984,978	21,324,898	20,495,063
Demand Response / Para-transit	b	\$ 5,351,413	5,585,657	5,556,262	5,278,853
Ferry Boat	b	\$ 617,831	607,748	626,005	766,082
Vanpool	c/e	\$ -	-	-	152,825

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



2016	2017	2018	2019	2020	2021
5,252,466	5,168,421	5,153,005	4,975,242	2,810,165	2,181,460
204,459	195,101	197,978	211,013	129,088	136,086
-	-	-	-	-	-
-	9,802	16,002	63,521	45,341	64,847
269,711	267,036	275,532	272,402	209,207	197,310
81,258	77,501	78,319	81,658	76,954	61,862
-	-	-	-	-	-
9,027	3,457	1,935	8,856	8,680	15,037
3,546,503	3,864,934	3,721,249	4,223,566	2,905,938	2,772,308
1,401,147	1,332,822	1,350,787	1,572,140	1,060,115	952,949
-	-	-	-	-	-
184,532	75,406	82,942	401,872	487,589	889,049
67	92	88	89	89	100
28	41	36	36	36	54
-	-	-	-	-	-
6	5	10	24	22	22
139,358	8,119,989	244,460	658,196	651,166	9,097,765
906,221	477,613	59,904	269,015	406,426	149,349
8,680,069	5,718,703	118,531	292,985	1,142,874	1,348,451
276,415	827,638	795,066	245,905	-	-
24,357,254	25,939,360	25,928,435	26,196,995	25,799,965	27,558,408
5,353,867	4,954,285	4,934,149	5,138,058	5,480,345	5,261,121
-	-	-	-	-	-
163,054	102,522	92,839	238,653	220,016	318,483

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	350,372
Type of Tax Support	Sales and Use Tax
Sales Tax Rate	.50%
Base Fare	\$0.75
Number of Routes ²	34
Number of Transfer Stations ²	4
Number of Bus Stops ²	1,383

¹ Source: 2021 NTD Report

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

2021

Single Audit Section

Annual Comprehensive 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, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 26, 2022.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Carr, Riggs & Ingram

Corpus Christi, Texas
October 26, 2022

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

Opinion on the Major Federal Program

We have audited the Corpus Christi Regional Transportation Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2021. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2021.

Basis for Opinion on the Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
October 26, 2022

**Corpus Christi Regional Transportation Authority
Fiscal 2021 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?
noted | None |
| b. Significant deficiencies identified not considered to be material weaknesses?
noted | None |
| c. Noncompliance material to the financial statements noted?
noted | None |

Federal Awards:

- | | |
|--|------------|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified?
noted | None |
| 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): | |

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

**Corpus Christi Regional Transportation Authority
Fiscal 2021 Comprehensive Annual Financial Report
Schedule of Findings and Questioned Costs**

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 6. Auditee qualified as a low-risk auditee? | No |

**Corpus Christi Regional Transportation Authority
Fiscal 2021 Comprehensive Annual Financial Report
Schedule of Findings and Questioned Costs**

B. FINANCIAL STATEMENT FINDINGS

None noted.

C. FEDERAL AWARD FINDINGS

None noted.

D. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

2020-001 — Revenue

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.

Current Status: The Authority is continuously monitoring the status of grants to ensure the appropriate recognition.

2020-002 — Capital Assets, Cash

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

Current Status: The Authority has reviewed federal funding guidelines in relation to all transactions to ensure compliance.

E. 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, 2021**

<u>GRANTOR</u>	<u>Assistance Listing 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 - Formula Funds (Urbanized Area Formula Program)	20.507	TX18-0074	\$ -	\$ 238,860
Federal Transit - Formula Funds (Urbanized Area Formula Program)	20.507	TX19-0052	-	6,642,101
Federal Transit - Formula Funds (Urbanized Area Formula Program)	20.507	TX21-0066	-	987,920
COVID-19 Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	TX20-0098	-	1,000,000
COVID-19 Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	TX21-0029	-	6,857,205
			<u>-</u>	<u>15,726,086</u>
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526	TX18-0074	-	54,321
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526	TX19-0052	-	122,812
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526	TX21-0038	-	627,721
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526	TX21-0066	-	41,485
			<u>-</u>	<u>846,339</u>
Total Federal Transit Cluster			<u>-</u>	<u>16,572,425</u>
Transit Services Program Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	TX16-0083	4,293	4,293
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	TX18-0090	71,577	71,577
Total Federal Transit Services Program Cluster			<u>75,870</u>	<u>75,870</u>
Total Department of Transportation			<u>\$ 75,870</u>	<u>\$ 16,648,295</u>

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, 2021

(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	\$	8,358,878
Less: State & Local Grants		-
Capital Grants & Donations		<u>8,289,417</u>
Total Federal Grants	\$	<u>16,648,295</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, 2021.

(7) Loan and Loan Guarantees

The Authority has not received any loan or loan guarantees for the fiscal year ended December 31, 2021.

(8) Federally Funded Insurance

The Authority has not received any federally funded insurance for the fiscal year ended December 31, 2021.

(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, 2021, the Authority expended \$75,870 to subrecipients.

(11) Federal Pass-Through Funds

The Authority was not the subrecipient of any federal funds for the year ended December 31, 2021.





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